



Status of the “Egypt Dialogue on Water”

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4th Meeting of the OECD Water Task Team

14-15 October 2008

Key partners

- Greek Ministry of Environment (MED EUWI lead country)
- Egyptian Holding Company for Water and Wastewater (HCWW)
- EC Delegation in Cairo
- MED EUWI Secretariat (GWP-Med)
- OECD Secretariat

Egyptian context

- Largely urbanised country
- Water perceived as a key strategic resource
- High coverage of water supply services, rural sanitation a challenge
- Basic goods and services heavily subsidized, financial sustainability of WSS sector?
- On-going reform in water supply and sanitation: institutions, policies?
- Additional pressures on HCWW: tight job market
- Donors present, weak impact on policies?
- WSS Masterplan: evolving role (packages for PSP)
- Recent inflation-related protests

Analytical support 1/2

- **Affordability assessment**
 - Scope: countrywide
 - Local consultants: Chemonics Egypt
 - First “Dialogue Event” July 2008
 - Approach and data sources (CAPMAS) well received
 - Final report to be ready in late November, to be discussed in mid-December

Analytical support 2/2

- **Financing strategy**
 - Scope: Greater Cairo
 - International consultants: COWI, supported by Chemonics Egypt
 - Data collection (nearly) completed
 - First draft next week
 - Bilateral consultations early November
 - Second “Dialogue Event” mid December
 - Training component (modelling)

