



Project evaluation: summary report

Egypt: Water and Wastewater Management Programme (WWMP)

Title according to the commission:	Water and Wastewater Management Programme
Project no.:	2010.2004.9
Country/region:	Egypt
CRS sector:	Water sector policy and water management (40%), Water and sanitation and wastewater management – big systems -40%) and, Training on water supply and sanitation and wastewater management (20%)
Overall objective:	Public water supply services in Egypt are improved
Overall term:	09/2011 to 08/2015
Total costs:	20.9 million EUR
Commissioning party:	German Federal Ministry of Economic Cooperation and Development (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung – BMZ)
Lead executing agency:	Ministry of Housing, Utilities and Urban Communities (MoHUUC)
Implementing organisations (in the partner country):	Holding Company for Water and Wastewater (HCWW) and its Affiliated Companies (ACs), Egyptian Water Regulatory Authority (EWRA), Governorate of Cairo (GoC), Qena Company for Water and Wastewater (QCWW, until 02/2014)
Other participating development organisations:	KfW Development Bank
Target groups as per the offer:	Population of Egypt, particularly populations with low-income and, in component 3, inhabitants of informal areas

Project description

Framework Conditions

Although most of the Egyptian population has access to drinking water (in urban areas close to 100%), the sector faces severe problems with regard to the financial and economic sustainability of water and wastewater companies. The important constraints are: (a) extremely low water tariffs that are insufficient for operational cost, (b) lack of organisational capacities, e.g. regarding commercial management, operation and maintenance; (c) overstaffing, coupled with the lack of a qualified workforce, and (d) lack of financial and administrative independence of the water and wastewater companies. Although the companies have improved their performance, they are not yet in a position to provide water supply and wastewater services

economically and efficiently. Therefore, public water supply services in Egypt remain to be insufficient (**core problem**). With regard to sanitation, the situation is even more severe. Only half the population is connected to the sewer network. As a response to the poor performance of the sector, the GoE has since 2004 embarked on a comprehensive institutional reform process. The responsibilities of governorate-owned and run water authorities have gradually been transferred to newly established water supply and wastewater utilities, the so-called Affiliated Companies (ACs). So far, 25 ACs have been included into the Holding Company for Water and Wastewater (HCWW). Human resources development, business processes and the operation of water and wastewater facilities have been harmonised. At ministerial level, the leading institution is the Ministry of Housing, Utilities and Urban Communities (MoHUUC), which has overall responsibility for the steering of the water supply and wastewater management sector. However, the Ministry lacks a specialised unit for water and wastewater services. In 2006, the Egyptian Water Regulatory Authority (EWRA) was created, whose mandate was to regulate tariff adjustments, performance monitoring of ACs, water quality monitoring and reviewing of customer complaints. However, the mandate is not yet clearly defined and overlaps with other entities in the sector.

Design of the development measure

Germany is the leading bilateral cooperation partner in the water sector with total commissions for ongoing projects of around EUR 679 million (water supply, wastewater, and water resources). The Water and Wastewater Management Programme (WWMP) is supported by the German Agency for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit* – GIZ) on behalf of the Federal Ministry of Economic Cooperation and Development (BMZ). The first programme phase took place from January 2007 to August 2011. The evaluation exclusively focuses the second programme term which has started in September 2011, with a duration until August 2015. The present module objective is: “Public water supply services in Egypt are improved”.

