

Strengthening Governance of Local Water and Sanitation Utilities for Improved Service Delivery

Lessons Learned from Capacity-Building Support
to the Egypt Sustainable Rural Sanitation Services
Program for Results (PforR)

June 2017

Mouhamed Fadel Ndaw

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Foreword

One of the priorities of the World Bank's Water Global Practice is to support our clients to create water and sanitation systems and institutions that underpin their development strategies and national growth. Experience has shown that economic growth depends not only on building the infrastructure but more importantly on how it is operated and maintained. Classical financial instruments of the World Bank such as investment project financing tend to put more focus on inputs and infrastructure development. Hence, issues related to governance and how to support water utilities for improved service delivery to citizens are often neglected. Putting it together, converting provision of water and sanitation infrastructure into integrated service delivery is one of the biggest challenges to ensure the sustainability of services to the citizens.

My conviction is that we need to approach water sector reform with a governance perspective. Our experience to date demonstrates that to make this work, we need client engagement during preparation and implementation with the World Bank providing tailored, continuous, on-the-ground technical support to policy makers, customers, and service providers to learn how to engage constructively.

In the Arab Republic of Egypt, the historical model for provision of water and sanitation services to citizens through centralized agencies was found to suffer from a number of inefficiencies. The government was convinced that the sanitation challenges in Egypt could not be addressed by solely funding more infrastructure through existing systems of delivery. With that perspective, Egypt's Sustainable Rural Sanitation Services Program for Results (SRSSP) was designed to redefine the institutional and financial relationships between the central government and local water service companies. The devolution of power to the three local water utilities of the Program was intended to test the change of governance of the sector by creating incentives for improved utility performance and accountability.

The involvement of citizens in the service delivery process through a strong and well thought out citizen engagement component means redefining the social compact between the state, the service providers, and the citizens. In this context, the Program for Results (PforR) instrument is supporting the government of Egypt and local utilities to strengthen their own systems and practices for improved water and sanitation service delivery.

The Water and Sanitation Program (WSP) of the World Bank Water Global Practice has provided substantial support during the first 18 months of the SRSSP. Its strategy relied mainly on providing capacity-building support to the implementing entities of the Program, and also transferring international knowledge and experience. The support of WSP has been instrumental in the success achieved by the water and sanitation companies in implementing reforms under the SRSSP and in coordination with the World Bank's funding of a PforR.

This report is an initial evaluation of the lessons learned after 18 months of implementation of a capacity-building program provided by the World Bank through WSP Technical Assistance. It tries to draw early lessons from the experience on how World Bank teams

worked together across Global Practices to deliver international knowledge and best practices in its financed operation.

One important aspect of this program is the way the World Bank’s operational task team for the PforR and the staff implementing the WSP-funded technical assistance are working together very closely, which led to the mainstreaming of WSP-supported activities into the PforR operation through consultations, workshops, and identification of experts to bring in international best practices. The World Bank team has been proactive in its engagement with the government and built trust over time with the implementation team from the government side. This was a critical factor in the successful implementation of the Program to date.

The findings of the report will be useful to the Water Global Practice and its clients to harness all the possibilities offered by the PforR instrument to improve clients’ governance and service delivery systems in the water and sanitation sector.

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Executive Summary

Context

The water and sanitation sector is among the top priorities of the government of the Arab Republic of Egypt. This interest on the part of the state reflects the need to develop and improve this sector and its efficiency in the light of the growing demand on potable water and sanitary sewerage services. It also reflects the state's firm commitment to the efficient provision of a high-quality service to citizens while complying with the relevant health and environmental standards.

In Egypt, the responsibility for works planning and implementation of new networks and wastewater treatment plants, including the selection of technical solutions, was the responsibility of the National Organization for Potable Water and Sanitary Drainage (NOPWASD), while the operation and maintenance (O&M) of assets, including the billing and collection arrangements, was performed by 25 individual and governorate-based local water and sanitation companies (WSCs) owned by the Holding Company for Water and Waste Water (HCWW). This has often resulted in inappropriate choice of investment projects with little attention paid to maintenance and institutional aspects of services, as well as weak accountability on the part of the WSCs in terms of utilizing these investments to enhance the quality and efficiency of sanitation services.

The government of Egypt has recognized the limitations of a centralized approach and thus has taken deliberate steps toward bringing responsibility for basic services closer to the citizens.

The World Bank is supporting the government of Egypt with a US\$550 million Program for Results (PforR) loan to implement the first phase of a Sustainable Rural Sanitation Services Program (SRSSP) during the period 2015-2020. The SRSSP aims to (i) strengthen the national water and sanitation sectoral framework, (ii) improve sanitation infrastructure and access for over 800,000 people living in approximately 155 villages and related satellite settlements, and (iii) enhance operational systems and practices of WSCs in the three targeted Nile Delta governorates of Beheira, Dakahlia, and Sharkiya.

The SRSSP forms part of the National Rural Sanitation Program (NRSP) which aims at decentralizing the responsibility for planning and delivery of the rural water and sanitation services within an overall policy framework governing the sector. The Program Management Unit (PMU) of the Ministry of Housing, Utilities and Urban Communities (MHUUC) is responsible for the overall management and coordination of the SRSSP. The WSCs at governorate level with the support of HCWW are therefore the executing agencies for the investments funded by the SRSSP in their respective areas.

The Water and Sanitation Program (WSP) administered by the World Bank is complementing the PforR lending operation with an initial US\$3.5 million technical support program to strengthen the capacity of the PMU, HCWW, and the three WSCs as they work to deliver improved sanitation services including to the poor.

Objectives of the Report

This report provides an overview of capacity-building activities undertaken after 18 months of implementation and draws lessons learned that can inform the planning, design, and implementation of future PforR in the water and sanitation sector in Egypt, the Middle East and North Africa, and in other regions. All activities in this report have been planned and implemented by the government and WSP provided funding and technical support.

Key Capacity-Building Activities

In the context of a PforR, World Bank staff implementing the WSP-funded technical assistance and the PforR operation worked together closely in a proactive manner to provide capacity-building support to the client when issues were identified through consultations, workshops, and identification of experts to bring in international best practices in the following areas:

- General support to the PMU
- Implementation of an effective grievance redress mechanism (GRM) in three WSCs
- Data collection
- Development and implementation of a new monitoring and evaluation (M&E) system
- Development of a procurement procedures manual, standard bidding documents, and associated training for the WSCs
- Development of standard operating procedures on land acquisition
- Training on environmental and social impact assessment

Lessons Learned

World Bank capacity-building support helped the government and local WSCs to adopt best practices in different areas to improve their existing systems in accordance with the provisions of the PforR approach. For the first 18 months, the World Bank and the government agreed to put the main focus on procurement, citizen engagement and M&E. The following are some of the main lessons learned after 18 months of implementation of this support:

- 1. Critical lessons learned from the previous World Bank-funded sanitation projects such as the Integrated Sanitation and Sewerage Infrastructure Project (ISSIP 1 and 2) have been used to inform the design and implementation of SRSSP.** Recognizing that previous efforts that build upon an approach primarily focused on centralized provision of infrastructure investments in a top-down fashion did not translate into expected results, the SRSSP therefore focused on reinforcing service delivery and enhancing accountability of the front-line service providers to the citizens at the center of the debate. Multiple citizen engagement, beneficiary feedback mechanisms and social risk management are part of the program's DNA by design. Because of the focus on citizen engagement as well as high

level of buy in from the local communities, 90 percent of the land needed for pumping stations and wastewater treatment plants was secured after 18 months of implementation. With previous programs, this has taken years, leading to considerable delays in implementation.

- 2. Combining the lending operation with targeted technical assistance from the outset was key to creating capacity.** In the SRSSP, ongoing technical assistance (TA) through capacity-building support was provided by the WSP at preparation and implementation stages of the Program to support the government of Egypt in its reform efforts. The TA was strategically targeted to build capacity and raise awareness especially within the PMU and WSCs. To be consistent with the PforR principles, the capacity-building support was provided with a hand-holding approach while using national and subnational legal and regulatory systems. In general, working groups were created to conduct successive consultation steps with senior management through workshops. The stages in the development of the different outputs started with agreement on its structure, then capacity-building support to develop the first draft in consultation with senior management and the stakeholders, then incorporation of the comments by the implementing entities, followed by final approval by the executive boards of the three WSCs and their parent holding company.
- 3. Close oversight through the minister by a steering committee that includes in its membership the concerned ministers and parliamentarians was instrumental to ensure ownership.** It is important to put in place high-level and independent oversight of reform principles at the central level. An inter-ministerial steering committee was put in place in December 2016 by the Prime Minister to monitor and supervise the implementation of the SRSSP, ensuring very high-level ownership for the Program. This has been critical to bring about changes during implementation. Because of the high priority given to the Program by the President of Egypt, it is subject to frequent reports to the President and monitoring by his staff. The PMU has taken up the responsibility of leading on the implementation of the reform and raising the awareness of policy makers and WSCs on the importance of good governance, sustainable development, and accountability through close monitoring of legal covenants and disbursement linked indicators (DLIs) embedded in the Program. World Bank engagement at different levels allowed for smooth preparation and agreements as well as implementation.
- 4. Alternative dispute resolution was established at central level to strengthen transparency.** The capacity-building support was instrumental in helping the PMU to introduce at central level alternative dispute resolution provisions in the procurement process and citizen engagement activities that will enhance integrity and accountability in WSC operations. With the creation at the ministerial level of the bidder's complaints handling mechanisms (CHM) and Inter-Ministerial Committee on Citizen Engagement, WSCs would adhere to the provisions of the Procurement Procedures Manual (PPM), community engagement guidelines, and best practice standards.

5. **The capacity-building support targeted a limited number of priority areas to bring about quick transformational changes in the governance of the sector and was offered in a timely manner.** The Program helped the WSCs to improve their procurement, citizen engagement (including land acquisition procedures), and M&E systems. It also supported the client in developing instruments and guidelines that can be replicated beyond the pilot zone of the Program. This approach provided opportunity for expanding good practices throughout this sector and others. For example, the PPM has made visible cultural change in the outlook of both bidders and the contracting authorities toward procurement. It is now regarded as a well-defined discipline with checks and balances. The HCWW has declared that it will replicate the PPM in the new WSC regulations that it is intending to prescribe for some 25 WSCs under its overall direction and which are distributed geographically all over the Egyptian territory (the PPM is currently applicable to the three participating WSCs of the SRSSP). In the meantime, capacity building and close engagement with the PMU and the WSC or program implementation unit (PIU) started very early at the design stage and brought different actors on board to set and embed appropriate measures in the design of the SRSSP.



Abbreviations

AIR	Annual Information Report
APA	annual performance assessment
ASA	Accountability State Authority
CAPW	Construction Authority for Potable Water and Wastewater
CDA	community development association
CE	citizen engagement
CHM	complaints handling mechanisms
CMS	complaints management system
CRC	citizen report card
CSC	customer service centers
DLI	disbursement linked indicators
ESSA	environmental and social systems assessment
EWRA	Egyptian Water Regulatory Agency
GIS	geographic information systems
GoE	government of Egypt
GRM	grievance redress mechanism
HCWW	Holding Company for Water and Wastewater
ISSIP	Integrated Sanitation and Sewerage Infrastructure Project
IVA	independent verification agent
KPI	key performance indicator
M&E	monitoring and evaluation
MARS	Monitoring, Analysis and Reporting System
MHUUC	Ministry of Housing, Utilities and Urban Communities
MoU	memorandum of understanding
NGO	nongovernmental organization
NOPWASD	National Organization for Potable Water and Sanitary Drainage
NRSP	National Rural Sanitation Program
NRSS	National Rural Sanitation Strategy
O&M	operation and maintenance
PAD	project appraisal document
PforR	Program for Results
PIAP	performance improvement action plan
PIU	program implementation unit
PMCF	program management consultancy firm
PMU	Program Management Unit
PPM	procurement procedures manual
PS	pumping station
SBD	standard bidding document

SOP	standard operating procedures
SRFP	standard request for proposals for consultancy services
SRSSP	Sustainable Rural Sanitation Services (Program for Results)
TA	technical assistance
VFM	value for money
WSC	water and sanitation company
WSP	Water and Sanitation Program
WSS	water supply and sanitation
WWTP	wastewater treatment plant

1.1 Context

1.1.1 Situation before the Program: Centralized Infrastructure Investments

Improvements to utility performance are key to ensuring the provision of affordable and sustainable water supply and sanitation (WSS) services for all. The Arab Republic of Egypt has made significant progress in rural water supply, with piped supply coverage increasing from 41 percent in 1990 to 99 percent in 2015 (WHO-UNICEF 2015). But according to the definition by the government of Egypt (GoE), rural sanitation is lagging far behind with a coverage rate of only 12 percent for access to sewage networks compared with 78 percent in urban settlements.

As in many countries in the Middle East and North Africa, Egypt's governments prior to the Arab Spring had operated based on a concentrated and centralized system. Despite attempts by different stakeholders to introduce alternative approaches focused on strengthening decentralized and community-responsive service delivery, these efforts were captured by centralized entities which sought to perpetuate the status quo. The service-delivery approaches that were adopted therefore added to the distance between the state and its citizens.

Traditional technical approaches led by centralized technocratic institutions have proven to be inadequate to achieve improved service delivery because they do not address the institutional, policy, and regulatory interactions that strongly influence the sustainability of WSS interventions. The project appraisal document (PAD) and the environmental and social systems assessment (ESSA) of the SRSSP describe very well the lessons learned from previous sanitation projects funded by the Bank (ISSIP 1 and ISSIP 2). ISSIP 1 and 2 focused on delivering infrastructure investments, instead of enhancing access to and quality of actual service delivery. Therefore, there was a limited accountability relationship regarding service delivery to citizens. The separation of institutional responsibilities for investment planning and implementation from O&M has impeded the sector's performance.

The central government (National Organization for Potable Water and Sanitary Drainage, NOPWASD) was responsible for works planning and implementation of infrastructure investments for new networks and wastewater treatment plants, including the selection of technical solutions, while the O&M of assets, including the billing and collection arrangements, was performed by individual and governorate-based local WSCs. This has often resulted in inappropriate choice of investment projects with little attention paid to maintenance and institutional aspects of services, as well as insufficient accountability on the part of the WSCs in terms of utilizing these investments to enhance the quality and efficiency of sanitation services.

This has also limited WSC capacity in planning and in bidding for major procurement operations, and limited their ability to be responsive to citizens' demands, especially regarding planning, preparation, and construction of the rural sanitation schemes and projects. In addition, citizens had limited opportunity to hold service providers to account because of shortcomings in the existing grievance redress mechanism.

1.1.2 Reform Efforts: Toward a Decentralized Service Delivery Approach

The GoE has recognized the limitations of a centralized approach and has thus taken deliberate steps toward bringing responsibility for basic services closer to the citizens.

In 2008, the GoE prepared a National Rural Sanitation Strategy (NRSS) which aims to achieve comprehensive coverage of rural sanitation services across Egypt. The objectives of the rural sanitation strategy are to

- Rehabilitate, extend, and complete the existing treatment plants;
- Cluster villages into networks that can be served by the existing treatment plants;
- Cluster and prioritize villages in networks that can be economically served by new treatment plants and accelerate service provision where villages are willing to contribute substantially to the capital costs; and
- Consider decentralized (stand-alone) systems for remote locations that are not economical for clustering.

In 2015, the GoE requested the World Bank to finance a sanitation project estimated at LE 7 billion (US\$1 billion) for 769 villages located in the two watersheds of the El Salam Canal and the El Rashid (Rosetta) Branch of the Nile River. The World Bank and the GoE agreed on the use of the PforR financing instrument with the aim to focus on the fastest delivery mechanism for a first phase of US\$550 million (2015-2020) in three WSCs in Beheira, Sharkiya, and Dakahlia governorates. The SRSSP has three distinctive, yet deeply inter-linked, result areas:

- Result area 1: improved sanitation access
- Result area 2: improved operational systems and practices of WSCs
- Result area 3: strengthened national sector framework

The Water and Sanitation Program (WSP) administered by the World Bank is complementing the PforR lending operation with an initial US\$3.5 million technical support program to strengthen the capacity of the PMU, HCWW, and the three WSCs as they work toward improved delivery of water sanitation services.

The GoE recognizes the need to address sanitation issues in a broader institutional and planning context. Despite the weak capacity of the local subsidiary WSCs and a fragmented structure, the arrangements of the Program set a long-term vision for a decentralized system of WSS utilities that would both create assets and ensure service delivery.

In line with the decentralization objectives of the NRSS, the WSCs at governorate level are selected as the executing agencies for the investments funded by the SRSSP in their respective areas and they are supported by the PMU and the HCWW. The Program makes localized service delivery and accountability of front-line service providers a priority. It is moving away from a top-down approach to the planning and execution of infrastructure services, expanding the mandate, increasing responsibility of the three

participating governorate-level WSCs for the planning and implementation of quality services, and enhancing their capacities to engage with customers. The Program therefore creates opportunities and greater space for tools of short-route accountability and direct client feedback.

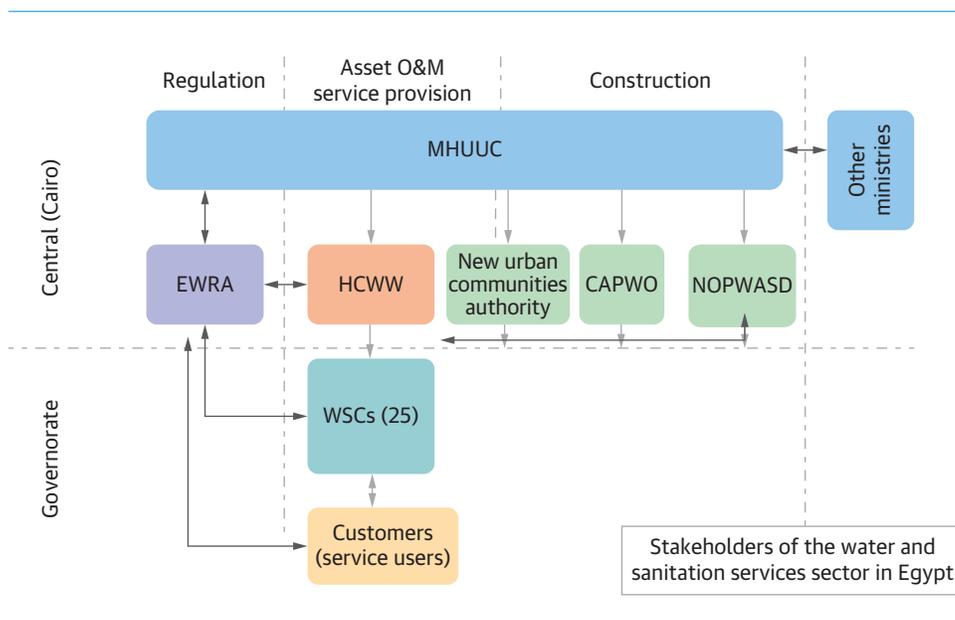
By strengthening the downward accountability of WSCs to their customers, the government expects the investment and service-delivery decisions of WSCs to be more responsive to local priorities, and intends as well that the quality of service delivery will be improved through active feedback from citizens and civil society.

The Egyptian water and sanitation sector is organized under a complex institutional set-up (see figure 1.1). The key institutional players are the following:

- **Ministry of Housing, Utilities and Urban Communities (MHUUC)** is responsible for the WSS sector and is primarily responsible for policy formulation, coordination, and monitoring.
- **National Organization for Potable Water and Sanitary Drainage (NOPWASD)** is the government agency under MHUUC responsible for the planning, design, and implementation of WSS infrastructure throughout the country except for Greater Cairo and Alexandria.
- **Construction Authority for Potable Water and Wastewater (CAPWO)** is responsible for investment planning and implementation including technical designs, contracts, and construction supervision in Cairo and Alexandria.

- **Holding Company for Water and Wastewater (HCWW)** is the owner of 25 subsidiaries (WSCs). The HCWW plays the role of support and supervises the assets of the government and checks if the WSCs are maintaining them well.
- **Water and Sanitation Companies (WSCs)** are responsible for service delivery of WSS in their respective governorates, including O&M of water supply and wastewater facilities.
- **Egyptian Water Regulatory Agency (EWRA)** is responsible for monitoring and regulating the sector's performance and setting benchmarks to improve efficiency and quality of service delivery to reach international standards.

FIGURE 1.1. Egyptian Water and Sanitation Sector Organization



Source: World Bank elaboration.

Note: O&M = operations and maintenance; MHUUC = Ministry of Housing, Utilities and Urban Communities; EWRA = Egyptian Water Regulatory Agency; HCWW = Holding Company for Water and Wastewater; CAPWO = Construction Authority for Potable Water and Wastewater; NOPWASD = National Organization for Potable Water and Sanitary Drainage; WSCs = water and sanitation companies.

1.2 Implementation Progress of the PforR Lending Program

Signing and effectiveness: The Program was signed by the World Bank and the government of Egypt on October 4, 2015 in the presence of the Prime Minister and was declared effective on December 30, 2015.

