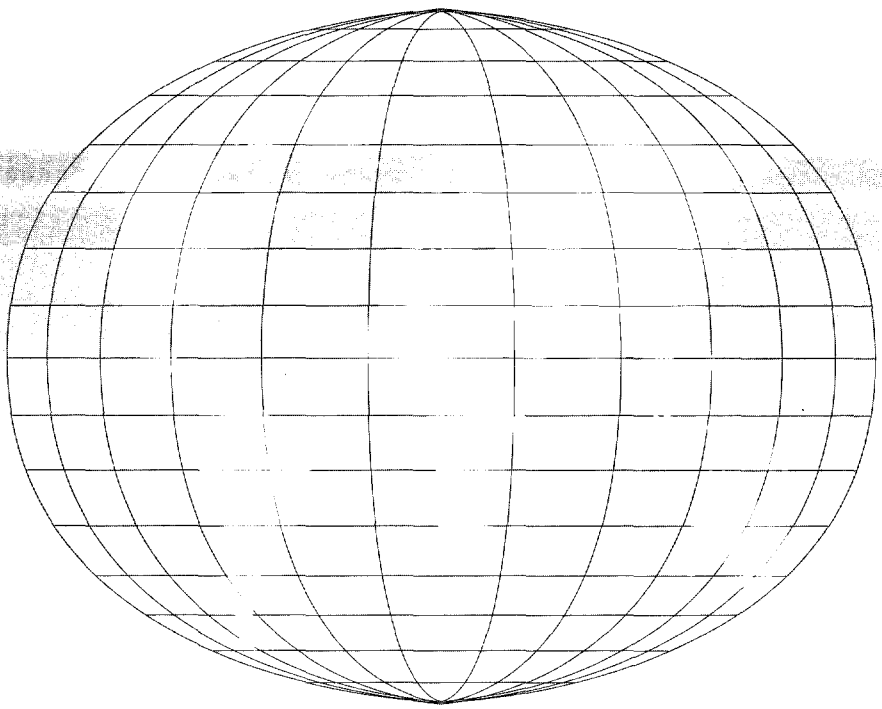


PD-ABP-225

Report of Audit

Audit of the USAID/Egypt's Water and Wastewater Activities

Report No. 6-263-97-005-P
June 30, 1997



Regional Inspector General for Audit
Cairo, Egypt

OFFICE OF INSPECTOR GENERAL
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT




**UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE REGIONAL INSPECTOR GENERAL/AUDIT**

CAIRO, EGYPT

June 30, 1997

MEMORANDUM

TO: USAID/Egypt Director, John R. Westley
FROM: RIG/A/C, Lou Mundy 
SUBJECT: Audit of USAID/Egypt's Water and Wastewater Activities

This is the final report on the subject audit.

The report contains one recommendation for your action. A final management decision has been reached for this recommendation. Please provide notice within 30 days of the actions taken to implement the recommendation.

Thank you for the cooperation and assistance extended to the audit staff on this engagement and your continued support of the audit program in Egypt.

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EXECUTIVE SUMMARY

Effective October 1, 1995, USAID/Egypt began using a "re-engineered" planning and performance measurement system. This system is designed to focus management attention on results while permitting USAID personnel considerable flexibility to choose the most appropriate means of achieving planned results. The system is also designed to help meet the requirements of the Government Performance and Results Act of 1993, a law which requires Federal agencies to prepare strategic plans, establish performance indicators, and report annually on their performance in achieving planned results. (Page 2)

The Office of the Regional Inspector General/Cairo performed an audit to answer the following audit objectives:

- Did USAID/Egypt, for its water and wastewater activities, implement planning and performance measurement systems in accordance with Agency directives?
- Were USAID/Egypt's water and wastewater activities making satisfactory progress toward achieving the intended benefits? (Pages 2 and 3)

The answers to the audit objectives are qualified to the extent of the effect, if any, of not having received appropriate written representations for the audit from USAID/Egypt officials directly responsible for the audited activities. (Appendix I)

With respect to the first audit objective, the audit showed that USAID/Egypt's strategic plan and annual plans established a strategic objective for water and wastewater activities which was consistent with and contributed to the Agency's strategic framework. Also, USAID/Egypt established performance indicators which were direct, objective, practical, and unidimensional. While it has not yet used information collected and reported through the results review and resource request process, USAID/Egypt has used performance information from other sources (e.g., site visits, meetings, and contractor reports) to enhance program effectiveness. However, for its water and wastewater activities, USAID/Egypt had not developed a system for collecting and reporting accurate performance information. We concluded that information reported for 52 of 144 items tested was not accurate. Several steps need to be taken to permit accurate information to be collected and reported in the future. (Pages 4 through 9)

With respect to the second audit objective, USAID/Egypt's water and wastewater activities were making satisfactory progress toward achieving the intended benefits, in all significant respects. Important benefits included construction of water and wastewater treatment plants and improved distribution and collection systems, as well as managerial improvements in the organizations which operate these facilities. (Pages 10 and 11)

The report recommends that USAID/Egypt correct the inaccurate information discussed in this report for those indicators which the mission plans to continue to use; assign responsibility for collecting and reporting performance information to specific individuals; provide more specific instructions and definitions to the individuals and organizations responsible for providing information; and arrange for verification of the accuracy of reported information. (Page 6)

USAID/Egypt stated that some inaccuracies in reported information were unintentionally caused by trying to fit specific indicators for activities dating back 14 years or more into the newly formulated strategic objective. To implement the report recommendation, the mission plans to hire a contractor to verify the information reported in its results review and resource request dated March 1997 and develop a plan for collecting and reporting accurate information in the future; correct inaccuracies in the results review and resource request dated March 1997; assign specific responsibilities for collecting and reporting information to its staff, contractors, and GOE personnel; and provide more specific instructions for collecting and reporting information to the responsible parties. The mission's proposed corrective actions are responsive to the recommendation. Accordingly, a final management decision has been reached for the recommendation. (Page 12 and Appendix II)

Office of the Inspector General

Office of the Inspector General
June 30, 1997

INTRODUCTION

Background

One of the strategic objectives¹ in USAID/Egypt's strategic plan is strategic objective 6, "increased access to and sustainability of water and wastewater services." The strategic plan identifies three intermediate results which are being pursued to support achievement of the strategic objective: improved recovery of operation and maintenance costs, improved decentralized utility management, and improved capacity to deliver services. The specific water and wastewater projects financed by USAID/Egypt are described below:

<i>Project</i>	<i>Start and End Dates</i>	<i>Purpose</i>
Alexandria Wastewater System Expansion Project	August 1979 December 1997	To expand and develop sustainable wastewater collection, treatment, and disposal facilities in Alexandria.
Provincial Cities Development Project	August 1982 August 1997	To improve and expand the water and wastewater systems in the cities of Fayoum, Beni Suef, and Minia, and to assist the cities in planning, budgeting for, constructing, and maintaining urban infrastructure.
Cairo Sewerage II Project	September 1984 September 1998	To expand and develop sustainable wastewater collection, treatment, and disposal facilities on the West Bank of Cairo.
Canal Cities Water and Wastewater Phase II Project	September 1987 August 1999	To provide sustainable water and wastewater services and facilities in the cities of Suez, Ismailia, and Port Said, and to strengthen the institutional capabilities of the Suez Canal Authority and the three municipalities.
Cairo Water II Project	September 1988 December 1997	To rehabilitate and expand water transmission and distribution facilities in central Cairo and strengthen the institutional capabilities of the General Organization for Greater Cairo Water Supply.

¹ A glossary of terms used in this report is included in Appendix III.

<i>Project</i>	<i>Start and End Dates</i>	<i>Purpose</i>
Secondary Cities Development Project	September 1994 September 2004	To expand and develop sustainable water and wastewater systems in selected urban centers of Egypt.

These projects are managed by USAID/Egypt's Development Resources Directorate/Urban Administration and Development Office, with assistance from other offices in the mission. As of December 31, 1996, \$1.7 billion had been spent for these projects. More information on the financial status of the projects is included in Appendix IV.

Effective October 1, 1995, USAID/Egypt began using policies and procedures in USAID's Automated Directives System, which outline a "re-engineered" planning and performance measurement system. The mission is in the process of transitioning existing projects and activities to the new system. The system requires USAID missions to develop strategic plans, establish annual targets, and report annually on the results achieved in a document called the "results review and resource request," or R4. This system is designed to focus management attention on results while permitting USAID personnel considerable flexibility to choose the most appropriate means of achieving planned results. The system is also designed to help meet the requirements of the Government Performance and Results Act of 1993, a law which requires Federal agencies to prepare strategic plans, establish performance indicators, and report annually on their performance in achieving planned results.

Audit Objectives

The Office of the Regional Inspector General for Audit/Cairo conducted an audit of USAID/Egypt's water and wastewater activities to answer the following audit objectives:

- Did USAID/Egypt, for its water and wastewater activities, implement planning and performance measurement systems in accordance with Agency directives?

In answering this objective, we determined whether USAID/Egypt:

- developed a strategic plan and an annual plan which were consistent with the Agency's strategic framework;
- developed performance indicators which were direct, objective, practical, and unidimensional;
- developed a system for collecting and reporting accurate performance information; and
- used performance information to enhance program effectiveness.

- Were USAID/Egypt's water and wastewater activities making satisfactory progress toward achieving the intended benefits?

Additional information on the audit scope and methodology is included in Appendix I. As is discussed in more detail in Appendix I, to verify information collected and reported by USAID/Egypt, we traced the information collected and reported by USAID/Egypt to documentary evidence such as financial statements, ledgers, and other records kept by Government of Egypt organizations. However, we did not audit these financial statements, ledgers, and other records, to verify that *they* were accurate.

REPORT OF AUDIT FINDINGS

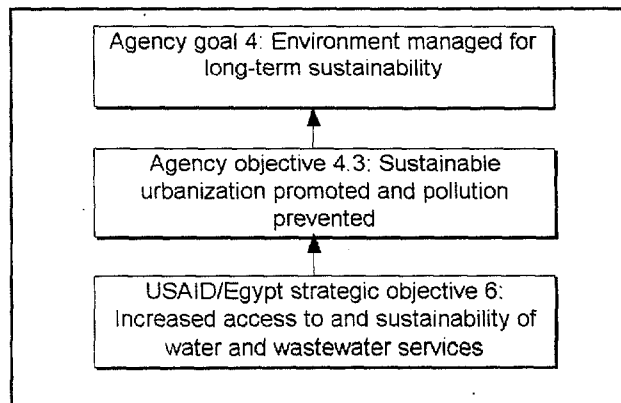
The answers to the following audit objectives are qualified to the extent of the effect, if any, of not having received appropriate written representations for the audit from USAID/Egypt officials directly responsible for the audited activities. Appendix I contains a discussion of this qualification.

Did USAID/Egypt, for its water and wastewater activities, implement planning and performance measurement systems in accordance with Agency directives?

Except for developing a system for collecting and reporting accurate performance information, USAID/Egypt, for its water and wastewater activities, implemented planning and performance measurement systems in accordance with Agency directives. The following sections discuss USAID/Egypt's efforts to (1) develop a strategic plan and an annual plan which were consistent with the Agency's strategic plan; (2) develop performance indicators which were direct, objective, practical, and unidimensional; (3) develop a system for collecting and reporting accurate performance information; and (4) use performance information to enhance program effectiveness. Certain minor problems are discussed in a separate letter to USAID/Egypt.

1. Strategic plan and annual plan

USAID/Egypt's strategic plan (dated April 1996) and annual plans (that is, annual targets included in its results review and resource request (R4) dated May 2, 1996, in a revised R4 dated September 23, 1996, and in a draft R4 dated February 5, 1997) articulated a strategic objective for water and wastewater activities which was consistent with and contributed to the Agency's strategic framework:



We also verified that plausible cause-and-effect relationships existed between the water and wastewater activities supported by USAID/Egypt, the intermediate results, and the strategic objective. We concluded that these relationships did in fact exist.

2. Performance indicators

For its water and wastewater activities, USAID/Egypt established performance indicators in accordance with Section E203.5.5(1) of the Automated Directives System, which requires that performance indicators be direct, objective, practical, and unidimensional.

The performance indicators devised by USAID/Egypt for the water and wastewater sector were first described in its R4 dated May 2, 1996. The R4 was revised on September 23, 1996 and was in the process of being revised again in February 1997, when we began our audit. We reviewed the 14 performance indicators included in the draft R4 dated February 5, 1997. This review showed that, in all significant respects, the performance indicators were direct, objective, practical, and unidimensional.