The programme strategy comprises three intervention areas:

- In Intervention Area 1 (policy support at national level), the WWMP supports the formation of a policy support unit in the MoHUUC and the formulation of the national sector strategy. The policy support unit should strengthen the performance of the Ministry and – together with a clear strategic orientation – lead to an improved sector steering and sector management. New executive regulations for the regulatory authority EWRA and the implementation of a performance-monitoring-system for the ACs aim at improving sector regulation. The development and implementation of a Water and Wastewater Decision Support System (WWDSS) provides a basis for evidence-based planning of more needs-oriented infrastructure investments. Improved sector steering and more needs-oriented infrastructure investments are the necessary institutional preconditions for strengthening the performance of water and wastewater companies (see intervention area 2).
- In Intervention Area 2 (efficiency improvement in ACs) the main topics addressed within this intervention area are Human Resources Development, Quality Management and Operational Optimisation of ACs. The implementation of standardised training and certification system, for both managerial positions (Management Career Path) and technical positions (Technical Career Path) enables the counterpart institutions to carry out competency-based recruitment and promotions, thus strengthening human resources in the medium term. With regard to operational optimisation, the programme supports the quality management system Technical and Sustainable Management (TSM Egypt) system which is promoted as the Egyptian standard for the management of water and wastewater facilities. Additionally, the WWMP supports the exchange of experiences between through a learning network (considering topics related to operational optimisation, such as water loss reduction, energy-efficient operation, billing and revenue collection, and customer care). Thus, ACs are enabled to optimise operational processes which result in more efficient, effective and sustainable water and wastewater services (= level of the module objective).
- Intervention Area 3 develops and disseminates investment and development strategies for underserved and disadvantaged residential areas, with a particular emphasis on promoting civil society participation and involvement of the private sector. This includes awareness raising measures for the general population, but also the participation of the private sector in water and wastewater-related services (e.g. revenue collection) which cannot be efficiently delivered by the water and wastewater companies. The participation of the civil society and the private sector thus enhances the reach of the water and wastewater companies and contributes in the medium term to the improvement of the water and wastewater services in the respective areas.

Overall rating according to the OECD-DAC criteria:	Individual rating of the OECD-DAC criteria:
The overall rating for the programme is calculated by the arithmetic mean of the individual assessment of each :OECD/DAC criterion.	<i>Relevance:</i> Level 1 – successful (14 of 16 points) <i>Effectiveness:</i> Level 3 – rather successful (10 of 16 points) <i>Impact:</i> Level 3 – rather successful (11 of 16 points) <i>Efficiency:</i> Level 1 – very successful (16 of 16 points) <i>Sustainability:</i> Level 2 – successful (12 of 16 points)
The average rating results in Level 2 ('successful')	

Relevance

The WWMP addresses central issues for the sector development in a consistent manner and is in line with the sector policy and the strategic objectives of its counterparts within each respective intervention area. The multi-level approach of the WWMP combines support for the institutional and regulatory framework at national level, a contribution to the operational performance of the AC and support for community participation in a consistent multi-level approach. Despite the recognition of the relevance of WWMP interventions, the degree of ownership varies over time and with different partners. However, the programme has adequately adapted to this situation in several ways (e.g. application of bottom-up approaches, prioritising dynamic interventions and temporarily freezing of interventions without momentum). The programme very much corresponds with the concepts of German development cooperation (such as regional strategy, country strategy, sector strategy paper, BMZ sector concept) and with international standards and conventions. Among the cross-cutting issues, contributions to Good Governance are the most visible. Gender Mainstreaming is addressed to a certain extend in Intervention Area 3. There is also a potential to contribute (indirectly) to environmental protection and resource conservation. Altogether, the relevance criterion has received a total score of 14 points and is rated Level 1 (**very successful**).

Effectiveness

Objectives indicator	Target according to the offer	Current status according to the project evaluation
A performance index for assessing the services of the ACs is introduced by end of 2014	1 (Performance Index introduced)	Due to the temporary slowdown of the programme at policy level, this has been delayed and is currently initiated. In a stabilising environment, the indicator is achievable (possibly with some delay).
In six regional water and wastewater companies, subsidies for the operating costs in proportion to other revenues are reduced by 10%.	40 % of the income of the 6 ACs are subventions (baseline: 50%)	Cost-saving measures which have been implemented in the context of TSM Egypt have been documented. An analysis of 'quick-win' measures in 12 ACs indicates up to 600,000 EUR of potential savings per year. However, the roll-out of operational optimisation measures is just starting in early 2015. Thus, the indicator will not be achieved during the present programme term, although the economic potential has been demonstrated.
50% of the 600 water rangers involved in activities in schools in informal areas are women.	600 water rangers, 50% women	The intervention is ongoing at the time of the evaluation, with 180 rangers (90 female, i.e. 50%) being active in 30 schools, thus the indicator is on track.

