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**MINISTRY FOR FOREIGN AFFAIRS OF FINLAND**  
**Department for International Development Cooperation**



**MISSION REPORT**

**OF REVIEW OF WATER-RELATED PROJECT PROPOSALS  
 IN THE ARAB REPUBLIC OF EGYPT**

**October 1996**

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## Abbreviations and Acronyms

EACD	The Egyptian Association for Comprehensive Development
EGA	Economic General Authority
FEC	Finnish Export Credit
MHPU	Ministry of Housing, Public Utilities and New Communities
MLA	Ministry of Local Administration
MOF	Ministry of Finance
NOPWASD	National Organisation for Potable Water and Sanitary Drainage
NUCA	New Urban Communities Authority
O&M	Operation and Maintenance
TOR	Terms of Reference
USAID	United States Agency for International Development
WMP	Water Master Plan

*The opinions presented in this Report are those of the members of the Mission, and are not to be considered official statements of the governments of Finland and the Arab Republic of Egypt.*



## 1. Summary

The Ministry for Foreign Affairs of Finland is considering to extend its assistance to the Beni Suef Water Supply and Sanitation Project through the proposed Phase II. The Ministry is also interested in the overall water supply and sanitation sector status in Egypt, the current sector policies, and the potential to formulate such additional sector support which would be consistent with Egyptian and Finnish policies and strategies. The Ministry is particularly interested in extending technical assistance to institutional development and transformation processes, while introducing other financing mechanisms, such as concessional credits and parallel financing with international financing institutions, to investments.

The Ministry has received in 1996 nine project proposals through the Ministry of Housing and Public Utilities & New Communities from New Urban Communities Authority (1) and from National Organisation for Potable Water and Sanitary Drainage (8), and one proposal from an Egyptian non-governmental organisation called the Egyptian Association for Comprehensive Development.

The Ministry assigned a mission to Egypt to review the current institutional framework and national policies and plans with a special focus on tariff policies and the roles of central and local authorities; to review and assess the project proposals; to assess the institutional capacity and strengths and constraints at various administrative levels; and to recommend measures to be taken by the Ministry for further project preparation or rejection of the proposals in a Mission Report, including Terms of Reference for possible further preparation of the project(s) recommended by the Mission.

The Mission recommends that the Ministry will proceed with the detailed project preparation of two of the proposals by assigning a *missions of Egyptian and Finnish consultants to prepare a project documents for 10<sup>th</sup> of Ramadan City Water Works Commercialisation Programme and for Water Supply and Sanitation Development Plan for the Minia Governorate*.

The scope of the former programme should be shifted from privatisation to commercialisation, and from both 10<sup>th</sup> of Ramadan and Badr Cities to 10<sup>th</sup> of Ramadan City alone.

The scope of the latter plan should be widened from a pre-investment engineering study to *cover socio-economic and institutional aspects*, including a realistic assessment of *demand* (not only need) for water and sanitation services and preferred *service levels*, and an assessment of *resources* available for the implementation of the plan. The scope of the plan and possible division of responsibilities should be coordinated and agreed between the stakeholders, including the governorate, EGA, NOPWASD and USAID. Possible co-operation with relevant NGO programmes should also be taken into consideration.



## **2. Background**

Finland has supported the development of water supply and sanitation in the Arab Republic of Egypt since 1989. The projects supported by Finland are:

- (i) Badr City Water Supply and Sanitation Project;
- (ii) Raas el Bar Wastewater Project;
- (iii) Sharm el Sheikh Desalination Project; and
- (iv) Regional Water Supply and Sanitation Project in Beni Suef Governorate.

The Ministry for Foreign Affairs of Finland (hereafter referred to as the Ministry) is considering to extend its assistance to the Beni Suef Water Supply and Sanitation Project through the proposed Phase II. The Ministry is also interested in the overall water supply and sanitation sector status in Egypt, the current sector policies, and the potential to formulate such additional sector support which would be consistent with both Egyptian and Finnish policies and strategies. Based on discussions in the annual negotiations in Cairo in May 1996, the Ministry is particularly interested in extending technical assistance to institutional development and transformation processes, while introducing other financing mechanisms, such as concessional credits and parallel financing with international financing institutions, to investments. The Ministry has received new project proposals through the Ministry of Housing and Public Utilities & New Communities from New Urban Communities Authority (NUCA) and from National Organisation for Potable Water and Sanitary Drainage (NOPWASD). One proposal has also submitted by an Egyptian non-governmental organisation called the Egyptian Association for Comprehensive Development (EACD) The proposals are listed below:

- (i) 10<sup>th</sup> of Ramadan and Badr City water works privatisation programme (NUCA);
- (ii) developing an information system for NOPWASD (NOPWASD);
- (iii) development of network leakage detection and rehabilitation technology (NOPWASD);
- (iv) establishment of a training centre for personnel working in wastewater treatment plants (NOPWASD);
- (v) supply of chlorination equipment for water works (NOPWASD);
- (vi) development of groundwater research and treatment technology (NOPWASD);
- (vii) feasibility study for water supply and sanitation for Minia governorate (NOPWASD);
- (viii) construction of selected new wastewater treatment plants proposed in NOPWASD five years plan (NOPWASD);
- (ix) construction of selected new water treatment plants proposed in NOPWASD five years plan (NOPWASD); and
- (x) Water and Sanitation for Rural Minia (EACD).

The Ministry for Foreign Affairs of Finland assigned a mission to Egypt in order to:



- (i) review the current institutional framework and national policies and plans for the development of water supply and sanitation with a special focus on tariff policies and the roles of central and local authorities;
- (ii) review and assess the project proposals, with a special focus on their consistency with the Egyptian and Finnish policies and strategies;
- (iii) assess the institutional capacity and strengths and constraints in planning and implementation at various administrative levels;
- (iv) recommend measures to be taken by the Ministry for Foreign Affairs for further project preparation or rejection of the proposals; and
- (v) prepare a Mission Report, including Terms of Reference for possible further preparation of the project(s) recommended by the Mission.

The Mission consisted of two members:

- (i) Mr. Hannu Vikman, Adviser, Ministry for Foreign Affairs, Team Leader; and
- (ii) Mr. Kari Ratinen, Consultant, Utility Management Specialist.

The Terms of Reference (TOR) of the Mission are appended as Annex 1. The Mission met relevant Egyptian authorities and was assisted by an Egyptian consultant Dr. Diaa S.El Monayeri and his staff. The Programme of the Mission is appended as Annex 2, and the relevant background documentation is listed in Annex 3.

### **3. Egypt in Brief**

#### **3.1. Geography and Climate**

The Arab Republic of Egypt is bounded on the north by the Mediterranean Sea, on the east by Israel and the Red Sea, on the south by Sudan, and on the west by Libya. The total area is about 997,700 km<sup>2</sup>. Cairo is the capital and the largest city. Less than 10 percent of the land area of Egypt is settled or under cultivation. This territory consists of the valley and delta of the Nile and a number of desert oases.

There are several depressions in the Libyan Desert, including the Qattarah Depression, which reaches a depth of 133 m below sea level, the lowest point in Africa. Jabal Katrinah (2642 m), the highest elevation in Egypt, is in the Sinai Peninsula.

The Nile enters Egypt from Sudan and flows north for about 1,545 km to the Mediterranean Sea. From the southern border to Cairo, the Nile flows through a narrow valley lined by cliffs. Lake Nasser, a huge reservoir formed by the Aswan High Dam, extends south across the Sudan border. In the vicinity of Cairo the valley merges with the delta, the perimeter of which occupies about 250 km of the Mediterranean coastline. Silt deposited by the Rosetta, Damietta, and other distributaries has made



the delta the most fertile region in the country. However, the Aswan High Dam has reduced the flow of the Nile, causing the salty waters of the Mediterranean to erode land along the coast near the Nile. Geographically and traditionally, the Nile Valley is divided into two regions, Lower Egypt and Upper Egypt, the former consisting of the delta area and the latter comprising the valley south of Cairo.

The climate of Egypt is characterised by a hot season from May to September and a cool season from November to March. Extreme temperatures during both seasons are moderated by the prevailing northern winds. In the coastal region temperatures range between a mean maximum of 37.2° C and a mean minimum of 13.9° C, whereas in the deserts temperatures range between a mean annual maximum of 45.6° C during daylight hours and a mean annual minimum of 5.6° C after sunset. During the winter season desert temperatures often drop to 0° C. Precipitation decreases rapidly from the Mediterranean coast (rainfall averaging about 200 mm per annum) to the south (only about 28 mm in Cairo, and in many desert locations it may rain only once in several years).

### **3.2. Natural Resources and Economy**

Egypt has a wide variety of mineral deposits, some of which, such as gold and red granite, have been exploited since ancient times. The chief mineral resource of contemporary value is petroleum, found mainly in the Red Sea coastal region, at El-'Alamayn on the Mediterranean, and in the Sinai Peninsula. Other minerals include phosphates, manganese, iron ore, and titanium.

Egypt is predominantly an agricultural country, about 40 percent of the labour force being engaged in crop farming or herding. Government programmes have expanded arable areas through reclamation, irrigation, and the use of advanced technology. The yields of Egyptian farmlands are now among the highest in the world. Egypt is the world's most important producer of long-staple cotton. Yields of maize are also among the highest in the world. Other leading crops include sugarcane, wheat, rice, and tomatoes. The principal pastoral industry of Egypt is the breeding of beasts of burden. Egypt has a significant fishing industry. Among the most productive areas are the shallow deltaic lakes, Birkat Qarun, and the Red Sea.

Annual production of crude petroleum, the most important mineral product of Egypt, reached approximately 43 million metric tons in the late 1980s. About 6.4 billion m<sup>3</sup> of natural gas are also produced annually. Other important products of the mining industry are phosphate rock, iron ore, and salt. Uranium ore began to be mined near Aswan in 1991.

