MIC GRANT FINANCING OF PUBLIC PRIVATE PARTNERSHIP (PPP) TRANSACTION ADVISORY SERVICES FOR HELWAN WASTEWATER PROJECT

COUNTRY: EGYPT

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|               | Mr. M. Hassan, Chief Investment Officer, OPSM.3 |
|               | Mr. T. Tilahun, Principal Private Sector Specialist, OSGE.2 |
AFRICAN DEVELOPMENT BANK

PROPOSAL

FOR THE UTILIZATION OF THE FUND
FOR THE

MIDDLE INCOME COUNTRIES (MIC)

PUBLIC PRIVATE PARTNERSHIP (PPP) TRANSACTION ADVISORY SERVICES FOR HELWAN WASTEWATER TREATMENT PROJECT

EGYPT

WATER AND SANITATION DEPARTMENT (OWAS)  October 2011
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This report has been prepared by Mr. M. Assefaw (Principal Financial Analyst, OWAS.2) and Mrs. A. Vergnes (YPP Public Utilities Economist, OWAS.2), with inputs from Mr. K. El-Askari (Infrastructure Expert, EGFO). Any matters relating to this report may be referred to Mrs. M. Moumni OIC, OWAS.2 and Mr. S. Jallow, Manager, Director, OWAS/AWF.
Currency Equivalents

September 2010

UA = US Dollar (USD) 1.50891
1 UA = Egyptian Pound (EGP) 8.32996
1 UA = Euro (EUR) 1.18999
1 US$ = EGP 5.520515

FISCAL YEAR

1st July- 30th June

WEIGHTS AND MEASURES

1 metric tonne = 2204 pounds (lbs)
1 kilogramme (kg) = 2.200 lbs
1 metre (m) = 3.28 feet (ft)
1 millimetre (mm) = 0.03937 inch ("")
1 kilometre (km) = 0.62 mile
1 hectare (ha) = 2.471 acres

ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>ADB/ ADF</th>
<th>African Development Bank / African Development Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAPW</td>
<td>Construction Authority for Potable Water and Wastewater</td>
</tr>
<tr>
<td>DBO</td>
<td>Design-Build-Operate</td>
</tr>
<tr>
<td>EGP</td>
<td>Egyptian Pound</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impacts Assessment</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EWRA</td>
<td>Egyptian Water Regulatory Agency</td>
</tr>
<tr>
<td>GAWWTP</td>
<td>Gabal El-Asfar Wastewater Treatment Plant</td>
</tr>
<tr>
<td>GOE</td>
<td>Government of Egypt</td>
</tr>
<tr>
<td>HCWW</td>
<td>Holding Company for Water and Wastewater</td>
</tr>
<tr>
<td>HWTP</td>
<td>Helwan Wastewater Treatment Project</td>
</tr>
<tr>
<td>MHUUD</td>
<td>Ministry of Housing, Utilities and Urban Development</td>
</tr>
<tr>
<td>MIC</td>
<td>Ministry of International Cooperation</td>
</tr>
<tr>
<td>MOF</td>
<td>Ministry of Finance</td>
</tr>
<tr>
<td>MWRI</td>
<td>Ministry of Water Resources and Irrigation</td>
</tr>
<tr>
<td>NOPWASD</td>
<td>National Organisation for Potable Water and Sanitary Drainage</td>
</tr>
<tr>
<td>NWRP</td>
<td>National Water Resources Plan</td>
</tr>
<tr>
<td>O&amp;M</td>
<td>Operation and Maintenance</td>
</tr>
<tr>
<td>PPP Unit</td>
<td>PPP Unit of the Ministry of Finance</td>
</tr>
<tr>
<td>SA</td>
<td>Special Account</td>
</tr>
<tr>
<td>UA</td>
<td>Unit of Account</td>
</tr>
</tbody>
</table>
### PPP TRANSACTION ADVISORY SERVICES FOR HELWAN WASTEWATER TREATMENT PLANT PROJECT

#### HIERARCHY OF OBJECTIVES

<table>
<thead>
<tr>
<th>Expected Results</th>
<th>Reach Beneficiaries</th>
<th>Performance Indicators, Source, Periodicity</th>
<th>Indicative Targets, Timeframe</th>
<th>Risks, Mitigating Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal:</strong></td>
<td>To achieve total coverage of improved water supply and sanitation services.</td>
<td><strong>Impact:</strong> Increased access to improved sanitation services. Increase in skills and use of PPP in the development and implementation of wastewater operations.</td>
<td><strong>Beneficiaries:</strong> Entire population of Egypt. <strong>Impact Indicators:</strong> Coverage of improved water supply and sanitation services. Number of PPP projects successfully implemented in the water and sanitation sector. <strong>Source:</strong> National Statistical Report, Baseline data collected under the studies and Government statistical bulletins and economic report.</td>
<td><strong>Indicative Targets:</strong> Access and coverage of improved sanitation from about 66% in 2008 to 100% by 2037. No. of water supply and sanitation operations implemented through PPP. <strong>Risks:</strong> Continued government support and prioritization of water supply and sanitation sector development. GOE continued support to implement projects in the sector through a blend of PPP and public sector.</td>
</tr>
</tbody>
</table>

#### Purpose:

To prepare a comprehensive PPP feasibility study for the Helwan WWTP project, and support during the procurement of the appropriate PPP and during negotiations. In addition, enhance skills and competences of staff to implement similar PPP projects in the future.

<table>
<thead>
<tr>
<th>Outcomes:</th>
<th>Beneficiaries</th>
<th>Outcome Indicators:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased awareness and use of PPP in the planned development and timely implementation of water and wastewater infrastructure in the Country.</td>
<td><strong>Beneficiaries:</strong> Population living near Helwan MHUUD/CAPW/NOPWASD and MoF Private Sector.</td>
<td><strong>Outcome Indicators:</strong> Helwan WWTP project proposal ready for investment. No. of staff of CAPW/MHUUD trained in PPP design and implementation. <strong>Sources:</strong> Performance reports of MHUUD/CAPW, MHUUD/CAPW Quarterly Progress Reports.</td>
</tr>
</tbody>
</table>

#### Activities:

- Undertake PPP feasibility study.
- Undertake PPP market sounding.
- Support during procurement and negotiations and capacity building through on job training and workshop.