3. Accurate performance information

For its water and wastewater activities, USAID/Egypt had not developed a system for collecting and reporting accurate performance information. We reviewed the information reported by USAID/Egypt in its results review and resource requests (R4s) dated May 2, 1996 and September 23, 1996, as well as a draft R4 dated February 5, 1997. We concluded that the information reported for 52 of 144 items tested was not accurate. Several steps need to be taken to permit accurate information to be collected and reported in the future. Details are provided in the following section.

A system for collecting and reporting accurate information is needed

USAID operating units are required to critically assess the data they are using to monitor performance to ensure that they are of reasonable quality. This was not done for the information collected and reported by USAID/Egypt on its water and wastewater activities. After verifying information reported by USAID/Egypt in its R4s dated May 2, 1996 and September 23, 1996, as well as a draft R4 dated February 5, 1997, we concluded that the information reported for 52 of 144 items tested was not accurate (that is, the information did not reflect the underlying documentary evidence within a range of plus or minus 5 percent.). The most important factors contributing to inaccuracies were: (1) responsibility for collecting and reporting information was not assigned to specific individuals, (2) performance indicator definitions and instructions were not sufficiently detailed, and (3) the information collected was not verified. As a result of the inaccuracies found, the information will be of limited use for making decisions unless it is corrected.

Recommendation No. 1 We recommend that USAID/Egypt:

- 1.1 correct the inaccurate information discussed in this report for those performance indicators which the mission plans to continue to use;
- 1.2 assign responsibility for collecting and reporting performance information to specific individuals;
- 1.3 provide more specific instructions and definitions to the individuals and organizations responsible for providing information; and
- 1.4 arrange for verification of the accuracy of reported information.

Section 203.5.5e of USAID's Automated Directives System states that "the Agency and its operating units shall, at regular intervals, critically assess the data they are using to monitor performance to insure they are of reasonable quality and accurately reflect the process or phenomenon they are being used to measure." We considered reported information to be accurate if it reflected the underlying documentary evidence within a range of plus or minus 5 percent. When variances between reported information and the underlying evidence exceeded this range, we considered the information to be inaccurate.

As the tables in Appendix V show, we verified information reported by USAID/Egypt in its R4s dated May 2, 1996 and September 23, 1996, as well as a draft R4 dated February 5, 1997. We concluded that the information reported for 52 of 144 items tested was not accurate. In addition, 33 items were unsupported (this includes items where there was no evidence to support the reported value and items where the reported value was obviously incorrect but it was not practical to obtain the correct value).

<i>R4</i>	<i>Items Tested</i>	<i>Items Accurately Reported</i>	<i>Items Inaccurately Reported</i>	<i>Items Unsupported</i>
Draft R4 dated February 5, 1997	52	15	18	19
R4 dated September 23, 1996	46	23	16	7
R4 dated May 2, 1996	46	21	18	7
Summary totals	144	59	52	33

There were at least three factors which made it difficult for the mission to collect and report accurate information. First, the mission had not assigned responsibility for collecting and reporting performance information to specific individuals. For the R4s dated May 2, 1996 and September 23, 1996, USAID/Egypt did not undertake any specific data collection effort: instead, the Director of the Urban Administration and Development Office filled in the R4s based on information already available to him. For the draft R4 dated February 5, 1997, USAID/Egypt relied on a contractor to help develop performance indicators and obtain performance information from the GOE water and wastewater organizations. However, there are no plans to have this contractor participate in future data gathering efforts, and roles for collecting and reporting information have not been assigned to USAID staff, USAID-financed contractors, or GOE water and wastewater organizations.

The second factor which made it difficult to collect and report accurate information was that some performance indicators were not clearly defined and the instructions provided to the water and wastewater organizations were not sufficiently detailed. For example, one indicator was "percent of capital development and replacement budget based on utility's planning system." We were told that this indicator was supposed to measure the extent to which the water and wastewater organizations, rather than the central government, took the lead in planning and developing budgets for capital projects. But most of the water and wastewater organizations did not understand what, exactly, USAID was asking them to report on and so they either did not report at all on this indicator or they reported extraneous information which did not relate to the indicator. Another indicator was "percent of total staff involved in operations and maintenance service." Several organizations did not report on this indicator because they did not understand what, exactly, USAID/Egypt wanted them to report.

A related problem was that some performance indicators were defined different ways within the same document. For example, in the R4s dated May 2, 1996 and September 23, 1996, one indicator variously defined as the "number of water treatment plants and reservoirs," the "number of plants, reservoirs, and pumping stations constructed by USAID," and the "number of water treatment plants and reservoirs or enhanced distribution systems." Another indicator was defined in one place as the "number of sewerage treatment plants constructed by USAID" and in another place as the "number of sewerage treatment plants or enhanced collection and treatment systems."

Another reason for the lack of clarity was that the section of the R4s entitled "method/approach of data collection" was not appropriately used to explain how the information would be gathered and where it would come from. Instead, it was used to explain why USAID/Egypt wanted the information.

The lack of clarity in some of the indicators was compounded by a lack of detailed reporting instructions. The instructions provided to the water and wastewater organizations did not address several issues such as the following:

- For the performance indicator "tariff revenue as percent of operating and maintenance costs," the instructions did not specify whether tariff revenue reported should be the amount collected or the amount billed. To illustrate the magnitude of the difference,

during the year ending June 30, 1995, the Cairo water authority billed the equivalent of \$50.0 million but collected the equivalent of only \$30.7 million.²

- The reporting instructions defined "operating and maintenance costs" as expenses under chapter 1 and chapter 2 of the Government of Egypt budget, excluding interest and fees. However, this definition seriously understated true operating costs in some cases because governorates control several other sources of funds that they use to pay operating expenses. We estimate that including these other sources of funds could increase reported operation and maintenance expenses by nearly 100 percent. We believe that identifying all of the sources of funds and how they should be classified will require a major effort by USAID/Egypt or its contractors.
- Another indicator, "percent of total operating and maintenance cost covered by retained revenues," defined retained revenues as total revenue. This was not a sufficient definition because it did not explain how to treat several unusual items sometimes considered by Egyptian government organizations to be components of revenue. One such item is the savings computed when items such as office furniture are manufactured internally at a cost below the cost of purchasing the items on the open market. Another such item is the rental cost avoided by an organization which owns a building and therefore does not need to pay rent. A final example is the interest cost avoided when an organization uses its own funds to finance operations rather than borrowing funds from a bank. These and similar items are not considered revenue under generally accepted accounting standards, but they were counted as revenue by the Cairo water authority. The total amount of such items during the year ending June 30, 1995 was \$9.4 million, or 20 percent of the total revenue of \$46.5 million excluding these items.