Project Management Unit (PMU): The PMU was established by Ministerial Decrees #154 and #192 in 2015 with entire expected staff appointed. The PMU mandate was extended to monitor all donor-funded sanitation projects by Ministerial Decree #325 in 2015.

Program management consultancy firm (PMCF): The firm Mott MacDonald was hired on August 2, 2016.

Independent Verification Agent (IVA): PricewaterhouseCoopers (PWC) was recruited as IVA on February 22, 2017.

Disbursement: In March 2016, an amount of US\$137.5 million was disbursed by the World Bank as an advance payment.

Household connections: The detailed design of the first package of 8,644 household connections has been approved and the bidding process for the construction was launched in March 2017.

1.3 Objectives of the Report

This report provides an overview of capacity-building activities undertaken after 18 months of implementation of the PforR and draws the lessons learned that can be replicated by other similar programs in the region and beyond. All activities in this report have been planned and implemented by the government and WSP provided funding and technical support. The report will address the following questions:

- How was capacity-building support embedded in the PforR operation with a focus on improving service delivery performance?
- What are the transformational changes that the capacity-building activities brought in the governance of the sector?
- What were the key successful drivers that resulted in successful implementation of the WSP TA?
- What are the lessons learned and policy recommendations that can contribute to informing the ongoing reform of the WSS sector led by MHUUC?

1.4 Structure of the Report

The remainder of this report is structured as follows:

- Section 2 provides an overview of the design of capacity-building support.
- Section 3 presents the methodology for the implementation of the capacity-building activities and the challenges faced during implementation.

- Section 4 presents the case studies which provide detailed information on capacity-building support for procurement, citizen engagement, and M&E.
- Section 5 draws lessons learned from the abovementioned case studies.

Appendix B includes the main outputs and materials produced as part of the capacity-building support.

Chapter 2

Design of Capacity-Building Support

The Water and Sanitation Program (WSP) of the World Bank's Water Global Practice complements the PforR lending operation with an initial grant of US\$3.5 million, approved in March 2015. The technical assistance (TA) provides a general framework to strengthen the capacity and autonomy of the PMU, WSCs, and HCWW to deliver sustainable rural sanitation services especially to the poor. The objective was to strengthen the WSCs' capacities in different areas (such as governance, management, planning, monitoring, procurement, contract management, accountability, and citizen or customer engagement) to help them implement the PforR lending operation and improve their performances.

The support provided by WSP also aimed at strengthening community-level citizen engagement, learning, and knowledge sharing among rural sanitation stakeholders for the effective use of country systems. The TA was designed around three strategic pillars: (i) strengthening the monitoring systems of the three WSCs, the regulator, and other WSCs, (ii) providing capacity-building support to stakeholders (WSCs, PMU, HCWW, and customers), and (iii) supporting the government of the Arab Republic of Egypt in the design of decentralized sustainable water and sanitation services delivery. Specifically, the TA aimed to

- Support WSCs in data collection, grievance redress mechanisms, procurement, and preparation of strategic plans and asset management instruments;
- Develop land acquisition standard operational procedures (SOP);
- Enhance community-level citizen engagement; and
- Strengthen capacity of the PMU, HCWW, and WSCs through knowledge-sharing activities and study visits.

Chapter 3

Implementation of the Capacity-Building Activities

The following sections provide details on the methodology, progress, and challenges of the implementation of the capacity-building activities:

3.1 Methodology

The following methodology was agreed upon for the implementation of the capacity-building support:

- A working group was set up, composed of representatives of the PMU, HCWW, and the three WSCs in the drafting of all outputs.
- “Guidance, coaching and international good practices” were provided by World Bank staff or the consultant to the working group.
- The working group was responsible for formulation of each draft output to enhance ownership of the output and reduce the time required for review and buy-in by senior management at HCWW and the WSCs.
- Each output was then subjected to validation in a specific workshop attended by either senior management of the WSCs or the line managers of the WSCs and HCWW in addition to the members of the respective drafting working group.
- The validated documents, as refined during the aforementioned workshops, were then submitted for approval by the boards of the respective WSCs.

3.2 Technical Assistance to the PMU

The objective of the capacity-building support to the PMU was to help them develop the required capacity to draft terms of reference, select PMU staff, develop the PMU structure, and prepare the capacity-building support to the WSCs.

3.3 Support for the Development and Implementation of an Effective Grievance Redress Mechanism

The support consisted of capacity building and international knowledge in the development of an effective grievance redress mechanism (GRM) in the three WSCs. The TA also helped the PMU to attain the capacity to be able to prepare an action plan that was implemented by the PMU and WSCs on (i) enhancing and improving the current GRM framework, (ii) creating Project-level GRM guidelines, and (iii) raising consumers’ awareness and WSCs’ commitment to citizen engagement. The WSP also supported the intervention of a World Bank high-level expert on citizen engagement who delivered key workshops and brought international experience on this strategic issue.

3.4 Support for Data Collection

The data collection capacities of the PMU and WSCs were strengthened through the delivery of capacity-building workshops. As a result, the PMU and the WSCs were able to collect data and draft a report that helped in expediting the process of the technical designs by the program management consulting firm (PMCF) and saving more than six months toward the implementation of household connections as specified in the targets of DLI1.

3.5 Support for the Development and Implementation of a New M&E System

The objectives of the support provided were to help the PMU to:

- Assess existing M&E systems in HCWW, the three WSCs of Beheira, Dakahlia, and Sharkiya, and EWRA and carry out clear analysis of their strengths and weaknesses;
- Design the SRSSP M&E system aligned with the PforR results framework;
- Propose and cost an action plan, capacity-building program, and training modules to support the implementation of the new M&E system; and
- Develop and roll out the M&E system at sector level that involves, in addition to existing stakeholders, all WSCs, NOPWASD, and CAPW.

This support was not initially part of the Program design but was requested by the client as crucial to enable smooth implementation of the verification process of the SRSSP and strengthen the capacity of the PMU to monitor the sector at the national level.

3.6 Support for the Development of Documentation and Training

The PMU received capacity-building support and international experience on how to prepare a procurement procedures manual (PPM), standard bidding documents (SBD), and complaints handling mechanism (CHM). They were then able to draft and finalize these documents on their own.

The PPM has been endorsed by the three WSCs, and the HCWW intends to extend it to the remaining 24 WSCs in the rest of the country. The standard bidding documents for works, goods, and consultants have been finalized and are currently being used by the WSCs.

3.7 Support for the Development of Standard Operating Procedures

The capacity-building support on land acquisition aimed to promote a transparent and fair system in acquiring land which is a critical component for the implementation of the SRSSP. The SOP aims to introduce a systematic, simple, and streamlined approach that helps in securing land in a timely manner while also managing the potential social risks that may arise from the land acquisition process. The SOP builds on experience and knowledge sharing with the PMU. Support to the PMU included transferring of knowledge and experience in

establishing unified procedures for securing land, building the capacity of the PMU in the verification and documentation of the land acquisition procedures, and assisting the WSCs in handling potential risks related to the land plots that were acquired before the start of the Program. The capacity building also aimed to support the PMU and the PIUs in learning how to establish interim arrangements that they applied while acquiring land before the finalization of the SOP.

The SOP manual on land acquisition is currently being finalized to be shared with the intended constituents.

3.8 Training on Environmental and Social System Assessments

The PMU and WSC capacities were built in preparing and reviewing Environment and Social Impact Assessment (ESIA) studies. A workshop organized in January 2017 allowed the participants to discuss potential negative social and environmental impacts associated with sludge management, land acquisition, occupational health and safety, community health and safety and temporary labor influx, discharged wastewater, and odor. The workshop also included an open space for discussions on topics related to community engagement activities and public consultations. Hand-holding was also provided to the PMU during the process of conducting community consultations and public hearings later in March 2017. Lessons learned from the public hearing were consolidated and the PMU will utilize them in informing the design and the preparation of the project in the respective pilot area.

3.9 Challenges during Implementation of Capacity-Building Support

The following challenges were identified during the implementation of the capacity-building activities:

1. The need to win a constituency for the needed reforms and innovations. Working group members had to be convinced of current deficiencies before they could promote the needed changes within their respective organizations and upwards in the hierarchy.
2. It was also important to build a mutual and respectful relationship and confidence between the social specialists and the technical staff during the design and preparation phase.
3. The need to build capacity while simultaneously producing the required outputs means that proper planning and realistic time frames are of paramount importance. The importance of such planning is connected with the fact that the working group members coming from the WSCs could not (and should not) be dissociated from their current jobs while serving on the working groups.
4. Low salary levels of WSC staff and inability to compensate them for their added functions on the working groups was a significant constraint. While this was overcome by the

rewards of enhanced skills, in the longer term more tangible rewards need to be thought of in order to sustain the results achieved.

5. Another major challenge encountered was how to change the mind-set of government officials who used to apply the top-down approach in implementation of sanitation projects to adapt and apply citizen engagement approaches and strategies at an early stage of the SRSSP.

The capacity-building support for the first 18 months was provided on three selected priority areas agreed between the World Bank and the government: procurement, citizen engagement, and M&E. All activities were planned and implemented by the PMU and executing agencies (HCWW and three WSCs). The Water and Sanitation Program (WSP) provided funding and technical assistance through mobilization of World Bank staff and consultants mainly to bring in international good practices. The following sections provide an assessment of the challenges that existed before the Program, the design of the activity, the capacity-building support provided, and the transformational changes that have already been noted in the governance of the sector.

4.1 Capacity-Building Support to Improve WSC Procurement Systems

4.1.1 Challenges and Opportunities

Given the prior fragmentation of responsibilities, the performance of the WSCs in the delivery of water and sanitation services is currently constrained by lack of expertise in investment planning and implementation supervision with related gaps in human resource capacity as well as by systemic weaknesses related to deficient procurement documentation and practices, the latter being the focus of this case study.

Procurement by WSCs follows their own regulatory framework which is generally in line with the National Procurement Law number 89 of 1998 with a few tailor-made provisions deemed necessary to best serve their particular field of activity. During the appraisal of the SRSSP it was concluded that WSC procurement operations suffer from (i) deficient or ineffective procurement practices; (ii) inconsistent interpretation and application of rules and procedures; (iii) lack of clear qualification, evaluation, and award criteria in their respective procurement regulations and ad hoc bidding templates; (iv) absence of essential provisions concerning transparency and the wide discretion allowed in prescribing negotiated bidding procedures named “Momarasa”; (v) unbalanced contract conditions; and (vi) lack of independent bid challenge procedures.

The purpose of this case study is to explain the strategy and implementation steps undertaken by the SRSSP in order to address the weaknesses of the existing WSC procurement implementation framework in order to render it fit for purpose for execution of the SRSSP while remaining within the boundaries of the legal framework governing procurement at the WSCs.

4.1.2 Design of the Activity during Preparation

The outline of the strategy adopted by the SRSSP for effective use of the WSC procurement systems can be framed as follows:

1. Refinement, precision, and filling-in of the gaps in the wordings, definitions, and stipulations of the existing procurement regulations of the WSCs while adding, where appropriate, best practices and essential transparency and effectiveness provisions.

2. Supplementing the existing regulations with a complete set of standard bidding documents (SBDs) covering the acquisition of goods, works, services and design, supply and installation contracts.
3. Replacing the current ineffective bidders' complaints system to the competent authority with a detailed two-tier system for bid challenge (to the WSC in the first place) and appeal to an independent panel with the necessary forms to be used to register complaints and trace evidence and decisions made at each step of the challenge and appeal processes (this component of the strategy goes beyond the stipulations of the existing Procurement Law 89 of 1998 and was possible being part of the legal covenants governing the SRSSP).
4. Capacity building of WSC procurement workforce and senior management in the application of the refined procurement framework.

The SRSSP efforts in improving the regulatory framework stressed the need to mitigate the risks emanating from the existing deficient procurement regulatory framework as described in section 4.1.1.

The disbursement linked indicators (DLI) of the SRSSP include procurement targets which have to be met by the third year of Program implementation, in order to trigger full disbursements to MHUUC and subsequently to the WSCs. The specific proposed DLIs corresponding to procurement are hinged to annual performance assessments (APA) undertaken by HCWW and verified by an independent verification agent (IVA) related to the specific procurement APA targets (which are common to all WSCs). These relate to the respective efficiency of each WSC in conducting the procurement process and the subsequent contract management phase.

The APA targets prescribe the following success indicators:

1. Time to conclude each procurement process within four months
2. Quantity of procurement transactions re-tendered (less than 15 percent)
3. Less than 10 percent of contracts awarded on sole source basis
4. Less than 15 percent of contracts affected by cost or time overruns of more than 20 percent

4.1.3 Capacity-Building Activities during Implementation

Development of the Procurement Procedures Manual and Standard Bidding Documents

In order to remedy the deficiencies of the WSCs' regulatory framework, the SRSSP's project appraisal document (PAD) prescribed the development of a Procurement Procedures Manual (PPM) that will be in line with the national Procurement Law number 89 and the existing WSC regulations (the latter primarily implement the aforementioned law with minor customization to suit the exigencies of WSC operations). The PPM was developed by the working group comprising the PMU and executing agencies with capacity-building support by World Bank in successive consultation steps with senior management of relevant stakeholders. The stages in the development of the PPM started with agreement on its

structure and table of contents between implementing agencies, followed by drafting of the provisions by the working group, then validation of the first draft in consultation with senior management and the stakeholders, then incorporation of the comments of the validation process, followed by final approval of the PPM by the executive boards of the three WSCs and their parent holding company. The main features of the PPM were as follows:

- The structure of the PPM mirrored that of a modern procurement law with a preamble highlighting the governing principles and the scope of application.
- Definitions were introduced for precision in the use of key procurement terms, incorporating definitions of corrupt and fraudulent practices followed by a number of provisions covering the essential elements of a code of conduct.
- A first chapter prescribed the overall rules governing WSC procurement, disclosure of the annual procurement plan, registry of all categories of bidders, bidders' eligibility and circumstances for debarment, prequalification, methods of procurement and the conditions for their use, framework agreements, provisions governing technical specifications, the right of review and appeal by aggrieved bidders, and the obligations of the contracting authority in this respect.
- A second chapter prescribed the rules governing the procurement of goods, works, and non-consultancy services. This section featured prescription of minimum contents of advertisements, the two envelope system as the default, use of Incoterms, use of SBDs, provisions concerning dealing with abnormally low bids and front-loaded bids, detailed procedures for open tendering and restricted tendering and simplified methods of procurement, prohibition of the use of negotiated procedures in works contracts except those minor contracts at local level reserved to local SME contractors, bid evaluation techniques, and the application of the standstill period upon disclosure of the results of the technical evaluation as well as prior to contract award and signature, and publication of contract award.
- A third chapter prescribed the rules governing selection of consultants, the methods used, and the evaluation of quality and price in two successive steps with the application of the standstill period and publication of contract award.
- A fourth chapter on contract management introduced the requirement of a contract administration plan with sufficient human, financial, and physical resources; rules about price adjustment, advance payments and retention, and liquidated or delay damages; rules about subcontracting and dealing with defaulting contractors as well as acceptance and receipt of works, goods, and services; and alternative dispute resolution mechanisms in the form of adjudication and arbitration.

The SRSSP needed to establish a framework for fair and effective competition in compliance with the provisions of the PPM. Such a framework was nonexistent since the WSCs were only involved in maintenance and operational activities (small contracts) whereas the

National Organization for Potable Water and Sanitary Drainage (NOPWASD) was centrally planning and executing major water and wastewater investment initiatives. SBDs were therefore needed to cover the entire scope of procurement operations to be handled by the WSCs. These included SBDs for goods, works, and consultancy services in addition to design, supply, and installation documents for major wastewater treatment plants and electromechanical plants, among others. All SBDs were designed and structured following best practice models such as those in use for World Bank-funded operations. This allowed operational efficiencies by standardizing all provisions of repeated use such as those concerning the competition and contract management processes which are governed by the PPM, thereby limiting customization to data sheets, which introduce the specifics of the object of the procurement. The structure of the SBDs was designed as follows:

- An instruction to bidders: section I
- Bid data sheet: section II
- Qualification and evaluation criteria: section III
- Bid submission forms, bill of quantities forms and schedule of requirements for supplies and form of bid security by a commercial bank: section IV
- Employer's requirements and related technical specifications and drawings: section V
- General conditions of contract (reflecting international best practice): section VI
- Special conditions of contract (to be customized for each tender): section VII
- Contract form and commercial banks' performance security and advance payment guarantee forms: section VIII

A similar structure was followed for the standard request for proposals for consultancy services (SRFP). All SBDs and the SRFP included arbitration as the default alternative dispute resolution mechanism instead of currently applied court litigation.

Development of a Complaints Handling Mechanism

The SRSSP's legal covenants provided for the establishment of an independent bidders' complaint system. There is no precedent for such a mechanism in the Arab Republic of Egypt since Procurement Law 89 provides only for administrative review with a possibility for appeal to a dedicated office at the Ministry of Finance. This national system is ineffective and hardly used by bidders who view the Ministry of Finance as part of government and not an independent appeal body.

In the case of WSCs an appeal could theoretically be lodged with the HCWW but the WSCs have rarely awaited a decision by the HCWW since there were no time limits for bidders to appeal to HCWW nor were there time limits for the issuance of a ruling on the appeal by HCWW. As such the system of appeal was futile and if used it had no impact since the WSCs continued with the procurement process and contract signature all the same.

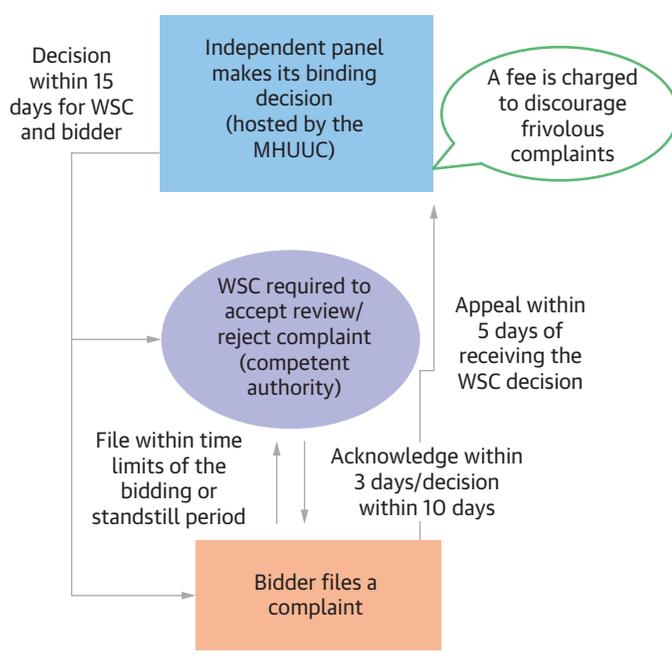
Owing to the novelty of this mechanism where WSCs' administrative decisions could be subject to vetting by an external independent party, there was substantial resistance at the beginning which was smoothed out through several rounds of consultation on the pros and cons of such a complaints handling mechanism. The legal adviser of MHUUC was finally convinced that the introduction of such a scheme could serve as an eye-opening pilot that could potentially be replicated nationally due to the ever-persistent perception of corruption in Egypt's public procurement system. The complaints handling mechanism (CHM) was therefore designed with minimum disruption to the procurement process whereby aggrieved bidders can file complaints with the respective WSC within the time limits of the standstill period.

The WSC has to announce within 3 days whether it will review the complaint or whether it will reject it as frivolous or of no substance. The bidder may appeal this decision to the independent panel at MHUUC within 5 days of receiving the WSC decision. The independent panel, if it accepts the complaint, has 15 days to make its decision which is binding on both the WSC and the bidder. The independent panel has an array of remedies at its disposal to grant to the complainant including ruling for its compensation for its costs to prepare and submit a bid. The independent panel does not have the power to cancel a contract award since this is reserved to the court. Figure 4.1 shows a summary of the CHM process.

