AN INTERVIEW
with
DANIELA GRESSANI
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For Daniela Gressani, World Bank Vice President for the MENA Region, Egypt has undertaken economic reforms that have greatly improved its economic performance, yet challenges that pertain to ensuring that the poorer segments of society benefit as well, that youth are effectively engaged to further development, and that civil society in general play a more active role remain to be addressed, not only in Egypt, but in the region as a whole.

Q: Arriving to Egypt as Vice President after 9 years, from your perspective, what are the challenges that the Egyptian economy is currently facing and how can these challenges be addressed?

First of all, it was great coming back to Egypt after such a long period. Things are better looking and more modern looking. From my perspective, there has been a great improvement in economic performance with an increase in foreign direct investment in the country. Going forward, it is important to ensure that the foundation of such economic performance is broadened together with its consolidation, especially that we can build on stronger domestic investment. On the other hand, it is important to make sure that such performance reaches the poorer segments of society as well as the poorer areas of the country.

Q: What, do you think, can the World Bank do to address this issue, especially that most of the poor do not really feel that there’s a major impact from the different developmental projects or initiatives despite the boom that the Egyptian economy has witnessed, (growth rate of around 7% and increase in direct foreign investment reaching around $ 6 billion)?

I think that when there is an acceleration of growth, and we’ve seen that in many countries, there is frequently concentration of the benefits where infrastructure is best and where there are more abundant skills. This is often in the capital city or the most modern and better developed area of the country. This is actually not an uncommon outcome of growth, so I am not particularly concerned with what we’ve seen in Egypt so far in terms of concentration of the benefits of growth in the largest cities and more developed areas. But, I think, what we need to do next is to make sure that growth now reaches out to where most of the poor live and where the opportunities are fewer. To do so, we need to carefully look into the development of infrastructure because it is very important in determining the decisions of investors in terms of where to put their investments and therefore where to create jobs. The other aspect that we need to place a great deal of attention on is social policies. Egypt allocates a lot of money and resources to social policies that do not benefit the people who need help the most. I am speaking about the subsidies that are still quite preeminent as well as other non-targeted interventions. I hope that we can work closely with the Government to make sure that we can better target both the development of infrastructure in the poorer regions and the development and evolution of social policy as well in a way that is better targeted to the people who need help the most.

Q: Do you think that the governance issue could fit in this context, especially that lately the World Bank has been stressing the concept of governance?

The Executive Board of the World Bank has approved the enhanced Governance and Anti-Corruption Strategy of the World Bank. The World Bank has been engaged in this issue since 1996, and I am proud that at that time I was part of the team that developed that strategy. Now after more than 10 years, we have a new strategy that draws on the lessons learned during that period. I think the most important lesson learned is that the poor people are those who gain the most from improved governance. Poor people at the end are those who suffer the most when basic services are not available to them either because the resources are shifted to other priorities or simply because they have to pay bribes to access services that should be provided free. The corruption at the local level, where it exists, tends to have a negative impact on the poor. On the other hand, even the larger scale
corruption, that which involves large companies and large contracts, tends to have, at the end, a negative impact on the poorest people because it shifts investments and job opportunities to either different places, different priorities or even different countries altogether. We know that countries with weaker governance are those with less investment and therefore fewer jobs than countries that have better governance. So once again, one of the lessons we have learnt is that the greatest beneficiaries of improving governance are the poor. This is really the most important reason behind why we need to work in this area, be engaged and do our best to achieve results.

**Q:** With this in mind, civil society organizations can play a role in helping ensuring that growth reaches the poor. During your visit to Egypt and during the launch of the Regional Report on Water, the signing of the grant agreement between the World Bank, Ministry of Water Resources and Irrigation and CEDARE was reflective of World Bank interest in engaging civil society organizations in development. How can the World Bank play a role in further strengthening civil society organizations’ engagement in development?

Development is a very complex business, and requires strong partnerships between governments, private sector, civil society and, in fact, everybody that can make a contribution. I think that the example you quoted is a very good example of cooperation, of engagement between the Government, the World Bank and a civil society organization, but there are many others. During my visit, I went to Alexandria and visited some clinics where health services are provided by civil society institutions that operate in collaboration with the Ministry of Health. They are specifically targeted to serve poor neighborhoods. So, I think there is already ongoing collaboration that is quite useful and on which we can build. With this in mind, I think the most obvious thing that the Bank can do to strengthen civil society engagement is first of all “listen to them”. The experience of institutions that are actively engaged at the grass roots level is a great source of social learning. There are also many things that governments can do to improve governance through reducing opportunities for corruption and making their rules and regulations more transparent and less discretionary. But I think that civil society organizations, they can and should play a fundamental role too, especially, through demanding that governments reduce opportunities for corruption, demanding that the private sector do the same, and through monitoring and observing results. That is an area where the World Bank needs to listen and engage, and I think there is a great promise from what can be delivered from this kind of partnership.

**Q:** The World Bank World Development Report 2007 had “Youth” as its theme, how, do you think, can the WB further promote youth engagement in development in Egypt given that they comprise around 60% of the population?

I have no doubt that youth are the greatest resource of Egypt and, in fact, of the region as a whole. There is a large new generation, a young generation that is now entering the active economic and social life, and it’s an opportunity that does not come often, not only because of the large number of young people, but also because these young people probably represent the best educated generation in a very long time and they can contribute with their greater skills. If you think of the most successful recent experience of development, of rapid development, which people call the East Asian Miracle, you will find that what happened in East Asia was essentially a “demographic gift”, a large number of young people entering the labor market, entering social engagement at the same time as the economy was being liberalized and opportunities were being created by the fact that trade policy and investment regulations became much more open, that the national markets could function, that government put in place basic economic governance in support of private investment. What happened in East Asia was in fact a miracle! It was a great improvement in the well being of society not just the elite. I think that the region and Egypt in particular, right now, is at this golden moment where it can really achieve unprecedented domestic growth and welfare by making good use of this demographic gift, of this new generation entering the labor market and social engagement.

The World Bank should do its best to listen to young people and engage them. But we need to be very aware that a great deal of the economic reforms that are being put in place are fundamental to making the most of the demographic gift of this new generation entering the labor market and social engagement. I think that the best service we can do for Egypt’s youth and in fact Egypt as a whole is to help put in place the policies that can support employment opportunities, productivity growth, and skill development since these are going to be the foundation for the success of this generation. We have made a number of outreach efforts, for example, on the World Development Report on Youth, but we should do this more systematically and always be in a “listening mode”. We should try to be systematic in reaching out to youth and youth organizations not only when we talk about youth, but also when we speak about broad economic policies because ultimately they have a lot to do with the prospects for future success.

**Q:** To what extent are those challenges similar/different to these in other countries in the region?

Many of the challenges that Egypt confronts are similar to other countries in the region. I think the most important common challenge today pertains to this new large generation of young people entering the labor market. This represents a common opportunity and a common challenge across the entire region. The challenge is being able to accelerate the reforms that can create opportunities for this generation, and support job creation and skills development. In addition, Egypt, like many other countries in the region, shares the challenge of concentration of growth in certain sectors and certain areas. Broadening the base of growth is another important challenge that is common to other countries in the region. Lastly, significant resources allocated to social policies are not reaching or are not having a significant impact on the poor by improving their opportunities, thus the challenge of how to make the best possible use of social policies and the resources invested in such policies to ensure that they create opportunities for poor people who genuinely need help to ensure a better living for themselves and their families.
On her first visit to Egypt as VP (March 10-12, 2007), Ms. Daniela Gressani met with top government officials including Dr. Ahmed Nazif, Prime Minister; Dr. Youssef Boutros-Ghali, Minister of Finance; Dr. Mahmoud Mohieldin, Minister of Investment; and Dr. Fayza Aboulnaga, Minister of International Cooperation. She also met with Egypt’s First Lady, H.E. Mrs. Suzanne Mubarak.

Mrs. Suzanne Mubarak shared with Ms. Gressani during their meeting a number of initiatives that Mrs. Mubarak has initiated or has led. These include: i) the Forum that took place two years ago on Enhancing Women’s Economic Participation and Opportunities, a joint effort of the National Council for Women and the World Bank, which resulted in the National Gender Strategy as one of its outcomes; ii) the Integrated Community Development Initiative that focused on education, health, skills development, training, libraries and cultural centers which could be provided by civil society organizations while governmental agencies provide the basic infrastructure, including water, sanitation, and transportation; and iii) Adopt a School Initiative which promotes partnership amongst the government, civil society organizations, the private sector, and donors.

Mrs. Mubarak also informed Ms. Gressani of the upcoming International Youth Forum that will be held next September in Sharm El Sheikh and is being organized by the Suzan Mubarak Women’s International Peace Movement. This Forum will provide a platform for around 5000 young women and men from all over the world to express their views and aspirations. Ms. Gressani confirmed that there is great potential in the youth with globalization and trade openness; great opportunities that need to be realized. At the end of the meeting, Her Excellency expressed her appreciation for the work the World Bank Cairo Office is undertaking.