The third factor which made it difficult to collect and report accurate information was that the mission did not assess the quality of the information that was collected and reported; nor did it arrange to verify any of the data. The need for an "audit trail" was not communicated to the organizations which provided information. That is, the organizations were not told that they should be able to show where the reported information came from and how it was calculated. Several people involved in the data collection effort were under the impression that the purpose of the data collection effort was to establish a process and practice collecting information (that is, they thought it was a "dry run"). They did not expect that the information would actually be used and therefore they did not apply high standards of accuracy.

Because certain information collected and reported by USAID/Egypt was not accurate, it will be of limited use for making decisions unless it is corrected. USAID/Egypt needs to correct the errors discussed in this report for those performance indicators which it plans to continue to use. It also needs to undertake a sustained effort to improve the quality of information collected and reported. This effort, which will require substantial resources and effort, should include assigning responsibility for collecting and reporting performance information to specific individuals and organizations, providing more specific instructions and definitions to the

² Throughout this report, Egyptian pounds are converted to U.S. dollars at an exchange rate of LE 3.40 to \$1.00.

individuals and organizations responsible for providing information, and arranging for verification of reported information.

4. Using performance information to enhance program effectiveness

Although it has not yet used information collected and reported through the R4 process, because only one year of information has been obtained for each performance indicator, USAID/Egypt has used performance information from other sources, for many years, to enhance program effectiveness.

USAID/Egypt has not yet used information from its R4s because only one year of information (i.e., baseline data) has been collected for each of the indicators.³ However, the mission had available to it information from other sources, such as reports from contractors and frequent meetings and site visits. After reviewing the means that the mission used to monitor its water and wastewater projects and the status of these projects, we concluded that, when the mission learned of issues and problems affecting its water and wastewater program, it took action to address them.

For example, one issue affecting the sustainability of infrastructure improvements in the cities of Minia, Beni Suef, and Fayoum was the need to establish autonomous, self-sufficient utility organizations in the cities. To address this need, the mission arranged for a contractor to work with two of the cities to develop plans to achieve self-sufficiency within 5 to 7 years. A longer-term activity to support progress toward managerial and financial self-sufficiency is being designed by the mission now. As another example, when faced with slow progress in increasing wastewater revenues in Alexandria, the mission conditioned support for studies relating to further expansion of the wastewater system in Alexandria upon action by the Alexandria wastewater authority to raise service fees and tariffs to a level that would permit the utility to earn revenues of approximately \$6.6 million per year. The utility exceeded this level of revenue during the year ending June 30, 1996. As a final example, USAID/Egypt recognized the need for sustainable operation of USAID-financed wastewater treatment plants in the cities of Suez, Ismailia, and Port Said. With the mission's backing, the Suez Canal Authority, an organization with a large degree of managerial autonomy and a superior financial record, agreed to operate these plants on behalf of the cities.

³ The first R4, dated May 2, 1996, included baseline data for the year ending June 30, 1996 for 15 performance indicators (as well as 5 indicators for which no data were reported). Subsequently, the mission submitted a revised R4, dated September 23, 1996, which included revised baseline data for the year ending June 30, 1996 for the same 15 indicators. At the beginning of our audit, the mission prepared a draft R4, dated February 5, 1997, which presented baseline data for the year ending June 30, 1995 for a new set of 14 performance indicators. Up to this point, only one year of information was available for each performance indicator. During the audit, the mission issued a final R4, dated March 1997, which presented data for the years ending June 30, 1995 and 1996 for a new set of 26 performance indicators. We did not perform a detailed review of the information in the last R4 because it was not finished until the audit field work was nearly complete.

Were USAID/Egypt's water and wastewater activities making satisfactory progress toward achieving the intended benefits?

USAID/Egypt's water and wastewater activities were making satisfactory progress toward achieving the intended benefits, in all significant respects.

We did not assess progress toward achieving strategic objective 6, "increased access to and sustainability of water and wastewater services" because USAID/Egypt has one year of data available for each of the related performance indicators. Instead, we assessed progress toward achieving the intended purpose of each water or wastewater project, using the information available from USAID/Egypt, the Government of Egypt, and contractors working under the projects.

USAID/Egypt's water and wastewater projects, their purposes, and their start and end dates are listed on pages 1 and 2 of this report. The following paragraphs describe the progress of each project, as of December 31, 1996, toward achieving the intended purpose.

Under the Alexandria Wastewater System Expansion Project, which was in the final year of its 18-year project life, two wastewater treatment plants, a sludge dewatering facility, and seven pump stations were built or rehabilitated. Collectors, tunnels, and undercrossings were also constructed under the project. While this physical infrastructure was completed by 1993, USAID continued providing assistance to help plan a further expansion of the wastewater system and to help the Alexandria wastewater authority improve its management practices and function as an autonomous utility. The wastewater authority has significantly increased revenues to help meet its operating expenses. According to the authority's financial statements, revenues increased from 28 percent to 84 percent of operating expenses excluding depreciation during the years ending June 30, 1995 and 1996. The latter percentage was close to the target for that year of 100 percent coverage of operating expenses excluding depreciation. Other targets relating to creation of an autonomous utility organization remain to be achieved, however.

Under the Provincial Cities Development Project, which was in the last year of its 15-year life, three water treatment plants and several smaller subprojects such as pump stations and storage tanks were built. USAID/Egypt also provided limited institutional strengthening assistance to the cities participating in the project. A contractor prepared an institutional assessment and a time-phased plan for developing self-sustaining utility organizations in these cities within five to seven years. The contractor also, in cooperation with the cities, began installing meters for commercial customers which, according to USAID/Egypt, led to revenue increases of 11 to 20 percent in the cities.

The Cairo Sewerage II Project was about 87 percent of the way through the 14-year project life. Two wastewater treatment plants, nine pump stations, and 87 kilometers of collectors, culverts, and force mains were constructed under the project. Institutional strengthening assistance was provided to the Cairo wastewater authority but relatively little progress had been made toward creating a self-sustaining, autonomous utility organization.