Training Activities

In the light of the above a capacity-building program designed to enhance competency in the use of the newly created SRSSP procurement outputs was launched and spanned the

FIGURE 4.1. Complaints Handling Mechanism Process



Source: World Bank elaboration based on MHUUC 2016b.
 Note: MHUUC = Ministry of Housing, Utilities and Urban Communities.
 WSC = water and sanitation company.

following topics:

- Training on the use of PPM and in particular the revised provisions that introduced precision to the existing WSC regulations for enhanced transparency (working group members are currently replicating the training to their respective staff)
- Training on the use of the SBDs and how WSC staff can use the standard and customizable provisions to improve efficiency and precision as well as the convenience created by these standard forms to be filled by bidders thereby facilitating the scrutiny of their submissions
- Training on CHM for members of the independent panel as well as WSC staff
- One-day training for contractors and suppliers on the PPM and the SBDS
- One-day training for consultants on the PPM and the SRFP document

4.1.4 Main Outputs

For comprehensive and systematic application of the improved regulatory framework governing procurement at the WSCs the following outputs were finalized by the PMU and the WSCs:

1. A revised PPM implementing the existing WSC procurement regulations but with sufficient clarity and precision in prescribing each step of the procurement process and incorporating the provision required under SRSSP legal covenant concerning the possibility for bidders to appeal decisions by the competent authority of the respective WSC to an independent appeal panel hosted and administered by MHUUC.
2. A complete set of standard bidding documents drafted for the SRSSP along international good practices but incorporating the provisions of the PPM. These standard bidding documents included
 - Standard request for consultancy proposals;
 - Standard bidding document for procurement of goods;
 - Standard bidding document for procurement of works;
 - Standard bidding document for design, supply and installation of wastewater treatment plants;
 - Standard bid evaluation reports for goods, works, and services; and
 - Standard prequalification document for procurement of works.
3. Bidders' complaints management system (CHM): Decree by the Minister of Housing, Utilities and Urban Communities (MHUUC) for establishment of the independent appeal panel for bidders' complaints. This panel was authorized to implement the PPM's provisions for the "right of review and appeal" by bidders. The Decree together with the PPM and its comprehensive set of prescribed complaint-processing forms constituted the CHM. These forms cover formal registry of a bidder's complaint and the recording and tracking of the decision at each step of the review of the complaint by the respective WSC and/or the appeal process and include the form for publication of the final decision by the independent panel.
4. Core teams of procurement practitioners (from MHUUC, HCWW, and WSCs) and members of the independent appeal panel were trained in the application of the PPM and the use of the standard bidding documents.

4.1.5 Key Transformational Changes

Owing to the historical division of labor among the WSCs and NOPWASD, the WSCs displayed limited capacity in planning and bidding in major procurement operations. Overcoming this capacity deficiency was deemed indispensable for the success of the SRSSP. The SRSSP therefore adopted a methodology to improve the WSCs' procurement systems, working hand-in-hand with the WSCs and in the process alerting them to the existing shortcomings

and brainstorming with them on the optimal solutions to overcome the identified deficiencies.

This has helped to gain a constituency (members of the working group) in the WSCs supporting the process of change through their experiential learning. At the same time it has served to create internal capacity for a multiplier effect in upgrading the capacity of the procurement staff of the WSCs in the critical functions and required checks and balances of a modern and effective public procurement system. The participation of WSC senior management in the validation of each output of the procurement reform produced by the SRSSP created a sense of ownership and a signal to all staff of the utility about the urgency of the reform.

The improvements introduced by the PPM covered all steps of the procurement process using precise and well-defined terminology in a structured manner for ease of understanding and application. Innovations which are not excluded by Law 89 were introduced and the use of SBDs to regulate and enhance the bidding and contract execution phases on fair and equitable terms is made mandatory. A market-based control on correct application of the PPM was introduced through the CHM thereby giving bidders the opportunity to challenge and appeal to an independent panel any noncompliance by the WSCs to the provisions of the PPM.

At this early stage of the implementation of the SRSSP, the **PPM** has made visible cultural change in the outlook of both bidders and the contracting authorities toward procurement. It is now regarded as a well-defined discipline with checks and balances, in particular as follows:

- Departure from the existing culture where bidders are at the mercy of the contracting authority and have to comply with potentially changing requirements of the purchaser or otherwise be subject to unfair penalties and discretionary debarment without an opportunity for redress. Bidders were asked to sign badly drafted contracts that included all of the existing WSC regulations as part of the contract, with so many redundancies that had nothing to do with the contract delivery phase.
- Transparency in the publication of the annual procurement plan; each contract award will enhance competition in a better regulated environment created by the PPM.
- Time frames for execution of the bidding process and other key performance indicators (KPIs) for contract administration and delivery will instill a culture sensitive to performance measurement that will be applied within the SRSSP procurement operations and will spill over to the rest of WSC procurement.
- Value for money (VFM) in a fair and competitive procurement and contract administration process is emphasized as the cardinal principle of the PPM. Bidders' qualification criteria clearly spelled out in the PPM as pass or fail credentials directly related to the capacity of the bidder to execute the specific contract while measurable bid evaluation criteria are used to determine the offer or bid with best VFM for the purchaser (where value can also pertain to nonmonetary aspects of the bid or offer).

- The use of negotiated procedures in awarding works contracts (other than small size contracts reserved for local SMEs) was prohibited to eliminate pressure on bidders to reduce prices in open negotiation sessions in the presence of other competing bidders; this constituted a race to the bottom at the expense of quality and timely performance of the object of procurement.
- There is more flexibility in the treatment of the “estimated contract budget” as an estimate subject to professional assessment at the time of award whereby the competent approving authority may weigh the advantages and disadvantages of pursuing retendering.
- HCWW has declared that it will replicate the PPM in the new WSC regulations that it is intending to prescribe for some 25 WSCs under its overall direction and which are distributed geographically all over the Egyptian territory (the PPM is currently applicable to three WSCs who are SRSSP implementing agencies).

The **SBDs** will prove critical in introducing operational efficiencies in the discharge of procurement transactions by the WSCs, in particular toward the following:

- They reduce the time needed for tender preparation by the WSCs in addition to facilitating the submission of offers by bidders who will become acquainted with the standard forms and provisions of these documents and therefore more likely to participate in WSC procurement opportunities, thus enabling the WSCs to benefit from expanded competition.
- They enable current WSC procurement staff with limited prior experience in large contracts to undertake such operations through the standardization of the provisions of the SBDs, thereby mitigating the risk of omission of essential bidding or contract provisions.
- They standardize the forms used by bidders in the submission of their respective qualification information, thereby facilitating assessment of their credentials and holding them accountable for any misrepresentation of information or submission of fraudulent data through the well-formulated sanctions that the bidders will face in cases of fraud or corruption (inaccurate submission of qualification data by bidders is widespread in Egypt).
- They separate bid evaluation criteria (which are related to the object of procurement) from the pass or fail qualification criteria (which are related to the capacity of the bidder to perform the contract in question), thereby rendering the bid evaluation process more conducive to achieving VFM.
- They ensure a fair and open competition process based on well-balanced contract terms.
- They introduce alternative dispute resolution provisions during contract execution.

The **CHM**, with a two-tier system of review and appeal, will prove instrumental in the following ways:

- It will enhance the integrity of the WSC procurement process with potentially more bidders gaining confidence in the system and thereby granting the WSCs the benefits of wider competition.

- It will enhance the quality of the WSC procurement process since their procurement and contracts departments will feel the pressure to adhere to the provisions of the PPM and the standards of best practice.
- The time frames for filing complaints by bidders and the decision in the first instance by the concerned WSC is kept reasonably short and practical, thereby mitigating the risks of disruption of the procurement process.
- Complaints to the independent panel are at a fee that will be set sufficiently high in order to discourage bidders from making frivolous complaints.
- The range of remedies that can be granted by the independent panel and the regulated time frames for submission of appeal and the granting of decision thereupon will prove an example of best practice that can be replicated nationwide.

The **training** will contribute as follows:

- It will enhance efficiency, integrity, and effectiveness of the WSC procurement process leading to improved service delivery to the citizens of the respective governorates.
- Training of private sector firms is long overdue in Egypt and will lead to their enhanced capacity to compete in the framework of the PPM and the provisions of the standard bidding documents.
- It will expand the pool of qualified procurement professionals working in the WSCs and HCWW.

4.2 Capacity-Building Support to Operationalize Citizen Engagement

4.2.1 Challenges and Opportunities

During the appraisal of the SRSSP, the environmental and social systems assessment (ESSA) and the PAD analyzed the potential negative social impacts and social risks for the program in relation to the acquisition of land necessary for constructing the pumping stations (PS) and the wastewater treatment plants (WWTP). Overall gaps and challenges in WSC functions and operations regarding engaging communities were also identified. The following are the main challenges identified:

- *Limited capacities of the WSCs to manage land issues.* The WSCs do not have sufficient experience and capacity to manage land acquisition and the associated social impacts.
- *Potential delay in the time scheduled.* Securing land has proved to be a key bottleneck for a majority of the infrastructure projects. Sanitation projects are not exempt from the challenge and risk of securing land. The process of land acquisition for the treatment plants and the PSs used to involve lengthy steps that usually take longer than expected, putting the whole time schedule of the projects at risk. There also used to no interagency coordination role to facilitate the process of obtaining approvals for securing land.
- *Lack of a consistent and transparent approach in managing land-related issues.* The process of land acquisition through willing buyer-willing seller or community contribution

approaches entails some practices that lack consistency and transparency. For instance, there is lack of meaningful consultation with people affected. When land is acquired through community contributions, despite community-led processes for land donation, the process lacks transparency and is poorly documented.

- *Livelihoods risks.* Certain landowners and users might become impoverished as a result of the land acquisition process. Apart from the official land owners, there might be other groups that could be making a living out of the land both legally (formal tenants) or illegally (informal tenants or squatters). These categories used to be invisible in the land transaction process and the impacts on them were not taken into account.
- *Temporary disturbance to the use of land.* Extending sanitation pipelines and networks and setting up construction camps are potential activities that likely result in temporary disturbance to the use of land (for example, occupying land temporarily) or damage to land-based assets (for example, damaging crops). The common practice of the WSCs is to assign the responsibility of handling such impacts to the contractors. The poor quality of the contractors' performance alongside weak supervision arrangements on the part of WSCs increase the risk of leaving affected persons from these impacts without fair compensation.
- *Existence of a complaints management system (CMS).* The CMS, which is installed in the WSC hotline departments only, captures mostly O&M and commercial issues but does not capture complaints related to project planning, implementation, and construction works.
- *Absence of proactive project and local-level mechanism for handling grievances.* All complaints related to land issues are being sent to court without having a simple and proactive local grievance process on the ground to deal with land-related issues. Also, a project-level grievance redress mechanism for handling all issues of the local communities regarding planning and construction of the sanitation systems was absent.
- *Absence of appropriate systems and mechanisms for engaging citizens and local communities in the planning and constructing of the rural sanitation schemes and projects.*
- *Absence of a systematic method for consultations with local communities during construction.*

The objective of this case study is to assess how citizen engagement, including engaging citizens in the land acquisition process and developing the project-level grievance redress mechanism, has been incorporated into the Program's design and—after 18 months of implementation—take stock of the early results achieved in terms of support provided to the project management unit (PMU), WSCs, and HCWW in the development of an effective citizen engagement system on the different levels of the Program and at project level.

4.2.2 Design of the Activity during Preparation

Engaging citizens is a key element of the program regarding the land acquisition process and to incentivize the participating WSCs to improve investment planning, O&M, and delivery of sanitation services. As such, it not only incentivizes several citizen engagement mechanisms

through a compensation and reward mechanism, but uses a build-in system that requires the WSCs to improve the mechanisms over time based on direct beneficiary feedback. In the following, it is described how citizen engagement and beneficiary feedback have been included in the Program's design.

One of the legal covenants requires that the Ministry of Housing, Utilities and Urban Communities (MHUUC) puts in place a grievance redress mechanism (GRM). The legal covenant provides that the borrower shall by June 30, 2016 establish a GRM “to handle complaints and grievances from Program beneficiaries or third parties relating to any aspects of the Program including adverse social and environmental impacts, and allegations of fraud and corruption. Such mechanism shall, inter alia, contain procedures for recording the complaints and grievances, directing the complaints to the appropriate level for action, the review process, and provision of feedback to the complaint on the action taken based on best practice service standards.”²¹

Disbursement-linked indicator (DLI) #6 comprises the approval of standard operating procedures (SOP) for land acquisition under the National Rural Sanitation Program by the MHUUC. Securing land is a major activity of the Program that could negatively impact its implementation, and is driven by consultations with local communities and assessments conducted during the Program preparation. Therefore, a DLI was designed for the purpose of tackling land-related issues. This DLI (6), in the second year of implementation, is part of result area 3 (see section 4.3.2) which consists of strengthening the enabling environment that will allow for more efficient and accountable rural sanitation service delivery and lend more fluidity to future scaling-up. DLI 6 aims to ensure better results for the environment and social protection through a wastewater facility code of practice and SOP for land acquisition. The latter is important for ensuring more efficient and equitable acquisition of land that may be required for new connections and the expansion of treatment facilities, including enhanced consultation and engagement with impacted communities. Such operating procedures will help ensure timely implementation of the projects. The Program also foresees the issuance of a memorandum of understanding (MoU) by the MHUUC to relevant line ministers to mainstream the land acquisition process, and assign the relevant teams and build their capacities.

DLI #3, aimed at strengthening the performance and institutional capacities of WSCs, is dependent partly upon compliance with citizen engagement-related targets, which must be met to trigger full disbursement to MHUUC and subsequently to the WSCs. The DLI-related targets are to be measured via APAs undertaken by HCWW and verified by an IVA. The proposed APA targets and areas include the following citizen engagement-related indicators:

1. Transparent *pro-poor citizen engagement and complaints handling mechanism* in place by the second year; and over 50 percent of the received complaints or grievances responded to and processed by the fifth year. Beyond the introduction of a modern GRM as required by the legal covenant, the Program supports its full functionality following best

international practices for water and sanitation utilities to enable Program beneficiaries to voice complaints during the operation of the Program, particularly during the construction phase of the pumping stations, wastewater treatment plants, and network extensions.

2. Base line for *citizen report card* (CRC) or citizen surveys established by the second year; and CRC or citizen surveys conducted by the fourth year. This mechanism supports gathering direct user feedback on their satisfaction with the provided sanitation services. These tools should be used by WSCs to measure their responsiveness to citizens' grievances. This supports a service and accountability culture, rather than a "build and abandon" approach. Capacity building on the CRC instrument will be provided to the PMU and other relevant stakeholders through international expertise to ensure that the government uses the instrument to enhance service delivery and accountability.
3. Procedural *guidelines for community engagement* are prepared by the first year; and a progress report on the implementation of the community guidelines submitted by the third year.
4. Measures to expand *citizens' access to information*.
5. Measures to ensure *community participation in decisions* about sanitation systems models, technologies, and O&M schemes.

Beneficiaries' and users' feedback collected through the CRCs (surveys) and GRM will be used to inform WSC planning and management. For WSCs to be able to deliver on the citizen engagement-related performance targets and areas included in the APAs and show progress over time (years three through five), the WSCs need to explicitly address the specific problem areas that are identified based on beneficiaries' and users' feedback through the CRCs (surveys) and GRM. Performance improvement actions plans (PIAPs) and their respective program action plans prepared by the WSCs embody technical support and measures to deliver on the APA targets for addressing managerial and operational gaps, and require that an appropriate mechanism to assess and respond to the results is explicitly included. PIAPs should include, among others, that (i) GRM improvements should be developed based on clear analysis to identify the existent gaps and measures to strengthen the system; and (ii) dissemination of the GRM should be made through appropriate communication channels to the target audience. Hence, citizen engagement is aimed to become an integral part of the WSCs' planning and management systems.

The Program also recognizes that engaging and including women will be an important element within all citizen engagement activities. Gender plays a key role in setting and shaping health and sanitation attitudes in the household, and therefore women must be at the center of concerns for any citizen engagement strategy to be successful. Community engagement strategies will thus address social inclusion as a cornerstone.

Overall, the multiple citizen engagement mechanisms and beneficiary feedback options are part of the Program's DNA. Citizen engagement is streamlined throughout the entire Program

cycle. It has been incorporated not only as a condition for launching the program and facilitating implementation, but more importantly as a key element to evaluate the implementation of the program objectives. Also, as citizen engagement is foreseen to feed into the WSCs' planning and management systems and incorporated into consolidating the national sector framework changes, it has the potential to ensure sustainability of the sector, and enable replicability and scalability of the new service delivery approach piloted by the Program.

4.2.3 Capacity-Building Support Activities during Implementation

The SRSSP invested in laying the groundwork and reforming institutions before implementation could take off. Since the board approval of the loan in July 2015 and ahead of the effectiveness date of the Program (December 30, 2015), the World Bank has provided ongoing technical assistance to the PMU and implementing agencies (WSCs and HCWW) in terms of institutional strengthening and capacity building through different implementation support missions, provision of consultants, and training to help develop and implement the Program's citizen engagement features and particularly the GRM.

To do this, it has followed a gradual, incremental, and iterative implementation of capacity-building activities to change stakeholders' mind-sets and create ownership at all administrative levels. This was needed because of the complex nature of citizen engagement (CE), the time required to build adequate capacity for engagement in a sector where CE is not typical or does not yet exist, and the need for continuous learning. The capacity-building support also applied a sequenced approach, prioritizing activities to meet the legal covenant (that is, GRM is operational) and securing land necessary for the construction works of the sanitation projects, while at the same time maintaining room for flexibility and adaptive implementation. Once these activities were finalized or well advanced, it turned to deepening and improving the quality of the citizen engagement mechanisms. A structured sequence contributed to manage citizens' expectations on public works implementation, which in turn gradually increased trust among stakeholders. Activities carried out and outputs achieved to date are described in the following.

Participatory Planning: Engaging Citizens in Land Acquisition Processes

As the design specifies, the Program supports empowering voices of citizens to be an integral part of decision making about the location of capital investment, quality, level, and price of the services provided. As such, it pays special and significant attention to the role of the local communities participating in planning and preparing the rural sanitation projects, and develops organized mechanisms to evaluate and respond to their needs. Local communities participate in the planning of the projects by donating land required to the government or WSCs on which the pumping stations and wastewater treatment plants should be constructed. These donations are either voluntary land donations or community contributions. Box 4.1 below provides a description of land acquisition procedures.

Land acquisition was a priority from the outset and embarked upon since Program start in order to ensure that the required land will be available before the contracts for subprojects'

BOX 4.1. Land Acquisition Procedures

When a rural sanitation project is being planned and land is needed, priority is usually given to obtaining state-owned land as an avoidance strategy to prevent negative resettlement impacts on population. In case of unavailability of state-owned land, there are four other approaches to obtain the land for pumping stations and WWTPs, including **(i) voluntary land donation; (ii) community contribution, which is a very common approach for pumping stations; (iii) willing buyer-willing seller; and (iv) acquiring land by using eminent domain.**

The WSCs are not heavily involved in the process of finalizing land purchases (willing buyer-willing seller approach) for pumping stations and WWTPs because responsibility for investment for sanitation projects is officially mandated to NOPWASD. Although there is no legal obstacle for the WSCs to complete the process of acquiring land through both purchase and donations, the lack of resources for the WSCs usually limits their ability to undertake land acquisition, specifically the purchasing. Accepting donated land or land obtained through community contribution for pumping stations is a more common experience of the WSCs compared with purchasing for WWTPs.

The properties department, under the legal department within the WSC, is responsible for the land purchase (in the rare case of the WSC's involvement in land purchase) and for accepting donated land or land obtained through community contributions for pumping stations. For WWTPs, the lands are obtained mainly through the willing buyer-willing seller approach. WSCs are reluctant to use eminent domain to acquire land because it may take a longer time.

Source: World Bank 2015b.

execution are granted. To this end, required lands for all the villages (PS and WWTPs), including available land that already had been allocated or donated under the allocation process, had to be identified and compliance with technical standards evaluated.

Development of an SOP on Land Acquisition

The land SOPs are part of the citizen engagement and social inclusion agenda and aim at ensuring a more efficient and equitable acquisition of land that may be required for new connections and the expansion of treatment facilities, including enhanced consultation and engagement with affected communities.

As a first step in the development of the SOP, a one-day workshop was conducted in May 2016 to agree on interim arrangements for land acquisition until the SOP was approved. During this workshop, best international practices and good principles of willing buyer-willing seller procedures and voluntary land donation were shared with 24 participants from the PMU and the WSCs and program implementation units (PIUs). As part of the

capacity-building activity, a checklist was designed and validated by the three WSCs and applied on a case-by-case basis of land acquisition to ensure that the process of the willing buyer-willing seller and voluntary land donation are done in a diligent manner, and that proper documentation is in place. Since August 2016, all WSCs are using the checklist to mitigate risks arising from the procedures of the land acquisition. The PMU also closely follows ongoing land donation procedures to ensure their integrity.

In October 2016, as part of the experience sharing with other projects, the WSCs and PIUs participated in a three-day workshop where the Egyptian policies related to land acquisition and expropriation, particularly through the application of Law 10, were discussed in detail. Several interactive sessions and working groups were conducted to examine specific land-related cases and agree on the measures to handle them and the needed documentation.

Furthermore, technical assistance and capacity-building support were provided to the PMU and the WSCs and PIUs on how to draft the SOP (see photos 1 and 2 below). The senior social specialist of the PMU has been leading a consultative process with the PIUs and the various departments of the WSCs to ensure that the SOP are drafted in a manner that meets the international best practices as well as complies with national policies and legislations. The second draft of the SOP was produced by the PMU in March 2017.

The outline of the drafted SOP covered multiple topics such as the impacts and risks related to land acquisitions, the legal framework, and the criteria for selecting private land plots for pumping stations and treatment facilities including the key principles, roles, and responsibilities and time schedule for acquiring land. The SOPs focus on two scenarios, namely allocation of state-owned land and securing privately owned land through various sub-scenarios: community contribution, individual donation, willing buyer-willing seller approach, and land expropriation (noting that the latter is only used as a last resort). They capture rich information about current practices and procedures related to land acquisition and harmonize Egyptian requirements with international practice, including clear sequences for reviews and approvals as well as service standards guiding time taken, improving the overall basis for implementation of investments in the sector globally. Box 4.2 describes the proposed process for land donation under the new land SOP.