The most important products of Egyptian industry include cotton yarn, jute yarn and fabrics, wool yarn, refined sugar, sulphuric acid, nitrogenous fertilisers, paper, ce-



ment, motor-vehicle tires and tubes, and television receivers. Vehicles. These and other industries employed 21 percent of the labour force in the early 1990s.

The major exports of Egypt are crude petroleum and petroleum products, raw cotton, cotton yarn and fabrics, and food products. The chief customers for these and other exports are Italy, Romania, Germany, Great Britain, France, and Japan. Despite large-scale investments and tight government controls

Egypt has approximately 5,350 km of railroads. The inland waterways of Egypt, including the Nile, shipping canals (about 1,600 km), and irrigation canals in the Nile delta (more than 17,700 km), are extensively used for transportation. The total length of highways and roads is about 32,240 km, of which 52 percent is paved. The major port is Alexandria, followed by Port Said and Suez.

Egypt has a serious balance-of-payments problem. The major sources of foreign currency are cotton, oil, Suez Canal revenues, tourism, and foreign aid.

### **3.3. Population**

The population of Egypt in 1993 was about 59,600,000. Almost 99 percent of the population lives within the Nile Valley, which constitutes less than 4 percent of the total area. Egypt's annual growth rate is estimated at 2.3 percent. Cairo had a population of 6,052,836 in 1986. Other important cities, with 1986 populations, include Alexandria (2,917,327); Giza (1,857,508); Port Said (399,793); and Suez (326,820).

## **4. Institutional Framework in the Water Supply and Sanitation Sector**

### **4.1. Central and Local Authorities**

The management of water and wastewater services under local administration in Egypt divides the responsibility among a number of national, governorate, city, markaz (district), and village units. The model is based on a "village leader" or "town hall" administrative concept designed to serve small populations, with central government control over budgeting and financial management, including ensured subsidies to cover shortfalls in revenue.

The local administration consists of three levels: governorate, markaz and village. Egypt is divided for administrative purposes into 26 governorates, 153 districts and about 4,200 village units containing more than 26,000 satellite villages.





Governorates are at the head of local administration. The **Governor** is the representative of the president in the **governorate** and the chief executive. He is responsible in this capacity for supervising the implementation of general governmental policy. He is the head of all local institutions and all employees in his governorate. He has power equivalent to a minister, and he supervises and directs all ministerial branches unless the authority is specifically delegated to a particular unit of the governorate, as in the case of institutions of justice.

The governorate's **People's Council** is structured by election through representation of the markazes within the governorate. (At least 50% of the members should be workers and farmers.)

The **Executive Council** of the governorate is chaired by the Governor, and made up of the Secretary General of the governorate, his assistant, chief executives of the markazes, and the directors of the service departments or directorates (branches of central ministries) in the governorate. The directorate responsible for water supply and sanitation is the **Housing Directorate**.

The Executive Council is responsible for:

- (i) follow-up of the activities of the executive institutions within the boundaries of the governorate and evaluation of their performance;
- (ii) provision of assistance to the Governor in planning and implementation of the decisions taken by the People's Council;
- (iii) setting of appropriate rules for the administrative and executive institutions; and
- (iv) review and analysis of topics to be discussed by the People's Council.

The governorate's headquarters (Governor's Office) is responsible for co-ordination of the activities of the departments within the governorate. The **Secretary General** and his assistant administer the headquarters and reports directly to the Governor.

**Markazes** consist of a town, which is the capital of the district, and a number of surrounding village units. Each markaz is headed by a **Chief Executive** who is the coordinator and manager of the district headquarters, which is responsible for all municipal services. Service departments of the governorate have their branches at the district level. They are subject to technical supervision from the governorate's departments, although they report to the Chief Executive.

A **village unit** consists of 5-6 central villages with a number of satellite villages. Each village unit has a people's council and an executive council. They manage primary schools, rural health units and some simple water systems.

The budget is prepared by the markaz and presented to the Ministry of Housing and Public Utilities & New Communities (MHPU) and to the Ministry of Local Administration (MLA) through the governorate, and once approved is passed on to the Ministry of Finance (MOF). Approved budgets may not reflect needs because they are based



on quotas assigned to different accounts (e.g., personnel, materials and supplies, etc.). All employees are state civil servants under a system overseen by the relevant ministries. The markaz personnel office handles direct personnel matters.

All revenues pass to the central treasury. Annual budgets are submitted through the governorate to the **Ministry of Finance**. Revenues and expenditures are not related, nor is the accounting system designed to easily analyse their relationship. The management mechanisms have broken down and the centrally controlled administrative system does not have the flexibility, either financially or technically, to respond.

The **Ministry of Planning** controls the allocation of investment funds to all governmental activities. It gives direction to the investment programme and controls the allocation of resources. The capital investment costs of, e.g., water and wastewater utilities are determined by the Ministry of Planning. The Ministry of Planning and the **National Investment Bank** can be asked to provide funding for sector investment and the cost is borne by national rather than local sources.

Other central organisations also had a significant influence, or even direct control, over the sector; for example, the Central Organisation on Audit on accounting and audit and over matters such as salaries, the Central Agency for Organisation and Administration on organisational structure, etc.. Central government policies also applied to matters such as salaries and employment conditions.

The water supply and sanitation sector is controlled by the **Ministry of Housing and Public Utilities & New Communities** (MHPU), and the agencies under its jurisdiction (see Section 4.2).

The New Urban Communities Programme aims at advancing and enhancing living in previously uninhabited regions, especially desert areas around Cairo. The new communities do not belong to the structure of local administration described above. Instead, they are administered by MHPU through New Urban Communities Authority (NUCA).

The three canal cities, Suez, Port Said and Ismailia, are under the administration of the **Suez Canal Company**.

## **4.2. Sector Institutions**

At the central level, water supply and sanitation belong to the mandate of MHPU and the agencies under its jurisdiction. These agencies include **National Organisation for Potable Water and Sanitary Drainage** (NOPWASD) and **New Urban Communities Authority** (NUCA). The ministry itself has very limited resources in the sector. The main sector agency is NOPWASD, which has its mandate in the areas administered by the governorates, except in Cairo and Alexandria, which manage their water

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and wastewater utilities quite independently, and the three canal cities. NUCA is in charge of water supply and sewerage in the new urban communities.

The water supply and sewerage sector is going through a major transition. In the past, it was heavily centralised, with capital investments in new facilities being planned and implemented by NOPWASD. These facilities were then handed over to the governorates for operation and maintenance. Planning was not necessarily closely co-ordinated with governorate priorities and activities. Even within the governorates, responsibilities were not entirely clear. Some responsibilities and powers were vested with markaz, city and village administrations subjected to the Governor, and some to the Housing Directorate.

Increasingly, water and wastewater utilities are managed by governorate/city/markaz water departments, although NOPWASD provides technical supervision and planning as well as construction supervision. The governorate organisations are responsible for network extension, service connections, billing, revenue collection, plant operations and maintenance.

Cairo and Alexandria have had independent water and sewerage authorities (now titled EGAs) for many years, and the utilities in the three canal cities were established and managed by the Suez Canal Company. In Sharm el Sheikh, a private investor (operating in the hotel industry) has established a water and wastewater utility, selling desalinated water from his plant to consumers, receiving the clients' wastewaters (against payment), treating them, and selling the sludge to be used as fertiliser.

### **4.3. Sector Policies**

The main policy of the water sector in Egypt has, until recently, been the improvement of water services by investments in physical facilities. Although efforts have been made to improve also the administration and O&M of water supply and wastewater systems, cost-effectiveness of the management and O&M of water supply and wastewater systems is poor. This, together with inadequate cost recovery policy has lead to a need of high subsidies from the Government and from other sources.

The urgency to move from a highly subsidised water sector to a self-sustained one has shifted the focus of development from investments to institution building and improved management. The basis for this development was laid when the Presidential Decree No. 281/1995 was issued on September 4, 1995, making possible the establishment of Economic General Authorities (EGA) for the water and wastewater sector in seven governorates, namely, Aswan, Minia, Beni Suef, Fayoum, Dakahlieh, Gharbieh and Sharkeya. This Decree is appended as Annex 4. The EGAs will be responsible for water and wastewater projects and works in these governorates in addition to managing, operating and maintaining water supply and wastewater systems. They will also be responsible for proposing regulations and tariffs for selling potable water and sanitation



services so as to achieve balance between income and expenses. The separate utilities for water supply and wastewater reticulation and treatment in Cairo and Alexandria are also operating an EGA principle.

The sector has been heavily subsidised: tariffs set by central government, with revenues insufficient in most cases to cover operation and maintenance (resulting in deferred maintenance and premature failure of installations), and certainly inadequate to cover depreciation and replacement of assets. However, governorates have not been in a position to remedy this problem: revenues have been transmitted by the governorate to Central Government, and operating funds released from Central Government as part of general support to the governorate's operations. This has provided little incentive for efficiency or cost-saving in the operating agencies.

This position is now in the process of radical change. Government policy is that the water and sewerage sector should become progressively more self-supporting, operating on an autonomous and commercialised basis. Key policy words are **decentralisation** and **privatisation** although, not properly defined, they are understood and interpreted by various organisations in various ways. The Mission was not in a position to obtain a global definition or interpretation of the prevailing sector policy by NOPWASD or NUCA. It seems however, that the recommendations of the consultants assigned by United States Agency for International Development (USAID), the leading external support agency in Egypt, have been widely accepted as a guideline in the sector reorganisation. For instance, the presidential decree facilitating the establishment of EGAs in seven governorates was issued a few months after a USAID funded study report had recommended the EGA model to be adopted in the three governorates (Beni Suef, Fayoum and Minia) supported by USAID. Some of the findings of this report (*Findings and Institutional Options for Management of Water Supply and Wastewater in the Governorates of Fayoum, Beni Suef and Menya*) are reviewed and summarised below. Based on the Mission's discussions and observations, these findings, although related to governorates whose water supply is under the control of NOPWASD, are also applicable to the new urban communities under the authority of NUCA.