During Ms. Gressani’s meetings with the Prime Minister and key economic Ministers, they reflected on the partnership between Egypt and the World Bank with a particular focus on operations and areas for improvement. Dr. Ahmed Nazif, Prime Minister, expressed his satisfaction with World Bank operations which he perceives as closely aligned with the country’s needs, as well as his appreciation for the work that visiting staff and Cairo Office staff are undertaking. Furthermore, Dr. Nazif made reference to the reform efforts concerning the financial sector and the progress achieved thus far in terms of bank performance, bank consolidation, privatization, banking supervision, and cleaning up of non performing loans. Dr. Nazif reiterated the need for a more efficient use of energy through expansion of the distribution network of natural gas since demand is increasing by 10% yearly, as well as for a more effective mainstreaming and integration of ministerial activities where the World Bank can assist.

In his meeting with Ms. Gressani, Dr. Mohieldin, Minister of Investment, noted that the Government is very appreciative of the Bank’s Financial Sector work. He confirmed that both DPL I and DPL II were approved by the President when he was informed that the funds would be used for recapitalization of the state-owned banks. Furthermore, he noted that although World Bank loans may be perceived as more expensive, the technical assistance accompanying these loans is very valuable. He emphasized the value of the sector work on PSD citing the Investment Climate Assessment (ICA) conducted by the Bank which helped the Government in drafting the reform agenda and was used by the Prime Minister as a tool to monitor reform measures. He also expressed the Government’s appreciation for the technical support provided by the Cairo Office. On the other hand, areas of improvement discussed during this meeting pertained to cutting down on delays in processing projects as well as to better communication with the public to convey the long term positive benefits of economic reforms.

Ms. Gressani’s meeting with Dr. Boutrous Ghali, Minister of Finance, also focused on perceptions of the Bank’s operations and sector work. Dr. Ghali expressed appreciation for the Bank’s economic and sector reports. He lauded the work on “Social Security Legislation” (pensions work under the Reimbursable Technical Assistance). He noted the need for broadening
VP with children in a school in Alexandria

the work of the Public Private Partnership Unit of the Ministry of Finance instead of being project-specific. The Bank could assist in terms of developing a training plan and addressing staffing and training gaps.

In her meeting with Ms. Gressani, Minister Aboulnaga, Minister of International Cooperation, confirmed the good progress that has been made during the past 2-3 years in terms of the relationship with the World Bank. She highlighted the improvements due to the efforts of both partners. She expressed appreciation for the Cairo Office staff who have been particularly helpful. She mentioned the shortened period to effectiveness for projects. The Minister expressed her appreciation for trilateral arrangements which have been very successful giving the WB-EC-Egypt operations as an example. Ms. Gressani underlined the World Bank’s desire to continue similar operations in the spirit of the Paris Harmonization Agenda while citing its being very active in South-South opportunities through open procurement opportunities, study visits and technical exchanges.

By and large, in her various meetings, Ms. Gressani emphasized that the World Bank’s objective is to deliver projects and programs that support Egypt’s development efficiently. She noted that delays experienced could be resolved through the two partners’ collaborative efforts in addressing them.

Ms. Gressani undertook some field visits to obtain a first-hand feel of the situation on the ground. She visited El Shorouk Farm, a medium-size farm (around 300 feddans), 60 kms from Cairo along the Alex Desert Road, an NGO and a school in Alexandria, in addition to the Bank’s Public Information Center (PIC) at Biblioteca Alexandrina.

El Shorouk Farm falls within the area of the West Delta Project which represents a public-private partnership in process. This project aims at replacing groundwater with surface water for irrigation system to ensure sustainability of water supply. Ms. Gressani, who toured the farm, met with the owner and some members of the Water Users Association.

In Alexandria, Ms. Gressani visited one of the 420 schools built/financed under the Education Enhancement Program in Al Montazah slum area. She toured the school including the workshops and the multi-media room and met with some teachers and children from the KG and Primary sections. Ms. Gressani also visited Al Kalaa NGO in Alexandria which has upgraded its clinic into an accredited facility that provides family health services being contracted by the Ministry of Health and Population to provide health services to the poor within the context of the health reform efforts which the Bank is supporting. Finally, she paid a visit to the Bank’s PIC located in the Library of Alexandria and was introduced to the services it provides to the public.

Overall, Ms. Gressani was impressed with what she saw during her short visit and hoped to visit more projects when she visits Egypt next.
The World Bank’s
President’s
Commission on Growth
and Development Meeting in Cairo

A Commission on Growth and Development meeting was held in Egypt on December 12, 2006 during the Cairo Investment Conference sponsored by the Ministry of Investment. The meeting was chaired by the Egyptian Minister of Investment, Dr. Mahmoud Mohieldin, and attended by Professor Micheal Spence, Nobel laureate and Chair of the Commission on Growth and Development, and from the World Bank’s side: Roberto Rocha, Lead Financial Sector Economist; Mustapha Nabli, Chief Economist and Director for Social and Economic Development Group; and Sahar Nasr, Senior Financial Economist.

This meeting was part of the work conducted by a high-level Commission created in April 2006 to discuss issues related to growth and development while bringing both academic knowledge and a wealth of policymaking experience in developing countries. The objective of the meeting was to deepen the understanding of economic growth for development and poverty reduction among representatives from the private sector, banks, academia, civil society, and economists in Egypt, as well as to assemble their insights on the national level on means to support sustained growth.

The discussion focused on issues related to growth sustainability, as well as factors that lead economies to grow or that impede their growth. “We are interested, not in a couple of years’ growth, but in sustained growth that is as high as you can get,” indicated Professor Spence. He also shed light on the long-run forces underlying growth experiences and highlighted the actions at the national and international level most likely to improve developing countries’ growth prospects focusing on the experience of China and India. Participants shared their experiences and views on challenges facing Egypt, and successes in the reform program while revealing new tools for helping developing economies achieve and sustain future growth. The main challenges confronting Egypt were also discussed in the meeting which brought new and useful insights about those challenges facing the Egyptian economy and its potential for growth.

The Commission was to take stock of the current state of knowledge and understanding of economic growth in Egypt; review the salient features of successful growth experiences; identify new and developing trends that are relevant to future growth strategies; and assess the most effective approaches for developing countries.

For more information on the Growth Commission, visit www.worldbank.org/prem/growthcommission.
Making the Most of Scarcity
Accountability for
Better Water Management
in the Middle East and North Africa

Despite its diversity of landscapes and climates, from the snowy peaks of the Atlas mountains to the empty quarter of the Arabian Peninsula, most of the region’s countries cannot meet current water demand. Indeed, many face serious challenges.

On March 11, 2007, the World Bank launched its Regional Development Report on Water. The launch was hosted by the Government of Egypt. H.E. Dr. Mahmoud Abu Zeid, Minister of Water Resources and Irrigation and the Chairman of the Arab Water Council, opened the session together with Ms. Daniela Gressani, World Bank Vice President for the Middle East and North Africa Region. “There is a long history of bilateral and regional cooperation which was effective for a shorter or longer period of time, but lessons learned indicate that we should work together and develop the mechanisms that make this cooperation more effective and sustainable,” said Dr. Abu Zeid. “In its declaration announcing the establishment of the Arab Water Council, the founding committee stated that the Council’s primary task is to deal with the water challenges facing the Arab World in the 21st century and to develop ways and means to deal with them effectively and efficiently for the benefits of the inhabitants in 20 countries in the Arab States region. Long term cooperation requires institutional and legal arrangements that are fair, efficient and effective for achieving sustainable development. Reform is key to more success. My expectation is that the report is founded on this spirit and on wisdom. I wish that our cooperation with the World Bank continues with this profound mutual understanding,” he further added.

As MENA comprises 5% of the population worldwide and possesses less than 1% of the world’s water, Ms. Gressani confirmed the importance of water to the region. “Water is essential for life and well being. It is the essential resource. This is nowhere more apparent than in this part of the world,” said Ms. Gressani. She also made reference to how water management solutions need to be considered as part of the wider economic policies of the countries of the region. “It is clear that something has to change. It is also clear that this is one of the most important development challenges that the region faces. These water management challenges - be they water scarcity, pollution of rivers, lakes and streams, distribution of water services for urban users and farmers - are too complex to be resolved by the water authorities alone. Many sectors must act together to solve these problems. Actions outside of the traditional water sector, that include agricultural policy, trade policy, land markets, finance, energy pricing, all impact how much water is used and how efficiently it is used,” she further added. Therefore, there is a need for all segments of society to work together in order to develop efficient policies as well as effective incentives. “In this way we hope to encourage systematic reform that will ensure that this region continues to be a leader and a pioneer in integrated water management while adapting to the realities of the political economy of each country and the region,” concluded Ms. Gressani.

Despite considerable technical, policy and institutional progress within the water sector across the region, expected improvements in water outcomes are still limited. “For many years, reforms have been partial which has led to slow progress. There are promising initiatives across the region where people and communities are becoming more involved in protecting the environment, and in better water resources management. There is a need to scale up these initiatives to accelerate progress,” said Ms. Inger Andersen, World Bank Director of the Middle East and North Africa Social and Sustainable Development Department.