As an example of the improvements made in the procedures, the donation contract was updated to include a clause ensuring the voluntary nature of the donation and the right of the donor to restore land in case the project is not implemented. Systems were designed to ensure that every contributor to the price of the land gets a receipt.

The PMU has been working closely with the PIU, WSCs, and other stakeholders to prepare the SOP. Many visits to the three governorates were undertaken in which the development of the Land SOP with the members of the PIU, WSCs, and representatives of the legal and properties departments in the three WSCs was intensively discussed. The legal team of the PMU reviewed the SOP and the legality of the forms and templates that are included in the SOP. Comments and feedback from all stakeholders were considered in the second version which was validated during a workshop with the WSCs.

BOX 4.2. Four-Step Approach to Land Donation under the Land SOP

- *Letter to local village units.* The WSCs send a letter to the local village units—each village nominates two community members to discuss land donation. The nominees are usually among the village elders and its natural leaders.
- *Public hearings.* The PIU or Public Awareness Department visits pilot villages in order to ensure they understand the relevance and benefits of the sanitation projects, and mobilize and engage the whole community through ongoing public hearings on land issues.
- *Consultation meetings.* WSCs conduct consultation meetings with the community on land available for donations if the land secured by the government is not sufficient or does not live up to specific technical requirements. This step has been included as a result of lessons learned from the Sharkiya governorate in which the bypassing of the community at large prompted a neighbor to stop the implementation of a construction project next to his house. Consultation meetings with the whole community are therefore seen as crucial to obtain consensus for the construction projects before the land donations take place.
- *Land donations.* Contributions are collected from each household in the targeted villages, whereby poor families are exempt and covered by the rest of the community. The contributions are collected by community cooperative workers from local community development associations (CDA) or the community committees. The list of documented donations is well known to all community members. Usually the respective parcel is then assigned to one of the community members to facilitate the transfer to the Local Village Units. This means that the donation contract is made under the community representative and not the land owner. The Dakahlia governorate has been testing a simplified model in which donations are made directly to the WSCs. This model also gives more flexibility regarding signing an additional contract to ensure land is returned to the donor if the projects is not implemented.

In the meantime, a dialogue for the preparation of the MoU between the relevant ministries and entities in charge of provision of the land approvals has been initiated to ease the issuance of the MoU once the SOP is finalized. These entities include the line ministries as well as the concerned governorate. This MoU will both work as an umbrella agreement for cooperation among the various entities to ensure that approvals are secured on a fast-track basis and work to prevent any potential delay in the process of land acquisition. The MoU stipulates any required measures to be taken (for example,

PHOTO 4.1. Discussions with Stakeholders during Workshops on SOP



Credit: World Bank.

Note: SOP = standard operating procedures.

establishing a higher committee or governorate-level committee) to ensure close coordination for timely delivery.

Once the SOP is approved, a comprehensive training program will be delivered to the PMU, WSCs, PIUs, and all the concerned entities to ensure that the principles outlined in the SOP will be followed in the various approaches used to acquire land and that the land-related issues will be integrated in the regular progress reports of the Program.

Grievance Redress Mechanism: Functionality and Takeup

The PIAPs should include a part where “the functionality of the GRM should be verified through indicators that look at the percentage of the complaints that have been responded to and handled”; therefore the World Bank’s technical assistance helped the PMU develop and integrate new key performance indicators on citizen engagement in pursuit of DLI 3. These KPIs prioritize citizen participation processes within the WSCs:

1. Number of community services and participation mechanisms captured by CMS that are established and sustained.
2. Quarterly report produced by WSCs that reflects extent of community outreach and application of the community engagement process.
3. Over 50 percent of the received and registered complaints or grievances are responded to and processed by year five.
4. By year three, undertake quarterly spot checks on a 5 percent sample of monthly resolved complaints in each sanitation-related category (with a minimum of 30 to a maximum of 200 per month), in villages covered by the Program.

To respond to PIAP’s requirement that “the GRM improvements should be made/developed based on clear analysis to identify the existing gaps and measures to strengthen the GRM system,” the ESSA identified several gaps in the operation of the existent GRM and citizen engagement efforts of the three WSCs that should be addressed to establish and

improve the mechanism and customer services, including all steps in the GRM cycle. On this basis, the PMU with support from the World Bank team prepared a detailed GRM Action Plan which served as a basis for achieving short-, medium-, and long-term objectives to comply with the legal covenant and meet the DLI 3 targets. It picked up good practices from individual WSCs that could be scaled up and streamlined. The final action plan was discussed and validated in several meetings and workshops among PMU, MHUUC, PIU, and WSC staff, as well as with representatives from HCWW. The PMU frequently updates the action plan to reflect tasks conducted.

Also, several meetings and workshops have been conducted with the three WSCs and HCWW to prepare the PIAP including a multi-year action plan to improve the current WSC status with respect to citizen engagement. The box 4.3 below outlines the key recommendations included in the PAD to improve the existing GRM.

BOX 4.3. Key Recommendations to Improve the Existing Grievance Redress Mechanism Included in the Action Plan

- *Public communication.* (i) Roll out public awareness campaigns to address all types of grievances including those related to sanitation projects; (ii) design targeted public communication and information disclosure to include information about the sanitation project (time frame, funding, contractor name, conditions for a household connection).
- *Uptake.* (i) Link the CMS to all possible uptake channels to capture not only formal, but also informal and local level complaints which are expressed in person and would otherwise remain unregistered; (ii) roll out internal awareness raising within the WSC, the chairmen, and other staff that complaints should be channeled to the hotline.
- *Sort and process.* (i) Integrate into the CMS issues related to project planning, design, and construction (for example, related to potential construction damage to land and houses during a project, and issues associated with land acquisition) by adding relevant project-level categories; (ii) Install a CMS at the branch level and within the public relations units (WSCs).
- *Acknowledge, follow up, and feedback.* Continue and expand the provision of feedback to service users, and track the average complaint resolution time.
- *Verify, investigate, and action.* Input the complaints channeled to EWRA, HCWW, and the Consumer Protection Agency into the CMS for tracking, and take corrective measures for performance improvement.

box continues next page

BOX 4.3. continued

- *Monitor and evaluate.* (i) Develop standardized procedures for reporting on grievances (monthly template); and (ii) establish full access to the CMS for HCWW and PMU to conduct quality control.
- *Training and capacity building.* (i) Develop a training and capacity building plan for all relevant stakeholders for GRM topics; and (ii) train WSC staff, including the General Department for Public Relations, Call Center and the Customer Service Centers, on the use of the current then the upgraded CMS and on handling incoming complaints related to all categories, and train all the IT staff at the three WSCs on how to maintain and work on the CMS.

Source: MHUUC 2016d; World Bank 2015a.

The improvements made so far are comprehensive and aligned to international best practices. Therefore, in November 2016 (nine months since the effectiveness of the Program), the fulfilment of the legal covenant for the GRM was signed off and, since then, efforts have been focused on taking forward and improving the quality of the citizen engagement mechanisms and practices to ensure that citizen engagement efforts are inclusive and accessible to all community members, including the poor, women, and residents with lower education levels.

Development of Project-level GRM Guidelines

All stakeholders and particularly front-line staff need to be fully equipped on how to respond and follow up on (project-level) complaints as well as manage the whole GRM cycle. Therefore, a GRM operational manual has been developed by the PMU as part of the capacity-building support. The GRM guidelines detail all steps of the GRM cycle that have been standardized for the staff handling complaints and facilitate the onboarding of new staff to ensure capacity is being transferred. As such, they include the hotline guidelines, which have been updated in participation with the WSCs and integrate project-level categories including complaints about land acquisition, contractors, project delays, and other implementation issues which have been developed in an iterative process by the PMU and World Bank consultant (see table 4.1).

The GRM guidelines are being updated regularly to include any changes needed and improvements achieved. The PIU and WSC have been implementing the guidelines since November 2016. As more entities receiving complaints are linked to the CMS, training the staff based on the GRM guidelines will become important.

Development of a Complaint Appeals Mechanism

At SRSSP appraisal one central gap identified was a lack of information about any appeals process. Complaint handling was fragmented and complaints channeled to higher levels

TABLE 4.1. Potential Claims and Grievances during Project Planning and Construction

Classification		Problems or grievances
Project construction problems	Allocating, planning, and designing the project or land donation	Land valuation
		Nonreceipt of land compensation before starting work
		Income and standard of living affected because of land donation
		Pressure exerted by the community or officers to donate land
		Lessees not compensated for plantings: loss of sources of income
		Negligence of enrolling house(s) in the design
		Problems related to the value of land donation
	Implementation problems related to construction and building contractor	Objections from the neighboring villages which are not to be served
		Destruction or damage to properties by mistake
		Breaking water pipe
		Electricity pole falling down
		Road and traffic problems (closing streets and roads without providing alternatives)
		Breaking paved road
		Destroying plantations (temporary effects related to lands)
Other issues	Destroying groves	
	Problems related to reinstatement: paving streets after connecting networks	
	Flooding the streets with wastewater	
	Using wastewater in preparing and mixing cement	
	Delay in implementation and construction	
	Leaving construction waste	
	Problems of how to deal with beneficiaries (bad contact: requesting money for services and so on)	
Other issues	Accidents related to the project	
	Problems related to cost of home connections	

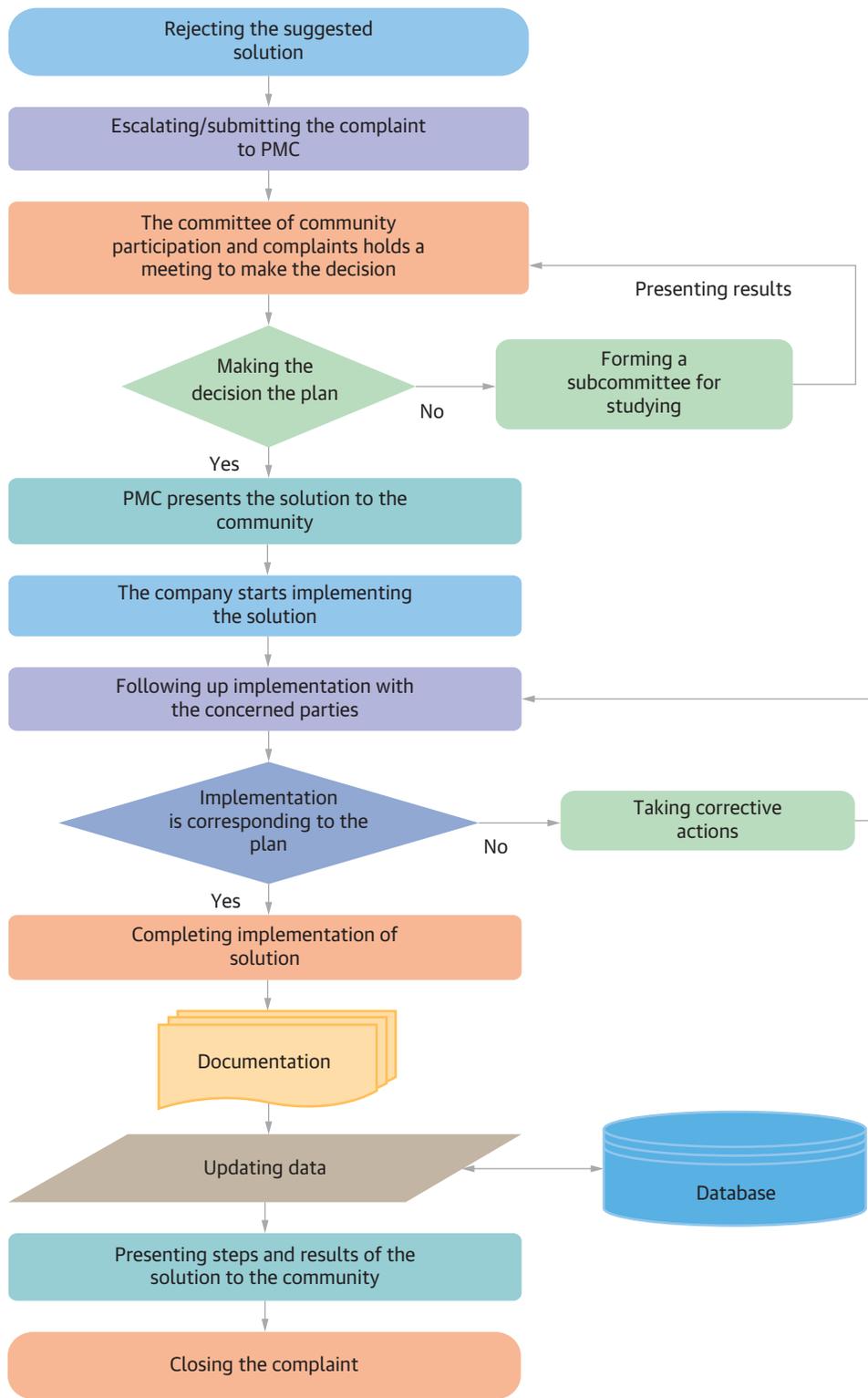
Source: World Bank elaboration based on MHUUC 2016d.

such as EWRA, HCWW, or the Consumer Protection Agency. Staff from these three institutions confirmed that most customers who contacted them were residents of larger cities such as Cairo, Giza, or Alexandria and tend to be well-informed and well-connected.

To address this gap, a complaint appeal mechanism (dispute resolution procedures) was designed by the PMU with capacity-building support provided by World Bank. The appeals mechanism reflects institutional roles and clear responsibilities. In case a complaint is not solved satisfactorily at the WSC level, even with intervention of local parties, complaints can systematically be escalated to higher levels.

The local community has to prepare a file about the problem explaining the reason why the proposed solution has been refused and laying down a proposal for an alternative solution. The company also provides its view on the problem and the suggested solution that was refused by the community, illustrating the reason to refuse the solution presented by the community. Both are sent to the PMU which convenes the Inter-Ministerial Committee on

FIGURE 4.2. Scheme of Challenge and Complaints Escalation



Citizen Engagement, as shown in figure 4.2, to review and decide upon the issue, based on revision by a subcommittee if necessary. This solution is then presented to the concerned parties who are expected to adhere to it and report to the Inter-Ministerial Committee before the complaint can be officially closed.²

The High-level Inter-Ministerial Committee on Citizen Engagement (“Committee of Community Participation and Complaints”) was established by decree to steer and ensure adequate support to citizen engagement efforts. It is the highest authority in the appeals mechanism to receive and address unresolved complaints and grievances. Additional functions of the committee include recommending policies and strategic initiatives related to citizen engagement, and monitoring progress of grievance redress implementation. In this sense, its mandate goes well beyond the GRM or CMS.

The committee is composed of representatives from the MHUUC, Ministry of Local Development, and governors of the three governorates, and chaired by the Senior Undersecretary of the MHUUC, the Supervisor of the Minister’s Office, and the Head of the PMU. The intersectoral composition is to enhance coordination efforts and ensure efficiency if

Source: ©World Bank 2017, based on MHUUC 2016b. Permission required for reuse.
 Note: PMC = program management consultant.

PHOTO 4.2. Community Meeting to Discuss Community Engagement Guidelines



Credit: World Bank.

challenges arise during implementation at the different administrative levels (for example concerning land acquisition). The committee convenes on a quarterly basis and, as of February 2016, it had met once.

Development of Community Engagement Guidelines

The APA Manual shall include citizen engagement achievements starting with “Procedural guidelines for community engagement are prepared by the first year”. Hence community engagement guidelines have been developed under the lead of the program management consulting firm (PMCF) and with the participation of local communities. They aim at providing a unified conceptual and methodological reference to the WSCs in all processes and actions related to community engagement, and set the guiding principles for the WSCs to engage with communities across the various stages of the program including hiring of the contractors for the construction works.

As of February 2017, these guidelines are being tested in the villages of the “first package” (Geziret Metawea, El Bregat, and Tokh Al Aqlam) and an enhanced version will be developed by July 2017.

Capacity Building and Training Workshops

Citizens act upon information only if they can be certain that their voices will be heard and service providers will act effectively on their demands. Building the necessary capacity among staff especially at the front lines and other stakeholders so that a strong, effective, and sustainable GRM system can be built for the Program and beyond is therefore crucial.

To begin with, the PMU and PIU in the three WSCs assigned social development specialists responsible for coordinating citizen engagement and community outreach activities. Also, focal points for (program-related) grievance redress and handling complaints have been designated in each of the WSC branches with access to the CMS to register GRM-related information. Building WSC capacity is an important and closely watched component of the Program for which the PMU provides regular guidance and capacity-building opportunities to support these efforts.

In order to systematically build capacity, a GRM training and capacity-building plan has been prepared by the PMU with the capacity-building support based on a needs assessment.

Support is targeted to staff at various levels across the implementing agencies, including staff at the front lines (such as the 125 hotline staff, customer service center personnel, and

public awareness staff), and also to other stakeholders such as directors and other managers in WSCs, EWRA, HCWW, construction companies, contractors, and implementation supervision consultants, so they are well-informed on the Program and projects and are sensitized to handling complaints and providing feedback. The plan foresees a series of workshops and learning events to be held on site and in Cairo to provide the implementing agencies staff with adequate information and related skills on the GRM as well as on citizen engagement. The plan also intended to equip the targeted staff with all types of skills required to build trust and maintain good rapport with the communities by providing relevant information on the project and responding effectively to the needs, grievances, and concerns of the community members and to follow a proactive approach that helps to prevent escalation of unresolved complaints.

The plan includes communication, understanding community dynamics and processes, negotiation, and empathizing with communities and their needs. The training plan covers an orientation program, and includes, among others:

- Procedural training on receiving, registering, and sorting grievances
- Effective communication, consultation, and facilitation skills
- Management of the grievance redress process
- Awareness raising on the importance of the GRM for the success of the Program
- Problem solving and decision making
- Monitoring, evaluating, documentation, and reporting on the GRM activities

While the first workshops cover orientation programs and awareness raising, their main objective is to build capacity and skills. In this sense, the workshops are sequenced not independently from each other but build upon what has already been learned in order to deepen knowledge and increase skill levels over time (building block approach). However, as indicated in the plan, some staff will be exposed to different types of training and others will receive just an orientation session if they are not heavily involved in CE activities.

One particularly noteworthy workshop is the one-day training on citizen engagement. In November 2016, the PMU organized this workshop with TA support with the aim of giving the WSC, PIUs, and other relevant stakeholders an open space to share their progress and questions on the Program's citizen engagement activities. It also aimed at emphasizing the importance of citizen engagement and its role in the SRSSP.

The workshop was attended by 37 participants, including the PMU, PIU, WSCs, PMCF, HCWW, and EWRA. The workshop was an opportunity to share experiences in different subcomponents related to CE, including information disclosure and capacity-building activities, among the different WSCs and all stakeholders involved in the Program. The head of the PMU reiterated the relevance of the citizen engagement agenda to the Program.

TABLE 4.2. Training Sessions and Workshops on Social and Environmental Issues

Training event	Implementation date	Responsibilities	Participants
Developing the GRM Action Plan	April 10, 2016	World Bank	13 participants from the WSCs, PMU, PIUs, and EWRA
GRM orientation for PMU and HCWW	May 3, 2016	World Bank	9 participants from HCWW and PMU (manager, and social specialists)
World Bank Social Safeguards Policy	May 9-11, 2016	World Bank	2 participants from PMU
Social and environmental issues in sanitation projects (including community engagement techniques in land donation and acquisition and GRM)	Oct 16-19, 2016	World Bank	8 participants from the three WSCs
Citizen Engagement Workshop	November 10, 2016	World Bank	37 from PMU, PIUs, WSCs, EWRA, and HCWW
GRM training for Sharkiya staff involved at WSC and branches levels	November-December, 2016	PIU Social Specialist implemented series of on job training	41 participants from the WSC related departments and branches
GRM training for Dakahlia staff involved at WSC and branches levels	December, 2016	PIU Social Specialist	6 staff members from the WSC branches

Source: World Bank elaboration.

Note: GRM = grievance redress mechanism; PMU = program management unit; PIU = program implementation unit; EWRA = Egyptian Water Regulatory Agency; HCWW = holding company for water and wastewater; WSC = water and sanitation company.

With growing Program momentum, all staff at various levels across the implementing agencies, particularly those at the front line, are being trained and will continue to be oriented as the capacity building and TA outputs become ready.

As part of the GRM training and capacity-building plan, the PMU, PIU, and WSCs with support from the World Bank team also conducted several additional training sessions and workshops on social and environmental issues in sanitation projects including community engagement techniques in land donation and acquisition, citizen engagement, and GRM as shown in table 4.2.

Additional Capacity-Building Activities and Modus Operandi of the GRM

The World Bank team has provided additional technical assistance and capacity-building support to the PMU and WSC or PIUs spanning across all steps in the GRM operational cycle. Below is a description of the implementation progress achieved structured according to the specific stages in the GRM system.