<table>
<thead>
<tr>
<th>Outputs:</th>
<th>Beneficiaries</th>
<th>Output Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undertake PPP feasibility study. Market sounding report. PPP procurement. Increased knowledge of designing and implementing PPPs in the sector.</td>
<td><strong>Beneficiaries:</strong> The population of Helwan (Cairo), Private Sector, NGOs, CBOs and the public; CAPW/MHUUD staff.</td>
<td><strong>Output Indicators:</strong> The Helwan WWTP PPP Feasibility study report completed by August 2012. The procurement of the PPP transaction advisor. <strong>Sources:</strong> CAPW/MHUUD reports.</td>
</tr>
</tbody>
</table>

#### Outputs:

- The Helwan WWTP PPP Feasibility study approved.
- The project PPP procurement completed.
- Trained professional staff including females in CAPW/MHUUD.

**Sources:**
- CAPW/MHUUD reports.
- Progress reports.

**Procurement of the PPP transaction advisor:**
- The procurement of HWTP through PPP commissioned by June 2013.
- More than 25 staff of MHUUD/CAPW/NOPWASD trained on PPP design and implementation (both men and women) by June 2013.

**Mitigation:** Assign Task coordinator.

The executing agency’s capacity on procurement and to overview the progress of the tasks.
1. INTRODUCTION

1.1 Background

1.1.1 The development of the water and wastewater sector in Egypt takes place in recognition of growing population, and the human settlement concentrated in less than 8% of the total country’s area, mainly around the Nile river valley and coastal areas. The country is almost wholly dependent on the River Nile as its main source of water, and on the river’s valley as the most-fertile arable land available. The River Nile also happens to be the main recipient of wastewater effluent, particularly generated in the southern parts of the country. As the growth of the country’s population and economic development continue, so does the increase in volume of pollution from both agricultural activities and municipal wastewater among others, which adds more pressure on the country’s finite water resources.

1.1.2 The country’s population estimated 77 million (in 2008) of which about 43% are classified as urban dwellers, is projected to increase to 127 million by 2037. The population of Greater Cairo reportedly rises to over 20 million during daytime. Greater Cairo is divided into three sewage catchment areas: the West Bank, East Bank and Helwan in the South. The first Master Plan formulating solutions to the City’s wastewater disposal problem was prepared in 1978. It has been regularly updated and now covers the period up to 2037, to be implemented in five years short-term plans. The project to expand the Helwan Wastewater Treatment Plant (HWTP) falls within the current 2007-2012 plan. It is part of the wastewater development program, designed to cater for 20 million people living within Greater Cairo, which covers an area of 1,100 km². Helwan WWTP is currently treating a total of 0.550 Mm³/day and is envisaged to have an ultimate treatment capacity of 1.05 Mm³/d.

1.1.3 In order to respond to the increasing demand for improved water supply and sanitation, the Government of Egypt (GOE) has over the years adopted gradual sector reforms. Following the reform, several institutions are involved in the water and wastewater sector, these include: The Ministry of Housing, Utilities and Urban Development (MHUUD) formulating sector policies and strategies; the Egyptian Water Regulatory Agency (EWRA) to regulate the sector, in terms of tariff, levels of service, service standards, efficiency, and licensing; the National Organization for Potable Water and Sanitary Drainage (NOPWASD) and the Construction Authority for Potable Water and Wastewater (CAPW) for planning and investments of major projects in water and waste water; and the Holding Company for Water and Wastewater (HCWW) as well as the affiliated water and waste water companies for the provision and operation and maintenance of water and wastewater services. CAPW is in charge of development of water supply and wastewater services in six governorates, including Greater Cairo.

1.1.4 In addition to these institutional sector reforms, the Government of Egypt is promoting Public-Private Partnerships (PPPs) in the implementation and provision of services. In this regard, GOE has approved Law No. 67 in May 2010 for PPPs implementation in infrastructure projects and public utilities. In view of these developments, the MHUUD has identified the need to resort to PPPs as one of the ways of developing and managing the country’s sanitation sector. The implementation of PPPs in the sector will i) introduce cost-sharing principle for capital investments, operation and maintenance costs, ii) encourage society to optimize water use iii) decentralize the decision making process of the sector, iv) improve water supply and wastewater management services, and v) implement large scale projects, which will increase the country’s wastewater treatment capacity and benefit job creation.
1.1.5 The government has identified a pipeline of water and wastewater projects to be implemented through PPP. In this regard, PPP Transaction Advisors for some major water and sanitation projects, including New Cairo, Abu Rawash, 6th October and Alexandria West wastewater treatment projects have been awarded and services on the procurement of PPP are in progress. As part of this program, the CAPW/Ministry of Housing Utilities and Urban Development (“MUDD”) with the assistance of the PPP Central Unit of Ministry of Finance (“MoF”) wishes to attract private sector participation for Helwan Wastewater Treatment Plant (HWTP) in Helwan Governorate, to increase the capacity of the existing plant by 500,000 m3/day in two stages (initially 250,000 m3/day) to reach capacity of 1,005,000 m3/day. The initial Phase of the project is estimated to cost about US$ 250 million. In July 2010, the Government requested Bank’s assistance to finance consultancy service for Transaction Advisory Services and capacity building on PPP for the Helwan Wastewater Treatment Plant Project.

1.1.6 The Bank Group is active in the water and sanitation sector in Egypt through its support in the financing of Gabal El Asfar wastewater treatment project (GAWWTP) to improve the quality of wastewater discharged into the drainage system in Cairo East. The project will provide an additional wastewater treatment capacity of 500,000 m3/d to bring the total capacity at the plant to 2.5 Mm3/d.

1.2 Objectives

1.2.1 The main objectives of the proposed transaction advisory services are to elaborate and support in the implementation of the most appropriate PPP modalities for the structuring, financing and implementation of the HWTP and to enhance skills and competences of staff of MHOOD/CAPW/NOPWASD to develop and implement similar PPP projects in the future. First, the transaction advisor will determine through an analysis of PPP options and public sector comparator, the appropriate mode of funding, implementation and management for the Helwan Wastewater Treatment Plant Project. Secondly it will support CAPW/MUDD through the regulated phases of PPP in the procurement of the appropriate PPP for the project, including support during negotiations and implementation of the project. Third, it will build the capacity of MUDD/CAPW/NOPWASD staff on PPP project analysis and implementation along all the various phases of PPP of the Helwan wastewater treatment plant project cycle through workshops and on the job training.

1.2.2 The transaction advisory services will ultimately allow CAPW and MUDD to implement the Helwan wastewater treatment plant project and have capacity for developing other similar projects in the sector.