The presentation of the Report, delivered by Ms. Julia Bucknall, Lead Natural Resources Management Specialist at the World Bank, examined the complexity of water management and the problem of its scarcity. It pronounces a potential for accelerating water reforms. Perhaps realizing the complexity of water scarcity is the hallmark of this report as it recognizes the technical, and institutional progress that MENA is undergoing, and the fact that MENA is “home to some of the best hydraulic engineers in the world,” yet it also realizes that this progress has not gained its full potential. Some of the reasons behind this lag are the partiality of the changes made. Some reforms have been problematic as they suggest changing the status quo of politically important people and the groups who will benefit from the reforms - farmers, environmentalists, and poor households - are not effective lobbying groups. Another reason behind the lag is that the burden of water on public finance was fragmented into sub-sectors and so was the need for the reforms, or that maintenance of major infrastructure to address those expenditures was not apparent.

In this context, the report suggests three mechanisms to accelerate reforms. The first mechanism is to involve non-water sector professionals in water reform initiatives,
not run out of water since the market mechanism, which is a more expensive one, will address this problem. Political accountability was another issue that the panelists addressed. According to Eng. El-Alfy, enhancing the management of governmental institutions and the private sector provides an answer to that issue. He supports the idea of “holding companies” whereby public companies can be run independently and become performance-based while still remaining public, as well as that of a “complaints line” through which customers may share their complaints and hence enhance accountability. On the other hand, Dr. Safwat Abdel Dayem emphasized the importance of bringing on board government ministers who are pro-reform.

As an end-note, Dr. Vijay Jagannathan emphasized the importance of working together and sharing experiences and knowledge to make change possible, which, as has been expressed by the different panelists, seems to be one of the major obstacles to water reform in particular, and reforms in general.

The launch also witnessed the signing of the agreement between the Arab Water Council, the World Bank and CEDARE whereby the World Bank provided a grant of US$ 300,000 to CEDARE for the establishment of the Regional Water Management Institute for the Arab States and other countries in the developing world facing similar challenges. The objective of such an institute is to build the capacities of the water experts and promote a shift in perspective with regard to MENA water policies and water management committees in charge of achieving institutional reform in such a manner as to promote better knowledge sharing and learning tools beyond the conventional hydraulic engineering domain.

It is worth noting that this launch was made special by using art to promote the issue of better water management through a performance by a group of Egyptian children called the Egyptian Droplets who communicated their hopes and concerns for the future in a widely applauded dance performance. The message they relayed through this performance was the same as one of the Report’s, namely, Water is the concern of everyone and therefore, we should all collaborate and play our parts in preserving it. Indeed, water scarcity is a regional problem and so is its solution which reflects the necessity of united efforts across boundaries.

For more information, please visit: www.worldbank.org/
A Glimpse on Water Projects in Egypt
Contributed by Hani El Saadani

For developing countries, the water sector is growing more and more critical in its importance. There are issues related to sustainability of water quantity first and secondly, its quality for years to come. Water is life as it is essential for human existence. The importance of water to development is indisputable with its effects on agriculture, industry, urbanization and health. Egypt shares this importance of water with other developing countries. In terms of renewable fresh water resources, Egypt has a per capita of 950 cm³, lower than the regional average of 1200 cm³ per capita, and it is expected to further decline to 650 cm³ by 2017. It is almost entirely dependent on Nile water, a source shared by ten other riparian nations, while its demand for water is increasing as a result of urban, industrial and environmental needs.

Agriculture continues to play an important role in the Egyptian economy, accounting for 20% of GDP and exports and 36% of total national employment. It continues as the basis of the rural economy. The agricultural sector in Egypt is characterized by an agricultural land base that ranks among the lowest in the world on a per capita basis (0.12 feddans per capita). In addition, without any significant rainfall as well as complete dependence on its annual share of 55.5 billion cubic meters of Nile water, Egypt will need to increasingly improve returns from its available water resources in an environmentally sustainable manner.

In this context, the World Bank has been supporting the Government of Egypt through a number of water-related projects as follows:

**Irrigation Improvement Project** (1996 - 2006), total cost: US$182.3 million with a World Bank’s contribution of US$ 47.06 million as credit (IDA loan) and an IBRD loan of US$ 22.88 million. The rest of the financing was provided by KFW and GoE.

**The Project’s Development Objectives** were to:

i) Increase agricultural production and farmers’ income by improving the irrigation infrastructure, facilitating a more equitable distribution of water and improving on-farm irrigation management;  
ii) Improve the long-term sustainability through takeover of responsibility for operation and maintenance (O&M) at the tertiary level irrigation system by the farmers and their sharing in the costs for tertiary level investments; and  
iii) Strengthen the institutional planning and implementation capacity of the Ministry of Water Resources and Irrigation (MWRI) in the irrigation sub-sector. It was estimated that the Project would increase the income of over 654,000 people.

The Project also had environmental objectives which included the strengthening of MWRI and IIS staff capacity with regard to environmental assessment and management, as well as the development of environmental assessment (EA) guidelines.

**Results Achieved** include tertiary level canals (meskas), covering an area of 200,000 feddan, which have been improved. The improvement package included the upgrading of the meskas in order to convey water to farmers in a more equitable manner. This included upgrading the infrastructure and formation of Water Users Associations to take over the task of O&M of the improved systems. More than 2,900 meska WUAs have been formed and trained. To a lesser degree of success, the project has changed the mode of water delivery in the secondary canals from rotational (on/off) operation mode to continuous flow (CF) (on-demand) operation mode. This shift in canals’ operation entails water saving, better equitable water distribution, and more reliable water supply.

**Challenges Encountered during Implementation** pertain to the devaluation of the Egyptian pound which led to failure of some of the contractors, thus affecting the implementation schedule and resulting in delays. The implementing agency had to resort to smaller contracts. Nevertheless, it managed to reach a 90 to 95% completion which is considered a satisfactory achievement given the prevailing conditions at the time of devaluation.

**Lessons Learned** include the following:

i) taking to scale the piloted innovations and adoption of CF operation to be able to define the main and branch canal physical and operational measures for implementation of CF systems prior to mesqa improvement programs;  
ii) achieving cost effectiveness and controlling costs’ escalation through greater and more effective design
intervention, technology transfer, and an initial participatory planning and preliminary design process to develop technical options and their corresponding costs and benefits;

iii) improving contractors’ performance and reducing implementation delays through consideration of smaller contract packages to further develop smaller contractors’ capacity and accelerate construction progress while improving construction management and supervision arrangements;

iv) developing sustainable O&M organizations and arrangements through early discussions and agreement with WUAs and system operating agencies on development plans and preliminary designs together with relevant training for both.

v) setting in place firm and suitable arrangements for continuing technical and administrative support to the WUAs;

vi) ensuring satisfactory institutional priorities, processes and coordination to guarantee both efficiency and effectiveness; and

vii) ensuring integrated and complete irrigation system improvements that address deficiencies at all levels to optimize benefits.

The Second National Drainage Project - NDP II (2000-2008), is financed by about US$ 278.5 million in the form of loans from IBRD, KFW, and the European Investment Bank, in addition to a grant from the Netherlands and a Government contribution of about US $ 134.8 million equivalent. The project addresses the challenges related to drainage. It aims at addressing the need to implement measures that would ensure efficiency and environmental sustainability in both management and utilization of Egypt’s water and arable land resources which are key components of the 1993 Egypt Agriculture Sector Strategy and the 1997 Country Assistance Strategy (CAS).

A total of about 400,000 farm households (small holders) are expected to benefit from the project.

The Project’s Development Objective is to increase the drainage efficiency of about 0.8 million feddans of irrigated land in the Delta and Nile Valley by: a) increasing the agricultural productivity of about 0.8 million feddan of irrigated land through improving drainage conditions via evacuation of excess irrigation water by subsurface drains into existing open drains; and b) avoiding yield and production losses on this land which would result if water logging and soil salinity problems were to persist. This project addresses the issue of improving agricultural drainage at the farm level which entails resort to covered drainage using pipelines, and deepening and remodeling existing open surface drains to ensure that drainage water collected from irrigated lands by the subsurface drains is conveyed out of the project area and into the drainage system and its outfall.

Environmentally, the project is expected to have a major positive impact through reducing the groundwater level in farmers’ fields to prevent water logging and salinity build up in irrigated areas as well as improving soil quality by enabling the evacuation of saline water and its conveyance into the drainage system. In addition, the project will reduce the adverse effects on people’s health due to disease vectors in standing water in surface on-farm open drains which will be replaced by sub-surface field drains. It will identify sources of external pollution of the existing open drainage systems in the project areas and prepare an action plan to address them. The project will also support the implementing agency’s environmental unit in the implementation of the Environmental Management Plan (EMP) and their site-specific environmental reviews.