Stage 1: Public Communication (Awareness Raising and Information Dissemination)

A well-designed and implemented public communication strategy including awareness raising and information disclosure activities is essential for a well-functioning GRM. It increases transparency, empowers citizens to claim their rights and exert responsibilities, manages citizens' expectations, and deepens citizen trust. It therefore has an impact on the number of complaints or inquiries which should increase as the public communication progresses. In Egypt, the three governorate-level WSCs used to develop their own

communication plans under the HCWW's guidance. However, in terms of the GRM, they have been limited to publicizing the hotline—the only official uptake channel for complaints—and did not include information regarding tariffs, connections, and project-level information, such as name of contractor, type of works, duration of contract, and amount of contract. At SRSSP appraisal, one key recommendation has therefore been to address all types of grievances including those related to sanitation projects.

Since May 2016, the PMU has taken the lead in designing promotional material including relevant project information and feedback channels (GRM) which are subsequently shared with the PIU, WSCs, and other stakeholders such as HCWW and EWRA. Decisions on forms of dissemination to the beneficiaries remain at the WSC level to ensure that everyone working in the companies knows the same information. In this sense, for example, the Dakahlia WSC issued a letter with program information, while Dakahlia and Sharkiya WSCs printed the information and hung the printouts on the walls of the company building entrances for public display. To be socially inclusive and reach a vast audience including women, youth, and less educated citizens, information *dissemination efforts have been varied*, leveraging several different promotional materials and traditional as well as nontraditional (social media) communication channels. Among these are the following:

- *Fact sheets.* Fact sheet version 3.0 includes customized information according to the information needs of the individual governorates. It has been sent for approval by HCWW before disseminating within the WSCs. Fact sheets versions 1.0 and 2.0 have been disseminated widely through diverse means, including WSC official websites, Facebook pages, and posters on the WSCs building walls, and have been sent to all employees in the WSC headquarters and branches. The fact sheets are updated every three months to reflect project progress.
- *Posters and brochures.* New visually appealing posters and brochures have been printed that include, beyond the project information, telephone number(s) to call for complaints and suggestions as well as the names of WSC and PIU contacts. Once reviewed by the PMU, they will be disseminated in the field.
- *WSC websites.* All three companies have published program information on their official websites.
- *Facebook page.* A Facebook page has been created by two of the villages (Geziret Metawea and Francis village in Dakahlia) in the first package to disseminate project information and communicate with the WSC and other entities. Sharkiya WSC has also set up a Facebook page for the hotline and GRM; Dakahlia disseminated program information through its WSC Facebook account; and Beheira WSC has created a Facebook page on community engagement to disseminate project information and reach out to constituencies.
- *Awareness-raising campaigns.* PIU and WSCs have shared information on the Program in the Local Village Units in all three villages of the first package (Geziret Metawea, El Bregat,

and Tokh Al Aqlam). At the governorate level, several interesting initiatives can be documented, for example:

- Dakahlia PIU manages a civil society organization database including all nongovernmental organizations (NGOs) and community associations in their governorate (disaggregating for number of women, youth, and active/nonactive groups) upon which they draw to reach out to local communities.
- Sharkiya PIU has developed a 6-month action plan to engage women in awareness building and disclosure of information.
- Beheira WSC's Community Engagement Department liaises with NGOs and grassroots organizations on diverse issues (such as land issues) and complements the awareness and public relations department which oversees information dissemination. A common communication strategy is to target opinion leaders (such as head of village, religious leaders, and natural leaders or women leaders) both for land donation purposes and GRM. These leaders enjoy high levels of trust and can effectively mobilize support for sanitation projects and disseminate information through conventional channels, such as mosques.

Due to cultural norms and preferences for face-to-face interactions for submitting complaints in rural Egypt, CE ICT tools have been used as a supplementary channel for information dissemination, awareness raising, and engagement, acknowledging that they cannot replace non-ICT tools. Service users in the local villages reported that they still feel that visiting a local service branch in person would be more effective in solving their complaints (see *Stage 2: Uptake: Receiving Complaints and Inquires*). Possibly because of the widespread

targeted public information efforts, the WSCs have been receiving inquiries from other (sub- or satellite) villages expressing interest in being covered by the Program.

In addition, since November 2016 Community Committees have been established in the pilot villages (Gzerat Metawa, El Bregat, and Tokh Al Aqlam) to facilitate a two-way communication among residents including Community Development Association (CDA) chairs and community members, and WSCs. PIU and PMCF make efforts to ensure that these committees have representation of vulnerable groups including women and youth. The committees' meetings offer a space for deliberation and open discussion. They can notify WSCs about potential issues, questions, or concerns, and help inform communities about project-related updates. Furthermore, they are also an important medium to facilitate the land acquisition process, raising awareness and helping to get the approvals needed.

PHOTO 4.3. Second Community Committee Meeting in Gzerat Metawa Village



Credit: World Bank.

Leveraging these credible local institutions and social structures is an important entry point for building consensus on the ground, helping to strengthen social capital and enhance organizational and community decision-making capacity, thereby boosting ownership and the sustainability of outcomes. From March 2017 onwards, these committees have been rolled out to the subsequent villages (one committee per project). Box A.1 provides a snapshot of the second community committee’s meeting in Gzerat Metawa village.

Stage 2: Uptake: Receiving Complaints and Inquiries

The availability of multiple channels for citizens to complain and communicate their grievances is a good practice since it provides the opportunity for citizens to offer feedback and request better services in the way and at the level that best suits them. However, the country’s existent GRM included different channels to register complaints, many of which were informal and not systematically captured through the formal systems (for example, walk-ins, phone calls, letters, fax, meetings with technicians) or at higher administrative levels than necessary (including HCWW and EWRA), which is counterproductive to developing an institution-wide system to register, track, and resolve complaints.

Egypt’s water and sanitation hotline number 125, operated by the WSC’s Call Center and available 24/7, is the main official channel to voice grievances and complaints and is widely known among service users in urban areas. The hotline was initially only accessible from landline phones, but as the project preparation progressed, in Sharkiya it is possible to call from mobile devices using the area code, followed by “125” and then four zeros. The HCWW is searching for ways to allow calls from mobile devices in all governorates. Besides calling the hotline, users can provide feedback or report problems online via the WSC websites, in person (by visiting a branch or customer service center, a one-stop shop where citizens can access information about services provided, pay utility bills, or file complaints or grievances), and—in the future—through a mobile application. As still many service users use these alternative, informal uptake channels, it will be important to link and capture them in the newly created complaints management system (CMS).

Stage 3: Sort and Process: Registration of Complaints

In 2015, the HCWW designed a CMS in consultation and with the participation of the WSCs for registering, tracking, and monitoring complaints. Although the CMS had initially been installed only in the Hotline and Citizens’ Service Departments of the WSCs and HCWW, it resulted in better registration and follow up of complaints. However, the initial version of the CMS only captured complaints related to O&M and did not allow for capturing complaints related to project implementation (construction) or grievances regarding WSC staff. This had been identified as one of the key weaknesses to be addressed.

With the support of World Bank, the CMS has been customized and enhanced, integrating project level categories including complaints about land acquisition, contractors, project

delays, and other implementation issues. The system has also been made more accessible to management and staff on the ground to capture more complaints and inquiries. This list of project level categories and subcategories is based on the lessons learned from ISSIP 1 and 2 and has been identified through an iterative process in consultation with the PMU. Recognizing that the project-level categories are not exhaustive, the list will help citizen to articulate and present their demands more coherently and strategically and government officials and front-line service providers to have a more systematic approach to addressing concerns that might arise during implementation of the projects which will enable them to respond more efficiently to requests. In addition, the CMS has been further enhanced through new categories for different sources of complaints, for example those received via Facebook or WhatsApp messages.

Additional efforts have also been made to streamline the CMS, expanding its installation in further locations. These locations include the PMU and MHUUC, WSC branches, Customer Service Centers at the headquarters and at the branch (*markaz*) level. Particularly the Dakahlia and Sharkiya WSCs are well advanced in linking the different uptake channels to the CMS and training their staff to use the new system. Beheira WSC has already procured several computers and is in the process of distributing them to their different branches and departments to automate all Beheira sanitation branches involved in the SRSSP. Also, at the local water and sanitation branches in the three governorates, additional CSC have been created and a few are currently under construction.

Stage 4: Acknowledgment, Follow-up, and Feedback

Most of the complaints regarding emergency issues are resolved relatively quickly. However, some complaints cannot be addressed directly because of a lack of human or financial resources or because of policy-level decisions (for example, if there is a request from a community to be connected to sanitation but the current plans do not foresee connecting that community to sanitation in the near future). Furthermore, hotline staff reported that they lack the authority to request resolution of grievances from relevant (technical) departments.

Once a complaint has been registered, the unit that has received the complaint (for example, Call Center) refers the grievance to the relevant technical unit (maintenance, sanitation, water networks, billing, and so on) to resolve the issue. For tracking purposes, the phone number is used as the tracking number for complaints that are received through the hotline. For complaints that are received via other modalities, a tracking number for the complaint is sometimes shared with the complainer. Most customers complaining about O&M issues receive feedback from the hotline and Citizens' Service Departments of the WSCs. The HCWW (General Department for Public Relations) also sends out an official response to the media outlet or the public office (ministries, parliament, and so on) through which it has received the complaint informing them of the steps that were undertaken to address the complaint.

The staff follows up with phone calls to the technical staff responsible for addressing the complaint to confirm that the complaint has been solved. The staff also calls the complainant back to make sure that she or he is satisfied with the resolution of the grievance and to “close” the case in the CMS.

Stage 5: Monitor and Evaluate

A GRM monthly report template has been designed by the PMU which has been validated by all WSCs. Since January 2017, all WSCs are using an improved version of the template to deliver progress reports and GRM findings to the PMU, MHUUC, and HCWW on a monthly and quarterly basis. Training on using and monitoring the CMS reports will be conducted.

The PMU is using this information to follow up, monitor, and evaluate the GRM according to indicators identified, including number of complaints received, number of complaints resolved, and average resolution time. The information provided by the WSCs and specifically the most common inquiries are also currently being analyzed to develop a list of frequently asked questions (FAQs) about the project to be shared with all concerned staff (for example call center employees, branch managers, and technicians).

4.2.4 Main Outputs

- Draft standard operating procedure for land acquisition (“Land SOP”)
- Ministerial decree that established an Inter-Ministerial Committee in charge of citizen engagement-related activities
- Project-related grievance redress mechanism guidelines
- Community engagement guidelines
- Report on capacity-building workshops

4.2.5 Key Transformational Changes

In terms of the activities conducted under the **participatory planning** component, the following transformational changes can be identified:

- The CE strategy covered all aspects of involving community members in planning of rural sanitation systems. In the early stages, community members were engaged by assessing their willingness to participate in the rural sanitation program. As a result of the different citizen engagement activities related to the land acquisition process and the close engagement between PMU, WSCs, and communities, most of the required land for establishing the sanitation systems could be secured mainly through community donations in all three governorates. In particular, there were public hearings and consultation meetings with the community to obtain consensus, both of which were captured by the draft Land SOP, and a checklist was used that was designed and validated by stakeholders to ensure that the processes of the willing buyer-willing seller and voluntary land donation were done in a diligent manner. Table 4.3 lists the tangible results achieved before the commencement of construction works, which is remarkable in the Egyptian context.

TABLE 4.3. Land Acquisition Results^a

Governorate	Type	Required	Community donations		State donation	Not yet available
			Secured	In progress		
Sharkiya	WWTP	8	3	2	2	0
	PS	53	43	7	7	1
Dakahlia	WWTP	4	3	1	0	0
	PS	7	7	0	0	0
Beheira	WWTP	2	1	0	1	0
	PS	8	5	3	3	0
Total		82	62	13	13	1

Source: World Bank elaboration based on PowerPoint presentation of the PMU (2017).

Note: WWTP = wastewater treatment plant; PMU = program management unit; PS = pumping station.

a. As of March 2017.

- The expected outcomes of the Land SOP will be streamlined and unified among the three WSCs or PIUs involved in the implementation of the Program. Moreover, and as part of the Program contributions to enhance the national system, the Land SOP is meant to be adopted at the national level for the sanitation sector. This is expected to result in very positive impacts for the sector by tackling one of the key bottlenecks that used to delay many rural sanitation projects while paying attention to managing the social risks related to land by following a transparent approach.
- Government adoption of the Land SOP is considered a major shift, signifying a move from the legal and technical nature that used to frame the management of land-related issues to a greater level of acknowledgment for the social dimension of land acquisition. These are important advancements in shifting the existing status quo.
- The increased decentralized involvement of the WSCs and PIUs in land acquisition and project planning, construction, and operation is making the process more sensitive to the local culture and the local communities.

As showed in box 4.4, the capacity-building support provided in terms of the **GRM-related activities** also likely contributed to the improvement in the mechanism's functioning (supply side) and citizens' engagement (demand side), triggering several positive trends, including an increase in registered complaints and improvement of the average resolution time.

- The total number of complaints as captured in the CMS has increased in all three governorates within the analyzed time frame, 2015 to 2016. The Dakahlia WSC experienced the greatest increase in complaints from 14,723 (2015) to 22,646 (2016), an increase of 7,923 complaints or 54 percent, followed by Sharkiya (increase of 6,976 complaints) and Beheira (increase of 3,736 complaints).
- Looking at the distribution of complaints between quarters,³ the Sharkiya WSC displays the greatest variation. Between 2015 Q1 and Q2, the number of complaints increased from

BOX 4.4. Demand and Supply-Side Improvements through Capacity-Building Activities

Demand side. Public information campaigns (information disclosure and awareness raising) regarding the characteristics of the sanitation services and projects empower service users to know and claim their rights. Also the newly added project-level complaint categories in the CMS extend the possible scope for voicing complaints which users are being made aware of.

Supply side. Expansion of CMS installation, and training regarding the new GRM Operations Manual (“GRM guidelines”) for front-line staff at the different levels including the WSC branches enabled previously unregistered complaints. Improved functioning of the GRM system, better responsiveness on the part of front-line staff, and faster results can contribute to an increased demand as service users gain trust that their inquiries or complaints are being heard and acted upon, and thus feel more motivated and confident to submit any inquiries or complaints in the future. If customers cannot expect responses to their requests and results, they will not make the effort to engage. On the other hand, structural problems that are being addressed are expected to go hand in hand with a decline in the number of complaints regarding these specific problems in the medium term.

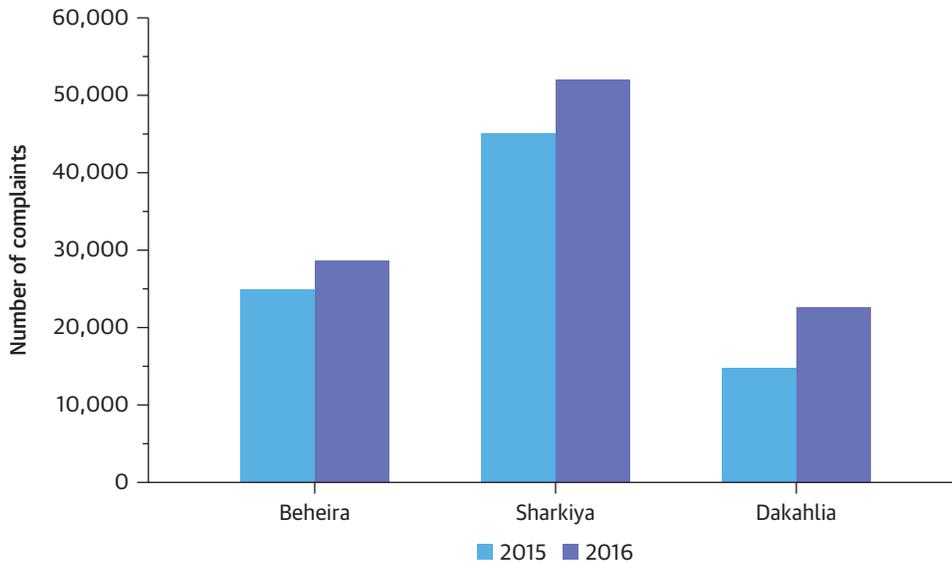
In this sense, future related capacity-building efforts should rather be targeted to locations where a small number of complaints are submitted.

1,518, the lowest incidence among all three WSCs, to 13,101—an increase of 11,583 complaints. The installation of the CMS in the WSC’s Hotline Department during 2015 Q2 (in April) may explain this increase as it allowed the capture of previously unregistered complaints. A similar pattern can be observed for Beheira and Dakahlia WSCs, where the number of complaints increased substantially after the CMS was installed in 2016 Q3 and 2015 Q3, respectively.

Figures 4.3 and 4.4 show the number of complaints registered in the three governorates in 2015 and 2016, per year and per quarter.

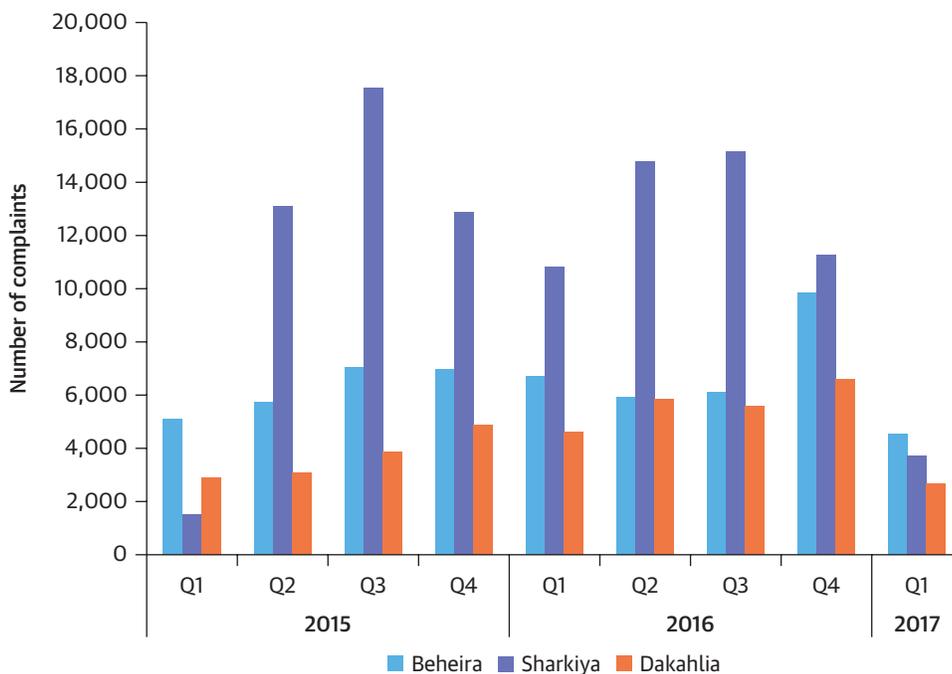
- Between 2015 and 2017, the number of project-level complaints increased from 3 to 34 in Sharkiya, and from 0 to 38 in Dakahlia. Beheira has so far not registered any project-level complaints. In both governorates, the biggest share of complaints center on simple inquiries, mostly regarding the project start dates as well as on the request by excluded residents to be covered by the projects. The third biggest share of project-related complaints concern the acceleration of the projects. The composition of the project-level complaints is shown in figure 4.5.

FIGURE 4.3. Number of Complaints Registered in Target Governorates, 2015-17



Source: World Bank, based on data provided by the three water and sanitation companies (WSCs).

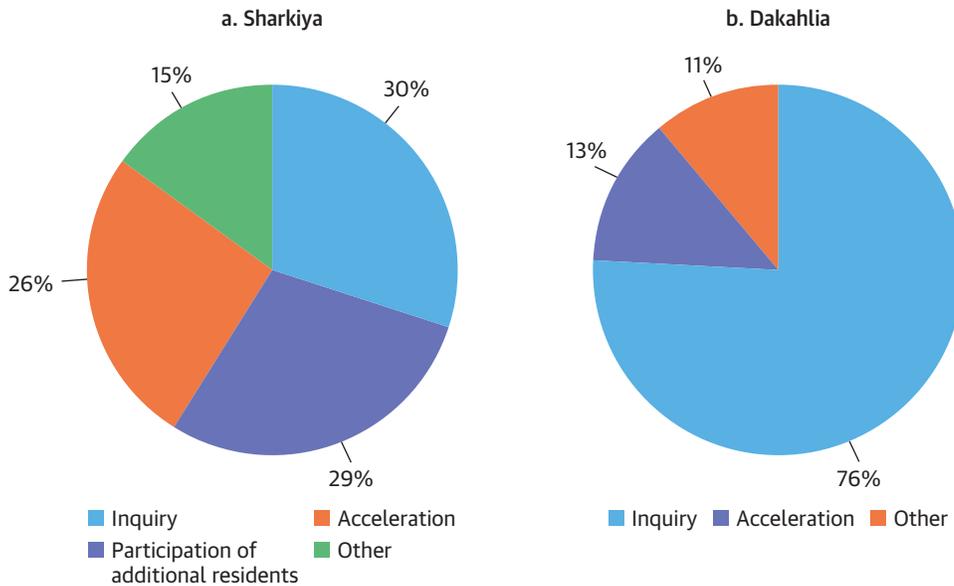
FIGURE 4.4. Number of Complaints Registered in Target Governorates (Per Quarter), 2015-17



Source: World Bank, based on data provided by the three water and sanitation companies (WSCs).