1.3 Justification

1.3.1 The probability that the activities proposed under this transaction advisory services will lead to successful project implementation is very high. The activities are entirely dedicated to the development of the Helwan wastewater treatment plant project as the technical assistance proposed seeks to determine the appropriate type of funding and management for the project – private, public, or a blend of public and private using the most appropriate mode of project financing, implementation and management.
1.3.2 The Helwan project is to be developed by CAPW/MHUUD given its necessity for the country. It could either be developed as a PPP project or remain a public sector project. This will be determined by the comprehensive PPP feasibility study included in the proposed activities. Nevertheless, in both cases (PPP project or public project), the Bank has the leverage to support the project either through its private sector window or its public sector window. Besides, using the Helwan wastewater treatment plant project implementation as a case study for the activities described in the terms of reference (TOR) of the transaction advisory services will enhance and build the capacity of CAPW/MHUUD’s staff in charge of water and sanitation projects development in six governorates in the country. The current large pipeline of projects to be implemented in the sector highlights the strong need of this technical assistance for the implementing agency and underlines the high likelihood of using appropriate blend of public and private sector funds to implement similar projects in the sector in the future.

1.3.3 The PPP feasibility study that will be undertaken for the Helwan wastewater treatment plant project will determine the best economic and financial option that the Egyptian Government would choose for implementation of the project. Through analysis of all options available (through PPP option analysis, value for money, public sector comparator, risk analysis and allocation), the feasibility study will determine the best option (value for money for economic and financial considerations) for the Egyptian government over the project lifetime. Training of CAPW/MHUUD staff will allow the government to replicate the analysis of the PPP feasibility study on its pipeline of forthcoming projects and to make informed decisions on project implementation in the future.

1.3.4 The government has shown interest to promote the use of PPP in the development and implementation of the water and wastewater operations in the country. By supporting GOE in the transaction advisory and capacity building in the design and implementation of PPP in the sector, the bank is supporting the preparation of projects in the sector to be financed through a blend of public and private support. Thus the financing of the study would be geared towards preparing such operations in a move to provide bankable projects in the water and sanitation sector in the country and to improve the performance of the sector in the country.

1.3.5 The main rationale and justification to provide the transaction advisory services is to have a PPP feasibility study on the proposed project that would enable GOE officials to make informed judgment and decisions on the use of public private partnership in the sector. The support for the development of the PPP Feasibility Study is in line with the Revised Guidelines for the Administration and Utilization of the Technical Assistance Fund for Middle Income Countries (the Guidelines), which allows the use of resources of the Fund to finance studies, including feasibility studies. It is expected that this would result in the implementation of the proposed project to be financed by the Bank, either through the private sector window or the public sector window.

1.3.6 The proposed TA services would also enhance and build the capacity of the staff of MHUUD, CAPW and NOPWASD in the design and implementation of PPP in the water and sanitation sector in the future. More than 25 staff would benefit from the on-the-job trainings and workshops. This is also in line with the revised MIC guidelines, which allows the resources of the MIC Fund to be used to finance capacity building and institutional strengthening activities in eligible member countries.
2. DESCRIPTION

2.1 Activities

2.1.1 GOE wishes to attract private sector participation for Helwan Wastewater Treatment Plant (HWTP) in Helwan Governorate, to increase the capacity of the existing plant by 500,000 m³/day on two stages (initially 250,000 m³/day) to reach capacity of 1,005,000 m³/day. Appropriate PPP option will be selected after the PPP feasibility study. The GOE is keen to attract private investor (depending on the type of PPP chosen) to design, construct, finance, operate and maintain the HWTP and transfer the ownership back to CAPW/MHUUD at the end of the contract period. In addition, the proposed project will be used as a practical case study to address CAPW/MHUUD's needs to be assisted in the regulated phases of PPP project cycle and in building the capacity of its staff in this respect.

2.1.2 In light of this, the activities that will be undertaken under the technical assistance by the PPP transaction advisor pertain to:

i) Undertaking a comprehensive PPP feasibility study for the Helwan wastewater treatment plant project by analyzing different PPP options and through a consultative process advice the most appropriate type of PPP. This shall also include preparation of the necessary value for money and Public Sector Comparator (PSC) analysis, risk analysis and optimal allocation of risks for the project, as well as market sounding exercise

ii) Provide advisory services for the procurement of the appropriate PPP for the project and to support the executing agency during negotiations and to be prepared for the implementation of the project and,

iii) Provide capacity building and training for CAPW/MHUUD staff on designing and implementing PPPs in the water and sanitation sector.

2.2 Expected Outputs

2.2.1 The expected activities and outputs are the following

i) Analysis of various forms of PPP options for the project

ii) PPP Feasibility study

iii) Recommendation of the appropriate PPP option for the Helwan wastewater treatment plant project,

iv) Undertake and Report on the market sounding exercise

v) Support CAPW/MHUUD along all the regulated phase of the PPP project implementation – procurement, negotiations and contract award

vi) Training of more than 25 staff of CAPW/MHUUD to enable them to be familiar and able to undertake autonomously all PPP project cycle phases.

vii) Engage the private operator to undertake the PPP project to increase by 500,000 m³/day of wastewater treatment capacity for the Helwan Wastewater Treatment Plant
3  ESTIMATED COST

3.1 Cost estimate

3.1 The total cost of the assignment, without customs duties and taxes, is estimated at USD 0.975 million, i.e. UA 0.646 million, of which UA 0.431 million is in foreign exchange and the equivalent of UA 0.215 million is in local currency. The cost estimates include both physical and price contingencies set at 3% and 5% respectively. It is envisaged that all the activities will be carried out by the consultancy. A summary of cost estimates for the assignment by component is given in Table 3.1 below.

Table 3.1 Summary of Project Costs by Component (UA Million)

<table>
<thead>
<tr>
<th>Component</th>
<th>USD</th>
<th></th>
<th></th>
<th>UA</th>
<th></th>
<th>% of</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F.E.</td>
<td>L.C.</td>
<td>Total (UA)</td>
<td>F.E.</td>
<td>L.C.</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Consultancy Services</td>
<td>0.601</td>
<td>0.300</td>
<td>0.901</td>
<td>0.398</td>
<td>0.199</td>
<td>0.597</td>
<td>67%</td>
</tr>
<tr>
<td>Physical Contingencies</td>
<td>0.030</td>
<td>0.015</td>
<td>0.045</td>
<td>0.020</td>
<td>0.010</td>
<td>0.030</td>
<td>67%</td>
</tr>
<tr>
<td>Price Contingencies</td>
<td>0.019</td>
<td>0.009</td>
<td>0.028</td>
<td>0.013</td>
<td>0.006</td>
<td>0.019</td>
<td>67%</td>
</tr>
<tr>
<td>Total Costs</td>
<td>0.650</td>
<td>0.325</td>
<td>0.975</td>
<td>0.431</td>
<td>0.215</td>
<td>0.646</td>
<td>67%</td>
</tr>
</tbody>
</table>

3.2 Financing plan

3.2 The assignment will be financed by the Middle Income Countries (MIC) Trust Fund and the GOE. The MIC Trust Fund will finance USD 905,346 (UA 600,000) i.e. 93% of total costs. The MIC Trust Fund will cover 100% of the foreign exchange costs (F.E.) and 79% of the local costs (L.C.) while the GOE contribution of USD 69,194 (UA 45,857) will finance 7% of the total cost, all of which are local costs. The proposed financing plan for the assignment is indicated in the table below.