In terms of institutional capacity building, the project supports a number of institutional reform policies, namely: i) formation of Drainage Beneficiaries Group; ii) improved efficiency of procurement while encouraging competition; and iii) establishment and enforcement of sound environmental guidelines.

The design of the project has taken the issue of sustainability into account. The project directly addresses the efficient use of water and land resources for agricultural production. Sustainability is closely linked to the optimum use of soil and water resources which has been achieved by the earlier Bank-supported projects that assisted in improving farm incomes, thus enabling beneficiaries to participate in the cost sharing arrangements and ensuring financial stability and sustainability of the drainage program. The implementing agency is responsible for the O&M of drainage works, provision of equipment, training of staff and technical assistance and is therefore provided with an annual budget for O&M costs of the drainage system. In addition, proceeds from the land tax system assist with the provision of the necessary budgetary support for the O&M costs of the irrigation and drainage system.

Progress to-Date indicates that, after around 6 years of implementation, the project continues to show steady progress. Indicators demonstrate that the project would meet its development objectives. Yield increases have exceeded the targets. Groundwater tables as well as salinity levels have been lowered as anticipated. To elaborate, the total contracted areas for new sub-surface drainage currently stand at 423,185 feddan (about 84% of the total proposed area) of which the completed area is about 338,240 feddan (around 68% of the total area). The total contracted areas for rehabilitation of
sub-surface drainage currently stand at 405,415 feddan (about 138% of the total proposed area) of which the completed area is about 330,445 feddan (about 110% of the total proposed area). The total contracted area for open drains works currently stands at 365,255 feddan (about 100% of the total area) of which an area covering about 346,185 feddan has been completed (about 95% of the total area). This compares with about 85% of time elapsed between loan effectiveness and closing date.

Implementation of the environmental component has also witnessed progress in terms of internal capacity building, training, as well as implementation of the pilot EMP. In addition, training targeting EPADP using the national budget and through different donor-funded projects has been ongoing. Furthermore, the Management Information System (MIS) related to planning and follow-up functions and drains database are in place. The implementing agency is also expected to expand the M&E activities by integrating the benchmarking concept (introduced in 2005) that includes, amongst others, financial, operational, socio-economic and environmental factors.

Moreover, noticeable developments pertain to: i) private sector participation in the maintenance of small open drains; an activity for piloting the early phases of the Private Sector Participation Strategy and Action Plan which will allow for more involvement of small contractors in maintenance activities as well as reduce dependence on large contractors and EPADP force account; and ii) farmers’ participation through formation of collector users associations.

The Challenges Encountered during Implementation pertain to the devaluation of the Egyptian pound as mentioned above resulting in few delays. Today, the project implementation has recovered and few contracts only are suffering delays.

It is worth noting that Egypt’s experience in addressing challenges pertinent to drainage is the most successful by all measures. All World Bank projects targeting drainage represent a classical case of success which was complemented by other donors’ efforts, for example, the Dutch, who focused on research. The system - as it stands today - is very well established and well progressive. Pipes are now manufactured locally and so are all other required materials.

The Third Pumping Stations Rehabilitation Project (1998 - 2007) for a total cost estimated at USD 252.43 million (a World Bank loan of $120 million, a KFW loan of $28.57 million and GOE contribution of $103.86 million)- represents one of the ways to counteract the challenges facing agriculture in Egypt through implementing measures to ensure the environmental sustainability and efficiency of water resources management. It also represents the third phase of the long-term program for the rehabilitation and modernization of the irrigation and drainage pumping stations of the Nile Water Resource Management System which the Government of Egypt has set up with the assistance of the World Bank.

The Project’s Development Objectives are to: i) Improve the efficiency of operation and maintenance of the pumping stations and thereby save public expenditures on O&M; ii) Improve the efficiency and reliability of delivery of irrigation water and evacuation of drainage water to prevent the losses in crop yields resulting from aging stations; and iii) Strengthen further the planning and O&M capability of the Mechanical and Electrical Department to enhance the sustainability of the irrigation and drainage system.

Environmentally, the project is expected to have positive outcomes through maintaining the water table at low levels, preventing water logging and soil salinity build up via the rehabilitation of the drainage pumping stations.

Progress to-Date: At appraisal, the main components of the project were: i) constructing 32 new Pumping Stations (PSs) to replace old malfunctioning ones; ii) rehabilitating old electro-mechanical equipment in 36 PSs; iii) providing various spare parts for 9 PSs; iv) strengthening 5 PSs’ emergency centers; v) upgrading the PSs’ workshops and electrical laboratories; vi) supporting monitoring and evaluation (M&E) including a management information systems (MIS); vii) strengthening the institutional capability through logistical support, training and provision of technical support; and viii) assessing the environmental situation at selected sites and preparing mitigation plans. During the Mid-Term Review carried out in March 2004, the project’s components were not modified, but the numbers were changed as follows: i) constructing 21 new PSs to replace old malfunctioning ones; ii) rehabilitating old electro-mechanical equipment in 84 PSs including 50 PSs by
the provision of 120 electrical motors; and iii) providing various spare parts for 76 PSs. Those figures were slightly changed during the past 2 years as a result of emerging priorities. Bank financing of the project was therefore reduced to US$100 million.

Progress to-date shows that there has been an efficient delivery of 6.3 billion cubic meters of water per year; a reduction of the annual O&M by about US $1.2 million, and a reduction of the annual energy consumption by about US$1 million. Additionally, the project managed to benefit about 0.85 million families and to increase the annual agricultural production by about US$35 million. Furthermore, the delivery of technical assistance has been in progress together with cost recovery and privatization studies which will focus on the sustainability issue as well as improved efficiency. This project has also contributed to strengthening the management institution through IMS.

Challenges Encountered during Implementation pertain to delays in the civil works contracts related to the construction of new pumping stations despite procurement of the electro-mechanical equipment being in good progress. The implementing agency has changed the contracting modality to be ‘turn key’ rather than having separate contracts for civil works and supply of electro-mechanical equipment.

Integrated Irrigation Improvement and Management Project (2006-2014), for a total value of US$ 303 million with a World Bank loan of US$ 120 million, a contribution of US$ 78 million from foreign donors, and a contribution of US $ 105 million from the Ministry of Water Resources and Irrigation, represents a continuing commitment of the World Bank to projects that focus on natural resources management, raising rural income, poverty alleviation, and environmental sustainability.

The Project’s Development Objective is to assist the GOE in achieving a more efficient and sustainable use of its land and water resources by improving the management of irrigation and drainage for all farmers in two command areas in the Nile Delta, and thereby mainstreaming Integrated Water Resources Management principles through: i) empowering water users in decision making at both the investment and O&M levels for irrigation and drainage infrastructure, ii) financing complementary irrigation and drainage renovations; iii) providing users with technical assistance for improving water productivity; and iv) beginning to move the agenda of integration of planning and development of irrigation and drainage services through better integration of Ministry of Water Resources and Irrigation departments at both the command area and district levels.

It is expected that water distribution, in terms of quality, quantity, equity and timeliness will improve. Furthermore, sustainability of agricultural production will be achieved through rehabilitation of subsurface drainage system to prevent soil salinity build-up and rehabilitation of water conveyance canals. Environmentally, the project is expected to have a positive impact by improving land and water management in the irrigated agricultural sector. The on-farm irrigation will lead to more reduced use of irrigation water and increased yields.

Both the design and planning of the project reflect the consideration of a number of lessons learned from previous related projects including the need for extending the implementation period to take into account previously experienced slow pace of small civil contracts in irrigation, as well as the participatory water management approach followed in the Irrigation Improvement Project at the tertiary canal level. In fact, the scope of participation and consultation with the water users is at the core. In addition, the design reflects a technical innovation, namely advocating the use of electric rather than diesel pumps in order to improve irrigation and reduce associated costs. As the improvement of the quaternary level irrigation canals level is addressed, about 15% of irrigation water will be saved.

For more information, please visit www.worldbank.org/eg
The project is divided into five phases, the first of which is setting up the project which includes identifying villages, training local promoters, and holding meetings with stakeholders. The second phase is identifying issues and concerns in each village that would be tackled in awareness sessions as well as in the designing of activities. The third phase is the designing phase of the outreach and skills-building activities for rural women to preserve water quality and improve water hygiene as well as the assessment of skills application on the local/household level. The fourth phase focuses on preventive measures through public awareness and increased social activities which include public educational workshops, community symposium, and writing and preparation of scripts for documentaries and community-based publications while the fifth phase is a self-evaluation of the project’s outcomes and performance by the stakeholders.

Progress to-Date shows that the third phase is underway. Some of the outputs achieved in the first two phases include: i) the formation of a network of civil society, policy makers and local leaders; ii) the creation of a forum for addressing environmental challenges; iii) the gathering of knowledge on the water-related environmental challenges in the villages; and iv) reaching a shared understanding of those challenges amongst the different stakeholders in each village.