Four possible institutional arrangements for the management of water and wastewater entities exist under current Egyptian law. Three of the examples have a history of experimentation or actual implementation over the past fifteen years in Egypt, and one option is legally possible but has yet to be fully attempted. The four models are local administration, public sector companies, public authority or general organisation, and contract management.

In the **local administration** model, units from the national, governorate, markaz, city, district, and village level share joint responsibility and divide functions (Law No. 43/1979, and the Executive Bylaw). This aspect of local administration law provides for local units to establish, manage, operate, and maintain water and wastewater utilities, maintenance centres, and wastewater farms. This is the current system of service delivery in most governorates.



**Public sector companies** (Law No. 203/1991, which replaced Law No. 97/1983) are operational in three locations. This is the model of Damietta Water Company, Kafr el-Sheikh Water Company, and the Beheira Water Company. Public sector companies have the ability to retain revenues.

**Public authority or general organisation** (Law No. 61/1963) is the model represented by the General Organisation for Alexandria Water and the General Organisation for Water for Greater Cairo. General organisations are incorporated public entities formed by presidential decree. General organisations may have a social or economic authority designation for MOF budget purposes. Economic authorities are expected to charge for services and maintain elements of cost recovery. Budgets must be submitted annually.

**Contract management** by a private sector company under the provision of a public economic authority, is stipulated by Law No. 61/1963: "The general authority may contract and undertake all the procedures and activities required to achieve its purpose." This model has not been yet attempted for the full range of water and wastewater utility operations, although general organisations in Egypt have been entering into contracts for specific services for years.

The guidelines provided by USAID/Cairo for future collaboration with Egyptian authorities to provide water and wastewater require that the following three general conditions be met:

- (i) the institution must have autonomy to be able to set tariffs sufficient to cover the costs of operations and maintenance (consistent with national policy and regulatory requirements);
- (ii) it must be able to retain revenues at the institutional level of the water entity; and
- (iii) it must be able to establish personnel regulations independent of civil service law and have the capacity to remunerate, engage, dismiss, offer incentives to, and retain qualified staff.

All available options for transforming existing water and wastewater service providers meet these requirements. No significant advantages or disadvantages would prohibit either the general economic authority or the public sector company from providing water and wastewater services appropriate to the requirements set above. It is also clear that the current local administration model is inadequate.

Changes in the law governing public sector companies, made in 1991, require that all new public sector companies be established under the auspices of a holding company. Because the three public sector water companies were established prior to that change, they were formed without holding companies. In 1991, NOPWASD attempted to establish itself as a holding company for the existing water companies and was refused permission. However, no new companies can be formed without creation of a holding company.



The private sector model presents the political risk of trying something that has no record of success in Egypt and that is largely unknown. The advantages of using some aspects of the private sector can be obtained with the public sector company or the economic authority. Considering increased potential for delegation of authority and local management responsibility, the public sector company offers the best advantage, because it retains the character of a government sector organisation. But a probably insurmountable disadvantage is the fact that formation of new public sector companies is against current policy. Unless there is an expressed desire by sectoral institutions to create a body of law and regulations for institutional arrangements specific to this sector, **the most viable available model is the general authority.**

A number of factors contribute to the failure to collect sufficient revenues to meet operations and maintenance costs. These factors, combined with unnecessarily high expenditures for personnel, operational costs, and unaccounted-for water, present a bleak financial picture for the utilities. Measures need to be taken immediately to address these problems.

The heavily subsidised tariffs (which do not currently meet O&M costs) will only continue to escalate with inflation. Unless strong interventions are taken to reduce expenditures and increase revenue efficiencies, the required tariff and subsidy will be higher than either consumers or the government can reasonably be expected to meet. Even with considerable cost savings and increased revenues, tariffs will need to be raised substantially.

Tariffs will need to be escalated over time to account for inflation and increased operational costs, as well as to reduce the subsidy. Policies on tariffs will need attention at the national level, and management information will need to be provided to local authorities so they better understand the financial implications of tariff structures.

Subsidies, and the national policy related to them, should be structured to provide incentives for improved operational and financial performance. Over time they should be reduced and the reorganised governorate-level water utilities required to become self-sufficient.

Improvements to billing and collections and the development of modern systems are key to providing more income. Future institutional development programs should include computerisation, systems development, and training.

The consultants assigned by USAID also prepared an action plan for the transition from the present utility set-up to the proposed EGA model, and recommended that during the next year priority be given to two areas. The first area is the demonstration of a positive commitment by the newly emerging organisations to **cost savings and financial management**. Action items include:

- (i) decreasing the amount of unaccounted-for water;
- (ii) increasing collections; and
- (iii) setting up a financial management system.



The second major area is the preparation of staff to work as managers in a commercial organisation rather than a social services organisation. The recommended action is to provide a ***beginning management development program*** so staff understand the essentials of commercial utility management and begin to develop a vision of, and some essential skills to manage, a commercial water and wastewater enterprise. This activity area is to ensure that workers have the necessary skills. It includes developing a training capacity (and the ability to access training resources). Initially, a core group of committed senior managers with solid managerial experience and the understanding and skills for modern utility management will need to be created and supported. A senior management development program is anticipated for the first several years of the transformation process.

## **5. Assessment of Project Proposals**

### **5.1. 10<sup>th</sup> of Ramadan City and Badr City Water Works Privatisation Programme**

This proposal of NUCA suggests that "to ensure smooth operation of the water works (in Badr City and 10<sup>th</sup> of Ramadan City), it should be managed as a private company or an independent municipal institution", and that "the water and sewage tariffs would have to be recalculated in order to cover the capital and recurrent costs, which in turn would only be the result of truly independent financial planning and budgeting managed professionally and controlled by the board of owners".

NUCA proposes that "a study on the feasibility and financial viability of the (privatisation) programme would have to be carried out...followed by the mapping and allocation of the required funds to carry out the programme" and that "the related legislation and business sector requirements would have to be clarified prior to any concrete actions". According to the proposal, "once the basis of the privatisation programme is set up, the actual water company could be established", and "this would require technical assistance for the development of the company objectives and activities and the design and preparation of the implementation phase".

Both cities are new urban communities located in the desert, Northeast of Cairo. The design population of 10<sup>th</sup> of Ramadan is about 500,000 and of Badr City about 300,000. The actual populations at present are about 100,000 and 500, respectively. Both cities are also planned to accommodate industrial areas, and 10<sup>th</sup> of Ramadan has already attracted about 800 industrial enterprises. Thousands of flats in the cities, already bought by private families, remain unoccupied, at least partly because of incomplete infrastructure.



Since 1990, Finland has financed the electro-mechanical component and supervision of Badr City Water Supply and Sewerage Project, designed to supply water to the two cities raising the capacity from 800 l/s to 2,400 l/s and to provide facilities for sewerage. This project has been completed in 1996, and Vesihydro Consulting Engineers, the Finnish supervision consultant, has submitted the Final Report in September 1996. The consultant's assignment included the preparation of a Manpower Development Plan, which was submitted in August 1992. This plan included a proposed organisation for the water utility as well as detailed qualification and training programmes for the staff.

More recently, an Egyptian consulting company (Darwish Consulting Engineers Ltd) has prepared an institutional study on the commercialisation of the water works in 10<sup>th</sup> of Ramadan City. The Mission had an opportunity to see the study report which has been prepared only in Arabic, but was not in a position to review the report.

The Mission seconds the opinions of NUCA about the importance of the **autonomy** of the water and wastewater undertaking and of **cost recovery** for the sustainability and viability of its operation. The Mission considers the ownership, public or private, far less important than the autonomy. Taking into account the recommendations of the consultants assigned by USAID (see Section 4.3) and the recent institutional development trends in the water supply and sanitation sector in Egypt, **the EGA model** would seem realistic and appropriate also for the new communities, such as 10<sup>th</sup> of Ramadan City.

The Mission finds a high business potential for a commercial water and wastewater undertaking in 10<sup>th</sup> of Ramadan City, probably as high as possible anywhere in Egypt. The relatively **wealthy citizens** of the city and the privately owned **industries** form a clientele that is **able and willing to pay for reliable service** they depend on. The water and wastewater facilities are new and in good operational condition. The number of clients in 10<sup>th</sup> of Ramadan City is high enough for commercial operation of the undertaking, whereas Badr City is still virtually uninhibited.

The Mission recommends that the Ministry would proceed with the proposal of NUCA by assigning a **mission of Egyptian and Finnish consultants to prepare a project document for 10<sup>th</sup> of Ramadan City Water Works Commercialisation Programme**. The scope of this programme would be shifted from privatisation to commercialisation, and from both 10<sup>th</sup> of Ramadan and Badr Cities to the former alone. The Mission has prepared draft TOR for the proposed assignment (see Annex 5).

Although the proposed intervention does not directly target at poor people, would contribute to the development of **good governance, economic use of resources, and technical, economic and environmental sustainability**. It would indirectly contribute to poverty alleviation by more reasonable use of resources, facilitating **re-allocation of government resources** (subsidies presently enjoyed by better-off consumers) to benefit the poor, and by introducing an **institutional model** to be applied in other (poorer) regions of the country.





## **5.2. Information System for NOPWASD**

This proposal of NOPWASD is based on the need to develop a management information system (MIS) to manage the high number of projects with governorates and donor agencies.