Table 3.2 Sources of Finance (UA Million)

<table>
<thead>
<tr>
<th>Source</th>
<th>F.E.</th>
<th>L.C.</th>
<th>Total</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIC Trust Fund</td>
<td>0.431</td>
<td>0.169</td>
<td>0.600</td>
<td>93</td>
</tr>
<tr>
<td>GOE</td>
<td>0.000</td>
<td>0.046</td>
<td>0.046</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>0.431</td>
<td>0.215</td>
<td>0.646</td>
<td>100</td>
</tr>
</tbody>
</table>

4  PROCUREMENT

4.1 Procurement arrangements are summarized in Table 4.1 below. All procurement of goods and acquisition of consulting services financed by the Bank will be in accordance with the Bank’s Rules of Procedure for Procurement of Goods and Works or, as appropriate, rules of Procedure for the Use of Consultants, using the relevant Bank standard Bidding Documents.

Table 4.1 Procurement Arrangements (UA Million)

<table>
<thead>
<tr>
<th>Category</th>
<th>Short List</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consulting Services</td>
<td>0.646 (0.600)</td>
<td>0.646 (0.600)</td>
</tr>
<tr>
<td>Total</td>
<td>0.646 (0.600)</td>
<td>0.646 (0.600)</td>
</tr>
</tbody>
</table>

(*) Figure in bracket to be financed from the MIC Trust Fund
4.2 Procurement of the transaction advisory services will be carried out by CAPW/MHOOD in collaboration with the PPP Central Unit in the MoF. The process for selecting the consultant shall be through Shortlist and the evaluation will be based on combined Quality and Cost Based Selection (QCBS).

4.3 General Procurement Notice: A General Procurement Notice will be agreed upon with the GoE and will be issued for publication in UN Development Business online (UNDB online) and the Bank’s website, upon approval of the Grant Proposal by the Board of Directors.

4.4 Review Process: The following documents shall be subject to prior review and approval by the Bank before promulgation: (i) Shortlist (ii) Request for Proposal (iii) Report on Evaluation of Consultants’ Proposals (iv)The Draft Consultancy Services Contract.

5 IMPLEMENTATION

5.1 The transaction advisory service is envisaged to be carried out over a period of twelve (12) months. The implementation schedule is presented as Annex 3 while key milestone dates are given below.

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>RESPONSIBLE AGENCY</th>
<th>TARGET DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIC request Form submitted</td>
<td>GOE</td>
<td>October 2010</td>
</tr>
<tr>
<td>Preparation of MIC request</td>
<td>ADB</td>
<td>November 2010</td>
</tr>
<tr>
<td>Approval by MIC Trust Fund</td>
<td>ADB</td>
<td>November 2011</td>
</tr>
<tr>
<td>Issue of Shortlist and RFP</td>
<td>GOE</td>
<td>December 2011</td>
</tr>
<tr>
<td>Receipt of proposal</td>
<td>GOE</td>
<td>February 2012</td>
</tr>
<tr>
<td>Evaluation of proposals</td>
<td>GOE</td>
<td>March 2012</td>
</tr>
<tr>
<td>Approval of Evaluation Report</td>
<td>ADB</td>
<td>April 2012</td>
</tr>
<tr>
<td>Award of Contract</td>
<td>GOE</td>
<td>Maye 2012</td>
</tr>
<tr>
<td>Commencement of Services</td>
<td>Consultant</td>
<td>June 2012</td>
</tr>
<tr>
<td>Completion of Services</td>
<td>GOE/ADB</td>
<td>June 2013</td>
</tr>
</tbody>
</table>

5.2 Construction Authority for Potable Water and Wastewater (CAPW) under the Ministry of Housing, Utilities and Urban Development (MHUUD), will be the executing agency for the assignment. CAPW will also be guided and assisted by the PPP Unit within the Ministry of Finance on coordinating all matters related to the consultancy services and will be responsible for the supervision of the consultants.

6 FINANCING ARRANGEMENTS

6.1 Disbursements

6.1.1 Disbursement of the MIC grant will be made by direct payment to the consultant. However, other Bank disbursement methods can also be used. All disbursements under the grant would be subject to Bank rules on disbursements, as set out in the Bank’s disbursement handbook.
6.2 Suspension of Disbursements

Disbursements from the MIC Trust Fund will be subject to the Bank’s Disbursement Rules, including, without limitation, the rules on suspension of disbursements.

6.3 Letter of Agreement

To be signed with the Bank

7 CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusion

7.1.1 The government of Egypt continues to demonstrate its dedication to pursue water and sanitation sector reform in order to increase the efficiency, performance and sustainability of services delivery in the sector. After implementing institutional reforms with the introduction of several institutions involved in the sector, the government is now engaged in the promotion of Public-Private Partnerships (PPPs) for the development and implementation of water supply and wastewater services in the sector. The pipeline of potential projects for PPP proposed by MHUUD demonstrates the need for proper analysis of the appropriate PPP options and for capacity building of CAPW/MHUUD staff on the analysis and evaluation of alternative PPP available and sustainable for each project as well as broader issues on PPP design, implementation and monitoring.

7.1.2 The proposed transaction advisory services for the preparation of the PPP feasibility study and support in the tendering and implementation of the Helwan wastewater project is part of GOE plans to promote and implement PPPs in the water and sanitation sector. The feasibility study would be used for making informed decisions to use appropriate blend of public and private participation in the sector. The Transaction Advisory services would support GOE officials to make informed judgment and decisions on the use of public private partnership in the sector.

7.2 Recommendations

7.2.1 It is recommended that the Board approves on a lapse of time basis a grant not exceeding UA 600,000 from the resources of the MIC Trust Fund to the Government of Egypt to carry out the Transaction Advisory services described herein. The grant and its entry into force should be subjected to the following conditions:

7.2.2 Conditions Prior to First disbursement of the Trust Grant:

The obligations of the Trust Fund to make disbursement shall be conditional upon the entry into force of the Letter of Agreement and the Recipient shall have appointed a senior officer from CAPW/MHUUD whose qualifications and experience are acceptable to the Fund to be designated as the TA services coordinator.
Terms of Reference (TOR)

Transaction Advisory Services for

Helwan Wastewater Treatment Project

August 2010
TRANSACTION ADVISOR TERMS OF REFERENCE

Terms of reference for transaction advisor services to the Government of Egypt (GOE) (represented by the Construction Authority for Potable Water and Wastewater (CAPW)/ Ministry of Housing, Utilities and Urban Development (MHUUD) and the PPP unit of the Ministry of Finance) for the development and implementation of Helwan Wastewater Treatment Plant Project through Public-Private Partnership (PPP).