In the implementation process, CDS has been adopting a participatory approach (Collaborative Community Action (CCA)) with a gender orientation. The former reflects the bringing together of a cross section of stakeholders including governmental agencies and non-governmental organizations, private sector, media and community members in order to achieve common goals. The latter, on the other hand, reflects women empowerment in order to ensure a more effective project through an assessment of the different roles of women and men and finding ways to achieve collaboration between both roles. The focus is rather on the social conditions of women - materially, whether it is poverty or poor health care, and in terms of status, whether it is social, political, economic or cultural - compared to those of men.

In the initial workshops conducted in each governorate whereby the key stakeholders were brought together to identify environmental and health challenges faced by the community and propose solutions, a common understanding of the challenges lying ahead was reached together with propositions for potential solutions.
In the village of Kafr Nekla in Behira, problems identified included: i) pollution of the uncovered sewage drain; ii) residential and agricultural solid waste; iii) informal housing on the Mahmoudya Canal; iv) insufficient irrigation water at the end of Nekla Canal; v) poor health services at the village (curative and preventive); and vi) insufficient potable water pressure at the household level. On the other hand, proposed solutions included: i) converting animal waste into gas and designating a collection point for residential solid waste; ii) awareness raising programs related to solid waste; iii) putting down the informal housing in line with regulations; and iv) setting up a health unit.

In the village of Kom Waly in Minia, problems identified included: i) lack of potable water in some households and its shortage in others; ii) pollution of potable water; iii) increased water consumption at the household level; iv) lack of sanitation services; v) insufficient irrigation water; and vi) rampant water-related diseases. On the other hand, proposed solutions included: i) connecting the underprivileged households to water networks; ii) using tanks in case of water cut-off and finding a local technician to solve maintenance problems; iii) gradual replacement of asbestos pipes with new environmentally friendly ones; iv) awareness raising with regard to proper consumption practices; v) seeking funds from national and international organizations and private sector to install a sewage system; vi) coordinating with the Ministry of Irrigation to secure water when scarce; and vii) approaching academia, pharmaceutical companies, and national authorities to address the problem of widespread diseases.

In the villages of El Hagarssah, El Kawamel and Awlad Gharib in Sohag, problems identified included: i) the usage of sewage water as fertilizers; ii) contamination of agricultural drainage; iii) scarcity of irrigation water; iv) improper and inefficient usage of potable water; v) insufficient potable water to cover all villages; and vi) the use of septic tanks for sanitation services.

On the other hand, proposed solutions include: i) constant maintenance of the drainage system while raising awareness to prevent water loss; ii) organizing training programs; and iii) upgrading the knowledge of villagers, especially youth and women to better manage water.

Challenges Encountered during Implementation pertain to community leaders’ understanding of the concept of collaboration. They believed that resolution of any problem could be achieved only through the provision of funds. However, after the formation of the collaborative group in Minia and stakeholders’ contributions of some of their assets to resolve existing problems, a propensity to change earlier points of view began to surface.

Lessons Learned thus far pertain to the significance of “bringing the whole system in the room” which promotes dialogue and results in a shared understanding in addition to creating a sense of ownership at an early stage of implementation, as well as to community members being the best to identify their own problems and needs.
The PNoWB 2007 Annual Conference that brought together more than 200 parliamentarians from about 100 countries both donor and recipient to discuss the role of parliamentarians in the development process and find ways to enhance the transparency and accountability of International Financial Institutions (IFIs) was held in South Africa on March 15 through 18, 2007. This conference was the first to be held on the African continent. It also witnessed the inaugural meeting of the PNoWB’s South Africa Chapter.

The conference was organized by the PNoWB, in collaboration with the World Bank, the African Development Bank, South Africa’s Ministry of Finance, and South Africa’s Parliament which hosted the event. Besides MPs, other attendees included academics, private sector, civil society and multilateral organizations. It was attended by heads of the World Bank, the International Monetary Fund, and the African Development Bank, as well as Ministers of Finance from South Africa and Niger.

Strengthening the role of MPs was raised several times during the sessions and different methods were suggested. For example, the Kenyan MP Billow Kerrow requested that IFIs consult with MPs on governance issues, as opposed to “a couple of guys from IMF walking into town, spending a couple of weeks, and giving the government a clean bill of health as regards the economy and so forth, when indeed the Parliament and the people of that country are raising concerns about governance.” The U.K. MP and PNoWB Vice Chair Hugh Bayley requested the IFIs to make it a condition (or a good practice guideline) for granting loans/projects that the recipient countries need to consult with their parliaments.

Other key issues discussed at the conference included: climate change challenges; transparent management of extractive industry revenues; the importance of agriculture; a suitable business climate for growth; aid effectiveness; the call for action on Africa as a development priority; accountability and transparency of IFIs; and the effectiveness of parliamentary strengthening initiatives.

The importance of the conference is not only in its content but also in its timing: 2007. This is a year when South Africa is chairing the G20 presidency; Germany will especially focus on Africa as it holds the G8 presidency; the African Action Plan, a new World Bank strategy for Africa was discussed by the Board of the World Bank just before the conference; governance and anti-corruption consultations were organized by the Bank and finally, when the IDA 15 replenishment discussions will be beginning.

Two Egyptian parliamentarians participated in this event, namely, Dr. Mostafa El Said, Head of the Economic Committee, and Mrs. Sayada Greiss, one of the ten MPs nominated by President Mubarak for the current term of the People’s Assembly. According to Mrs. Greiss, the conference emphasized the significance of a strengthened relationship with parliamentarians and called for a stronger role that would reflect their effective engagement in monitoring the World Bank’s work in their respective countries.

“The conference was a good opportunity for parliamentarians to exchange experiences and strengthen relationships with international donors. It was also an opportunity for MPs from the MENA region to discuss the creation of their own network using existing resources. In general, it was a positive experience that should be continued” said Ms. Greiss. “Representation from MENA should be increased and some continuity after the event to ensure follow-up is recommended. The creation of a committee of parliamentarians in the respective countries would ensure not only an increased level of engagement and direct contact while serving as an oversight committee, but also continuity acting as liaison between the PNoWB, on the one hand, and parliamentarians, on the other” she further added.

Dr. Mostafa El Saeid and Ms. Sayada Greiss, Egyptian MPs
The Parliamentary Network on the World Bank (PNoWB) was founded in May 2000 as an independent NGO with more than 1000 members from 110 countries. It mobilizes parliamentarians in the fight against global poverty, promotes transparency and accountability in international development, and offers a platform for policy dialogue between the Bank and parliamentarians. PNoWB receives funding primarily from the governments of the Netherlands and Finland, but it also receives funding from the U.K., Swiss, Greek and French governments, the UN Foundation, the IMF, and the World Bank.

PNoWB collaborates with the Bank’s Country Offices through local or regional chapters. It has active groups to date in India, Japan, East Africa, the Middle East and North Africa, West Africa, and South East Europe. PNoWB and the World Bank also organize field visits to developing countries to review the Poverty Reduction Strategy process, consult with a range of stakeholders, from Bank staff to civil society representatives to ministers and heads of state. PNoWB has a working group on HIV/AIDS, TB and Malaria to promote legislation to stem the epidemics, and another group on international trade to advance a pro-poor outcome of ongoing WTO negotiations.

A number of communications tools are available to parliamentarians. These include: The World Bank’s Website for Parliamentarians mentioned below; the Question-and-Answer Online System through which parliamentarians can obtain answers to questions related to the World Bank’s policies and projects via the Bank’s website for parliamentarians; A Parliamentarian's Guide to the World Bank, which PNoWB and the World Bank have jointly developed to provide an overview of the Bank’s governance structure, policies, evaluation and review mechanisms. The guide is available on request. It may also be downloaded from the World Bank Parliamentary website (available in Arabic); and a guide for World Bank country office staff working with parliamentarians which is currently being developed by the External Affairs Department of the World Bank.

* For more details about PNoWB activities, see http://www.pnowb.org/
* For more information, please contact the EXT Parliamentary Team:
  Jean-Christophe Bas  jbas@worldbank.org
  Naye Bathily  nbathily@worldbank.org
  Pierre Girardier  pgirardier@worldbank.org

You may also visit: http://www.worldbank.org/parliamentarians and http://www.pnowb.org

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Please fax this form to 2574 1676, or e-mail your contact information to nelkouesny@worldbank.org
Cairo PIC

The Stock Market Conference

In context of the continuous collaboration between the Public Information Center (PIC), and the Institute of National Planning (INP) to engage civil society members, and provide a platform for discussing their development priorities, the PIC co-sponsored a conference on Egypt Stock Market on February 25, 2007. The conference aimed at examining and analyzing the challenges facing the financial system in Egypt.

The event was largely attended by a cross section of stakeholders. Distinguished specialized professors and researchers from the INP in addition to participants representing the banking sector, academia, journalists, and governmental institutions vividly engaged in a lively discussion with the presenters. The various papers presented during the sessions, including the experience of the SMEs’ special Stock Market and its applicability to Egypt, stimulated dialogue amongst participants and resulted in a number of recommendations.