In a discussion with the representatives of NOPWASD, the Mission was informed that support to NOPWASD for the development of a MIS is provided by the government of the Netherlands. Consequently, **there is no need for this support from Finland.**

## **5.3. Development of Network Leakage Detection and Rehabilitation Technology**

This proposal of NOPWASD involves:

- (i) training in different leak detection technologies for distribution systems;
- (ii) training in distribution system rehabilitation technologies; and
- (iii) a pilot rehabilitation project in one governorate.

In a discussion with the representatives of NOPWASD, the Mission was informed that NOPWASD will receive support from the French government to undertake activities listed above. Moreover, the Mission believes that the potential for successful leak detection and network rehabilitation programmes will increase once the commercially oriented water and wastewater undertakings need to pay attention on cost efficiency, economic use of their assets, and the value of unaccounted-for water. Consequently, **the Mission recommends that the Ministry, at this stage, will not intervene in the development of leakage detection and rehabilitation technology in Egypt.**

## **5.4. Training Centre for Personnel Working in Wastewater Treatment Plants**

This proposal of NOPWASD aims at provision on specialised training on process optimisation at wastewater treatment plants by suggesting that a pilot plant with high versatility would be constructed for research and training.

In a discussion with the representatives of NOPWASD, this proposal was given a low priority. The Mission seconds the opinion of NOPWASD, particularly as the proposed training centre is a capital intensive intervention which should be financed by credits rather than grant. **The Mission recommends that the Ministry, at this stage, will not intervene in the proposed training centre.**



### **5.5. Chlorination Equipment for Water Works**

This proposal of NOPWASD involves financing of purchase of chlorination equipment and chlorine storage tanks, installation of the equipment, and relevant training. The proposal does not specify where the equipment would be installed.

As expressed in the annual negotiations in Cairo in May 1996, the Ministry is particularly interested in extending technical assistance to institutional development and transformation processes, while introducing other financing mechanisms, such as concessional credits and parallel financing with international financing institutions, to investments. The Mission considers that the supply of chlorination equipment should fall into this category. However, there is no manufacturing of chlorination equipment in Finland. While procurement of goods in the case of concessional credits is 80% tied to procurement from Finland, the Mission considers that **there is no possibility for Finland to finance the supply of chlorination equipment.**

### **5.6. Development of Groundwater Research and Treatment Technology**

This proposal of NOPWASD involves:

- (i) commencement of a regional groundwater research programme;
- (ii) development of well construction technology;
- (iii) experiments with groundwater treatment facilities; and
- (iv) development of efficient treatment for iron and manganese removal from groundwater.

In a discussion with the representatives of NOPWASD, this proposal was given a low priority. The Mission seconds the opinion of NOPWASD, particularly as the proposed project would not solely be under the management of NOPWASD. Involvement of several authorities in a study project tends to complicate the administration and management of the study. There is, though, a potential to utilise more efficiently the groundwater reserves in Egypt. This often calls for cost-effective methods for iron and manganese removal. The Mission assumes that the demand for groundwater technologies will increase once the commercially oriented water and wastewater undertakings need to pay attention on cost efficiency. The Mission recommends that **the Ministry, at this stage, will not intervene in the development of groundwater research and treatment technology.**



## **5.7. Feasibility Study for Water Supply and Sanitation for Minia Governorate**

This proposal of NOPWASD involves a detailed analysis of the development needs in the water and wastewater sector in all rural and urban areas in the governorate. The proposal is based on Water Supply and Sanitation sector Study for Egypt, carried out in 1991 by a Finnish team and financed by the Ministry.

Minia is located in Upper Egypt, South of Beni Suef. The population of the governorate is about 2.3 million. Minia is considered one of the poor governorates where some political extremist groups have been rooted.

In a discussion with the representatives of NOPWASD, this proposal was given the top priority. The Mission visited Minia, primarily in relation to a proposal of EACD (see Section 5.10), and had a brief meeting with the Chairman of EGA to be responsible for water and wastewater services in the governorate. The importance of a comprehensive feasibility study, or rather a water supply and sanitation development plan, for the governorate was emphasised in this discussion. According to the governorate, the study should not only be a pre-investment engineering study, but it should also address the socio-economic and institutional issues.

Minia is one of the three governorates generously supported by USAID. A water master plan (WMP) for the city of Minia was prepared with financial and technical support provided by USAID in 1982. This plan is already outdated, and USAID is interested to finance a new plan. The Mission had a meeting with the representatives of USAID. They confirmed the interest of USAID to finance a new WMP for the governorate, but were also comfortable with an option whereby it would be financed, partly or entirely, by Finland. However, if the responsibility were to be shared, they preferred geographical division of responsibilities to sub-sectoral division. USAID will particularly support the transfer of sector responsibilities to the newly established EGA in Minia. The establishment of EGA has proceeded further in Minia than in Beni Suef.

The Mission finds this proposal very interesting and highly consistent with the strategic goals of Finnish development co-operation. This proposal would support the overall sector development by providing a **systematic basis for the development of water and sanitation services by applying the EGA model**, would directly target at **poor people**, would contribute to the development of **good governance, economic use of resources, and technical, economic and environmental sustainability**. There would also be a possibility to **operate in Minia at various levels**: at the high level through the administration by supporting this proposal, and at the grassroot level through NGOs by supporting the proposal discussed in Section 5.10 (or other similar activities).

The Mission recommends that the Ministry would proceed with this proposal of NOPWASD by assigning a **mission of Egyptian and Finnish consultants to prepare a project document for Water Supply and Sanitation Development Plan for**



*the Minia Governorate.* The scope of this plan should be widened from a pre-investment engineering study to **cover socio-economic and institutional aspects**, including a realistic assessment of **demand** (not only need) for water and sanitation services and preferred **service levels**, and an assessment of **resources** available for the implementation of the plan. The scope of the plan and possible division of responsibilities should be co-ordinated and agreed between the stakeholders, including the governorate, EGA, NOPWASD and USAID. Possible co-operation with relevant NGO programmes should also be taken into consideration. The Mission has prepared draft TOR for the proposed assignment (see Annex 6).

### **5.8. New Wastewater Treatment Plants**

This proposal of NOPWASD involves financing of wastewater treatment plant investments. These plants, not specified in detail, are included in the five-year plan of NOPWASD 1997-2002.

As expressed in the annual negotiations in Cairo in May 1996, the Ministry is particularly interested in extending technical assistance to institutional development and transformation processes, while introducing other financing mechanisms, such as concessional credits and parallel financing with international financing institutions, to investments.

The Mission considers **concessional credits the most appropriate financing mechanism** to be applied in the co-operation between Egypt and Finland **in the scale of individual wastewater treatment plants**. The preparation of projects to be financed by concessional credits is the responsibility of the investor and the contractor or supplier of technology. Consequently, the Mission recommends that **NOPWASD and potential Finnish contractors or suppliers would proceed with preparing relevant feasibility studies and**, if convinced of the feasibility of the project and the international competitiveness of the offer of the Finnish company, **submitting loan applications** to Finnish Export Credit (FEC).

### **5.9. New Water Treatment Plants**

This proposal of NOPWASD involves financing of water treatment plant investments. These plants, not specified in detail, are included in the five-year plan of NOPWASD 1997-2002.

As expressed in the annual negotiations in Cairo in May 1996, the Ministry is particularly interested in extending technical assistance to institutional development and transformation processes, while introducing other financing mechanisms, such as



concessional credits and parallel financing with international financing institutions, to investments.

The Mission considers **concessional credits the most appropriate financing mechanism** to be applied in the co-operation between Egypt and Finland **in the scale of individual water treatment plants**. The preparation of projects to be financed by concessional credits is the responsibility of the investor and the contractor or supplier of technology. Consequently, the Mission recommends that **NOPWASD and potential Finnish contractors or suppliers would proceed with preparing relevant feasibility studies and**, if convinced of the feasibility of the project and the international competitiveness of the offer of the Finnish company, **submitting loan applications** to FEC. However, wastewater treatment plants should be given a higher priority from the Ministry's point of view, because water treatment plants should, in the new more commercial operating environment, be financially viable even without concessional element.

### **5.10. Water and Sanitation for Rural Minia**

This proposal of EACD involves improvement of water supply and sanitation of 800 families in two villages on the East bank of the Nile in the City of Minia. EACD has prepared the project to be implemented between May 1996 and May 1998, and requested support from the Ministry. EACD has reportedly submitted the same proposal to another development agency. The proposed budget of the pilot phase of four months is about USD 26,000, and the budget of the project totals USD 360,000. The proposed Finnish contribution would total USD 285,000. During the field visit, the financing of the project was still open and the project, therefore, delayed.

The Mission visited the proposed project area with a representative of EACD and also met a representative of the City of Minia (who is in the process of taking the office of the Chairman of EGA of the Minia Governorate).

The Mission finds this proposal interesting and consistent with the strategic goals of Finnish development co-operation. This proposal would support small-scale rural development by providing **improved water supply and sanitation to lower income families**, and so aiming to improve the **health situation** in the two villages. By participating in this or similar projects, the Ministry would have a good opportunity to draw **experience from grassroot level problems and participatory approaches to be adopted and replicated in larger scale interventions** in rural Minia (see Section 5.7).

The Mission recommends that the **Ministry would seriously consider participation in the financing of grassroot level projects, such as the one proposed by EACD**, especially if it decides to finance Water Supply and Sanitation Development Plan for the Minia Governorate. The Mission has included the NGO dimension in the draft TOR



for the preparation of draft project document for Water Supply and Sanitation Development Plan for the Minia Governorate.