Contents
1. Introduction
2. Background
3. Objectives of the TA
4. Scope of services
   4.1 PPP feasibility study (including market scoping)
   4.2 PPP procurement
   4.3 Capacity building and training for CAPW/MHUUD on PPP
5. Transaction advisor skill, experience, remuneration and management
6. Management of transaction advisor by the GOE and Input by GOE
7. Project deliverables
8. Implementation schedule

1. Introduction

In order to respond to the increasing demand for improved water supply and sanitation, the Government of Egypt (GOE) has over the years adopted gradual sector reforms. Following the reform, several institutions are involved in the water and wastewater sector, these include: The Ministry of Housing, Utilities and Urban Development (MHUUD) formulating sector policies and strategies; the Egyptian Water Regulatory Agency (EWRA) to regulate the sector, in terms of tariff, levels of service, service standards, efficiency, and licensing; the National Organization for Potable Water and Sanitary Drainage (NOPWASD) and the Construction Authority for Potable Water and Wastewater (CAPW) for planning and investments of major projects in water and waste water; and the Holding Company for Water and Wastewater (HCWW) as well as the affiliated water and waste water companies for the provision and operation and maintenance of water and wastewater services. CAPW is in charge of development of water supply and wastewater services in six governorates, including Greater Cairo.

In addition to these institutional sector reforms, the Government of Egypt is promoting Public-Private Partnerships (PPPs) in the implementation and provision of services. In this regard, GOE has approved Law No. 67 in May 2010 for PPPs implementation in infrastructure projects and public utilities. In this regard, the MHUUD has identified the need to resort to PPPs in the country’s sanitation sector. The implementation of PPPs in the sector will i) introduce cost-sharing principle for capital, operation and maintenance costs, ii) encourage society to optimize water use iii) decentralize the decision making process of the sector, iv) improve water supply and wastewater management services, and v) implement large scale projects, which will increase the country’s wastewater treatment capacity and benefit job creation.
The government has identified a pipeline of water and wastewater projects to be implemented. In this regard, PPP Transaction Advisors for some major water and sanitation projects, including New Cairo, Abu Rawash, 6th October and Alexandria West wastewater treatment projects have been awarded and services on the procurement of PPP are in progress.

The GOE is currently seeking transaction advisory services on the implementation of a Helwan Wastewater Treatment Plant Project to be implemented through PPP. The consultancy services will be assisting GOE (CAPW/MHUUD and Ministry of Finance) by i) undertaking comprehensive feasibility study for the PPP project by analyzing different PPP options and through a consultative process recommend the most appropriate type of PPP, this shall also include preparation of the necessary value for money and Public Sector Comparator (PSC) analysis, risk analysis and allocation of risk analysis for the project. ii) provide advisory services for the procurement of the appropriate PPP for the project and to support the executing agency during negotiations and to be prepared for the implementation of the PPP project and iii) provide capacity building and training for CAPW/MHUUD staff on designing and implementing PPPs in the water and sanitation sector. The project is in line with the MHUUD’s strategic vision of achieving Egypt’s comprehensive development, and shall be conducted in terms of the relevant Egyptian regulations on PPP [Law no. 67 of 2010 on PPP] which potential transaction advisors are required to be familiar with.

The GOE (CAPW/MHUUD) thus intend to procure the services of an experienced transaction advisor to assist it through the regulated phases of the PPP project cycle and to build the capacity of its staff in PPP implementation. These terms of reference invite proposals from a transaction advisor representing a team of suitably qualified and experienced to undertake the following:

- **Part 1**: Undertake a comprehensive PPP feasibility study for the project by analyzing different PPP options and through a consultative process advise the most appropriate type of PPP. This shall also include preparation of the necessary value for money and Public Sector Comparator (PSC) analysis, risk analysis and optimal allocation of risks for the project.
- **Part 2**: Provide advisory services for the procurement of the appropriate PPP for the project and to support the executing agency during negotiations and to be prepared for implementation and monitoring.
- **Part 3**: provide capacity building and training for CAPW/MHUUD staff on designing and implementing PPPs in the water and sanitation sector.

The scope of work is divided into three parts. The team of transaction advisors needs to submit a single bid, as prescribed in this TOR.

### 2. Background

The CAPW/Ministry of Housing, Utilities and Urban Development (“MHUUD”) with the assistance of the PPP Central Unit of Ministry of Finance (“MoF”) wishes to attract private sector participation for Helwan Wastewater Treatment Plant (HWTP) in Helwan Governorate, to increase the capacity of the existing plant by 500,000 m$^3$/day on two stages (initially 250,000 m$^3$/day) to reach capacity of 1,050,000 m$^3$/day. The initial phase of the project is estimated to cost US$ 250 million. The potential investor could be required to design, construct, finance, operate and maintain the HWTP and transfer the ownership back to CAPW/MHUUD at the end of the contract period. In addition, the proposed
project will be used as a practical case study to address CAPW/MHUUD's needs to be assisted in the regulated phases of PPP project cycle and in the building of the capacity of its staff in this respect.

3 Objectives of the services
The objectives for the transaction advisory services are for CAPW/MHUUD to receive i) comprehensive feasibility study for the PPP project, ii) advisory services for the procurement of the appropriate PPP for the project and to support the executing agency during negotiations and to be prepared for the implementation of the PPP project and ii) to enhance skills and competences of staff to implement PPP project.

4. Scope of services

The scope of services for the transaction advisory services are summarized in three parts 1) feasibility study, 2) procurement, and support during negotiations of appropriate PPP and 3) capacity building as detailed below.