The Canal Cities II Project was in the tenth year of its planned 12-year project life. Under the project, construction of two wastewater treatment plants was substantially completed and construction of a third wastewater treatment plant was approximately 85 percent completed as of December 31, 1996. A program of institutional assistance to the Suez Canal Authority and the cities of Suez, Ismailia, and Port Said was also completed. The most important result of this program was a commitment by the Suez Canal Authority to operate the new wastewater treatment plants.

Under the Cairo Water II Project, which was in the last year of its planned nine-year project life, new transmission and distribution lines, four reservoirs, two pump stations, and a water quality laboratory were constructed. Institutional strengthening assistance financed by USAID/Egypt helped the Cairo water authority strengthen management and administration and take steps toward financial viability. For example, a new multi-year tariff schedule was approved by the local popular council, including a 20 percent water tariff increase which became effective in September 1996. Pilot projects at several locations were undertaken to test the feasibility of approaches to improve revenue collection and reduce expenses. Also, steps were taken toward developing a long-term business strategy for the organization.

The Secondary Cities Project was in the third year of its planned 10-year project life. Action plans were developed which specify the policy reforms to be undertaken for each city to become eligible for construction of improved water and wastewater infrastructure. Two of the cities participating in the project (Mansoura and Aswan) had made good progress toward implementing the agreed-upon reforms. Autonomous water and wastewater organizations were established, and the cities had improved revenue collection and taken other steps toward more sustainable operations. Design of the physical plant to be built in the cities participating in the project was underway and was expected to be complete by July 1997.

MANAGEMENT COMMENTS AND OUR EVALUATION

Regarding Recommendation No. 1.1, which was that USAID/Egypt "correct the inaccurate information discussed in this report for those performance indicators which the mission plans to continue to use," the mission stated that the inaccurate information discussed in the audit report was unintentionally caused by trying to fit indicators for activities dating back 14 years or more into the newly formulated strategic objective. The mission planned to hire a contractor to verify the information reported in its results review and resource request (R4) dated March 1997 and then correct the inaccurate information in the R4.

With respect to Recommendation No. 1.2, which was that the mission "assign responsibility for collecting and reporting performance information to specific individuals," USAID/Egypt stated that the contractor would "identify cognizant individuals and positions within the utility organizations to be assigned the responsibility for collecting and reporting performance information." The mission also planned to assign specific responsibilities to mission staff and contractors.

In response to Recommendation No. 1.3, which was that the mission "provide more specific instructions and definitions to the individuals and organizations responsible for providing information," USAID/Egypt stated that the contractor will provide instructions to the individuals and organizations responsible for reporting performance information.

Finally, regarding Recommendation No. 1.4, which was that USAID/Egypt "arrange for verification of the accuracy of reported information," the mission stated that the contractor would:

Establish a regular monitoring and review plan to verify and report on the accuracy of information. The Plan should identify controls to be tested, source documents to be reviewed, and formal authentications to be verified. The Plan should also allow for redetermining the level of reliability of each source document on a periodic basis.

The actions planned by the mission are responsive and therefore a final management decision has been reached on the recommendation.

SCOPE AND METHODOLOGY

Scope

We conducted our audit in accordance with generally accepted government auditing standards. These standards require auditors to obtain written representations from management when they deem them useful. The Office of Inspector General deems such representations necessary to support potentially positive findings. USAID/Egypt's Director provided us a management representation letter for the audit that contained essential assertions about the activities we audited. However, USAID/Egypt officials directly responsible for these activities did not provide written representations. As a result, our answers to the audit objectives are qualified to the extent of the effect, if any, of not having such representations.

The audit field work was performed from February 3, 1997 through May 7, 1997. The audit covered the period from inception of the mission's current water and wastewater activities on August 29, 1979 through December 31, 1996. Field work was performed in the cities of Alexandria, Cairo, Suez, Ismailia, Port Said, Beni Suef, Fayoum, and Mansoura in Egypt, primarily in the offices of USAID/Egypt, Government of Egypt water and wastewater organizations, and the technical assistance contractors financed by USAID/Egypt.

As part of the audit, we assessed the management controls used by USAID/Egypt's Urban Administration and Development Office to provide reasonable assurance that accurate information on accomplishments was reported and planned results were achieved. We obtained an understanding of the significant management controls, determined if the controls were placed in operation, and assessed control risk. We did not evaluate compliance with applicable laws and regulations because we did not identify any laws and regulations applicable to USAID/Egypt which were significant to the audit objectives.⁴

The audit was subject to one significant limitation. In reviewing whether information collected and reported by USAID/Egypt was accurate, we compared the reported information to some

⁴ Many of the requirements discussed in this audit report are related to the Government Performance and Results Act of 1993. While USAID/Egypt's performance in meeting these requirements can help the Agency comply with the Act, the Agency as a whole and not USAID/Egypt specifically is responsible for compliance with the Act.

form of documentary evidence such as financial statements, ledgers, and other records kept by Government of Egypt water and wastewater organizations. However, we did not audit these financial statements, ledgers, and other records to verify that *they* were accurate. Had we audited these records, we believe that it is likely that there would have been additional adjustments to the information collected and reported by USAID/Egypt besides those discussed on pages 5 through 8 and Appendix V of this report. We do not believe that these additional adjustments would have significantly affected our conclusions. We did not audit these records because we did not have sufficient time or staff resources to undertake the required work.

The audit covered USAID/Egypt expenditures of \$1.7 billion. The audit tests performed were designed to provide reasonable assurance that our conclusions were correct. To assess whether information collected and reported by USAID/Egypt was accurate, we used judgmental sampling techniques to select 144 of the 178 items in the R4 dated May 2, 1996, the R4 dated September 23, 1996, and the draft R4 dated February 5, 1997 for verification. Essentially all items were verified for which supporting documentary evidence was reasonably available. We tested a relatively large sample because we believed that the management controls designed to provide reasonable assurance that accurate information was reported were not operating effectively.