Launch of the African Development Indicators Report

The Cairo PIC located at the Institute of National Planning organized and hosted the Launch of the African Development Indicators Report on March 7, 2007. The session was chaired by Dr. Ola El Hakim, INP Director. Mr. Jorge Arbachi, Senior Economist for the World Bank Africa Region delivered a presentation on the report which highlighted the importance and usefulness of the data and information contained to policy-makers and academia in general, and to development practitioners in particular.

The event was attended by distinguished diplomatic guests from African Embassies in Egypt including ambassadors who were keen to engage in the discussion that followed the presentation. In addition, researchers, government and media representatives also participated in the launch.

Nahdet El Mahroussa

Within the context of its outreach efforts, the Cairo PIC organized an informative presentation in collaboration with Nahdet El Mahrousa, a youth-led NGO, on February 28, 2007. The objective of this event was to raise youth’s awareness of the World Bank’s history, mandate, and efforts in the field of development. The presentation also covered the World Bank’s youth, and NGO’s programs. It also outlined PIC’s services and activities. The gathering was marked by its young audience whose questions ranged from being hostile to simply requesting additional information depending on the limited knowledge about the World Bank. Participants expressed their interest in the available resources and information and their willingness to participate in future Youth and NGO-related activities organized by the World Bank Country Office in Egypt.

Ministry of Social Solidarity

In response to an invitation extended by the Advisor to H.E. Minister of Social Solidarity, the PIC Coordinator in Egypt delivered a presentation on February 15, 2007 at the Ministry’s conference hall. The event aimed at raising the awareness of the Ministry’s employees of the World Bank in general and its efforts in the social field in particular. Participants were introduced, for the first time, to the World Bank’s mandate and efforts in development. In addition, they were informed about the Bank’s collaboration with NGOs. The presentation was quite challenging due to lack of clarity about the Bank and the negative historical misconceptions. At the end of the event, participants expressed their wish to be added to the Bank’s mailing list in order to receive its newsletter regularly.

ALEXANDRIA PIC

Youth Workshop

Alexandria PIC, located at Bibliotheca Alexandrina, organized and hosted a youth workshop on February 8, 2007 as a follow-up to the World Development
report 2007 entitled “Youth and the Next Generation” which focused on youth participation in development. The workshop was opened by Dr. Ismail Serageldin, Director of the Library. Dr. Serageldin shared with participants his extensive experience in the field of development and his long experience with the World Bank. Presentations about the World Bank’s history and mandate as well as the subject-matter were delivered by the World Bank Communication Team.

The motivation emanating from the workshop was the vigor of youth - the main audience who come from different backgrounds - university students, lawyers, journalists, representatives from the British council and the Goethe institute, and members of youth NGOs and groups. They all agreed at the conclusion of the workshop that youth need to develop their skills and actively engage in the development of their communities utilizing methods that promote civic engagement.

**African Development Indicators Report Launch**

Similar to the Cairo PIC, another launch of the African Development Indicators Report took place on March 6, 2007. Dr. Ismail Serag El Din opened the session and addressed participants highlighting the development challenges that the African continent is encountering. Participants were mainly students who interacted actively and effectively with Mr. Jorge Arbache through a discussion that focused on developmental issues.

**Faculty of Commerce, Alexandria University**

In response to the request of the faculty professors and students, a presentation on the World Bank, its history, efforts in development, and information resources, took place on March 20, 2007 in the Faculty of Commerce, Alexandria University. In addition, the Alexandria PIC staff from Bibliotheca Alexandrina gave a presentation on the services and activities offered to youth.

**ASSUIT PIC**

**Upper Egypt Development Workshop**

In preparation for the Upper Egypt Development Conference, the Assiut PIC coordinated a workshop on January 25, 2007 to discuss the main pillars of the subject-matter. Based on the research conducted by the University professors through the “Upper Egypt Development Research Center” in Assiut, the two-day workshop was held to benefit from the results of that research. Distinguished researchers and presenters from the University shared their work with their counterparts and agreed on focusing on three main pillars, namely: industry, agriculture, and tourism in order to boost development efforts in Upper Egypt.

**Upper Egypt Development Conference**

Assiut PIC coordinated a three-day conference that took place on April 3-5, 2007 and brought together a cross section of development practitioners and key stakeholders to discuss the three main pillars mentioned above. This conference reflected a high level of interest on the side of the Government in furthering the development of Upper Egypt. This was illustrated by the attendance and participation of a number of governors, businessmen associations and media representatives. The event culminated in Dr. Mahmoud Mohieldin’s, Minister of Investment, announcement, on the last day, of the foundation of a company to be assigned the development of Upper Egypt, with a budget of LE 3 billion to be invested in developing the infrastructure of the industrial zones of the eight governorates.

**Alexandria Rotary Clubs**

In response to an invitation extended by the Chairman of the Rotary Clubs in Alexandria, a presentation on the World Bank and its efforts in development was delivered in the Alexandria Rotary Club on March 13, 2007. In the discussion that followed, the Rotary Club members expressed their interest in civil society engagement and cooperation in developing local communities.
The World Bank Group

**Ongoing PROJECTS**

- **Health Sector** (US$90 mil). The project will: (i) expand the health insurance toward universal coverage for a basic package of primary health care and public health services; and (ii) improve access to, efficiency and quality of primary care and public health services in the three pilot Governorates to meet the service demand created by the expansion of PHC health insurance coverage.

- **Education Enhancement** (US$75 mil) closed in FY07. Key objectives of the project were to: (i) increase access to equity; (ii) improve the quality of student performance; and (iii) enhance the efficiency of the education system.

- **Skills Development** (US$5.5 mil). The Project will assist Egypt in carrying out a pilot program to stimulate the private sector demand for skills training development through a demand-driven and competitively-based mechanism.

- **Secondary Education Enhancement** (US$50 mil). The project will: (i) increase access to general secondary education through upgrading commercial schools to technological general schools and provide flexible options for study within and between branches of the system; (ii) better align curricula and assessment with skills needs of employers and higher education; (iii) provide professional development for teachers and administrators on new technologies, curricula, assessment and management techniques; and (iv) strengthen institutional capacity.

- **Higher Education Enhancement** (US$50 mil). The project will create the conditions fundamental to improving the quality and efficiency of the higher education system in Egypt through legislative reform, institutional restructuring, and establishment of independent quality assurance mechanisms and monitoring systems.

- **Early Childhood Education Enhancement** (US$20 mil). The project aims to achieve its development objectives through the following three components: (i) increase Access; (ii) Improve Quality; and (iii) build capacity. The Access component will: (1) support the public construction and maintenance program; (2) support expansion through kindergartens registered through the Ministry of Insurance and social Affairs and community provided facilities; and (3) address demand-side constraints.

- **Airports Development** (US$335 million). The Project will support Egypt’s ongoing efforts to eliminate capacity bottlenecks to growth in airport traffic, raise the quality of services to international best practice standards at Cairo International and Sharm El Sheikh Airports, and promote private sector participation in airport management and service delivery.

- **El Tebbin Power** (US$259.6 mil). The project will assist the Government in: (i) enhancing the provision of energy supply in a sustainable manner, through investment in new generation capacity; and (ii) strengthening sector performance by engaging in policy dialogue and supporting measures aimed at improving financial performance, the functions of the regulator and energy efficiency. Input would also be provided to the development of the legal framework for the sector.

- **Financial Sector Reform-DPL** (US$500 million). This is an adjustment operation designed to help the government build a more resilient financial sector, with a sound banking system and insurance industry, able in the medium-term, to provide modern and efficient financial services.

- **Mortgage Finance** (US$37 mil). The project will assist primary lenders in the financial market (viz., banks and non-bank lenders both) to provide longer-term, market-based mortgage loan financing for residential housing. Such financing is scarce because primary lenders do not have reliable access to sources of term finance on favorable terms that could help them to mitigate the associated business and lending risks. The Egyptian Company for Mortgage Refinancing (ECMR) will provide such a source.

- **SOHAG Rural Dev.** (US$25 mil). The project will primarily support the sustainable development of Sohag rural villages through the participatory approach initiated by the National Program for Integrated Rural Development.

- **Pumping Stations Rehabilitation III** (US$120 mil). The main objective of the project is to improve the efficiency and reliability of delivery of irrigation water and timely evacuation of drainage water to prevent the losses in crop yields resulting from aging Pumping stations on the irrigation and drainage system.

- **National Drainage II** (US$50 mil). The project will: (i) increase the agricultural productivity of about 0.8 million feddans of irrigated land by improving drainage conditions through evacuation of excess irrigation water with subsurface drains into existing open drains; and (ii) avoid yield and production losses on the land, if waterlogging and soil salinity problems were to persist.

- **East Delta Agric. Services** (US$15 mil). The project aims to improve agriculture production, and increase farm incomes of about 29,000 low-income families in the project area through provision of essential infrastructure/agricultural support services.