4.1 Part 1: Feasibility study

The team of transaction advisors will be required to undertake a comprehensive feasibility study for the HWTP project by analyzing different PPP options and through a consultative process advise the most appropriate type of PPP. This shall also include preparation of the necessary value for money and Public Sector Comparator (PSC) analysis, risk analysis and allocation of risk analysis for the project. This will enable the implementing agency to determine the appropriate PPP mode for the project:

- Needs Assessment (including base line data)
- Assess the institutional, regulatory and contractual implications of the PPP framework and implications affecting the project
- Assessment of different forms of PPPs and selection Appropriate PPP form for the HWTP project
- Assessment of full project cycle costs
- Affordability assessment and limits
- Identification and allocation of risks and their costs for the project lifetime
- Stakeholders assessment
- Human resource assessment
- Optimal value-for-money methods of delivery
- Analysis of Public Sector Comparator (PSC)
- Market testing (for suitability for PPP) and PPP option selection in which the TA will have to organize "market sounding" of potential local and international companies
- Organize workshop or roadshow on the outcome of the PPP feasibility study

4.1.2 PPP feasibility studies deliverables

The team of transaction advisors is required to produce, in close liaison with the CAPW/MHUUD/PPP Unit, a comprehensive feasibility study report of HWTP project.
The feasibility study need to clearly demonstrate the choice of the appropriate PPP form, affordability for the full project cycle and propose the optimal value-for-money solution for the executing agency to achieve its desired outcomes.

The feasibility study is to be conducted in compliance with law no. 67 of 2010 - Egyptian national PPP.

### 4.1.2 Components of the feasibility study

The feasibility study report must include the following:

**Introduction**
- Executive summary
- Introduction
- Project background
- Approach and methodology to the feasibility study

**Section I: Needs analysis**
- Institution's strategic objectives
- Budget
- Institutional analysis
- Output specifications
- Scope of the project

**Section II: Solution PPPs options analysis**
- PPPs options considered
- Evaluation and assessment of each option
- Summary of evaluation and assessment of all options considered
- Recommendation of a preferred option

**Section III: Project due diligence [to be amended according to national regulation]**
- Legal aspects (use rights and regulatory matters)
- Site enablement
- Socio-economic (both gender and social aspects of the project)

**Section IV: Value assessment**
- Public Sector Comparator (PSC) model
  - Technical definition of project
  - Discussion on costs (direct and indirect) and assumptions made on cost estimates
  - Discussion on revenue/remuneration mechanisms and assumptions made on estimates
  - Discussion on all model assumptions made in the construction of the model, including inflation rate, discount rate, depreciation, budgets and medium term expenditure framework
  - Summary of results from the base PSC model: net present value (NPV)
- PPP reference model
  - Technical definition of project
  - Discussion on costs (direct and indirect) and assumptions made on cost estimates
VI

- Discussion on revenue (if relevant) and assumptions made on revenue estimates
- Discussion on proposed PPP type
- Proposed PPP project structure and sources of funding
- Payment mechanism
- Discussion on all model assumptions made in the construction of the model, including inflation rate, discount rate, depreciation, tax and value added tax (VAT)
- Summary of results from the PPP-reference model: NPV
  - Risk assessment and optimal allocation of risks
    - Comprehensive risk assessment matrix for all project risks
    - Summary of the institution's retained and transferable risks
    - The NPV of all risks (retained and transferable) to be added onto the base PSC model
    - The NPV of all retained risks to be added onto the PPP reference model
  - Risk-adjusted PSC model
    - Summary of results: NPV
  - Risk-adjusted PPP-reference
    - Summary of results: NPV, key indicators
    - Sensitivity analyses
    - Statement of affordability
    - Statement of value for money
    - Recommended procurement choice
  - Information verification
    - Summary of documents attached in Annexure 1 to verify information found in the feasibility study report

Section V: Economic valuation
- Introduction and evaluation approach
- Assumptions
- Valuation results

Section VI: Procurement plan

Section VII: Market sounding: report on the results or findings of the market sounding exercise to show the market appetite for the proposed project.

4.1.3 Presentation of the feasibility study

The feasibility study, comprising all the above deliverables, must be compiled in a single report in Word format (with relevant annexes), and delivered as both electronic and hard copy documents. All financial models must be in Excel format, and must clearly set out all assumptions made, sensitivity analyses carried out, and model outputs. The financial models must be sufficiently adaptable for use by others at later stages. The feasibility study must be presented with a thorough executive summary and must be accompanied by a PowerPoint presentation that encapsulates all the key features of the study. The executive summary and PowerPoint presentation must be compiled in such a manner that they can be used by the executing agency's management for decision-making purposes.
4.1.4 Submission requirements for the feasibility study report

The PPP feasibility study must be of a standard that will be accepted by the CAPW/MHUUD or the MOF for the purposes of the implementing agency obtaining approval in terms of law 67 of 2010 on PPP. The transaction advisor is therefore advised to be fully familiar with the requirements of law 67 of 2010 pertaining to the national regulation and manual on PPP.

4.2 Part 2: PPP procurement and negotiations

On the basis of the feasibility study reports, and the outcomes of part 1 above, the team of transaction advisors will be required to support the executing agency during negotiations and to be prepared for implementation and monitoring. This must be in compliance with all elements of the national regulation on PPP and law 67 of 2010. The TA will support the implementing agency in the procurement of the appropriate PPP for the project, including support in the preparations for negotiations and monitoring and implementation management plans.

4.2.1 PPP procurement deliverables

The transaction advisor would also be required to support the CAPW/MHUUD and MOF to manage the procurement process for securing contracts with a private party. All this needs to be in accordance with the systems and standards set out for PPPs in law 67 of 2010 pertaining to the national regulation and manual on PPP.

4.2.2 Approval and administration of the bidding process

The transaction advisor must prepare a complete set of procurement documents, complying with public sector procurement law, policies and guidelines, and in accordance with the tendering systems of the CAPW/MHUUD and PPP of MOF on PPP projects. The documentation must be consistent with the results of the feasibility study and enable the implementing agency to obtain approval from the relevant authorized body in terms of law 67 of 2010 pertaining to the national regulation and manual on PPP. The transaction advisor must also give the implementing agency all the necessary drafting, bidder communication and administrative support necessary during the procurement process to be conducted in accordance with law and policy, and to the highest standards of efficiency, quality and integrity.

4.2.3 Request for qualification (RFQ) The transaction advisor will support the EA to design and administer a pre-qualification (request for qualification (RFQ)) process in line with the best practice in the industry and with the intention of:

- ensuring that the implementing agency's exact interest is communicated clearly to the market
- determining the extent and nature of interest in the private sector
- pre-qualifying a competitive number of competent consortia in an equitable and transparent way.

The desired result is that every pre-qualified bidder is capable of providing the facilities and services required by the implementing agency.