Methodology

Audit Objective 1

To answer this audit objective, which asked whether USAID/Egypt implemented planning and performance measurement systems for its water and wastewater activities in accordance with Agency directives, we reviewed USAID/Egypt's strategic plan, performance monitoring plan, and results review and resource requests (R4s) for its water and wastewater activities. We compared these documents with supporting reports, studies, training records, and other sources of evidence to determine whether:

- the mission's strategic plan included required information;
- the mission's strategic plan was consistent with the Agency's strategic framework;
- plausible cause-and-effect relationships existed between the strategic objective, intermediate results, and activities;
- performance indicators used by the mission were direct, objective, unidimensional, and practical;
- information collected and reported by the mission was accurate;

- performance information was used to enhance program effectiveness.

We also interviewed USAID/Egypt staff, Government of Egypt officials, and contractor personnel to obtain their views. In considering the results of our tests, we considered variances or errors of 5 percent or more to be significant.

Audit Objective 2

To answer this objective, which asked whether USAID/Egypt's water and wastewater activities were making satisfactory progress toward achieving the intended benefits, we compared planning documents, agreements, and workplans with progress reports, completion certificates, and other documentation. We also interviewed USAID/Egypt officials, contractor personnel, and Government of Egypt officials to obtain their views. We considered variances of 10 percent or more between planned and actual progress to be potentially significant.



CAIRO, EGYPT

UNITED STATES AGENCY for INTERNATIONAL DEVELOPMENT

25 JUN 1997

JUN 25 1997

MEMORANDUM

TO : Lon Mundy, RIG/A/C

FROM : Toni Christensen-Wagner, D/DIR

SUBJECT : Revised Mission Response to the Draft Audit Report of USAID/Egypt's Water and Wastewater Activities, dated May 1, 1997

Executive Summary of the changes incorporated in the revised response:

The Mission provided its initial response to the subject audit on June 10, 1997. However, based on further discussions, and a detailed review of the RIG/A/C working papers by DR/UCD and FM, Mission has agreed to revise its response to reflect the changes proposed by RIG/A/C.

The Mission agreed to rely on the audited percentages derived from the source documents made available to RIG/A/C for eight of the 26 indicators. Furthermore, the Mission will contract with an expert consultant to review the reported data for all indicators, and RIG/A/C has agreed to rely on the consultant's opinion for any corrective actions.

In addition to reviewing the reported data, the consultant will develop a monitoring plan to ensure the accuracy of future reports submitted to the Mission under the indicators. The plan will address Recommendations Nos. 1.2, 1.3, and 1.4 as follows:

Assign responsibility for collecting and reporting performance information to specific individuals.

Provide more specific instructions and definitions to the individuals and organizations responsible for providing information.

Arrange for verification of the accuracy of the reported information.

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Garden City
Cairo, Egypt

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In developing the plan, the Mission will request the consultant to verify the possibility of formally involving the Development Institutions in the process of collecting and reporting information. To ensure sustainability of the corrective actions, the Mission will identify the Development Institutions who will provide training to the cognizant utilities' officials to collect the data.

Finally, the Strategic Objective Team will assign specific roles to the team members who will be responsible for following-up on the periodic reports submitted and the bases of information contained in the reports.

Following is the detailed Mission response to the subject audit report:

Recommendation No. 1.1

Correct the inaccurate information discussed in the draft report for those performance indicators which the Mission plans to continue to use.

The Mission agrees that certain indicators and data provided in the 1996 Resource Request and Results Report (R-4) were inaccurate (Attachment 1). The inaccurate indicators and information were unintentionally caused from trying to fit specific indicators for activities dating back fourteen years or more into the newly formulated Strategic Objectives.

RIG/A/C requested the Mission to review the accuracy of the information reported under 14 indicators. Mission agrees to review the accuracy of the information previously reported under all of the indicators. In fact, Mission is currently in the process of contracting with an expert consultant (Attachment 2), whose first task is to:

" Review records and financial information of each of the utility organizations to sufficient depth and detail to verify accuracy of reported data and suggest alternative values where appropriate".

The consultant's review will be based on the latest best reliable documents, final accounts, and the census conducted in 1996.

Furthermore, RIG/A/C provided the Mission with the working papers containing specific information regarding additional nine indicators that the Mission is continuing to use. The working papers were based on the latest documentation that were available at the time of the audit. The technical office has reviewed the working papers and decided to rely on the audited information provided by RIG/A/C for eight of the nine indicators.

Following are the Mission comments on the information provided by RIG/A/C:

(1) Indicator: Alexandria wastewater conveyance and primary treatment facilities, population served by USAID-funded infrastructure. The audit findings indicate a population of 3.1 million in 1996 compared to 2.4 million reported in the R 4 for the same year. The Mission agrees with the finding, and will correct the information previously reported under the March 1997 R4.

(2) Indicator: Other major urban centers wastewater conveyance and treatment facilities, population served by USAID-funded infrastructure. The audit findings indicate that the reported population served in 1995 and 1996 (0.5 and 0.87 million respectively) reflect their numbers for the Canal Cities alone, and doubt that they include Fayoum. Mission staff met with the responsible cognizant staff in each of the four Governorates and the Suez Canal Authority. The Government staff confirmed the accuracy of the numbers reported by USAID, based on the last census (or Government best estimate) carried out in October 1986.

(3) Indicator: Alexandria wastewater O&M costs covered by retained revenues. The audit findings indicate that the Alexandria wastewater utility does not retain revenues. The authority deposits the revenue into the Government Central Bank under the authority's name, but may not withdraw from the account without the permission of the Ministry of Finance. The intent of this indicator was not to measure whether full control is exercised by the utility over the revenues' bank account. The intent is, in fact, to measure the difference between the revenues generated by user fees and other sources, and the total operations and maintenance costs. To simplify the understanding of this indicator, the Mission agrees to remove the word "retained" from the indicator statement. In addition, Mission agrees that the percentage of cost recovery achieved should read 84% instead of 35%.

(4) Indicator: Cairo wastewater O&M costs covered by retained revenues. Per the above discussion, the Mission agrees to remove the word "retained" from the indicator statement. Mission also agrees that the percentage of cost recovery achieved should read 45% instead of 21%.

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(5) **Indicator: Cairo water O&M costs covered by retained revenues.** The audit findings indicate that the audit team verified a 1996 value of 62% versus a reported value 67%. The audit findings were based on several inconsistencies noted by the auditors in the reported revenues. The Mission obtained the information from the most recent financial statement of The Cairo Water Authority. However, since the difference noted is insufficient to warrant further investigation at this point, Mission agrees to rely on the audited 1996 baseline value of 62%.