## **6. Assessment of Institutional Capacity**

The present Egyptian policy in the water supply and sanitation sector is delegating increasing responsibility for the O&M and, ultimately, for the entire management of the sector utilities to local (governorate or urban community) level. While there is highly qualified expertise in the country at the national level, there is a shortage of adequate amount of qualified professional staff at the local level. The concept of commercialisation of water and wastewater services will set new requirements for the utility personnel. It will probably be much easier to strengthen the technical capacity within the undertakings than the management capacity to respond to the demand oriented and commercial approach. At the same time, the central government authorities would need to adapt to the new situation, by divesting themselves from commercial and operational activities, and by focusing on supporting, supervising and regulating the sector.

The Mission did not have time for a thorough analysis of institutional capacities at various levels. However, it seems obvious that the critical capacity constraints will be encountered at the utility level and, particularly, in the management of the utilities on a commercial basis. The consultants of USAID have carried out institutional analyses in the three governorates supported by USAID (Beni Suef, Fayoum and Minia). Their analysis of institutional constraints, summarised in Box 1, probably represents the situation prevailing at the utility level in Egypt in general.

## **7. Proposal of the Mission**

The Mission recommends that the Ministry will proceed with the detailed project preparation of two of the proposals by assigning a *missions of Egyptian and Finnish consultants to prepare a project documents for 10<sup>th</sup> of Ramadan City Water Works Commercialisation Programme and for Water Supply and Sanitation Development Plan for the Minia Governorate.*

The scope of the former programme should be shifted from privatisation to commercialisation, and from both 10<sup>th</sup> of Ramadan and Badr Cities to 10<sup>th</sup> of Ramadan City alone. The scope of the latter plan should be widened from a pre-investment engineering study to *cover socio-economic and institutional aspects*, including a realistic assessment of *demand* (not only need) for water and sanitation services and preferred *service levels*, and an assessment of *resources* available for the implementation of the plan. The scope of the plan and possible division of responsibilities should be co-ordinated and agreed between the stakeholders, including the governo-



rate, EGA, NOPWASD and USAID. Possible co-operation with relevant NGO programmes should also be taken into consideration. The Mission has prepared draft TOR for the proposed assignments (see Annex 5 and Annex 6).

### Box 1 Institutional Constraints

Current institutional arrangements for water and wastewater utilities are characterized by overlapping responsibilities; an overly bureaucratic, procedure-laden administrative regimen; and a lack of organizational identity in the eyes of employees and managers. Water and wastewater officials consider themselves employees of the national government. Governorate and city-level departments respond to central ministries rather than to local demands or to consumers. Understandably, reward systems and organizational structures are designed to respond to this reality. These institutions are under the jurisdiction of the localities, but government centralization of the budget, policy on tariffs, personnel, and the general purpose government delivery model all undermine local authority and responsibility. The managerial consequence of the general purpose delivery model is a lack of accountability and absence of monitoring mechanisms in the key areas discussed below.

Water and wastewater services are treated as non-technical, noncommercial municipal social services. There is no "utility management" per se, and groups responsible for water and wastewater service delivery systems have *no specific organizational management perspective or identity* in the governorate administrations.

The *water supply and wastewater functions are dispersed* among different city departments that answer to different administrators; these functions are managed as unrelated activities whose planning and supervision do not coalesce at a higher level of administration. Under these circumstances, it is surprising that services operate as well as they currently do.

Major decisions are managed by local councils under the mayors. Local councils may decide, for example, not to measure or permit metering of water supplied to a village or a particular area in order to avoid accurate billing and to provide water at bulk rates below cost for political reasons. Such actions are common. Any expenditure for spare parts requires the approval of the mayor. Significant *operational and budget decisions are not made by the personnel who actually operate and manage the services*.

Because water and wastewater compete for resources with other services, shortcomings in service can always be attributed to the *competing demands of other services*. Water and wastewater are not treated as cost centers, hence their costs cannot be easily identified. The information shortfall caused by the lack of readily available cost data prevents budget levels from being matched to operational needs.

Government recording and reporting systems do not provide *accounting information* that is useful for management purposes. Cost data are not aggregated to water supply or wastewater activities. The only aggregated value available is revenue collected, and this amount is posted to MOF.

*Salaries* are set in conformity with national civil service pay scales; "incentive" payments are made mechanically, and *promotion* is based on seniority alone. If a job is available in the water plant at an attractively higher grade level, the next person in line in any city department is awarded the job.

Staffing policy is based on the directives of the Ministry of Manpower, which enforces the government's policy of *guaranteed employment*. Actual staffing needs for utility management are far lower, in most cases. Overstaffing occurs as a result, but many of the engineers and technicians hired have *limited practical experience*. Many of the more motivated staff are attracted to the *private sector*, which generally offers much higher salaries and better working conditions.

Source: *Findings and Institutional Options for Management of Water Supply and Wastewater in the Governorates of Fayoum, Beni Suef and Menya. EHP Activity Report No. 10, 1995.*

**TERMS OF REFERENCE**  
**FOR REVIEW OF WATER-RELATED PROJECT PROPOSALS**  
**IN THE ARAB REPUBLIC OF EGYPT**

**Background**

Finland has supported the development of water supply and sanitation in the Arab Republic of Egypt since 1989. The projects supported by Finland are:

- (i) Badr City Water Supply and Sanitation Project;
- (ii) Raas el Bar Wastewater Project;
- (iii) Sharm el Sheikh Desalination Project; and
- (iv) Regional Water Supply and Sanitation Project in Beni Suef Governorate.

The Ministry for Foreign Affairs of Finland is considering to extend its assistance to the Beni Suef Water Supply and Sanitation Project through the proposed Phase II. The Ministry is also interested in the overall water supply and sanitation sector status in Egypt, the current sector policies, and the potential to formulate such additional sector support which would be consistent with both Egyptian and Finnish policies and strategies. Based on discussions in the annual negotiations in Cairo in May 1996, the Ministry is particularly interested in extending technical assistance to institutional development and transformation processes, while introducing other financing mechanisms, such as concessional credits and parallel financing with international financing institutions, to investments. The Ministry has received new project proposals through the Ministry of Housing and Public Utilities & New Communities.

**Purpose of the Mission**

The purpose of the Mission is to:

- (i) review the current institutional framework and national policies and plans for the development of water supply and sanitation with a special focus on tariff policies and the roles of central and local authorities;
- (ii) review and assess the project proposals, with a special focus on their consistency with the Egyptian and Finnish policies and strategies;
- (iii) assess the institutional capacity and strengths and constraints in planning and implementation at various administrative levels;
- (iv) recommend measures to be taken by the Ministry for Foreign Affairs for further project preparation or rejection of the proposals; and
- (v) prepare a Mission Report, including Terms of Reference for possible further preparation of the project(s) recommended by the Mission.

**Scope of Work**

In order to achieve its objectives, the Mission shall cover but not necessary limit itself to the following tasks:



- (i) review the relevant documentation concerning the current institutional framework and national policies, strategies and plans for the development of water supply and sanitation with a special focus on tariff policies and the roles of central and local authorities;
- (ii) discuss with relevant central authorities, including the Ministry of Housing and Public Utilities & New Communities, National Organisation for Potable Water (NOPWASD), and New Urban Communities Authority (NUCA), as well as relevant local authorities;
- (iii) review the Egyptian project proposals;
- (iv) perform rapid assessment of the project proposals in consideration of the prime objectives of the Finnish development co-operation strategy, the potential impact of the proposal on the implementation and achievement of national sector objectives, policies and strategies of the Arab Republic of Egypt, institutional and financial implications and estimated sustainability of the outputs of the proposals, as well as the availability and competitiveness of Finnish resources to support the implementation of the proposals;
- (v) outline an initial schedule for long- and short-term interventions; and
- (vi) prepare Terms of Reference for the preparation of a project document for project proposal(s) recommended by the Mission.

### **Composition of the Mission**

The Ministry for Foreign Affairs of Finland has assigned the following team to undertake the tasks of the review and appraisal Mission:

- (i) Mr. Hannu Vikman, Adviser, Team Leader; and
- (ii) Mr. Kari Ratinen, Consultant

The Government of Egypt is invited to assign an Egyptian corporatisation specialist to the Mission.

### **Timetable and Reporting**

The field mission is scheduled to be carried out between September 23, 1996 and October 04, 1996. The Mission shall submit its report to the Ministry by October 31, 1996.

### **Mandate**

The Mission will carry out its tasks in close co-operation with the Egyptian authorities and stakeholders. It is entitled to discuss with the relevant authorities any matters related to this assignment, but is not authorised to make any commitment on behalf of the Ministry for Foreign Affairs of Finland.