- The increase in complaints varies across communities and villages in the three governorates. In *Dakahlia*, the increase in complaints between 2016 and 2017 is driven mainly by complaints registered in Gharb Almansura which have increased from 4,972 to 7,594, that is, by 2,622 complaints. The greatest increase was experienced between 2015 Q3 and Q4, in Gharb Almansura with 987 additional complaints. In *Sharkiya*, the increase in complaints is driven by complaints registered in Faqus, Menya El-Kamh, and Belbis. These villages experienced increases of 1,967, 1,668, and 1,145 complaints, respectively. Between 2015 Q1 and Q2 the greatest increases were experienced, mainly in Zagzig, Zagzig City, and Belbis with 2,368, 1,745, and 1,492 additional complaints, respectively. In *Beheira*, the increase in complaints is driven mainly by complaints registered in Damanhour City, which have increased from 3,516 to 6,595 between 2016 and 2017 that is, by 3,079 complaints. Between 2016 Q3 and Q4 the greatest increases were experienced, mainly in Damanhour City and Mahmoudia by 1,962 and 266 additional complaints, respectively.

FIGURE 4.5. Complaint Type of Project-Level Category in Sharkiya and Dakahlia
Percent



Source: World Bank, based on data provided by the three water and sanitation companies (WSCs).

Figure 4.6 shows the number of complaints registered in the target governorates (per community or village) between 2015 and 2016.

- The average time to resolve complaints has improved in Beheira. The percentage of complaints that are resolved within 24 hours and in less than 48 hours has increased by 8 and 1.73 percentage points between 2015 and 2016, respectively; likewise, the complaints which are resolved in more than 72 hours or which are not resolved, have decreased by 5.32 percentage points in the mentioned period (figure 4.7). Moreover, the resolution time for sanitation-related

complaints displays better values than the total average resolution time (including all complaint categories) both in 2015 and 2016. However, Sharkiya governorate experienced a slight deterioration in its average resolution time. The percentage of complaints which are resolved within 24 hours and in less than 48 hours decreased by 1.17 and 1.91 percentage points, respectively; and complaints which are resolved in more than 72 hours or which are not resolved have increased by 3.80 percentage points (figure 4.7). Nevertheless, the resolution time for sanitation-related complaints displays better values than the total average resolution time, mainly in 2016. For Dakahlia, data was only available for 2016; hence, it did not allow for the identification of any trends.

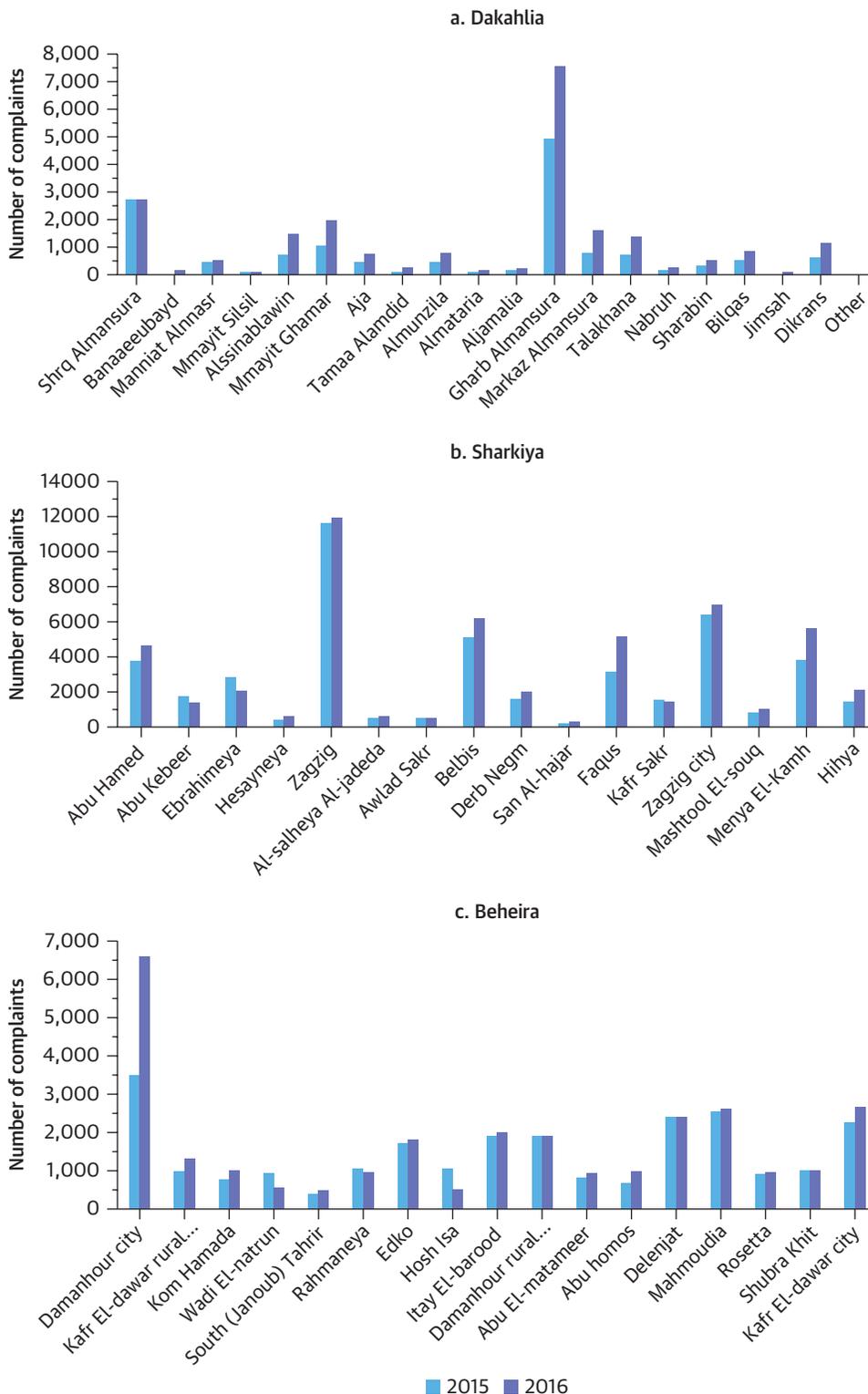
4.3 Capacity-Building Support to Strengthen M&E Systems

4.3.1 Challenges and Opportunities

M&E Systems

Data collection and reporting is not a new practice in the Egyptian water and sanitation sector. WSCs have been collecting, compiling, and reporting comprehensive data to a variety of central institutions. Despite that, this has had a very limited impact on sector performance and the utilization of such data by decision makers, including WSC management, remains negligible. The existing M&E systems were not fully assessed during the preparation of the PforR operation. As the success of the PforR is mainly based on the capacity of WSCs to provide reliable results, the WSP TA supported the PMU at its request to conduct a

FIGURE 4.6. Number of Complaints Registered in the Target Governorates (Per Community or Village), 2015-16



Source: World Bank, based on data provided by the three water and sanitation companies (WSCs).

comprehensive assessment of M&E systems and data collection methods in use in the sector. Below are the main findings of this assessment and the action plan developed to strengthen M&E systems:

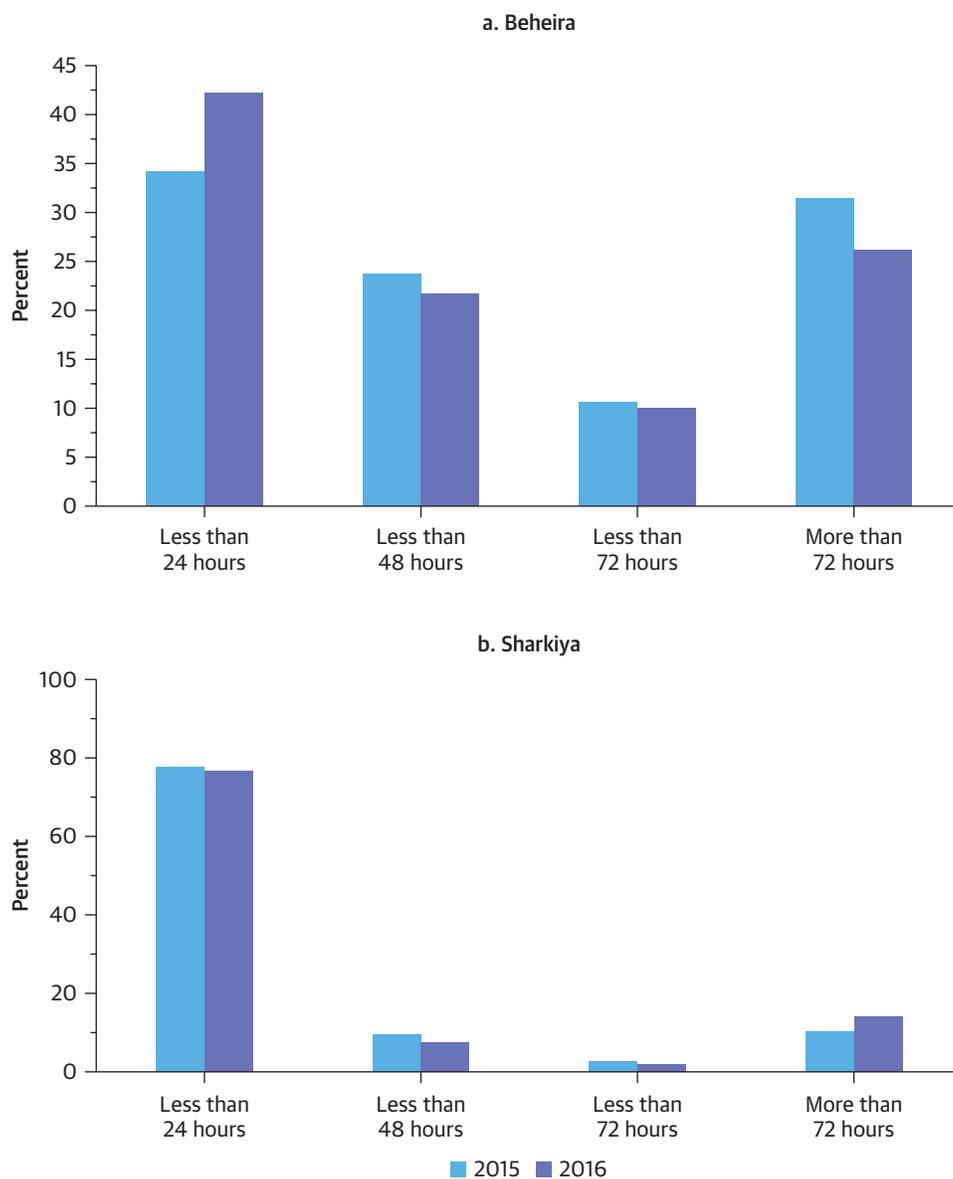
Monitoring, Analysis, and Reporting System

The Monitoring, Analysis, and Reporting System (MARS) is used by the HCWW to receive data from its affiliated companies. Since 2008, MARS has evolved a number of times and its latest version emerged as a web-based application in 2011. This system was implemented in 23 out of HCWW's 27 subsidiary companies. The data entered by the WCs are used to generate reports and performance indicators to support senior management in decision making and assessing the performance of various departments. Usually, reports are discussed in the monthly meetings of HCWW and WSCs. MARS uses 79 data elements on water services and 45 other elements on sanitation to calculate 70 indicators.

Annual Information Return

Annual Information Return (AIR) is the monitoring system used by EWRA, which plays the role of sector regulator. Only 19 out of the country's 27 WSCs currently use AIR. EWRA utilizes this

FIGURE 4.7. Average Resolution Time in the Target Governorates, 2015-17



Source: World Bank, based on data provided by the three water and sanitation companies (WSCs).

tors three levels of performance (good, acceptable, and unacceptable) based on assigned score values.

Accountability State Authority

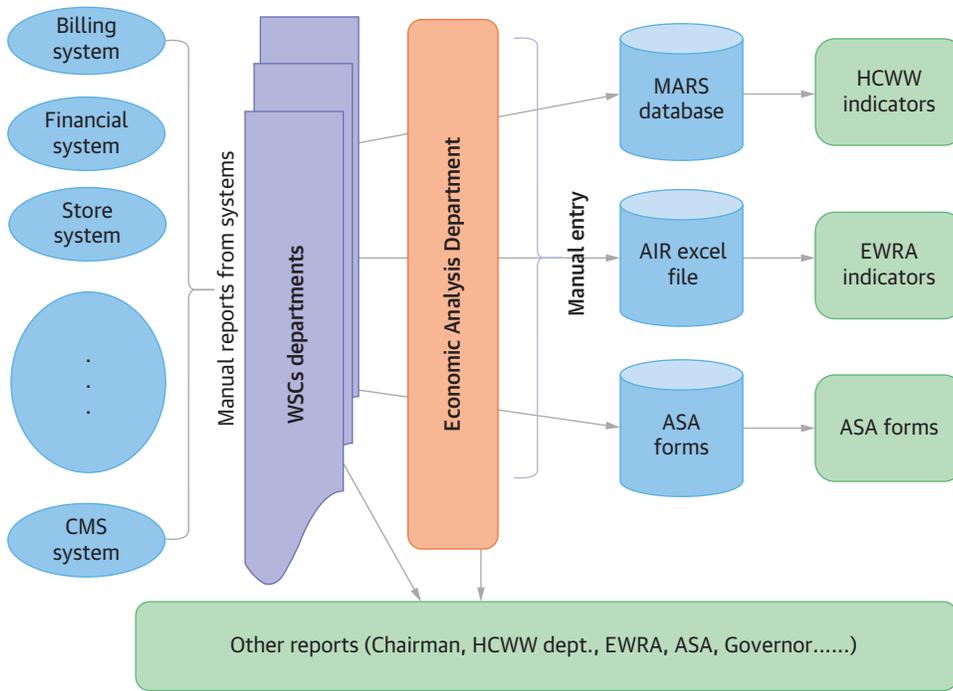
The Accountability State Authority (ASA) requires all public entities to report annually using specific reporting templates developed by ASA. This applies to the WSCs which use the same templates to report on a number of figures. Figure 4.8 shows the existing M&E practices:

From an analytical perspective, the existing M&E tools require the data collected by different departments of the WSC, some of which is only available in paper format. The general trend is

system for M&E purposes and the generation of reports that measure individual WSCs' technical competences and observe their performance improvement. EWRA, subsequently, issues a benchmarking report that clusters the governorates into groups corresponding to the WSCs' geographic location and environmental conditions. EWRA sends its annual report to HCWW to be passed on to the WSCs. In fact, the report is rarely disseminated within HCWW or to its subsidiaries.

Since the launch of AIR's first version in 2008, the system has undergone a few modifications. The current version, in use since 2012, is MS Excel-based and comprises 25 tables needed to accommodate the 600 data elements requested by EWRA. Only some of these data elements are used in the calculation of EWRA's 66 indicators classified as financial, customer protection, water quality, or technical. EWRA singled out seven indicators to gauge the performance of the WSCs and provided for each of the indica-

FIGURE 4.8. Existing M&E Practices



Source: MHUUC 2016a.

Note: M&E = monitoring and evaluation; CMS = complaint management system; MARS = monitoring, analysis, and reporting system; AIR = annual information report; ASA = accountability state authority; HCWW = holding company for water and wastewater; EWRA = Egyptian Water Regulatory Agency; WSC = water and sanitation company.

that reporting is one-way as feedback on performance is nonstandardized and almost absent. Furthermore, some of the WSCs stopped using MARS two years ago without HCWW noticing. This reflects the lack of confidence of the central government and HCWW in the quality of the data provided by the WSCs as well as the lack of usefulness of such systems that provide mass data with no standardized methodology of utilizing them in making operational decisions or in crafting sector policies. The *de facto* centralized management and decision making of the system and lack of WSC capacities to harness the outcomes of these tools in a solid and systematic fashion are the main impediments to the full utilization of data. Furthermore, the uniform

and centrally determined service tariff that does not reflect the actual cost incurred, coupled with government subsidies have a negative impact on the willingness of WSCs to invest in improving the quality of the data collected across the sector. The following lists summarize the main strengths and weaknesses of the M&E systems and practices in the sector:

Strengths:

- Monitoring, evaluation, and reporting are commonplace practices in the Egyptian water and sanitation services sector. This is highly beneficial and provides an excellent starting point for future improvements to M&E practices.
- There is a good level of automation, especially of billing and complaints (CMS) operations, at the branches level. Although these systems are linked with the systems at WSCs' headquarters, they are yet to be anchored to any of the existing M&E systems at WSCs.
- Existing infrastructure is of an acceptable quality in some WSCs and could be amplified to accommodate an enhanced M&E system.
- Geographic information system (GIS) expertise and tools are available and existing databases can provide a large number of data elements about the daily operations of the sector. However, data quality needs to improve.

Weaknesses:

- Lack of awareness about the importance of M&E beyond the tedious process of data entry and reporting. Sector stakeholders, at all levels, have to be able to develop an interest in having a robust and meaningful system that informs their decisions.
- Lack, if not absence, of a feedback mechanism through which authentic knowledge sharing and promotion of best practices could be performed.
- Information compiled through the various systems is rarely used in informing management decisions at WSC level. Therefore, the M&E becomes an obligation rather than an integral part of the day-to-day operations of the WSC.
- Data quality is suboptimal which has limited various stakeholders' appetite to use such systems in decision making.
- Government subsidies and uniform tariff structure diminish M&E usefulness and affect data quality.
- Duplication of work as staff members have to feed data into two separate systems, AIR and MARS. The two applications need to be merged and the resultant system needs to satisfy the needs of various parties.
- Limited coordination with some major sector stakeholders such as the Construction Authority for Potable Water and Wastewater (CAPW), NOPWASD, and New Urban Communities Authority. These entities are central to sector development especially in light of the strategic plans to expand sanitation infrastructure.
- Not all information accumulated and reported through various systems is used. Some of the 600 data elements requested by AIR are never utilized in the calculation of the indicators. Furthermore, AIR only uses 7 out of the 66 indicators the system can calculate.
- There is high staff turnover and difficulty in retaining well-trained staff and keeping them within the M&E loop.
- Data entry suffers frequent delays and management plays a marginal role in ensuring timely reporting.
- Multiplicity of data sources, incomplete automation, and unavailability of certain data elements (on water production for example) decrease confidence in data quality and limit the usability of the M&E systems.
- There are insufficient human resources and capacities to ensure data collection, aggregation, and reporting.
- Occasional confusion exists about the roles of certain departments in the M&E processes, most notably the IT, management information system, and economic analysis departments.
- Presently, CMS is not capable of capturing all complaints.

- GIS databases at WSCs have to be upgraded and linked with other departments such as water and wastewater, and complaints.
- Insufficient and incompatible hardware equipment and incompatible software programs lead to multiple data entry for different systems.

Data Collection

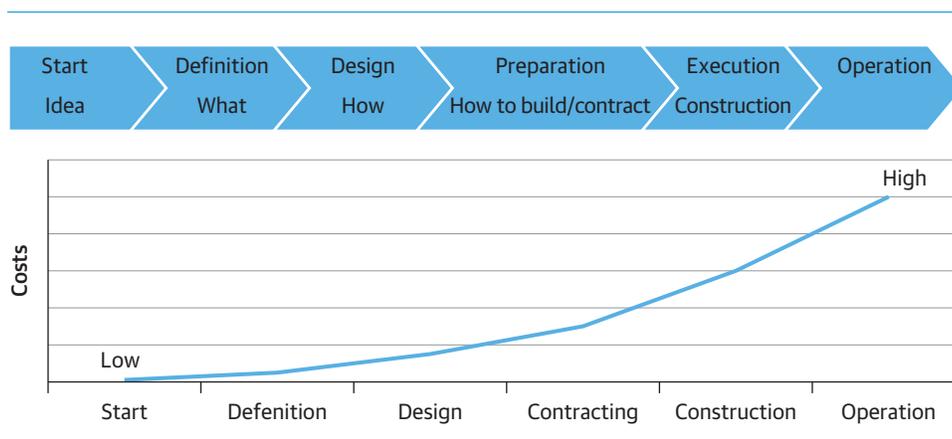
Inaccurate data can result in erroneous designs, defective construction, and ineffective operations. Therefore, it is more feasible and cost effective to invest in gathering the data of best attainable quality at project onset than to correct the designs and adjust construction as the project progresses. Figure 4.9 displays a typical relation of the cost of changing the design across various stages of the project.

Data management is an inclusive process that needs to be thoroughly discussed with concerned stakeholders. Previous experiences in Egypt fell short of realizing their full potential because the WSCs, from which most data originate, were not sufficiently consulted at the early stages of data collection and management planning. Rigorous data collection and quality control measures must be adopted in order to achieve sound data management. These measures vary according to the entity in charge and its usual practices, the format of available data, and the nature of the data.