In three cases, civil society participates in strategic development measures in the sector.	3	<p>(1) Awareness-raising campaigns in 3 governorates: in process (HCWW and local NGO),</p> <p>(2) development of a concept for the improvement of collection efficiency through private-sector participation: in the design phase (GoC).</p> <p>(3) operation of a newly constructed rural water treatment plant (Ismailia): implementation expected in 1st trimester 2015.</p> <p>In general, the indicator is on track.</p>
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Intervention Area 1 (Policy Level Support) was most affected by the unstable political environment which was not favourable regarding interventions related to institutional change and strategy development. Further support will be required throughout the follow-up programme in order to achieve substantial outcome at this level. However, the development of the WWDSS has been very successful and is expected to play a major role in infrastructure investment planning in the medium term.

In Intervention Area 2 (Operational Efficiency of the ACs) the HCWW and ACs have successfully implemented the Management Career Path in all ACs and are close to finalizing the implementation of the Technical Career Path with evaluation, certification and training mechanisms for 18 technical positions. Regarding the quality management system TSM Egypt components required by HCWW to run the system without external support are in place (TSM unit, trained inspectors, training materials and mechanisms, evaluation and certification procedures). The number of TSM-certified plants currently only reached 34 plants in 12 ACs (September 2014, baseline September 2011: 21). However, a growing number of new applications indicate more dynamic growth in the near future. Therefore target values for the present phase (i.e. at least 48 certified facilities) will probably be met. Besides the implementation of the TSM system, quality management according to ISO standards has been strongly advocated by the WWMP and introduced in several departments of the HCWW and the ACs (training department and TSM unit of the HCWW, regional training centre and water laboratory in Qena). Regarding direct support for Operational Optimisation in ACs, TA support to QWWC has been phased out in February 2014. Despite the difficult environment during the political transformation, some lasting results have been achieved (e.g. creation of a functional TSM department, improvement of billing and collection rates, increased value of issued bills, and a strengthening of the regional training centre in Knouz, including an ISO-certified quality management system). Beyond these outcomes at organisational level water and wastewater services did not improved but have been maintained under difficult economic and political conditions. The scaling-up of good practices in energy efficiency, reduction of non-revenue water, and commercial and debt management to further ACs should be considered on a demand-basis for selected ACs during the follow-up programme phase.

In Intervention Area 3 (Informal Areas and Private-Sector Participation) a strategy paper for water supply and wastewater service provision in informal areas has been formulated by the WWMP and endorsed by the previous government at national level. Further TA support has been directed towards testing of the strategy. So far the WWMP has addressed the implementation of the residential safety module and implemented fire hydrants (financed by the European Development Fund) in selected informal areas. Together with the awareness-raising department of the HCWW and three governorates of Greater Cairo the WWMP is preparing awareness-raising campaigns for schools, pupils, parents and local authorities. So far, the selection process for the participating local NGOs has been concluded and interviewees have commented positively on the involvement of the HCWW and the governorates. On the basis of a private-sector participation (PSP) roadmap of the HCWW, a concept for small-scale private participation in fee collection in informal areas is currently developed. This should also contribute to service improvements and job creation in a local context. However, since the intervention area has been introduced late 2013 it is far too early to assess its potential outcome.

Despite positive results in the different intervention areas module indicators have only been partially achieved. One indicator may be achieved with a certain delay (improved performance index of the EWRA for assessing the services of ACs) while another one will not be achieved (reduction of subsidies for the operating costs of six water and wastewater companies). Two indicators (regarding the activities of water rangers and the implementation of pilot projects in informal areas) are generally on track. Based on this the effectiveness criterion received 10 points, resulting in Level 3 (**rather successful**).