The transaction advisor will support the EA to prepare all the necessary RFQ documentation, including advertising material; set up and administer the process by which the implementing agency can pre-qualify the parties; and help the implementing agency evaluate and pre-qualify bidders.
4.2.4 Request for proposals (RFP) The transaction advisor will support the EA to prepare an RFP document in accordance with best industry practice and law 67 of 2010 pertaining to the national regulation and manual on PPP, consistent with the results of the feasibility study. The RFP must concisely set out:

- the output specifications of the implementing agency
- requirements for compliant bids
- a risk profile as established in the feasibility study
- the payment mechanism
- the bid process
- evaluation criteria
- bidder communication systems.

4.2.5 Bid evaluation criteria, bid process design

The transaction advisor will support the EA to: i) set up a bid evaluation system and criteria; ii) design a suitable bid process that will ensure comparable bids; iii) devise effective systems for communicating with bidders; iv) inspire market confidence. If appropriate, a system that allows for variant bids may be designed. These criteria and processes must be in line with applicable national rules and procedures.

4.2.6 A draft PPP agreement: The transaction advisor will support the EA to prepare a draft PPP agreement, based on National [Law 67 of 2010 of the national regulation on PPP]. Close liaison with the CAPW/MHUUD management and the PPP Central Unit of the relevant MOF is required during drafting.

The transaction advisor will support the EA to compile all the documentation necessary for the CAPW/MHUUD to obtain approval from the approving body in terms of law 67 of 2010 of the national regulation on PPP to enable the procurement process to begin.

4.2.7 Administration of the bidding process: The transaction advisor is to provide all necessary administrative support to the CAPW/MHUUD and the PPP Central Unit in MoF for the efficient and professional management of the bidding process. This includes managing a data room, facilitating structured engagement between the CAPW/MHUUD and bidders, helping the implementing agency communicate effectively with bidders, and receiving bids.

4.2.8 Evaluation of bids, demonstrating value for money for approval by the approving body

The client assisted by the transaction advisor, will evaluate bids, following guidance given in law 67 of 2010 of the national regulation on PPP.

4.2.9 The value-for-money report and approval

The value for money must be demonstrated by comparing the NPV of the bids received with the NPV of the PSC of the PPP project, with a suitable adjustment for risk assumed. The results of the bidding and evaluation of bids must be presented in a single value-for-money report for the project (with relevant annexes) that demonstrates clearly how value for money will be achieved.
with the preferred bidder. The report must clearly indicate the preferred and second-ranked bidders and provide motivations. The value-for-money report must be in a suitable format and of a suitable standard for the CAPW/MHUUD to get the approval of the authorized body in line with law 67 of 2010 related to the national regulation on PPP.

4.2.10 PPP agreement negotiations and management plan

The transaction advisor will assist the EA during negotiations with the preferred bidder. This will involve preparing suitable negotiations teams, categorising issues appropriately, developing timelines for completion, and planning negotiation tactics and processes for reaching agreement. The transaction advisor will assist the EA to ensure that all agreements reached are incorporated into all the financial, commercial and legal documentation, and must assist with drafting the necessary and related correspondence.

The final terms of the agreement, each as negotiated with the preferred bidder, must be submitted by the CAPW/MHUUD, along with the PPP agreement management plan for the project, for the approval of the authorized deciding body in terms of law 67 of 2010 of the national regulation on PPP. The transaction advisor will assist the EA in compiling the necessary submissions for the CAPW/MHUUD to obtain this approval.

The transaction advisor will support the EA to draft a comprehensive PPP agreement management plan for the implementing agency. This will be in accordance with the provisions of the PPP agreement and following the guidance given in law 67 of 2010 of the Egyptian PPP regulations. The transaction advisor will support the EA to ensure that a comprehensive legal due diligence of the accounting authority has been completed.

4.2.11 PPP agreement signature, close-out report and financial closure

The transaction advisor will help the CAPW/MHUUD and MOF with all functions related to signing the final agreement. The transaction advisor will also compile a comprehensive close-out report and case study. These will follow the formats prescribed in the Egyptian national manual on PPP, and will incorporate any additional factors that may be required by the CAPW/MHUUD. The close-out report will be a confidential document of the CAPW/MHUUD and PPP Unit. Each case study will become a public document, made available on various government websites.

4.3 Part 3: Capacity building

The transaction advisor will organize capacity building of CAPW/MHUUD staff through appropriate on the job training and workshops to enhance the CAPW/MHUUD staff on designing and implementing PPP in the water and sanitation sector.

More than 25 staff of CAPW/MHUUD will be trained on all the phases of the PPP process.
5. Transaction advisor skill, experience, remuneration and management by the CAPW/MHUUD

5.1 Necessary transaction advisor skills and experience

The transaction advisor will comprise a team, managed by experienced PPP project coordinator. The members of the team will have both the skill and experience necessary to undertake the range of tasks set out in these terms of reference. Each individual on the team must be personally available to do the work as and when required. The lead advisor will be held accountable, in terms of the transaction advisor contract, for ensuring project deliverables and for the professional conduct and integrity of the team.

5.2 Transaction advisor team skill and experience

The skills and experience required by the team is summarized as follows:

- PPP Expertise
- Financial and economic analysis, with relevant PPP and project finance experience
- PPP procurement and structuring
- Legal, with relevant Egyptian experience in the drafting and negotiating of PPP agreements
- Project in water and sanitation planning and facilities management
- Relevant expertise in water and wastewater projects such as design, build, construction, engineering supervision
- Negotiations skills
- Contract management
- Project management

6. Management of transaction advisor by the CAPW/MHUUD and Input by GOE

The transaction advisor will be appointed by the CAPW/MHUUD or MOF. A project officer will be appointed by the CAPW/MHUUD to take full responsibility for managing the transaction advisor’s work and for ensuring delivery on the project. The project officer will establish a project team to engage regularly with the transaction advisor for efficiently completing the various delivery items. The project team will meet at least monthly and the transaction advisor will report progress at these meetings, as instructed by the project officer.

The project officer will confirm that the transaction advisor has satisfactorily completed each deliverable before invoices can be submitted to the CAPW for payment.

Data and Information: CAPW/MHUUD will provide relevant data and information related to the project to be used by consultant to fulfill their duties during the consulting service period.

Counterpart Assistance: CAPW/MHUUD will assign full time staffs to work with the Consultants as counterparts.

Support Facilities: CAPW/MHUUD will provide required support facilities for the use of the consultants when carrying out their task.