Therefore, certain standard actions need to be implemented when data are available in paper format, whereas the collection of digital data might need a different guideline. Likewise, qualitative data require a clear collection methodology that specifies how all the parties should record their findings and write them up into transcripts and reports as appropriate. It is essential that all stakeholders are clear on what needs to be provided in what format before kicking off with implementation. The collection of quantitative data must have an identified data manager, to supervise data entry operators and data editors. The GIS department is responsible for all water and wastewater treatment plants and networks databases and it is linked with a central database at HCWW that has all WSC systems anchored to it. The company uses GIS as a tool to store data

on network maintenance and the system can be used to provide data related to some indicators such as water and wastewater service coverage, production and treatment, and number of household connections. Each WSC should provide its branches with a GIS interface in order to keep a record of water networks and valves maintenance and link it with the HQ. Wastewater networks maintenance is yet to be linked.

FIGURE 4.9. Exponential Increase in Costs with Project Progress



Source: World Bank elaboration.

Each WSC has built its own database for the water and wastewater sector on GIS maps via ESRI ArcGIS software. The GIS maps are divided into layers including buildings, roads, water streams, and landmarks, in addition to the water and wastewater systems. Each layer bears certain data elements (service area, construction date, diameter, material, and so on). The GIS maps represent existing components and are continuously updated, whether in base map or network facilities; this requires a regular and accurate flow of information from other departments such as the laboratory, and water and wastewater departments.

The water and wastewater departments are responsible for the gathering of data on the water and wastewater treatment plants, pumping stations, and networks. Monthly performance reports on water and wastewater treatment (production, electrical consumption, and chlorine and alum consumption) are prepared by the water and wastewater heads of department for the WSC's internal evaluation. These reports are then submitted to the economic analysis department to be entered into MARS or AIR.

4.3.2 Capacity-Building Support Activities

Strengthening the M&E Systems

The 12 main indicators that have been designated to gauge progress toward achieving the goals of the SRSSP correspond to the aforementioned result areas and are divided into two main groups (tables 4.4 and 4.5):

Since meeting the targets of the DLIs will determine the flow of financing from the World Bank to SRSSP, a robust M&E system is needed. The development of the system has involved the following steps:

Capacity Building and Awareness Raising

Capacity building and awareness raising on the principles and application of M&E have involved binary workshops and bilateral meetings with individual WSCs.

Two main workshops were organized to build the capacity of the M&E activities (see photos 4.4 and 4.5).

TABLE 4.4. Disbursement-Linked Indicators (DLIs): Six Main Indicators

Result area 1	Result area 2	Result area 3
DLI 1: Establishment and functioning of at least 167,000 new household (HH) connections to working sanitation systems in villages and satellites of which at least 10% of connections are in satellites	DLI 3: Design and implementation of the annual performance assessment (APA) system for WSCs and WSCs' achievement of the required APA threshold scores in accordance with the Program Operations Manual	DLI 4: Preparation and approval of new national tariff structure to allow for sustainable cost recovery
DLI 2: Annual transfer of performance-based capital grants by MHUUC to eligible WSCs		DLI 5: Establishment of PMU and approval of a National Rural Sanitation Strategy
		DLI 6: Approval of standard operating procedures on land acquisition for NRSP issued by MHUUC

Source: World Bank 2015a.

Note: APA = annual performance assessment; MHUUC = Ministry of Housing, Utilities and Urban Communities; NRSP = National Rural Sanitation Program; PMU = program management unit; WSC = water and sanitation company.

TABLE 4.5. Non-Disbursement-Linked Indicators (Non DLIs): Six Main Indicators

Result area 1	Result area 2
833,000 people provided with access to “improved sanitation facilities” under the Program	WSC operating ratio
150,000 new household sewer connections constructed under the Program	Citizen engagement a) Grievance mechanism functional b) Citizen report card
	Develop and implement a procurement procedures manual and standard bidding documents
	Percentage of functioning wastewater treatment plants in governorate operating to Egyptian standards

Source: World Bank 2015a.

Note: WSC = water and sanitation company.

PHOTO 4.4. M&E Workshop, 2016



Credit: World Bank.

Note: M&E = monitoring and evaluation.

PHOTO 4.5. Capacity-Building Workshop for M&E Task Force, 2017



Credit: World Bank.

Note: M&E = monitoring and evaluation.

First, an M&E workshop was attended by the Ministry of International Cooperation, the PMU, the three WSCs, EWRA, HCWW, and the World Bank. The main objectives were to (i) raise awareness of stakeholders on the importance of M&E in service delivery and bring them all to the same level of understanding, (ii) have a common understanding of the indicators of the SRSSP results framework mentioned in the PAD and the reporting responsibilities and requirements of each entity, and (iii) consult on sector M&E vision and preparations. As a result of this workshop an M&E taskforce team was established. The main objective of the taskforce is to ensure the implementation of the proposed action plan effectively and in a timely fashion.

Second, a capacity-building workshop for the M&E taskforce was delivered on January 18, 2017 to perform capacity assessment, identify M&E capacity-building needs, and make sure that all members of the taskforce have the same understanding of the main results and findings of the assessment. Also one of the main objectives was to determine the related tasks and responsibilities of the team. This will probably require implementation of several orientation and training sessions on monitoring and evaluation.

Special attention is being given to building the capacities of the WSCs on data collection related to the designs of the projects; this will be financed through the SRSSP and correspond to DLI1. See “Strengthening Data Collection” below

for an explanation of the capacity-building efforts exerted to ensure sound understanding of the data needed and to secure the highest attainable data quality.

Development of an M&E Plan

This activity was intended to help the PMU and the WSCs to agree on a clear definition of each indicator, its baseline and target values, and determination of the calculation method. These issues have been agreed upon with active participation from concerned stakeholders, most prominently the WSCs. One of the effective tools used was the World Bank-recommended tool for M&E planning which specifies for each indicator the definition, source of data, responsibility, frequency, and calculation methodology.

Various materials have been developed and distributed to stakeholders. Other necessary guidelines and user manuals will be provided to help system users and standardize processes. Software tools and hardware equipment are being supplied in order to standardize the collection and reporting of data.

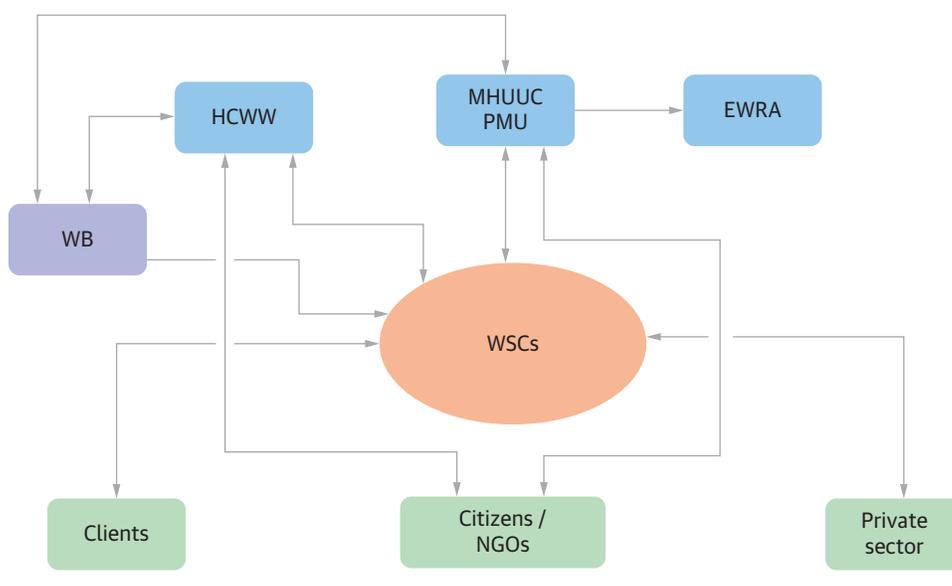
Development of a Unified Sector M&E System

The components of the M&E system developed to serve the calculation and reporting of the PforR indicators will be further fleshed out and harnessed to build a unified M&E system at the water and sanitation sector level. To guarantee smooth implementation and eliminate duplication, the PMU is working to strengthen coordination and ensure a

clear definition of the roles of various stakeholders involved in this project. This requires sector principal organizations (EWRA, HCWW, WSCs, and NOPWASD) and other government and nongovernment agencies such as the Ministries of the Environment, Health, Finance, Irrigation, Finance, and Social Development to work together. Figure 4.10 shows the program's main stakeholders.

As figure 4.10 shows, the WSCs lie at the heart of the structure for they are the owners of the infrastructure that will be developed and they will be in charge of its future operation and

FIGURE 4.10. Program Main Stakeholders



Source: MHUUC 2016a.

Note: WB = World Bank; HCWW = holding company for water and wastewater; MHUUC = Ministry of Housing, Utilities and Urban Communities; PMU = program management unit; EWRA = Egyptian Water Regulatory Agency; NGOs = nongovernmental organizations; WSCs = water and sanitation companies.

maintenance. The WSCs will be in charge of project implementation (results area 1) and they are expected to perform the following:

- Ensure user needs are understood, accurately specified, and communicated as they will:
 - Supply the engineering company with required data;
 - Communicate the requirements of the operational and maintenance departments; and
 - Allocate sufficient resources through the creation of a dedicated project unit within the WSC to communicate between the WSC and engineering companies.
- Sustain the communications between the benefiting communities and project team, and translate the needs and comments of the community into instructions to the PMCF or engineering company.
- Ensure that the selected solution meets user expectations and satisfies their needs, and delivers the best value for money.

Strengthening Data Collection

The capacity-building activities were undertaken to help the PMU and WSCs achieve the following objectives:

- Collect basic information before the commencement of the PMCF's contract. This saved significant time and efforts and helped to deliver the DLI1 in a timely fashion.
- Organize capacity-building workshops on data collection.
- Develop key reports on data collection.

The main activities carried out during the data collection process can be summarized as follows:

- Assist in the development and adaptation of data collection instruments.
- Review data collection toolkit and templates.
- Select geographic priority clusters representing at least 15 percent of the identified clusters during the preparation of the Program.
- Collect data related to served and unserved villages including satellite villages and existing WWTPs.
- Collect data on each village in the cluster.
- Support data collection for baseline and annual verification.
- Ensure data verification and quality, and identification of gaps.
- Prepare workshop on data collection methodologies and tools.
- Provide capacity building to WSCs on data collection.
- Compile a report on data collection.
- Provide support and capacity building to the WSCs during the early phase.

The methodology used to collect data for designs pertaining to the SRSSP comprised the following steps:

- *Step 1.* Templates (table 4.6) were prepared for design data collection and International Benchmarking Network for Water and Sanitation Utilities toolkit. The design data sheets were prepared by the PMU and provided to the WSCs.
- *Step 2.* Capacity-building workshops were organized at each of the benefiting WSCs with the participation of EWRA, HCWW, and PMU in order to reach a common understanding of data collection requirements. The objectives of the workshops were to:
 - Introduce stakeholders to the program and raise awareness about its objectives;
 - Support the WSCs in data collection; and
 - Present data collection templates to familiarize the WSCs with the data sheets and realize the critical role their staff will be playing in data collection.
- *Step 3.* The first round of data collection was finalized by the PMU in March 2016.
- *Step 4.* A report was drafted on the first round of data collection and capacity-building workshops. Three workshops, one in each of the participating WSCs, were held for the verification of the outcomes of the first round of data collection and identified the main issues that needed to be considered for round two.

TABLE 4.6. Template for Data Collection

Data description	Unit	2016	2037	Source of data
UNSERVED VILLAGE NAME:		Kfr Behid		
UNSERVED VILLAGE CODE:				
Coordinates				
Associated cluster:				
Population				
Number of water connections				
Number of sewer connections				
Number of registered buildings/houses				
Number of unregistered buildings/houses				
Number of households				
Volume of water consumed	m3/d			
Volume of wastewater produced	m3/d			
Estimation of COD pollution load	COD mg/l			
Estimation of BOD pollution load	BOD mg/l			
Average depth of groundwater				
Diarrheal disease prevalence of children under 5 years old	number per 100,000			Social annual participatory survey
Willingness to be connected	EP/connection			

Source: MHUUC 2016e.

Note: COD = Chemical Oxygen Demand; BOD = Biochemical Oxygen Demand; EP = Egyptian Pound.

- *Step 5.* The second round of data collection followed the workshops and involved bilateral meetings with representatives of individual WSCs to complete missing data and solve challenges to data collection.
- *Step 6.* Two workshops were held, one for each DLI, with the presence of representatives from the HCWW, WSCs, and EWRA to discuss progress on data collection for design preparation, selection of priority villages, and data collection report (DLI1).
- *Step 7.* An information package was put together by the PMU and WSCs. This resulted in significant time saving and enabled the PMU to start the activities on a firm foundation.

4.3.3 Main Outputs

- Detailed assessment of existing M&E systems
- Report on data collection for designs
- Report on capacity-building workshops

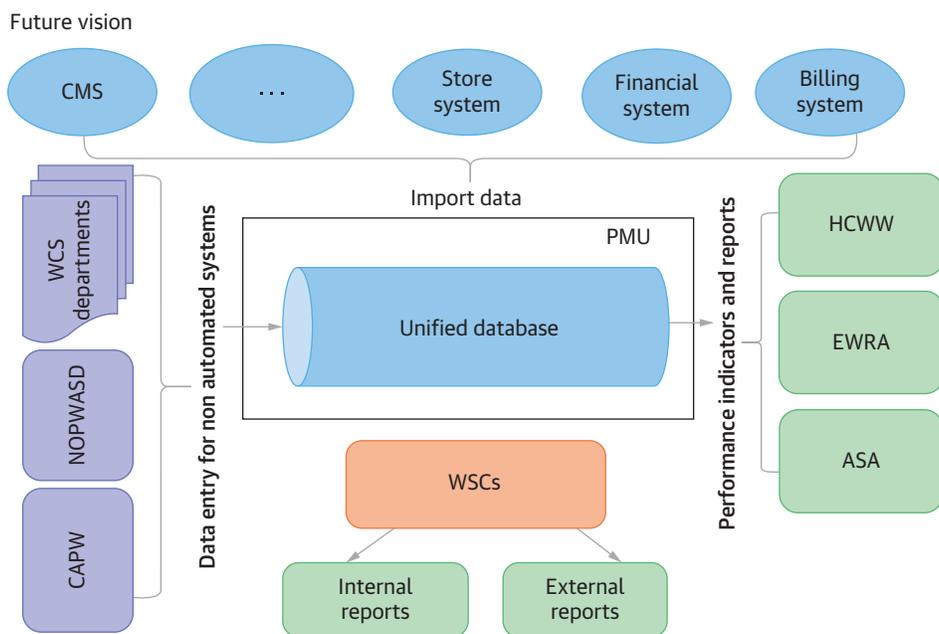
4.3.4 Key Transformational Changes

As mentioned above, there are a number of M&E systems currently being used, at least partially, to collect and report on the sector’s overall progress. Thanks to the capacity-building support provided, all the parties now agree on the need to work together to improve the

M&E practices within the sector, and building on existing tools, mainly AIR and MARS, to develop one system that serves the purposes of all users and ensures better data quality. The sector M&E system is expected to use a unified database in which data from all concerned stakeholders will be stored. The unified system is expected to help avoid the duplication of data entry, ensure proper attribution, and provide each user, including the WSCs, with just the data and indicators it needs to perform its duties. Figure 4.11 explains the proposed new system.

The indicators to be used in the proposed unified M&E system are mostly derived from those of AIR and MARS. To ensure the smooth

FIGURE 4.11. Proposed New Unified M&E System



Source: MHUUC 2017b.

Note: M&E = monitoring and evaluation; CMS = complaint management system; HCWW = holding company for water and wastewater; PMU = program management unit; ASA = accountability state authority; EWRA = Egyptian Water Regulatory Agency; CAPW = Construction Authority for Potable Water and Wastewater; NOPWASD = National Organization for Potable Water and Sanitary Drainage; WSCs = water and sanitation companies.

transition between the PforR and sector M&E systems, the categorization of sector performance indicators copies that of DLI3, comprising four distinctive groups: operational, institutional, financial, and citizen engagement. In addition to these indicators, which will be used to measure the performance of the WSCs, a number of central indicators were proposed as they can collectively draw a picture of the status of the sector at national level.

One of the benefits of the unified database is that it eliminates the need for multiple entry of the same data elements. This also ensures higher data quality since WSCs currently perform separate data entry for each of the systems, which poses a potential risk of data alteration, probably to satisfy report recipients. The new M&E system will allow for a standardized feedback mechanism that leads to performance improvements. It will also facilitate knowledge sharing on best practices. The feedback mechanism will require building the capacities of stakeholders to analyze data and reports, identify and study trends, and attribute the favorable practices that have resulted in good performance.

Local capacity development is instrumental for the success and sustainability of the M&E system. Awareness raising, consultation, and training are taking place concurrently with the development and acquisition of the software and hardware equipment. Awareness raising is targeting all sector stakeholders and aims to highlight the importance of results-based management (RBM) especially to WSC management. Furthermore, the importance of having a robust M&E system based on accurate data is being promoted. Below are the measures pursued to ensure effective data management:

- Standardization of the definitions of data elements, indicators, data sources, and frequency of data entry.
- Ensuring that all involved personnel, at all levels, have equal understanding of these definitions and are equipped with the necessary capacity building, manuals, and guides. Assigned staff needs to be sensitized on the importance of reporting high quality data.
- Automation of data generation, and investing in completing the automation of the departments and branches where data entry is still performed manually, and in upgrading existing systems. Computerized systems will feed data directly into the unified database and minimize the human handling of data.
- Ensuring that new systems are compatible with the unified database hosted by the PMU.
- The PMU, HCWW, and EWRA will constantly follow up and monitor the quality of the data reported by the WSCs. Field inspection, cross-checking, and other validation methods will be performed regularly, and only correct figures will be accepted.
- The utilization of the system in the decision-making processes at various levels will encourage involved stakeholders to maintain high data quality.
- The M&E system, starting with the tools needed to satisfy the requirements of the PforR and moving on to scaling it up and including additional indicators on sector performance at the national level, presents a very useful instrument that can be utilized by other sectors.

Notes

1. Loan Agreement Schedule 2 Section I. (C) (8).
2. At the time of the submission of this report, the complaint mechanism had not yet been implemented, therefore no details regarding its functioning could be provided.
3. Quarter one (January 1-March 31), quarter two (April 1-June 30), quarter three (July 1-September 30), and quarter four (October 1-December 31). For 2017, data is available only for part of Q1 up to January 31; hence, it has not been considered in the analysis.

There are several lessons learned from the SRSSP that could best serve the World Bank and its clients in supporting the preparation and implementation of PforR programs. The **general Program-level** lessons learned can be summarized as follows:

1. **Client demand and taking advantage of windows of opportunity can create an enabling environment for reform.** The policy context in which the SRSSP was embedded was one element of an enabling environment, created by citizen demand for better services and government will to respond in the aftermath of the Arab Spring. Decentralization and strengthening accountability to citizens is a core aspect of the government's service delivery improvement strategy, as manifested in the Local Administrative Law. As part of the reform strategy in the sector, the government of the Arab Republic of Egypt (GoE) intends to go beyond the initial boundaries of the PforR and initiate a broader national water and sanitation reform.
2. **Leveraging lessons learned from previous projects can be crucial to overcome political economy constraints.** Critical lessons learned from ISSIP 1 and 2 have been used to inform the design and implementation of SRSSP. Recognizing that previous efforts that build upon an approach focused on centralized infrastructure investments did not translate into expected results, the Program reinforced service delivery and enhancing accountability of front-line service providers to the citizens at the center of the debate.
3. **Government commitment and high-level oversight can mitigate risks of interference in implementation by vested interests.** One of the strategic decisions to mitigate the risk of interference in implementation by vested interests was the strengthening of the center of government functions related to sanitation supply, through the creation of a PMU in the office of the minister responsible for the sector, as a sort of delivery unit. Close oversight by the minister and through the cabinet of ministers is ensured. At the same time, because of the high priority given to the Program by the President of Egypt, it is subject to frequent reports to the President and monitoring by his staff. There is a need for strong leadership at the central level. The Program Management Unit (PMU) has been formed and has taken on the responsibility of leading on the development of the M&E system. It is also ensuring that any products are in line with local institutional and technical norms. Furthermore, highlighting the benefit of such systems to the WSCs and other stakeholders increases the sense of ownership, essential for system sustainability and reliability. Finally, it contributes to raise the awareness of policy makers and legal advisers of the client of the importance of procurement, citizen engagement, and M&E toward good governance, sustainable development, and accountability.
4. **Combining the lending operation with targeted technical assistance from the outset is key to create capacity.** In the SRSSP, ongoing, efficient technical assistance (TA) and effective

capacity-building support through the Water and Sanitation Program was provided at the preparation and implementation stages of the Program in order to support the government of Egypt in its reform efforts. This support was strategically targeted to build capacity and raise awareness especially within the PMU and WSCs.