- **Irrigation Improvement** (US$80 mil) closed in FY07. The Project was designed to: (i) increase agricultural production and farmers’ income by improving the irrigation infrastructure, facilitating a more equitable distribution of water and improving on-farm irrigation management; (ii) improve the long-term sustainability through takeover of responsibility for operation and maintenance of the tertiary level irrigation system by the farmers and their sharing in the costs for tertiary level investments; and (iii) strengthen the institutional planning and implementation capacity of MWRI in the irrigation subsector.

- **Integrated Irrigation Improvement** (US$120 mil). The project will assist the Government in improving the management of irrigation and drainage in the project area to increase the efficiency of irrigated agriculture water use and services (expected to have positive impacts on water distribution quantity, quality, equity and timeliness).

- **Pollution Abatement II** (US$20 mil). The project will test, in the Egyptian context, the applicability of market-based financial/technical approaches in order to be able to achieve significant pollution abatement in selected hot spots areas in and around the Alexandria and Greater Cairo areas. It will also be a vehicle for supporting the Government to take advantage of the opportunities offered by the emerging carbon market established after the entry into force of the Kyoto Protocol in February 2005.
### PORTFOLIO HIGHLIGHTS

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<tr>
<th>Projects</th>
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1. Data as of March 31, 2007
2. Closed projects during the Fiscal Year (FY07).
3. Loan Amount minus Disbursement may not equate Undisbursed Amount due to exchange rate vis-à-vis SDR

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### Sectoral Distribution of Active Projects

(by value)

- Finance: 20.3%
- Agriculture: 22.4%
- Infrastructure: 32.5%
- Health: 4.9%
- Education: 10.8%

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Note: Three projects are expected to enter the portfolio in FY07 of which one (Mortage Finance for US$ 37.1 million) has already been approved.

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### World Bank Assistance (FY2002-FY2007)

![Graph showing World Bank Assistance](image)

- **X-axis:** Fiscal Year 2002-2006
- **Y-axis:** Amount (US$ million)

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### Disbursements 1

![Graph showing Disbursements](image)

- **X-axis:** Fiscal Year 2003-2007
- **Y-axis:** Amount (US$ million)

1. Disbursement figure for FY2007 is projected (including a one tranche DPL of 500 mll that will be released this FY07).
A Glimpse on Water Projects in Yemen
Contributed by Nagi Abu Hatem

Water scarcity is becoming more and more a developmental challenge to Yemen, a fact that reflects linkages between water abundance, agriculture, education, sanitation and overall health. The link between water and agriculture is pressing for Yemen for several reasons. The first is the contribution of agriculture to the GDP which is 15%. This may seem small but 58% of Yemenis depend on agriculture for their income, which constitutes a third of the non-oil merchandise exports. In addition, 60% of the agricultural lands are under rain-fed conditions (excluding spate irrigation).

Given the above, the World Bank has been supporting the water sector in Yemen by financing five projects in water, sanitation, irrigation and agriculture both in the urban and rural areas throughout the country, in addition to the National Water Sector Strategy.

NATIONAL WATER SECTOR STRATEGY AND INVESTMENT PROGRAM (2005 - 2009). This reflects the problem of the Water Sector Yemen is facing regarded as its most serious challenge of water resources scarcity and over-exploited aquifers, aggravated by the continued imbalance between annual recharge and the growing water demand. This has led to the alarming depletion of groundwater in a number of basins with the result of wiping out agricultural production and investments in some of them.

This water reality imposes on the country the challenge of reducing the existing unsustainable use of water resources through improved management and better planning for its rational utilization, and the challenge of providing safe drinking water and sanitation service to the great majority of urban and rural populations who still lack such services. It is estimated that 32% of the population have access to public drinking water systems and 21% have access to public sanitation networks. The availability of water has strong linkages with public health, unemployment, poverty, girls’ education, and socio-economic development in general.

The Water Strategy proposes a set of institutional, financial and other measures that aim at addressing discrepancies in the five sub-sectors in order to protect the interests of all stakeholders in the resources. Without reduction of the current unsustainable level of water resources everyone will be harmed, including farmers, who will be the first victims of water exhaustion.

Reforms to-Date demonstrate that since the mid-1990s, Yemen has embarked on courageous reforms in the water sector, including the creation of the National Water Resources Authority as the single water resource agency and the Ministry of Water and Environment, a successful reform program in the urban water and sanitation sub-sector and establishing the Agricultural and Fisheries Production Promotion Fund to increase rural productivity and to fund various water structures to provide farmers with more water, and to improve water use productivity.

SANA’A BASIN WATER MANAGEMENT PROJECT (2003 - 2009): The total cost of the project is US$30 million; US$ 3.5 million represent the government contribution while US$ 2.5 million represent the Local Farmer Organizations’ contribution. It aims at increasing both the quantity and the useful life of the available resources within the Sana’a basin, as well as increasing the efficiency of agricultural use. The project takes place in 10 sub-basins in four representative Basin zones.

The Project’s Development Objectives related to Demand Management, Supply Management and Institutional Development are to conserve water by introducing farmers to modern irrigation/improved equipment and methods that may save up to 40% of water while upgrading existing piped delivery systems and introducing pressurized irrigation to fields already served by piped delivery systems; and change pumping and water users’ behavior in the basin through a comprehensive Information and Public Awareness Campaign. The project also reflects a number of lessons learned which included a sound analysis of stakeholders, and the existence of an enabling framework for decentralized management.

An amount of US$0.7 million is allocated for the “Environmental Management Plan and Mitigation Program” to ensure the safety of all dams and water recharge structure; mitigate potential public health risks; waste water treatment, and its reuse and reuse of sludge; pest control and pesticides’ management; and continuous monitoring of irrigated land area to detect any significant increase of additional water resources becoming available.

Progress to-Date demonstrates that the project is progressing reasonably well. There is an on-the-ground coverage of 453 hectares expected to reach 1043 hectares by June 30, 2007, which represents 30% of the overall project target of 3558 hectares.

Challenges Encountered during Implementation include delays experienced with regards to the rates of irrigation coverage, training and well drilling.
URBAN WATER SUPPLY AND SANITATION PROJECT (2003-2006): total cost: US$150 million with a World Bank commitment of US$130 million. It is designed as a two-phase Adaptable Program Loan. It represents a response to two major challenges to urban water and wastewater sector in Yemen. The first is lack of a sound financial footing despite the government’s willingness to raise tariffs between 1995-2001 while the second is the managerial and technical capacity of the National Water and Sanitation Authority and its branches.

The Project’s Development Objective is to provide efficient and sustainable water and sanitation services in Yemen’s major urban areas.

The project is expected to have positive environmental outcomes where server networks will be rehabilitated and the improvement of existing treatment facilities will take place. Reduction of water losses and reuse of wastewater for agriculture is also expected. Some environmental concerns are envisaged in the handling and disposal of wastewater sludge; chemicals’ safe disposal following the flushing of new water lines; safe transport and treatment of cesspit wastes; environmental hazards as a result of the construction process; and quality of wastewater treatment.

Progress to-Date demonstrates that planned studies are complete and work is ongoing in all five project sites. There are fifty contracts under implementation and the procurement of all packages is complete. Overall, there has been considerable progress in installing parts of the 72 km water pipes and service connections, water transmission pipelines, related appurtenances, and sewer pipes.

Challenges Encountered during Implementation pertain to delays with several construction contracts, negatively affecting the project’s implementation. This is due to management issues, cash problems, difficult working environment, and poor detailed designs.


The Project’s Development Objectives are to ensure sustainable and efficient water conveyance, distribution and use in the two spate irrigation schemes of Tuban and Zabid, and increase agricultural production and rural incomes; and expand geographically in the second phase to cover the country’s five main spate irrigation schemes.

The Environmental Management Plan aims at raising environmental awareness and promoting the participation of local population; minimize groundwater depletion; build a knowledge-base which incorporates a soil salinity/sodicity mapping study to avoid soil sodicity occurrence and advise farmers on irrigation practices.

Progress to-Date demonstrates that there has been a major progress in implementing the participatory irrigation management component of the project which includes the formation and empowerment of Irrigation Councils and Water Users Associations. There has also been considerable progress with the Agricultural Demonstration Program.

TAIZ MUNICIPAL DEVELOPMENT AND FLOOD PROTECTION (2001 -2006): total cost: US$50 million of which US$ 45.2 million is a World Bank commitment and a US$ 4.8 million is a Government of Yemen contribution. While still retaining a water element, this project provided local authorities direct planning, development, financial, and social services responsibilities; a clear attempt for decentralization. But this raised numerous challenges for the urban sector including a tradition of central governance structure, weak institutional capacities of local authorities, inadequate contribution of local revenues, and poor levels of infrastructure, provision and maintenance. The Bank’s involvement was to face those challenges and support Yemen’s decentralization efforts in light of IDA’s mandate.
The World Bank Group

Challenges encountered during Implementation pertain to the dramatic effect on traffic caused by the construction sites which has already been remedied. 

Progress to-Date demonstrates that the resettlement component is met. Overall, the building and facilities have been completed; transfer arrangements of communities managed with follow up on health issues, water connections and election of local council. The project also managed to save costs, and hence, six additional flood structure extensions were approved in 2005.