*Heidi Pihlatie*

Heidi Pihlatie

Director

Unit for Asia, Latin America and Mediterranean

**Programme of the Review Mission of  
Water Related Project Proposals in the Arab Republic of Egypt  
23.09.- 05.10.1996**

Monday 23.09.	17.35	Arrival of Mr. Hannu Vikman in Cairo
	20.00	Mr. <b>Olli Sotamaa</b> , Counsellor, Economic Co-operation, Embassy of Finland Review and Appraisal Mission to Regional Water Supply and Sanitation Project in Beni Suef Governorate, consisting of: Mr. <b>Heikki Wihuri</b> , Team Leader/Consultant Ms. <b>Mary Boesveld</b> , Consultant Mr. <b>Richard Middleton</b> , Consultant
Tuesday 24.09.	09.00	Dr. <b>Mohamed Reda Haggag</b> , Water and Environmental Sanitation Officer, UNICEF
	13.00	Mr. <b>Thomas L. Marr</b> , Project Development Officer, USAID Mr. <b>Adel Halim</b> , Consultant Engineer, USAID
	15.00	Mr. <b>Aly el Kerdany</b> , Senior Technical Adviser, Royal Danish Embassy
	16.00	Dr. <b>Wafaa A. Amer</b> , Consultant (Beni Suef review and appraisal)
	17.00	Departure to Fayoum
	20.00	Regional Water Supply and Sanitation Project in Beni Suef Governorate, Expatriate Team of Plancenter Ltd, consisting of: Mr. <b>Pentti Ruohonen</b> , Project Coordinator Ms. <b>Urpu-Liisa Airaksinen</b> , Financial & Management Advisor Mr. <b>Juhani Efraimsson</b> , Sanitation & Waste Management Advisor Mr. <b>Jukka Leppänen</b> , Operation & Maintenance Advisor Ms. <b>Ulla Parviainen</b> , Human Resources and Community Participation Advisor Mr. <b>Jockum Runeberg</b> , Sanitation & Waste Management Advisor
Wednesday 25.09.	11.00	Mr. Pentti Ruohonen
	13.30	Site visits: water intake, treatment plant, and the Markaz Maintenance Centre at Sumusta
	19.30	Mr. <b>Caes Vulto</b> , Project Manager, Fayoum Drinking Water and Sanitation Project

Thursday 26.09.	09.30	Ms. Urpu-Liisa Airaksinen
	11.00	Meetings with senior officials of Beni Suef Governorate, including: Mr. <b>Sabrey El-Kady</b> , Governor Mr. <b>Houssien Abdel Kawy</b> , Secretary General/National Director of the Project Mr. <b>Mohammed Said</b> , Liaison Officer of the Project
	14.00	Lunch hosted by the Governor
Friday 27.09.	08.00	Departure to Minia
	11.00	Dr. <b>Emad Adly Ghatas Yanni</b> , Environmental Program Officer, The Egyptian Association for Comprehensive Development (EACD)
	11.30	Nazlet Obied village; Meeting with board members of local Community Development Association (CDA), site visits: Mr. <b>Fakhry Adeeb</b> , Mayor/Chairman of CDA Mr. <b>Farouk Barsoum</b> , member Mr. <b>Mary Sadek</b> , member Mr. <b>Sadek Yossef</b> , member Mr. <b>Nabil Tawfik</b> , member Mr. <b>Wagdi Zareef</b> , member Mr. <b>Malak Absekhiron</b> , member Mr. <b>Abdoh Zaki</b> , member Mr. <b>Eied Aziz</b> , member
	16.00	Mr. <b>Maher Boushra</b> , Project Coordinator, EACD
	16.30	Arab El-Shiekh Mohammed village; Meeting with board members of local CDA, site visits: Mr. <b>Hamed Hassen</b> , chairman Mr. <b>Mostafaa Hasen</b> , member Mr. <b>Khaled Adem</b> , member Mr. <b>Hassen Mohamed</b> , member Mr. <b>Mahmoud Mohamed</b> , member Mr. <b>All Mahmoud</b> , member
Saturday 28.09.	09.00	Mr. <b>Samir Abou El-Lail</b> , Chairman of Minia City Council
	10.00	Mr. <b>Talaht Yousef</b> , Chairman of Local Unit of Nazret Houssein, Representative of Minia Council on the East Bank of the Nile
	17.00	departure to Cairo
	18.00	arrival of Mr. Kari Ratinen in Cairo

Sunday 29.09.	10.00	Mr. Olli Sotamaa Dr. <b>Diaa S. El Monayeri</b> , Consulting Engineer, Environmental - Civil Engineering Consulting Center (Civec)
Monday 30.09.	09.00	Mr. <b>Stefan Zens</b> , First Secretary, European Union delegation of the European Commission in Egypt
	10.30	Mr. <b>Douglas Graham</b> , Senior Operations Officer, The World Bank Resident Mission in Egypt
	12.30	Mr. <b>Rafik Salah El Din</b> , Ambassador, Ministry of Economy and International Cooperation Ms. Undersecretary, Ministry of Economy and International Cooperation
	14.00	New Urban Communities Authority (NUCA)
Tuesday 01.10.	09.00	Site visits: booster stations in Badr City and 10 <sup>th</sup> of Ramadan City
	10.30	Mr. <b>Mahmoud Mansour</b> , Chairman, 10 <sup>th</sup> of Ramadan City Mr. <b>Fouad Madbouly</b> , Chairman, Badr City Mr. <b>Ahmed Ezzat</b> , Head, Technical Supervision Unit, 10 <sup>th</sup> of Ramadan City Mr. <b>Ramadan Gheity</b> , Head, Technical Supervision Unit, Badr City Mr. <b>Mohamed Shata</b> , Engineer, Technical Supervision Unit, 10 <sup>th</sup> of Ramadan City Mr. <b>Salah Sabek</b> , Engineer, Technical Supervision Unit, Badr City Mr <b>Markku Sijärvi</b> , Project Manager, Lemminkäinen Construction Ms. <b>Maarit Sijärvi</b> , Administrator, Lemminkäinen Construction
	12.00	Site visits: raw water intake and pumping station, and water treatment plant of 10 <sup>th</sup> of Ramadan City
	17.00	Mr. <b>Khaled Souelim</b> , Consulting Engineer, Environmental - Civil Engineering Consulting Center (Civec)

Wednesday 02.10.	10.00	Mr. Thomas L. Marr Mr. Adel Halim Dr. <b>Mostafa M. Dahi</b> , Project Management Consultant Engineer, USAID
	12.00	Mr. <b>Mahmoud K. El-Sarnagawi</b> , Deputy Chairman, NUCA Mr. <b>Raouf Darwish</b> , Managing Director, Darwish Consulting Engineers Ltd
	17.00	Dr. <b>Magdi Sidhom</b> , Director, EACD Dr. Emad Adly Ghatas Yanni
	18.00	Mr. <b>Garth Castrén</b> , Ambassador of Finland
Thursday 03.10.	11.00	Mr. <b>Mahmoud K. El-Sarnagawi</b> , Deputy Chairman, NOPWASD
	12.30	Dr. Daa S. El-Monayeri
	13.00	Mr. Raouf Darwish
Friday 04.10.	03.00	Departure of Mr. Hannu Vikman
Saturday 05.10.	06.00	Departure of Mr. Kari Ratinen

## Background Documentation

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8. Arab Republic of Egypt; USAID. Findings and Institutional Options for Management of Water Supply and Wastewater in the Governorates of Fayoum, Beni Suef and Menya. Environmental Health Project. EHP Activity Report No. 10. 1995.
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DECREE OF THE PRESIDENT OF THE ARAB REPUBLIC OF EGYPT

No.281 of the year 1995

Setting up a Public Economic Authority for potable  
and waste water in some governorates

THE PRESIDENT OF THE REPUBLIC

After cognizance of the Constitution;

And Law No.308 of the year 1955 concerning administrative attachment;

And Law No.93 of the year 1962 concerning the disposal of the liquid residues;

And Law No.61 of the year 1963 promulgating the public authorities law;

And Law No.44 of the year 1965 concerning the organization of Accounts Control Departments of the Public Authority, the organizations, the companies, the establishments and societies affiliated thereto;

And Law No.53 of the year 1973 concerning the State's general budget ;

And Law No.47 of the year 1978 promulgating the law related to the statute and system of the State's Civil Servants ;

And Law No.43 of the year 1979 promulgating the local administration system law and its executive statute;

And Law No.48 of the year 1982 concerning the protection of the river Nile and the water courses from pollution;

And Law No.9 of the year 1983 promulgating the law organizing the adjudications and biddings ;

And Law No.5 of the year 1991 concerning the leading civil employments in the State's administrative entity and the public sector;

And Law No.4 of the year 1994 concerning environmental protection ;

And the Presidential decree No.4723 of the year 1966 ratifying the unified accounting system;

And the Presidential decree No.2420 of the year 1971 organizing the governmental entity;

And after Cabinet approval;

And what has been deemed by the State Council ;

HAS DECREED

( Article One )

Public Economic Authorities shall be set up in the governorates of Aswan, Minia, Beni Souef, Fayum, Dakahlieh, Gharbieh, Sharkeya, each of which shall be attached to the competent Governor, whose premises shall be the capitol city of each governorate. Each of them shall have its own corporate personage and the provisions of the Public Authorities Law shall apply thereto.

( Article Two )

Each one of the Authorities stipulated upon in the previous article shall be the entity responsible for, and in charge of the projects and works of potable and waste water in the governorate involved. It shall be in charge of the running and operating and maintenance of the potable and waste water networks, and to each shall devolve all the establishments attached or annexed or complementary thereto as administered at present by the water and waste water departments in the governorate, and it shall have exploitation rights thereof. To this effect, it shall be in charge of :

1- The preparation of the general and detailed plans of the projects and works connected with potable water and waste water within the belt-range of the governorate.



- 2- The administration and operation and maintenance of the establishments of the potable water and waste water utilities, and the performance of what that would require in terms of expanding and giving support to the Utility, together with providing the local materials and equipments necessary for the operational and maintenance works.
- 3- The undertaking of those research studies and works of applied nature, together with the economic and funding studies related to the potable water and waste water projects.
- 4- The laying down of the designs of the projects therewith concerned together with supervising the implementation thereof in accordance with the programmes it sets down, and to undertake the relative contracting procedures.
- 5- The announcement of projects under tenders and biddings and to effect local and foreign transacting operations, and to decide thereupon, and to enter into respective contracts and supervise the implementation thereof.
- 6- Participation with the entities concerned as to the laying down of the standardized criteria of potable water and those of the drainage of liquid residues.

( Article Three )

The Board of Directors of each Authority shall be constituted as follows:

- Chairman of the Board.
- Deputy Chairman of the Board for Technical Affairs.
- Head of Department in charge of the water affairs at the Authority.
- Head of Department in charge of the waste water affairs at the Authority.
- Head of the Department in charge of the financial and administrative affairs at the Authority.
- The Head of the legal counsel competent Department.