Overarching development results (impact)

So far, contributions to performance of the sector organisations have been indirect (e.g. contributions of the Management Career Path to the professionalisation of management staff in the sector), limited to facility level (several examples of

process optimisation, energy savings and water loss reduction as a result of TSM implementation), or concentrated on an individual AC only (i.e. the long-term support to the QCWW until February 2014). Particularly the TSM approach and some good practices implemented in the QCWW have shown a significant potential for up-scaling. The Water and Wastewater Decision Support System has the potential of adding significant value to financial investments in the sector by enabling planners to prioritise infrastructure projects according to actual needs and thus help to mobilise national and international resources. Similarly, the interventions in human resources development (particularly by means of the Career Path system for managerial and technical positions), are expected to improve the professionalism of staff gradually throughout the sector. The Management Career Path has already been scaled up nationwide to all ACs. However, effects on the actual professionalism and performance of sector staff (= impact) can only be expected in the long term. Altogether, the impact criterion received 11 points, resulting in Level 3 (**'rather successful'**).

Efficiency

Despite the difficult political and institutional context, the programme kept performing well continuously, delivering its services and products efficiently. This applies for the the advisory services delivered by the highly qualified and well-accepted programme team members as well as for the performance of the consulting component regarding the implementation of the WWDSS. The distribution of advisory services by the programme team and out-sourced consulting services has been functional. Since both instruments have been efficiently cross-linked, the consulting services have been well integrated into the overall programme. A key element for maintaining a high production efficiency has been the multi-level-approach that enabled the programme to flexibly focus on more change-friendly partners and context and to make use of windows of opportunity. The complementarity with development measures of other German or international development partners is also positively evaluated. The cooperation with the regional programme for the Water Sector in the MENA region and its counterpart *Arab Countries Water Utilities Association* (ACWUA) generates synergies between the national and the regional level in both directions (use of HCD-training measures in Egypt, dissemination of the TSM-approach in the region). The cooperation with German financial cooperation is limited to very specific topics, but well-coordinated and results-oriented, e.g. regarding the integration of TSM-requirements in tenders for the construction of new facilities). Coordination with the World Bank, the most important development partner for infrastructure investments, pursues the same objective. Overall, the efficiency criterion received 16 points, resulting in Level 1 (**'very successful'**).

Sustainability

Despite the fact that some WWMP interventions have been on hold for some time due to the political situation the outcomes achieved turned out to be relatively resilient to deteriorating framework conditions, for example: (a) the relative stable performance of the TSM system, with scaling-up gaining momentum, (b) the certification of ISO-certified partner units without further contributions from the WWMP, (c) the continued application of the Management Career Path under full responsibility of the HR departments of the HCWW and the ACs. This is the result of a strong focus on participation and capacity development, particularly at the level of utilities (e.g. neighbourhood approach of mutual assistance among ACs, focus on ownership of relevant partners at the operational level). In general terms, the WWMP has been well oriented towards lasting change. The approach has been process-oriented, not emphasising on immediate outputs, but on establishing organisational capacities and skill development. Nevertheless, any forecast regarding the durability of outputs and outcomes must consider the risks related to the socio-political situation in Egypt. Political changes or social unrest may jeopardise results already achieved or slow down implementation processes. Based on this the sustainability criterion has received 12 points, resulting in Level 2 (**'successful'**).

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Registered offices
Bonn and Eschborn

Friedrich-Ebert-Allee 40
53113 Bonn, Germany
T +49 228 44 60 0
F +49 228 44 60 1766

Dag-Hammarskjöld-Weg 1–5
65760 Eschborn, Germany
T +49 61 96 79 0
F +49 61 96 79 1115

E info@giz.de
I www.giz.de