The Project Development Objectives are to develop the capacity of Taiz local government to carry out its responsibilities under the country’s new Local Authorities Law through capacity building for local councils in support of civil services reforms, expenditure management reform and municipal development; protect residents, businesses, and infrastructure of the city from seasonal destructive flash floods through the construction of flood control structures to channel flash floods, originating in the mountains as well as resettlement of approximately 245 families living illegally on the banks of major Wadis and initiate support for Yemen’s decentralization program.

The design and objectives of the project reflect a number of lessons learned including the need for a budgeted and regularly scheduled maintenance, with a sustainable source of funding.

Environmental concerns include the resettlement of 245 families and the spillway capacity on the existing agricultural dam; flood structures suffering from accumulated stones, debris and solid waste and Malaria; and means of escape from the flood structure.

Progress to-Date demonstrates that the resettlement component is met. Overall, the building and facilities have been completed; transfer arrangements of communities managed with follow up on health issues, water connections and election of local council. The project also managed to save costs, and hence, six additional flood structure extensions were approved in 2005.

Challenges encountered during Implementation pertain to the dramatic effect on traffic caused by the construction sites which has already been remedied. There is a need to ensure the sustainability of the project by finalizing institutional arrangements for master plan implementation, and flood structure maintenance and cleaning and finalize institutional arrangements for operating and maintaining the Amirah Dam, as well as the issuance of ten year usufruct contract to resettlement village beneficiaries.

RURAL WATER SUPPLY AND SANITATION PROJECT (2000 - 2007): total cost: US$29.4 million with a World Bank commitment of US$20 million. The project is a relatively older intervention of the World Bank in the water sector targeting six governorates. It is based on the community demand-driven approach which implies that the beneficiaries have to organize themselves in Water User Groups, apply for water supply/sanitation schemes, contribute to capital cost, and take over 100% of the operation and maintenance of schemes. Improving water supply and sanitation contributes to improving health aspects of poor rural population.

The Project’s Development Objectives, in targeting the poorest population in six governorates through increasing their water supply, improving sanitation and providing technical assistance. It is to help the Government establish a Rural Water Supply and Sanitation Sector Strategy; its experiment with decentralized, demand-based community participation methods to be used in different geographical, geological, climatic and social environments; expanding rural water supply and sanitation service coverage with sustainable potable water and safe sanitation facilities and paving the ground for a large-scale rural water supply and sanitation national program. Ultimately, the project and its downstream outputs would help alleviate the dismal situation of rural poverty and poor health.

A positive impact on rural public health and the environment is expected through the provision of safe potable water and excreta and wastewater disposal facilities, in addition to hygiene education resulting in a reduced child mortality rate; the provision of simple latrines for households, schools, health centers, and markets along with drainage and collection of wastewater and its treatment resulting in the protection of aquifers from waste water; and the reduction of water wastage when community-managed water supply systems are introduced with a full cost recovery for operation and maintenance.

A lesson learned reflected in the design and objectives of the project pertains to the participation and management of the beneficiaries as conducive to a more successful and sustainable intervention that responds to actual needs.

Progress to-Date demonstrates the completion of 108 water sub-projects serving a population of 245,000 have been completed by March 31, 2007. It also generated another 82 sub-projects ready for implementation but can not be financed by the current credit, and so will require an additional US$20 million for an estimate of 24 months. Technical designs for 56 of these sub-projects are either complete or at the final stages. Due to the good progress achieved under this project, there is a possibility of providing supplementary funds of US$ 20 million in order to meet the demand and achieve part of the MDGs.

Challenges Encountered during Implementation pertain to delays in the training of Water User Associations on some operational schemes. A potential long-term challenge pertains to whether or not the benefiting communities can provide adequate financial resources and good management to the water supply scheme and make them sustainable.

For more information, please visit www.worldbank.org/ye
A Glimpse on a Water Project in Djibouti
Contributed by Antony Bigio

**Flood Emergency Rehabilitation Project**

On the night of April 13, 2004, torrential rains and high winds hit Djibouti, and a flash flood of great magnitude came rolling down the Ambouli river-bed, broke the embankment dike and flooded the city. About 100 people lost their lives, and 100,000 more, over an urban population of 700,000, were directly impacted by economic losses of housing, property, and businesses. Schools, health care centers and major infrastructure were affected, resulting also in the temporary closure of the railway line between Addis Ababa and Djibouti City as well as the road to Ethiopia after the bridge’s collapse. The financial damages of the floods were estimated at approximately US$11 million, or nearly 2 percent of (2003) GDP.

The April 2004 floods are an example of how vulnerable Djibouti is to natural catastrophes, largely due to its geography, but also to the weak institutional capacity to respond to such events. River floods, due to the unmanaged watershed upstream of the city, are triggered by the sudden rainfall on the highlands, and are of a cyclic nature with an average recurrence every 10 years. The overabundance of water at the time of the floods is the counterpoint to periodic droughts and to perennial water scarcity which characterize the country.

As part of the national and international response to the floods, the World Bank fielded an urgent identification-appraisal mission in June 2004 which resulted in the preparation of the *Flood Emergency Rehabilitation Project*. The mission conducted various consultations with Government departments, and examined the damage in the field. The project was approved in October 2004 and became effective on January 25, 2005 for a total value of US$ 6.46 million (half of which as a credit and the other half as a grant). An additional grant of US$2.0 million was approved in February 2007 to finance additional project costs, thus bringing the total project budget to US$8.46 million.

**The Project's Development Objectives** are to: i) Undertake the recovery of the social and economic assets damaged by the April 2004 floods; ii) Improve the living conditions in resettlement zones; and iii) Help building a long-term capacity for disaster prevention and management while creating employment opportunities, especially for the low-income affected areas. As such, the project has four components, namely: a) rehabilitation of social and economic infrastructure: reconstruction of the embankment dike along the Ambouli river in the section that crosses the city; roads and drainage infrastructure, schools, including furniture replacement, equipment and teaching materials, health centers, and water supply infrastructure; b) delivery of basic infrastructure to resettlement zones (water standpipes and pit latrines); c) provision of technical assistance for disaster prevention, including training and capacity building; and d) project management and implementation assistance.

Given the emergency nature of the operation, environmental and social assessments were not required prior to appraisal, but have been carried out after the project had become effective. About 400 households had lost their shelter on account of the floods, and the Government had committed to resettle them in a new area on safe ground. In addition, about 125 households were found to be living in direct proximity of the embankment dike in makeshift housing, and also needed to be relocated according to the World Bank procedures for involuntary resettlement. The Government and the Bank team worked at length to make sure that the households were duly compensated. This entailed a census and a socio-economic study of the communities to be resettled, the preparation of a Resettlement Action Plan, and most importantly the construction by the Government of a site and services and housing complex, which were financed in part via the donations of companies and individuals motivated by the plight of the flood refugees.

**Progress to-Date** demonstrates that, as of June 2007, after nearly two and a half years after effectiveness, implementation of the project has been progressing satisfactorily. The reconstruction of schools, and health care centers has been completed. Main road and drainage infrastructure have been repaired, and some road resurfacing is currently under way. All equipment for water supply and water treatment, as well as medical and educational supplies, has been delivered. The resettlement housing complex is complete, and the families have been successfully moved into the new units, while the construction of pit latrines in the sites and services is on-going. The neighborhood has developed with the provision of numerous public facilities.
The Government has formally established a Disaster Prevention and Management Unit within its Ministry of Interior, and the Project has been supporting its setup with international consultations, the acquisition of equipment and vehicles, and training opportunities for its staff, albeit at a rather slow pace.

**Challenges Encountered during Implementation and Lessons Learned**

The reconstruction of the Ambouli embankment dike, however, is not yet underway. The role of this structure was studied in the context of a broader vision for the management of the Ambouli watershed. This will likely include the construction and maintenance of a number of small upstream dikes, and the construction of a dam some 5 kilometers upstream from the city. This would ensure the containment of the overflow water at the time of the floods, recharge Djibouti’s water-table in a permanent way, and allow for agricultural and animal uses of the water resource.

Once the role of the Ambouli embankment dike was determined, detailed engineering studies were carried out to design its reconstruction taking into account the urban setting. An Environmental management Plan was also prepared to assess the possible environmental impacts of the dike, and to define measures to minimize them. An international tender was launched in July 2006, and the contract was awarded in December 2006 to a first contractor, which then rescinded it in February 2007 on account of financial difficulties. A new contract has been signed with another construction company in May 2007, and the Ambouli dike should be rebuilt by June 2008. The project will then be considered complete.

While this emergency operation aims primarily at counteracting the damages inflicted by the floods of April 2004, the World Bank hopes that it will contribute to a more pro-active disaster prevention strategy by the Government. In this respect, the limited technical assistance for the national Disaster Prevention and Management Unit may plant the seed for a long-term vision of public awareness and preparedness in the face of the many risks and vulnerabilities that Djibouti is exposed to, and which are increasing with climate change.