7. Transaction Advisory Service deliverables

The consultant should deliver number of reports to include but not limited to:
• Inception Report with detail work plan (within 1 months of the commencement of services).
  • Assessment of various PPP options and identification of appropriate PPP model for the project
• Report on Consultation/Communication Strategy
• Report on PPP options and selection of the appropriate PPP for the project (feasibility report)
• Project Information Memorandum
• Feedback from Market Sounding
• Risk Analysis and Government Support Proposal (if applicable)
  • Project PPP Feasibility Study Report
• Tender Plan and Tender Documents
• Pre-Qualification Evaluation Report
• Tender Evaluation Report
• Transaction Report as the Final Report
• Other related deliverables as requested by CAPW/MHUUD and PPP Unit relevant to the task

All reports should be written in English in hardcopy and softcopy (CD)

8. Implementation schedule

The overall timetable and schedule of tasks is as shown in the outline below.

- PPP options analysis and Feasibility Study: 4 months
- Tendering of PPP: 3 months
- PPP negotiations and financial closure: 2 months
- Training and Capacity Building: 9 Months (concurrently with the other activities)
### Appendix II – Detailed Cost Estimates

#### Estimated Cost

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Unit Cost (US$)</th>
<th>Unit</th>
<th>Total Person/months</th>
<th>Total Amount (US$)</th>
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<td>1</td>
<td>TA Coordinator/Director</td>
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<td>2</td>
<td>PPP Expert</td>
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<td>3</td>
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<td>Water and wastewater Engineer</td>
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<tr>
<td>5</td>
<td>O &amp; Maintenance Engineer</td>
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<td>6</td>
<td>Environmental/Social Expert</td>
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<td>7</td>
<td>Procurement Specialist</td>
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<td>8</td>
<td>Communication Expert</td>
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<td>Legal Expert</td>
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<td>10</td>
<td>Training and Capacity Building Ex</td>
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**Sub Total Services**

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<td>11 Communication</td>
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<td>12 Printing &amp; Reproduction</td>
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<td>13 Local Transport</td>
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<tr>
<td>14 International Travel</td>
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<td>15 PPP Training and Workshops</td>
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**Sub Total Operating Costs**

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<td>Physical Contigencies</td>
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**Grand Total**

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<th>Estimated Cost</th>
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### Annex III – Project Implementation Schedule

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<td>1 Approval of MIC Grant</td>
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<td>2 Recruitment of TA</td>
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<td>3 Preparation of PPP Feasibility Study</td>
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<td>4 Tendering of PPP</td>
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<td>5 Implementation of the PPP</td>
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<td>6 Training and Capacity Building</td>
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MIDDLE INCOME COUNTRIES FUND REQUEST FORM
(TO BE COMPLETED BY RECIPIENT COUNTRY/PRIVATE SECTOR ENTITY)

Ministry of International Cooperation
Sector for International Organizations,
International, Regional & Arab
Financing Institutions

November 8, 2010

Subject: Middle Income Countries Grant Request Forms for the Taxi Replacement Project and PPP Transaction Advisory Services for Water and Sanitation Projects

Dear Mr. Khushiram,

Reference to the abovementioned subject, kindly find attached the two required Grant Request Forms.

Looking forward to enhancing our mutual cooperation.

Sincerely,

Engineer/ Mohamed Hamman
Assistant to the Minister in Charge of International, Regional and Arab Financing Institutions and Organizations

Mr. Khushhal Khushiram
Resident Representative
ADB, Cairo Office

8, Adly Street - Cairo Post No.: 11521 Box No.: 2225 - Ministry of International Cooperation
Tel.: 23912815 - 23916214 Fux: 23912815 - 23915167
### MIDDLE INCOME COUNTRIES FUND REQUEST FORM
(to be completed by Recipient Country/Private Sector Entity)

<table>
<thead>
<tr>
<th>1. Title of Project/Study or Programme</th>
<th>PPP Advisory Services for Wastewater Projects</th>
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</thead>
<tbody>
<tr>
<td>2. Country</td>
<td>Egypt</td>
</tr>
<tr>
<td>3. Executing Agency</td>
<td>Construction Authority for Potable Water and Wastewater (CAPW)</td>
</tr>
<tr>
<td>b) Address</td>
<td>44, Ramses St., Cairo – EGYPT Tel. (+202) 2578 9636 Fax (+202) 2574 3671</td>
</tr>
<tr>
<td>4. Description of the activities</td>
<td>The main objective of the proposed activities is to obtain PPP transaction advisory services to assist CAPW and the Ministry of Housing, Utilities and Urban Development (MHUUD) through the regulated phases of the PPP project cycle as well as to build the capacity of CAPW/ MHUUD’s staff in the PPP cycle. The consultancy services shall cover qualified and experienced Transaction Advisor to: 1) undertake comprehensive feasibility study for one of the two PPP projects, 2) provide advisory services for the appropriate procurement of the PPP project, and 3) provide capacity building and training of CAPW/MHUUD staff on implementing PPP in the water and sanitation sector.</td>
</tr>
<tr>
<td>5. Rationale for the activities</td>
<td>In line with the strategy of the Government of Egypt (GOE) to increase the share of the private sector in advancing economic development, the GoE is promoting the implementation of various projects, including water supply and sanitation, through Public Private Partnership (PPP). A pipeline of large sanitation projects has already been identified for implementation through PPP. Proper preparatory work for this type of projects requires the services of quality transaction advisors. In addition, most of the government staff who will be dealing with PPP projects are mainly familiar with public sector finance and lack the knowledge and experience of PPP projects. Building the capacity of those staff is imperative for the successful launching and implementation of PPP projects in the country.</td>
</tr>
<tr>
<td>6. Project Cost Estimates</td>
<td></td>
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<tr>
<td>a) Foreign Exchange</td>
<td>US $ 900,000 (UA 600,000)</td>
</tr>
<tr>
<td>b) Local Currency</td>
<td>US $ 75,000 (UA 50,000)</td>
</tr>
<tr>
<td>c) Total amount</td>
<td>US $ 975,000 (UA 650,000)</td>
</tr>
<tr>
<td>7. Financing Plan</td>
<td></td>
</tr>
<tr>
<td>a) ADB</td>
<td>US $ 900,000 (UA 600,000)</td>
</tr>
</tbody>
</table>
8. Proposed Mode of Procurement
   a) Services
   b) Goods (if applicable)
   c) Others, including Training of local staff

9. Implementation Plan
   Schedule of implementation to be attached

10. Evidence of Government Commitment to Implement the targeted Projects/Study or Programme (Inclusion in CSP)
   a) Explain and rate the probability that the targeted project/study or programme is a Government priority.

   b) Provide name and designation of Government official who will sign the Letter of Agreement

   c) Provide name of Project Coordinator who will be in charge of monitoring the activities and the use of the Trust Fund

11. Name of the Permanent Secretary of Ministry of International Cooperation

12. Signature/Stamp of the Ministry of International Cooperation of the MIC

Date: 8/11/2010

Permanent Secretary, Ministry of International Cooperation
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