(6) **Indicator: Other major urban centers wastewater O&M costs covered by retained revenues.** Per the discussion above, the Mission agrees to remove the word "retained" from the indicator statement.

(7) **Indicator: Minor urban centers wastewater O&M costs covered by retained revenues.** Per the discussion above, the Mission agrees to remove the word "retained" from the indicator statement.

(8) **Indicator: Alexandria wastewater organization delegated appropriate authorities, based on one third point for each of the following delegated authorities: retain revenues, internally manage personnel policy, and a performance based budget.** The Mission scored two thirds (67%) of progress under this indicator to reflect the achievement of two out of the three measures of delegated authority mentioned above. The two measures considered achieved are: retained revenues, and performance based budget. The audit findings indicate that in 1996 the Alexandria wastewater authority did not retain revenues or internally manage personnel policy in support of the Missions score of 67%. The Mission is aware that the authority does have a private commercial bank account in its name. However, it does not deposit revenues in the account. Therefore, the Mission agrees to change the reported figure for 1996 to read 33% (accounting only for the performance based budget).

(9) **Indicator: Cairo wastewater organization delegated appropriate authorities, (per above stated measurement under indicator (8)).** The audit findings indicate that in 1996 the Cairo authority did not retain revenues or internally manage personnel policy in support of the Mission's score of 67%. Similar to finding No. 8 above, the Mission agrees to change the reporting figure for 1996 to read 33% (accounting only for the performance based budget).

Based on the above resolution of recommendation No. 1.1. Closure will be requested upon correction of the information previously reported, based on the above discussions and the results of the contractor's review.

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Recommendation No. 1.2

Assign responsibility for collecting and reporting performance information to specific individuals.

The Mission is in the process of contracting with an expert consultant to undertake the design and initiate the implementation of a monitoring program for data collection and verification. In addition to verifying the accuracy of the data previously reported, the consultant's statement of work (Attachment 2) includes the following:

"Identify cognizant individuals and positions within the utility organizations to be assigned the responsibility for collecting and reporting performance information."

In performing this task, the Mission will request the consultant to verify the possibility of formally involving the Development Institutions in the process of collecting and reporting information. To ensure sustainability of the corrective actions, the Mission will identify the Development Institutions who will provide training to the cognizant utilities' officials to collect the data.

In addition, the Strategic Objective Team will assign specific roles to the team members who will be responsible for following-up on the periodic reports submitted to verify the information contained in the reports.

Based on the above, the Mission requests resolution of recommendation No. 1.2 upon issuance of the final audit report. Closure will be requested from M/MPI/MIC upon completion of the above actions.

Recommendation No. 1.3

Provide more specific instructions and definitions to the individuals and organizations responsible for providing information.

The consultant's statement of work, referred to under Recommendation 1.2 above, includes the following functions:

"Establish report format that would be used by the responsible individuals and organizations to report the required information to USAID on a regular basis. The report format should include the following:

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- Base line, targets, and/or performance indicators being reported against.
- Units of progress/performance being reported.
- Audit trail and reference to source documents, financial statements, or official reports that should be used to collect and report the information.
- Level of reliability of each source document used".

Based on the above, Mission requests resolution of recommendation No. 1.3 upon issuance of the final audit report. Closure will be requested from M/MPI/MIC upon awarding the above contract.

Recommendation No. 1.4:

Arrange for verification of the accuracy of the reported information.

The contractor's statement of work, mentioned above, includes the following functions:

"Establish a regular monitoring and review plan to verify and report on the accuracy of information. The Plan should identify controls to be tested, source documents to be reviewed, and formal authentications to be verified. The Plan should also allow for redetermining the level of reliability of each source document on a periodic basis".

Based on the above, Mission requests resolution of recommendation No. 1.4 upon issuance of the final audit report. Closure will be requested from M/MPI/MIC upon awarding the above contract.

Glossary of Terms Used in This Report

Agency goal - A long-term development result in a specific area to which USAID programs contribute and which has been identified as a specific goal by the Agency.

Baseline information - The value of a performance indicator at the beginning of a period. Baseline information is used for comparison when measuring progress toward a planned result or objective.

Direct - A performance indicator is direct if it measures as closely as possible the result it is intended to measure. A performance indicator which is not direct would be called a proxy indicator.

Intermediate result - A key result which must occur in order to achieve a strategic objective.

Objective - A performance indicator is objective if there is no ambiguity about what is being measured; that is, there is general agreement over interpretation of results.

Performance indicator - A particular characteristic or dimension used to measure intended change.

Practical - A performance indicator is practical if data can be obtained in a timely way and at a reasonable cost.

Project - The total, discrete endeavor to create, through the provision of personnel, equipment, and/or capital funds, a finite result directly related to a discrete development problem.

R4 - Abbreviation of "results review and resource request," an annual submission by USAID operating units which describes results achieved during the preceding year and outlines budget requirements for future years.

Results package - Consists of people, funding, authorities, activities, and associated documentation required to achieve a specified result within an established time frame.

Special objective - The result of an activity or group of activities which do not qualify as a strategic objective, but support other U.S. Government assistance objectives. A special objective is small in relation to the portfolio as a whole.

Strategic objective - The most ambitious result (intended measurable change) that a USAID operating unit, along with its partners, can materially affect and for which it is willing to be held accountable.

Unidimensional - A performance indicator is unidimensional if it measures only one phenomenon.

**Financial Status of USAID/Egypt Water and Wastewater Activities
as of December 31, 1996 - Unaudited**

<u>Activity</u>	<u>Planned Funding</u>	<u>Obligations</u>	<u>Accrued Expenditures</u>
Alexandria Wastewater System Expansion (Project No. 263-0100)	\$425,000,000	\$424,924,045	\$413,837,144
Provincial Cities Development (Project No. 263-0161.03)	113,255,000	104,139,686	101,389,517
Cairo Sewerage II (Project Nos. 263-0173.00 and 263-0173.01)	813,000,000	770,999,812	745,254,440
Canal Cities Water and Wastewater Phase II (Project No. 263-0174)	380,000,000	380,000,000	253,994,945
Cairo Water II (Project No. 263- 0139)	145,000,000	145,000,000	128,545,668
Secondary Cities Development (Project No. 263-0236)	<u>215,000,000</u>	<u>82,098,882</u>	<u>9,805,996</u>
Total	<u>\$2,091,255,000</u>	<u>\$1,907,162,425</u>	<u>\$1,652,827,710</u>