- Administration Manager for housing and utilities in the governorate.
- Financial Administration Manager in the governorate.
- Hygienic Affairs Administration Manager in the governorate.
- Representative of the General Authority for Regional Planning as selected by the competent Minister.
- Representative of the Ministry of Public Works and Water Resources as selected by the competent Minister.
- Representative of the governorate as selected by the Governor.
- Representative of the National Authority for Potable and Waste Water as selected by the competent Minister.
- Two experienced persons in the field and affairs of potable and waste water as selected by the Governor, appointed for the period of two years renewable as per the candidature of the Chairman of the Authority.

( Article Four )

The Board of Directors of each Authority is the supreme authority predominating its affairs and handling its operations according to the provisions of the Public Authorities law. It is entitled to undertake what is deemed suitable and necessary in terms of resolutions to achieve the purpose for which the Authority has been established. It shall especially be entitled to :

- 1- The proposal of the general policy of the utilities which are managed by the Authority and exploited by it, within the limit of the State policy and general plan.
- 2- The proposal of the projects related to the utilities development at the Authority, together with the implementation programmes .
- 3- The laying down of the internal rules and regulations and the organizational resolutions related to the financial and administrative

affairs connected with the Authority and the staff members therein without being confined to the governmental rules and systems.

4- The approval of the annual budget draft and the final accounts as well as the balance sheet and the investment budget of the Authority.

5- The setting up of training centres to up productive efficiency of the administration, operation and maintenance in the two fields of water and drainage.

6- Contracting loans and the acceptance of grants, donations and bequests in accordance with the provisions of the law.

7- The follow up of the periodical reports presented as to work progress in the Authority, and its financial position.

8- Looking into what the competent Governor or the Chairman of the Board may deem necessary to submit to the Board in terms of issues fallin within the competence of the Authority.

9- Proposing the rules and the pricing tariff of the sale of potable water and the waste water drainage services in such a way as to achieve balance between revenues and expenses in accordance with the local programmes set down by the Board. This tariff shall be issued under strength of a Cabinet Decree.

( Article Five )

The Board of Directors may delegate some of its discretionary competences and authorities to a committee from amongst its members or to the Chairman or to one of the Managers in the Authority. It may also delegate one of the Managers in the Authority to undertake a specific assignment.

( Article Six )

The Chairman of the Board shall represent the Authority as regards

its relationships with third parties and vis-a-vis the courts.

( Article Seven )

The Board of Directors shall meet under its Chairman's invitation letter to convene, once monthly at least, and whenever the Board shall deem this necessary. The competent Governor shall also be entitled to invite the Board of Directors to convene for meeting, and he shall have the right to attend the meetings of the Board, and shall have the chairmanship thereof. The meeting of the Board shall not be valid except with the presence of the majority of members. Resolutions shall be issued by majority of votes and opinions of the attendants. Upon evenness the side wherein the Chairman shall prevail. The deliberations which shall take place in the meeting sessions and the resolutions adopted by the Board shall be entered into minutes to be signed by the Chairman.

( Article Eight )

The Chairman of the Board of the Authority shall advise and transmit the Board resolutions to the competent governor within seven days from date of their issuance. These resolutions shall not be operative except after approval thereof by the governor or after expiry of thirty days from date of their arrival thereto without objecting against them, apart from those issues which require issuance of a resolution from part of another authority.

( Article Nine )

The Chairman of the Board of the Authority shall undertake the task of its management and handling of its affairs and operations in accordance with the provisions of the Public Authorities Law, with this Decree and with those programmes ratified by the Board of

Directors. He shall be responsible of implementing the general policy set down for the achievement of the objectives of the Authority, and for the implementation of the Board resolutions. He shall be entitled to delegate one Manager or more as regards some of his competences.

( Article Ten )

The resources of each Authority shall consist of :

- 1- The revenues resulting from the management and exploitation of the utilities administered by it.
- 2- The appropriations which may be allocated in the State Budget or in the Government Budget.
- 3- Whatever loans it may contract in accordance with the provisions of the law.
- 4- The grants and donations which shall be accepted by the Board.

The funds of the Authority shall be considered as public funds.

( Article Eleven )

The provisions of the laws and the decrees issued as regards the auditing and control of the accounts of the public authorities shall apply in respect of the auditing and control of the accounts of each authority.

( Article Twelve )

Each Authority shall have an independent budget and annual final accounts, in the preparation of which shall be followed those provisions related to the budgets and accounts of the economic public authorities. The financial year shall start with the start-up date of the financial year of the State, and end up with the expiry thereof. The funds of each Authority are to be deposited in a special account in the name of the Authority, and shall be consecrated for expenditure thereof

to serve its purposes and objects. The Authority shall also hold regular accounts as per the requirements of the unified accountancy system.

The final accounts and the balance sheet of the Authority for each financial year shall be submitted to the Board of Directors for approval at the time limits stipulated and determined for that.

( Article Thirteen )

All staff members working in the service of the Potable Water and Waste Water entities in the competent governorate in which exists the operational activity of the Authority shall be transferred to each respective Authority in their present conditions as from the date of the enforcement of this decree.

There shall apply, in their respect, the system of the civil servants in the State, until the Board of Directors of the Authority shall set down whatever systems it may deem suitable to the nature of its operational activity in accordance with the provisions of this decree.

There shall also be transferred to each Authority all the financial appropriations related to the transferred staff members thereto, as well as the appropriations connected with operation, maintenance and also the investment appropriations related to the works of potable water and waste water, in total separation from the budget of the Government Administration, the Housing Administration and the Utilities Administration in the Governorate and the National Authority for Potable and Waste Water.

( Article Fourteen )

The provisions of the system of the State civil staff members and the decrees issued to that effect shall apply to the staff members of each Authority. The Board of Directors shall be entitled to set

down whatever systems it may deem suitable to the nature of its operational activity.

( Article Fifteen )

All the waste water and potable water stations and networks as well as the establishments and installations attached, annexed or affiliated thereto in the Governorate shall devolve to each Authority in that Governorate wherein established.

Similarly, there shall be transferred to each Authority all the fixed assets, movable assets, rights or dues and liabilities or obligations related to these stations, networks and establishments until the revaluation of these assets is undertaken by decree from the Minister of Finance.

( Article Sixteen )

The Authorities shall be entitled, towards the collection and settlement of their dues and rights, to undertake the administrative attachment and implementation procedures in accordance with the administrative attachment law.

( Article Seventeen )

Each and every provision contravening this decree shall hereby be cancelled.

( Article Eighteen )

This decree shall be published in the Official Journal, and shall be enforced as from date of its publication.

Issued at the Presidency on 8th of Rabi' the last, 1416 H.

( Agreeing with 4th September 1995 A.D. )

HOSNI MUBARAK.

**MINISTRY FOR FOREIGN AFFAIRS OF FINLAND**  
Department for International Development Cooperation

31.10.1996  
1. draft

**TERMS OF REFERENCE**  
**FOR THE PREPARATION OF PROJECT DOCUMENT FOR**  
**10<sup>TH</sup> OF RAMADAN CITY WATER WORKS COMMERCIALISATION PROGRAMME**

**Background**

In 1986 the Government of Egypt proposed that the Government of Finland finance part of the electro-mechanical component of Badr City Water Supply and Sanitation Project. The water to Badr City was to be supplied by 10<sup>th</sup> of Ramadan City Water Works, whose water production capacity needed to be increased. Based on a feasibility study and appraisal in 1988, the two Governments agreed upon the project. In addition to the electro-mechanical contracts, the Finnish inputs included consulting services, mainly for planning design, contract management and supervision, but also for preparation of plans and programmes for staff training and manpower development.

Badr City and 10<sup>th</sup> of Ramadan City are new urban communities located in the desert, Northeast of Cairo. The design population of 10<sup>th</sup> of Ramadan is about 500,000 and of Badr City about 300,000. The actual populations at present are about 100,000 and 500, respectively. Both cities are also planned to accommodate industrial areas, and 10<sup>th</sup> of Ramadan has already attracted about 800 industrial enterprises. Thousands of flats in the cities, already bought by private families, remain unoccupied, at least partly because of incomplete infrastructure. The Water Works of 10<sup>th</sup> of Ramadan City sells treated water to Badr City as well as to Shrouk City.

Presently, the Water Works are operated by New Urban Communities Authority (NUCA), a governmental project organisation established by the Ministry of Housing, Public Utilities & New Communities (MHPU). The O&M costs of the Water Works are covered by MHPU. The revenues from water supply services are forwarded to the state treasury. Existing inadequate financial coverage of the operational and maintenance costs for the Water Works is a serious hindrance to sustainable and continuous water supply services. In order to ensure in future smooth operation and development of the Water Works, NUCA submitted in January 1996 a proposal to the Ministry for Foreign Affairs of Finland (the Ministry) considering establishment of sustainable integrated management system for the water supply and sanitation services in Badr and 10<sup>th</sup> of Ramadan Cities.

Based on discussions in the annual negotiations in Cairo in May 1996, the Ministry sent a mission to Egypt to review and assess NUCA's project proposal among others. The mission recommended that the Ministry would continue with the project preparation by assigning another mission to prepare a draft project document for 10<sup>th</sup> of Ramadan City Water Works Commercialisation Programme. The scope of the programme should be shifted from privatisation to commercialisation, and from both 10<sup>th</sup> of Ramadan and Badr Cities to 10<sup>th</sup> of Ramadan City alone. The current policy in Egypt provides favourable conditions for the establishment of Economic General Authorities (EGAs) to manage water and wastewater undertakings, while the delegation of these functions to private companies is still very difficult. Due to the limited customer base in Badr City, the commercialisation of water and wastewater services would be premature for the time being.