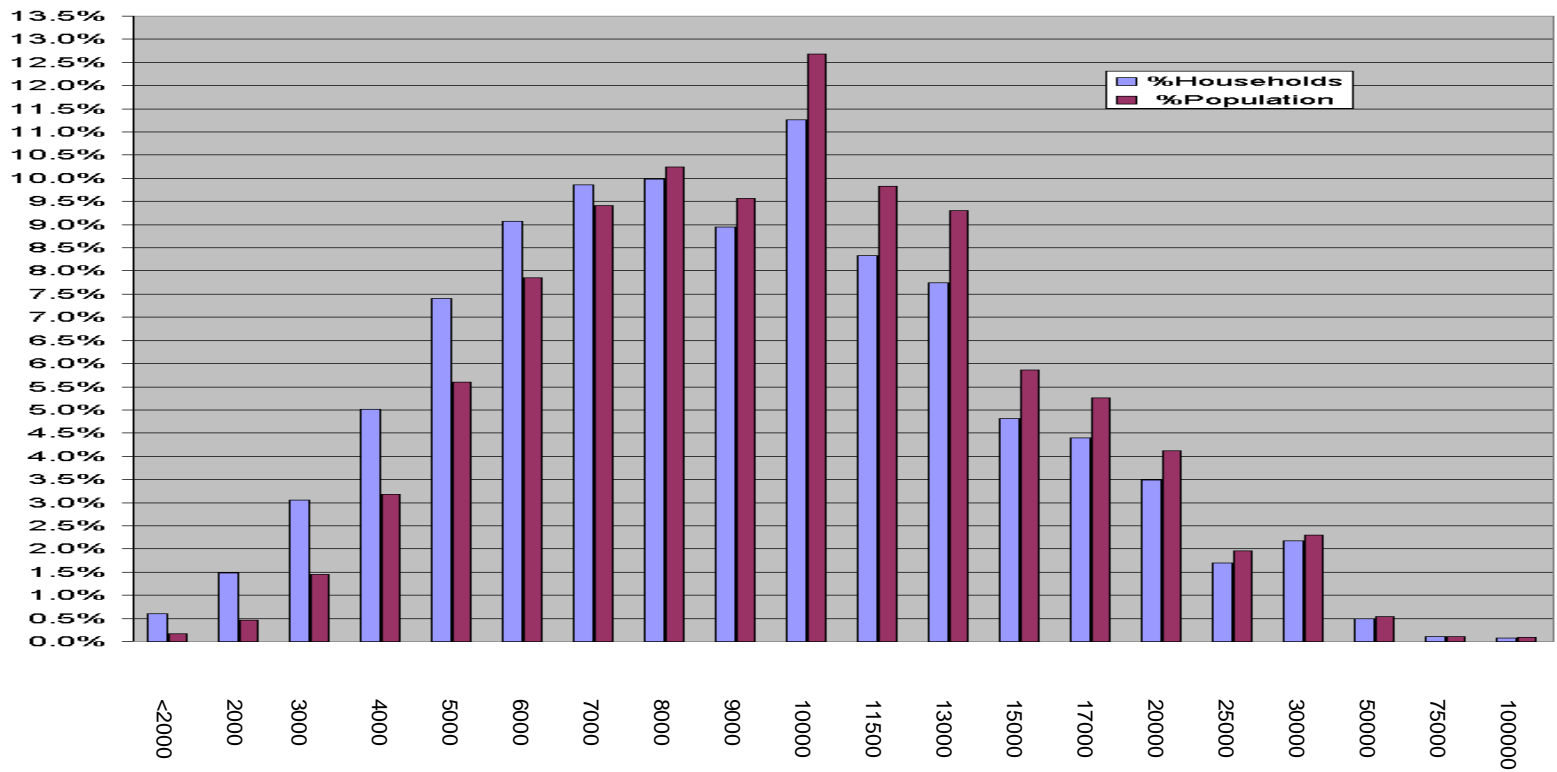
Affordability discussions in Egypt

The four affordability questions

- An affordable tariff enables a **normal household** (i.e., all households except the extreme poor) to pay for consumption of a **basic quantum of WSS services** without the WSS bill exceeding an acceptable share of the household's expenditure
- “Normal” household?
- Lifeline consumption?
- Affordability threshold?
- How to address the needs of the “extreme poor?”

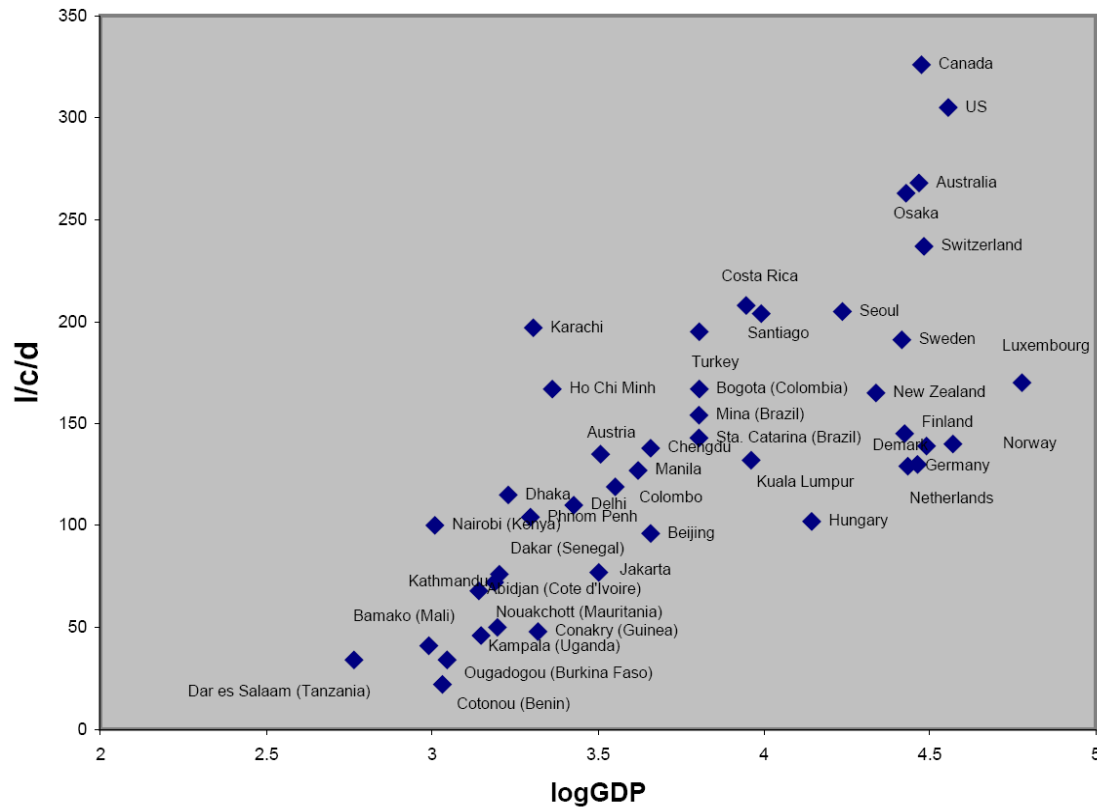
Importance of data, even if not perfect

Figure 2.1: Distribution of Sample by Expenditure Stratum: All Egypt



Looking for answers in international experience

Water consumption and income



Some tentative answers

- Defining “normal”/ “extreme poor” households not straightforward, need for consensus beyond the WSS sector
- Lifeline consumption: current (implicit) lifeline too large, reduce to 100 lcd
- Affordability threshold somewhere between 2-5%
- The role of the HCWW is not to run a social protection programme; Ministry of Social Solidarity?