5. **Developing close collaboration between the team working on the TA and the team working on the PforR operation.** This is the success driver that led to the successful implementation of the TA and the Program. The type of client engagement and the way World Bank staff works differently with the government at all levels during preparation and implementation is the key factor to success in this case.
6. **Developing instruments and guidelines that can be replicated beyond the pilot zone of the Program** provides opportunity for expanding good practices throughout the sector and other sectors. At this early stage of the implementation of the SRSSP, the Procurement Procedures Manual (PPM) has made visible cultural change in the outlook of both bidders and the contracting authorities toward procurement. It is now regarded as a well-defined discipline with checks and balances. The Holding Company for Water and Wastewater (HCWW) has declared that it will replicate the PPM in the new WSC regulations that it is intending to prescribe for some 35 WSCs under its overall direction and which are distributed geographically all over the Egyptian territory (the PPM is currently applicable to three WSCs who are the beneficiaries of the SRSSP). For example: the Upper Egypt Local Development Program and land SOP.

There are crucial **procurement**-related lessons learned that can be identified from the capacity-building support provided:

7. **Introducing alternative dispute resolution provisions will enhance the integrity of WSC procurement processes and citizen engagement.** With the complaints handling mechanism, WSCs will feel the pressure to adhere to the provisions of the PPM and the standards of best practice.
8. **Improving the current procurement practices in providing international best practices.**

There are crucial **citizen engagement**-related lessons learned that can be identified from the capacity-building support provided:

9. **The use of demand-side metrics aligned with supply-side indicators can help activate upward and downward accountability pressure.** The strong focus on citizen engagement (CE) is unprecedented in the water and sanitation sector both in design and implementation. The key in the case of the SRSSP is that the success of the Program is intrinsically related to the extent to which citizens are involved and state systems accountable to them. This not only necessarily raises the demand of citizens, but, more importantly, uses a built-in system (annual performance assessment, disbursement-linked indicator, DLI) that requires the WSCs to improve citizen engagement mechanisms and WSC

decision-making and planning processes over time based on direct beneficiary feedback and users' information about the service collected through the citizen report card (surveys) and grievance redress mechanism (GRM). In this sense, demand-side creation and supply-side improvements are intertwined. The design partly ensures that CE does not just become a “tick box” exercise, but that solid CE mechanisms will be set up and the momentum sustained.

10. **Using a multi-pronged citizen engagement intervention can be impactful.** The Program streamlined citizen engagement throughout the entire program cycle, including preparation, implementation, and evaluation. Using different citizen engagement mechanisms that complement each other, that is, participatory planning, GRM, and citizen report cards (surveys), as well as reinforcing them with awareness raising and capacity building, uniquely creates voice and empowers stakeholders for change.
11. **Continued effective technical assistance is key to making progress on the citizen engagement agenda.** The TA drew on internal capacity in Egypt complemented by international World Bank staff to provide capacity building in citizen engagement and GRM. This support was strategically targeted to build capacity and raise awareness especially within the PMU and WSCs and needed to move forward on the CE agenda. A program management consulting firm (PMCF) has been assigned, additionally, to engage with the targeted communities and build capacity at the local level. Community outreach workers have proven crucial in building awareness and disseminating program-relevant information and gained the trust of local populations. This support structure helped narrow gaps in implementation capacity across governorates.
12. **Reform champions both in and outside of the government were necessary to take citizen engagement to the next level.** Creating organizational capacity through investments in staff and working with a coalition of like-minded reformers has been crucial. Also, leveraging long-standing trust built with clients has been key. The Program followed up closely with different counterparts and invested heavily in capacity building among all stakeholders at the various levels. First, the Program attracted highly qualified staff to the PMU and PIUs. Staff members were selected on a competitive basis, fostering long-term commitment to the Program and helping to preserve institutional memory. Second, the Program ensured a multisectoral composition of the respective teams, deploying social development specialists and appointed citizen engagement focal points in addition to the typical profiles found in sanitation programs (such as engineers) to address challenges that hamper service delivery.
13. **Following a gradual, incremental, and iterative approach to integrating citizen engagement into projects can be powerful to change stakeholders' mind-sets and create ownership.** In SRSSP a gradual approach to citizen engagement has been applied because of the complex nature of CE, the time required to build adequate capacity for engagement in a sector where CE is not typical or does not yet exist, and the need for continuous learning.

Behavioral changes at the different administrative levels were gradually promoted. Citizen engagement has not been any side-conversation, but has throughout been at the center of the discussion with the client and implementation agencies to meet the DLI. Creating awareness, sharing experiences, clarifying accountability lines, and having all stakeholders at the different levels in the same conversation furthermore ensured understanding of relevance and commitment toward citizen engagement.

14. **Sequencing activities and getting the timing right has proven important.** The SRSSP invested in laying the groundwork and reforming institutions before implementation could take off. To do this, it has followed a sequenced approach, prioritizing activities to meet the legal covenant (that is, GRM operational) and securing land necessary for the construction works of the sanitation projects. Once these activities were finalized or well advanced, it turned to deepening and improving the quality of the citizen engagement mechanisms. A structured sequence contributed to manage citizens' expectations on public works implementation, which in turn gradually increased trust among stakeholders. The context of the PforR is important because the government needed to implement activities in a timely manner to meet the DLIs and receive program funds. However, reform processes and the political economy around them are not linear and predictable, so that managing-on-the-go is often inevitable (see lesson on *adaptive implementation*, below).
15. **Strengthening country systems is a powerful measure to realign incentives and ensure sustainability.** The SRSSP decided to build upon the existent GRM and further develop it by adding project-level categories, instead of reinventing the wheel. Integrating project-related operational modifications and improvements to the current complaints management system (CMS) has strengthened the country system and facilitates sustainable development outcomes, after the project phase ends. In this sense, this option has created a value added beyond the Program for all stakeholders. Also, GRM-related training and capacity building both at the front-lines and among the citizens might create spillovers and an increase in demand, not only for the project level, but for sanitation-related complaints and inquiries overall.
16. **Adaptive implementation and learning from small-scale community evidence gives room for transformational innovations.** The design of the Program embraces a model of trial, error, and adaptation through pilots and rollouts if positive results were well established. Room for flexibility to adapt activities as deemed useful in implementation is an important feature of the Program. Adaptations occurred throughout as the implementers learned from their experience, from small lessons regarding modifications to outreach efforts to larger adaptations in processes to meet the needs of the diversity of the citizens on the ground. For example, the need to better reach communities for project information purposes prompted the introduction of community committees. Also, the possibility of delays in approvals needed for the land acquisition due to its

intersectoral nature led to the proactive creation of the High-level Inter-Ministerial Committee on Citizen Engagement, which is principally tasked with recommending policies and strategic initiatives related to citizen engagement, receiving and addressing unresolved grievances, and monitoring progress of grievance redress implementation. This process of adaptive learning encouraged innovation at every stage, enhancing program results and sustainability. The demonstration effects strengthened demand for carefully scaling up several initiatives. Implementation and adaptation is continuing as the GoE continues to learn how to meet the local sanitation needs of the rural population.

17. **Leveraging credible local institutions and social structures as an entry point for building consensus on the ground can strengthen social capital.** The process of building consensus and promoting the acceptance of new approaches required considerable engagement with counterparts. To ensure the successful introduction of citizen engagement mechanisms, the program team had to move beyond national-level agreement to build a consensus among local communities. An effective institutional structure at the local level was critical to organizing community participation and engagement. The Program leveraged community participation through channeling dissemination and other Program-related activities through community development associations (CDAs), community cooperatives, or the newly established community committees. These institutions, including the presence of natural, religious, or other types of community leaders who enjoy high levels of trust in the community, were an effective instrument for bringing distinct local groups together, sensitizing and mobilizing local support to work toward common goals. Spaces for deliberation and discussion of project-related issues under the guidance of community workers helped build social cohesion, social capital, enhance local governance, and strengthen organizational and community decision-making capacity, thereby boosting ownership and the sustainability of outcomes.
18. **Tailoring best practices solutions to specific local conditions is key to making citizen engagement work.** The GRM that the country had in place included many good practices, including multiple uptake channels to register complaints, which provided the opportunity for citizens to request better services in the way and at the level that best suits them. Customers in the target villages largely prefer face-to-face situations and would take on a long journey to travel into the WSC HQ or branches to make a complaint instead of using the official hotline (#125) or other channels that enable an automated registration of the complaint in the CMS (such as via website). Therefore, the program prioritized linking the CMS with the customer services centers at the branch (*markaz*) level, where citizens can walk in to make their complaints. Another example is the target communication and information dissemination that is customized to fit the needs of the respective governorates.

19. **Reinforcing improvements at the operational level with organizational changes and institutional development has proven instrumental for coordination purposes.** Operational improvements at the GRM level have been underpinned with a boost in human resources and organizational changes at the various administrative levels that have been institutionalized. In this sense, the creation of an interministerial committee on citizen engagement, for example, has proven instrumental in bringing the different stakeholders involved in citizen engagement activities to the table and has improved cross-sectoral communication and coordination.
20. **Relentless focus on citizen outcomes and targeted communication.** This case is about citizen outcomes. The government and implementation agencies (WSCs) focused on achieving and then disseminating benefits to citizens at each stage of this early implementation. Key has been the combination of ICT with non-ICT tools, as well as non-traditional and traditional dissemination methods to reach a broad audience across all segments of society. CE ICT tools can be used as a supplementary channel for information and engagement, but cannot replace non-ICT tools because of cultural norms and preferences for face-to-face interactions. Possibly because of the targeted public information efforts, the WSCs have been receiving inquiries from other (sub- or satellite) villages expressing interest in being covered by the Program.
21. **Engaging communities from the outset in the planning of the rural sanitation system has been instrumental in securing the required land through community donations.** The CE strategy covered all aspects of involving community members in the planning of rural sanitation systems. In the early stages, community members were engaged by assessing their willingness to participate in the rural sanitation program. As a result of the different citizen engagement activities related to the land acquisition process and the close engagement between PMU, WSCs, and communities, most of the required land for establishing the sanitation systems could be secured mainly through community donations in all three governorates. In particular, there were public hearings and consultation meetings with the community to obtain consensus, both of which were captured by the draft Land SOP, and a checklist was used that was designed and validated by stakeholders to ensure that the processes of the willing buyer-willing seller and voluntary land donation were done in a diligent manner.
22. **Closing the feedback loop and showing rapid results has been important for raising demand and ensuring the functioning of a successful citizen engagement system.** The capacity-building support provided in terms of the GRM-related activities contributed to the improvement in the mechanism's functioning (supply side) and citizens' engagement (demand side). This may have contributed to several positive trends, including an increase in registered complaints and improvement of the average resolution time. Public information campaigns (information disclosure and awareness raising) regarding the characteristics of the sanitation services and projects empower

service users to know and claim their rights. Also the newly added project-level complaint categories in the CMS extend the possible scope for voicing complaints; users are being made aware of this. In terms of the supply side, the expansion of the CMS installation, and training on the new GRM Operations Manual (“GRM guidelines”) for front-line staff at the different levels including the WSC branches enabled previously unregistered complaints to be recorded. Improved functioning of the GRM system, better responsiveness on the part of front-line staff and rapid results can contribute to an increased demand as service users gain trust that their inquiries or complaints are being heard and acted upon, and thus feel more motivated and confident to submit any inquiries or complaints in the future. If customers cannot expect responses to their requests, they will not make the effort to engage. On the other hand, structural problems that are being addressed are expected to go hand in hand with a decline in the number of complaints regarding these specific problems in the medium term. In this sense, future related capacity-building efforts should rather be targeted to locations where a small number of complaints are submitted.

There are crucial **M&E**-related lessons learned that can be identified from the capacity-building support provided:

23. **Local ownership and leadership.** The PMU has been formed and taken on the responsibility of leading the development of the unified M&E system. It is also ensuring the alignment of outputs with the local institutional and technical norms and codes. Furthermore, highlighting the benefits of such systems to the WSCs and other stakeholders can increase their sense of ownership, essential for system sustainability and reliability.
24. **Building the capacities of system users, at all levels, is indispensable to the delivery of desired results.** Capacity development needs to sensitize the users to the significance of their tasks as well as the M&E in improving the operations of their institutions. System users also need to appreciate the importance of accurate data entry in making sound decisions and learn how to attain best data quality from available sources. Building the local capacities also involves the training of concerned staff on the use of the software and hardware equipment, providing them with the necessary materials that they can use as a reference, and explaining to them the exact definitions of the indicators and data elements. The standardization of such definitions helps achieve a good and equal understanding of the system by all users. Moreover, data analysis capacities are needed to enable stakeholders to understand the data and performance trends over time. Such analyses are at the core of M&E as they help in identifying the operational measures that have resulted in good outcomes.
25. **Consultation with and participation of stakeholders in the planning and implementation of the M&E system is key.** This process has to start at the onset of project planning to see what data the stakeholders can collect effectively. Defining the indicators, data

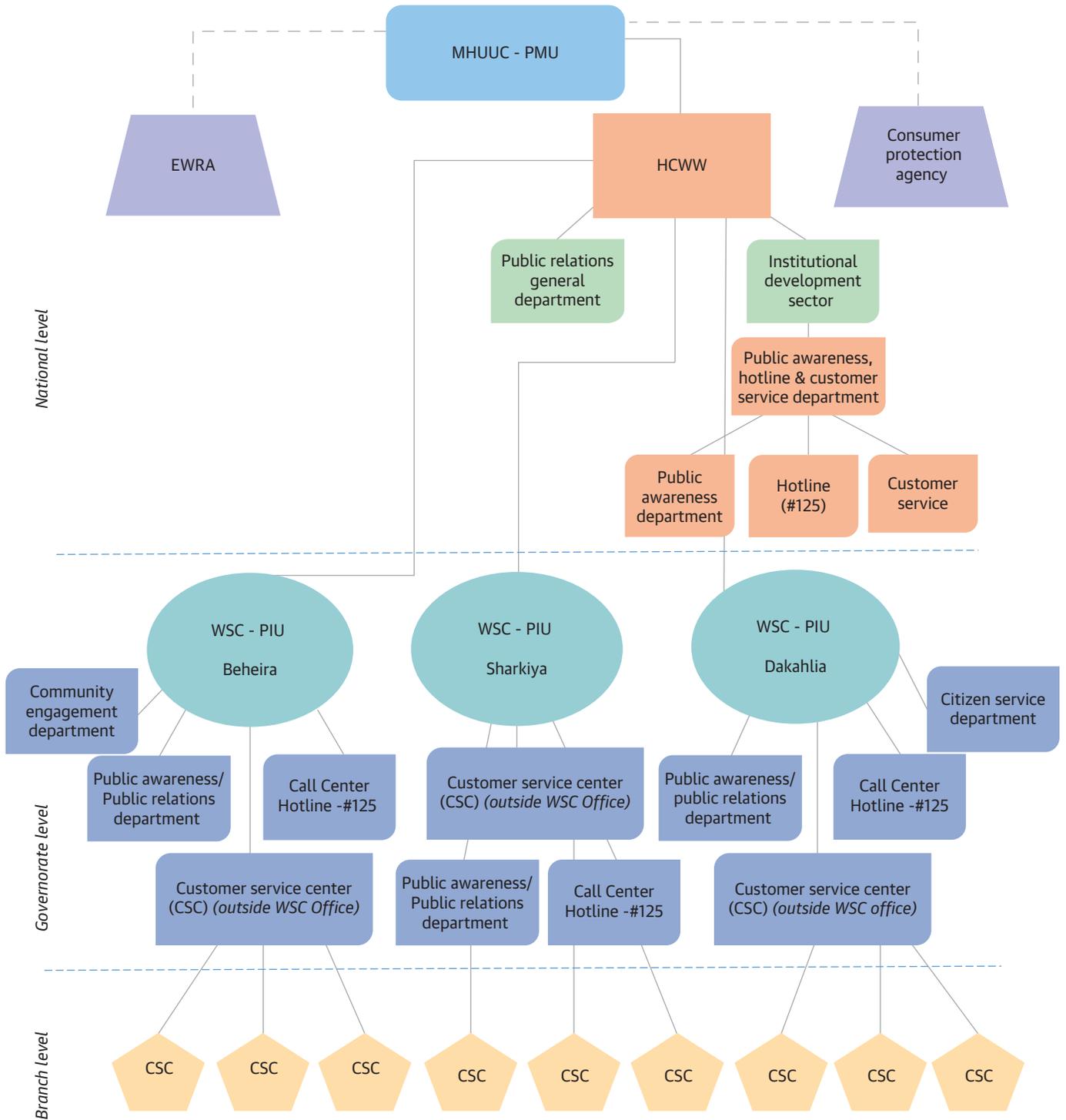
sources, and baseline and target values is critical to the success of M&E operations and, thus, must be carried out in full consultation with the stakeholders. Insufficient consultations can result in unrealistic expectations for project targets. In the SRSSP M&E system, all these parameters have been agreed upon with the three benefiting WSCs, with the PMU being the catalyst.

26. **Concise M&E system.** Excessively elaborate and complex systems can be counterproductive and result in data dodging. These systems are harder to use and involve a large number of indicators not all of which are necessary to serve the purpose of M&E. Moreover, using such systems increases potential error especially in cases where systems are not fully automated. The M&E system for the Egyptian water sector works with a much smaller number of indicators, most of which were picked from the existing reporting systems (AIR and MARS) and are thought to give just enough of an idea on sector performance.
27. **Customization and localization.** There is a large number of internationally recognized performance measurement systems. Although it is very important for M&E systems to be comparable to international standards, it is more important that such systems are adjusted to the local practices and use national terminology.
28. **Cost effectiveness has to be maintained in the development and operation of M&E systems.** This is deeply interrelated with system conciseness and simplicity. Furthermore, users' full understanding of their roles and of the indicators they are going to be reporting on saves time, which can be translated in financial terms.
29. **The highest attainable data quality should always be sought because this will be reflected in the quality of the decisions that will be made based on such data.** This has been stressed throughout the SRSSP stages including the data used to inform the design of new household connections.
30. **Serve a certain purpose, beyond the simple obligation of data collection and reporting.** In Egypt, the aim of the M&E system is to empower service providers, strengthen decentralization, and improve sector financial and technical efficiency. The potential for strong ownership and more accurate implementation grows when the purpose is well-defined and communicated to sector stakeholders and system users.

BOX A.1. Snapshot of the Second Community Committee's Meeting in Gzerat Metawa Village

- A total of approximately 30 community members participated in this second meeting of the community committee.
- At the first community committee meeting, which took place on February 7, 2017, the discussion centered on the template for complaints, which can be jointly filled out by villagers or the community development association (CDA) to be forwarded to the WSC or call center.
- Participants included the district official, head of the CDA who chaired the meeting, the head of the village, as well as CDA and community members.
- There was a good representation of vulnerable groups such as women and youth thanks to awareness raising and community mobilization efforts by the PIU and program management consultancy firm (PMCF).
- Initially most of the community members displayed some level of skepticism toward the upcoming project because of an apparent lack of information. Questions arose regarding the sustainability and quality control of constructions. Citizens have been waiting for the sanitation projects to start since 2007, and ever since trust in government to deliver the long-awaited sanitation networks has diminished.
- Program implementation units (PIUs), water and sanitation companies (WSCs), and program management unit (PMU) representatives explained the projects' relevance, the process, and details about house connections, among other things. Local leaders mobilized social support, created consensus, and promoted the project. After the Q&A, community members clearly gained in trust, reached a common understanding of the problems facing their community, and were excited for the project works to begin. Through awareness raising and targeted communication, citizens learned that the Sustainable Rural Sanitation Services Program for Results (SRSSP) is results-focused and that they can claim their rights through the different participatory modes that the Program offers, including the grievance redress mechanism (GRM).
- Community members support the Program because they understand the relevance and benefits of the sanitation projects because of increased interaction, communication, and awareness raising carried out by the PIU. Among the main benefits mentioned by the residents are improved hygiene, better methods of dealing with high water levels that are affecting lives, and tackling pollution.

FIGURE A.1. Institutional Chart - Grievance Redress Mechanism in the Rural Sanitation Sector



Source: Elaboration from World Bank 2015b.

Note: HCWW = holding company for water and wastewater; PMU = program management unit; EWRA = Egyptian Water Regulatory Agency; MHUUC = Ministry of Housing, Utilities and Urban Communities; PIU = program implementation unit; water and sanitation company (WSC).

Detailed outputs on procurement:

- Procurement procedural manual
- Standard bidding document for works
- Standard bidding document for goods
- Standard bidding document for design, supply, and installation
- Standard expression of interest
- Standard request for proposal
- Decree on bidders complaints handling mechanisms
- Standard bid evaluation reports for goods, works, and services
- Standard prequalification document for procurement of works
- Reports on capacity-building workshops

Detailed outputs on citizen engagement:

- Draft standard operating procedure for land acquisition (“Land SOP”) (Arabic version)
- Ministerial decree that established an Inter-Ministerial Committee in charge of citizen engagement-related activities
- Project-related grievance redress mechanisms guidelines
- Community engagement guidelines
- Report on capacity-building workshops

Detailed outputs on M&E:

- Detailed assessment of existing M&E systems
- Report on data collection for designs
- Report on capacity-building workshops
- Report on unified monitoring and evaluation system



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