## **Purpose of the Mission**

The purpose of the mission is, in co-operation with the relevant Egyptian parties, to prepare a detailed project document (draft) for 10<sup>th</sup> of Ramadan City Water Works Commercialisation Programme for appraisal. The project document should address the necessary measures to ensure the sustainability of the results of Badr City Water Supply and Sewerage Project and the following requirements for the undertaking to provide water and wastewater services:

- (i) the institution must have autonomy to be able to set tariffs sufficient to cover the costs of operations and maintenance (consistent with national policy and regulatory requirements);
- (ii) it must be able to retain revenues at the institutional level of the water entity; and
- (iii) it must be able to establish personnel regulations independent of civil service law and have the capacity to remunerate, engage, dismiss, offer incentives to, and retain qualified staff.

## **Basis of the Work**

The draft project document shall be based on the on the priorities and needs set by NUCA and the authorities of 10<sup>th</sup> of Ramadan City, and it shall be consistent with national policies and strategies as well as with the strategic goals and policies of Finnish development co-operation. It shall take into account the relevant studies and documentation on the water works in the city and the establishment of autonomous water and wastewater undertakings in Egypt and elsewhere.

The initial assumption is that the proposed programme would comprise two phases: preparation of a commercialisation plan, and (advisory services to support) its implementation.

The project preparation shall follow the Integrated Approach and Logical Framework of the European Union described in its manual "*Project Cycle Management*".

## **Scope of Work**

In order to achieve its objectives, the Mission shall cover but not necessary limit itself to the following tasks:

- (i) review the relevant documentation concerning the current institutional framework and national policies, strategies and plans for the development of water supply and sanitation with a special focus on tariff policies and the roles of central and local authorities;
- (ii) review the study on privatisation of the public utilities of the 10<sup>th</sup> of Ramadan, Badr and Shrouk Cities, prepared by Darwish Consulting Engineers;
- (iii) initially assess the assets of the Water Works;
- (iv) discuss with relevant central authorities, including the Ministry of Housing and Public Utilities & New Communities, New Urban Communities Authority (NUCA), as well as the authorities of 10<sup>th</sup> of Ramadan City;
- (v) initially assess the institutional capacity, including management systems and human resources, within the Water Works;

- (vi) initially assess the training needs and staff development needs within the Water Works;
- (vii) assess the ownership of the stakeholders in regard to the implementation of the proposed programme;
- (viii) assess the role of the proposed programme in relation to the ultimate objectives, such as full cost recovery of O&M and capital costs, and the capacity of the Water Works to respond to the increasing demand;
- (ix) assess the potential to materialise the substantive goals of Finnish development co-operation;
- (x) assess the cost implications of and risks associated with the proposed programme in relation to the prospects of the financial self-sufficiency of the Water Works;
- (xi) assess, whether it is appropriate to divide the proposed programme in phases, and what implications that would have; and
- (xii) assess the social and environmental impacts of the proposed programme and recommend necessary actions;

### **Composition of the Mission**

The Mission shall comprise Egyptian and Finnish consultants, and shall possess competence in the following areas:

- (i) management of water supply and wastewater systems;
- (ii) human resources development;
- (iii) project preparation;
- (iv) Egyptian legislation and regulations relevant to corporate management; and
- (v) Arabic language.

### **Timetable and Reporting**

The field mission is scheduled to be carried out in January-February 1997. The Mission shall submit its report in English as a hard copy and on a diskette (MS Word and Excel) to the Ministry by March 20, 1997.

### **Mandate**

The Mission will carry out its tasks in close co-operation with the Egyptian authorities and stakeholders. It is entitled to discuss with the relevant authorities any matters related to this assignment, but is not authorised to make any commitment on behalf of the Ministry for Foreign Affairs of Finland.

**MINISTRY FOR FOREIGN AFFAIRS OF FINLAND**  
Department for International Development Cooperation

31.10.1996  
1. draft

**TERMS OF REFERENCE  
FOR THE PREPARATION OF PROJECT DOCUMENT FOR  
WATER SUPPLY AND SANITATION DEVELOPMENT PLAN  
FOR THE MINIA GOVERNORATE.**

**Background**

In the annual consultations between the Governments of Egypt and Finland in 1990, water supply and sanitation was agreed to be one of the main sectors within the bilateral development co-operation. It was also agreed that a comprehensive sector study would be carried out. The Ministry for Foreign Affairs of Finland (the Ministry) assigned a team of Finnish specialists to carry out the study, and they submitted their study report in 1991. The team identified potential projects and formulated 21 project proposals, including "*Development of Measures in the WSS Sector in El Minya Governorate*".

The need for a strategic water supply and sanitation sector plan has been perceived in Egypt, and this proposal has been highly prioritised by the National Organisation for Potable Water and Sanitary Drainage (NOPWASD) in the annual consultations throughout the 1990s. The importance of such a plan has again been reconfirmed in a letter from the Minister of Housing and Public Utilities & New Communities in April 1996. According to that letter "*a more detailed analysis on the WWSS- sector development needs shall be included in the report for all rural and urban areas allover El- Minya*". Another project proposal, submitted to the Ministry by the Egyptian Association for Comprehensive Development (EACD) involves improvement of water supply and sanitation of 800 families in two villages on the East bank of the Nile in the City of Minia.

The Minia Governorate is located in Upper Egypt in the Nile Valley some 200-300 kilometres South of Cairo. The governorate covers an area of about 2,300 km<sup>2</sup> stretching far to the Western Desert. The total population is estimated at 2.8 million in 1995. Based on an estimate of the Ministry of Local Administration, the coverage water supply services in the Minia Governorate is 83% (compared to, e.g. 93% in Beni Suef and 90% in Fayoum), and the coverage of sanitation in Minia 9% (10% in Beni Suef and 20% in Fayoum). Minia is considered one of the poorer areas in the country, and it has experienced social instability.

Minia is one of the three governorates generously supported by USAID. A water master plan (WMP) for the city of Minia was prepared with financial and technical support provided by USAID in 1982. This plan is already outdated, and USAID is interested to finance a new plan. USAID will particularly support the transfer of sector responsibilities to the newly established Economic General Authority (EGA) in Minia.

Based on discussions in the annual negotiations in Cairo in May 1996, the Ministry sent a mission to Egypt to review and assess the project proposals of NOPWASD and EACD among others. The mission recommended that the Ministry would continue with the project preparation by assigning another mission to prepare a draft project document for Water Supply and Sanitation Development Plan for the Minia Governorate.

## **Purpose of the Mission**

The purpose of the mission is, in co-operation with the relevant Egyptian parties, to prepare a detailed project document (draft) for Water Supply and Sanitation Development Plan for the Minia Governorate for appraisal. The project document should draw experience from the Regional Water Supply and Sanitation Project in Beni Suef Governorate, supported by Finland, and take into account the past and on-going USAID supported activities in the Minia governorate in the field of water and wastewater services:

## **Basis of the Work**

The draft project document shall be based on the on the priorities and needs set by NOPWASD, the relevant authorities (including EGA) within the governorate, and other potential stakeholders, such as community organisations and NGOs. The draft project document shall be consistent with national policies and strategies as well as with the strategic goals and policies of Finnish development co-operation. It shall take into account the relevant studies and documentation on the water supply and sanitation sector in the governorate.

The initial assumption is that the proposed intervention would be limited to the preparation of a sector development plan, without commitment to its implementation. The scope of the plan should cover socio-economic and institutional aspects, including a realistic assessment of demand (not only need) for water and sanitation services and preferred service levels, and an assessment of resources available for the implementation of the plan.

The project preparation shall follow the Integrated Approach and Logical Framework of the European Union described in its manual "*Project Cycle Management*".

## **Scope of Work**

In order to achieve its objectives, the Mission shall cover but not necessary limit itself to the following tasks:

- (i) review the relevant policies, strategies and plans concerning the water supply and sanitation sector development in the Minia governorate;
- (ii) review the institutional documentation prepared in association with the USAID assisted, assess the progress in the establishment and development of EGA, and co-ordinate the scope of the proposed plan with USAID to avoid overlapping and inconsistency;
- (iii) review and evaluate the proposal of EACD and assess the feasibility of parallel support to the proposed plan and to grassroot level activities with an NGO;
- (iv) discuss with relevant central authorities, including the Ministry of Housing and Public Utilities & New Communities, NOPWASD, as well as the authorities of the Governorate and representatives of communities;
- (v) assess the ownership of the stakeholders in regard to the implementation of the proposed plan and their roles and responsibilities;
- (vi) assess the role of the proposed programme in relation to the ultimate objectives, such as full cost recovery of O&M and capital costs, and the capacity of EGA to respond to the increasing demand;

- (vii) assess the potential to materialise the substantive goals of Finnish development co-operation;
- (viii) assess the cost implications of and risks associated with the proposed intervention in relation to the financial self-sufficiency of the sector;
- (ix) assess, whether it is appropriate to divide the proposed programme in phases, and what implications that would have; and
- (x) assess the social and environmental impacts of the proposed programme and recommend necessary actions;

### **Composition of the Mission**

The Mission shall comprise Egyptian and Finnish consultants, and shall possess competence in the following areas:

- (i) strategic planning of water supply and sanitation;
- (ii) community participation, rural development and gender issues;
- (iii) project preparation; and
- (iv) Arabic language.

### **Timetable and Reporting**

The field mission is scheduled to be carried out in January-February 1997. The Mission shall submit its report in English as a hard copy and on a diskette (MS Word and Excel) to the Ministry by March 20, 1997.

### **Mandate**

The Mission will carry out its tasks in close co-operation with the Egyptian authorities and stakeholders. It is entitled to discuss with the relevant authorities any matters related to this assignment, but is not authorised to make any commitment on behalf of the Ministry for Foreign Affairs of Finland.