Source: USAID/Egypt Mission Accounting and Control System

Results of Verification of Reported Information

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Strategic objective 6: Increased access to and sustainability of water and wastewater services		
Percent of total population served directly by piped connection to the water supply and wastewater systems		
Cairo water - 96%	Cairo water - unsupported	-
Cairo wastewater - 75%	Cairo wastewater - unsupported	-
Alexandria water - not reported	Alexandria water - not reported	-
Alexandria wastewater - 81%	Alexandria wastewater - 81%	0%
Canal cities wastewater - 35%	Canal cities wastewater - 89%	(154%)
Middle Egypt: Fayoum water - not reported	Middle Egypt: Fayoum water - not reported	-
Minia water - 84%	Minia water - not verified	-
Beni Suef water - 77%	Beni Suef water - unsupported	-
Secondary Cities water - 90%	Secondary Cities water - 97%	(8%)
Secondary Cities wastewater - 80%	Secondary Cities wastewater - 66%	17%

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Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Volume of billed water per person served per day or wastewater collected per person per day (in liters per person per day)		
Cairo water - 114	Cairo water - unsupported	-
Cairo wastewater - not reported	Cairo wastewater - not reported	-
Alexandria water - 400 (estimated)	Alexandria water - not verified	-
Alexandria wastewater - 234	Alexandria wastewater - unsupported	-
Canal cities - not reported	Canal cities - not reported	-
Middle Egypt: Fayoum water - not reported	Middle Egypt: Fayoum water - not reported	-
Minia water - 29	Minia water - not verified	-
Beni Suef water - 34	Beni Suef water - unsupported	-
Secondary Cities water - 190	Secondary Cities water - unsupported	-
Secondary Cities wastewater - 100	Secondary Cities wastewater - unsupported	-

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of total operating and maintenance cost covered by retained revenues		
Cairo water - 49%	Cairo water - 68%	(39%)
Cairo wastewater - 61%	Cairo wastewater - 0%	100%
Alexandria water - not reported	Alexandria water - not reported	-
Alexandria wastewater - 34 %	Alexandria wastewater - 0%	100%
Middle Egypt: Fayoum water - not reported	Middle Egypt: Fayoum water - not reported	-
Minia water - 59%	Minia water - 0%	100%
Beni Suef water - 36%	Beni Suef water - 0%	100%
Secondary Cities water - 130%	Secondary Cities water - 0%	100%
Secondary Cities wastewater - 150%	Secondary Cities wastewater - 0%	100%

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Result 6.1: Improved recovery of O&M costs		
Percent billed actually collected		
Water utilities: Cairo - 64%	Water utilities: Cairo - 61%	5%
Alexandria - 75%	Alexandria - not verified	-
Fayoum - not reported	Fayoum - not reported	-
Minia - 81%	Minia - not verified	-
Beni Suef - 59%	Beni Suef - unsupported	-
Secondary Cities - not reported	Secondary Cities - not reported	-
Wastewater utilities: Cairo - 57%	Wastewater utilities: Cairo - 61%	(7%)
Alexandria - 75%	Alexandria - unsupported	-
Secondary Cities - not reported	Secondary Cities - not reported	-

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Operating costs per cubic meter sold or collected by the system		
Cairo water - LE 0.22	Cairo water - LE 0.22	0%
Cairo wastewater - LE 0.10	Cairo wastewater - not verified	-
Alexandria wastewater - LE 0.05	Alexandria wastewater - unsupported	-
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - LE 0.35	Minia water - not verified	-
Beni Suef water - LE 0.41	Beni Suef water - unsupported	-
Secondary Cities water - LE 0.17	Secondary Cities water - unsupported	-
Secondary Cities wastewater - LE 0.18	Secondary Cities wastewater - unsupported	-
Tariff revenue as percent of operating and maintenance costs		
Cairo water - 77%	Cairo water - 45%	42%
Cairo wastewater - 39%	Cairo wastewater - 22%	44%
Alexandria wastewater - 31%	Alexandria wastewater - 25%	19%
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - 73%	Minia water - not verified	-
Beni Suef water - 81%	Beni Suef water - unsupported	-
Secondary Cities - 50%	Secondary Cities - unsupported	-
Result No. 6.2: Improved decentralized utility management		

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of total work force covered by personnel policy internally developed and fully implemented by the utility		
Cairo water - 0%	Cairo water - not verified	-
Cairo wastewater - 0%	Cairo wastewater - 0%	0%
Alexandria wastewater - 0%	Alexandria wastewater - 0%	0%
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - 0%	Minia water - not verified	-
Beni Suef water - 0%	Beni Suef water - 0%	0%
Secondary Cities - 0%	Secondary Cities - 0%	0%
Percent of operating and maintenance budget allocated to cost centers by a detailed chart of accounts		
Cairo water - 0%	Cairo water - 0%	0%
Cairo wastewater - 0%	Cairo wastewater - 0%	0%
Alexandria wastewater - 0%	Alexandria wastewater - 0%	0%
Fayoum water - 0%	Fayoum water - not verified	-
Minia water - 0%	Minia water - not verified	-
Beni Suef water - 0%	Beni Suef water - 0%	0%
Secondary Cities - 0%	Secondary Cities - 0%	0%

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of capital development and replacement budget based on utility's planning system		
Cairo water - 10%	Cairo water - unsupported	-
Cairo wastewater - 21%	Cairo wastewater - not verified	-
Alexandria wastewater - 29%	Alexandria wastewater - 29%	0%
Fayoum water - 0%	Fayoum water - not verified	-
Minia water - 0%	Minia water - not verified	-
Beni Suef water - 0%	Beni Suef water - not verified	-
Secondary Cities - 0%	Secondary Cities - 0%	0%

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Result 6.3: Improved capacity to deliver services		
Water supply billed as percent of water supply produced		
Cairo water - 70%	Cairo water - 75%	(7%)
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - 57%	Minia water - not verified	-
Beni Suef water - 49%	Beni Suef water - not verified	-
Secondary Cities - 50% (estimated)	Secondary Cities - unsupported	-
Percent of time water supply source facilities provide uninterrupted service		
Cairo water - not reported	Cairo water - not reported	-
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - not reported	Minia water - not reported	-
Beni Suef water - not reported	Beni Suef water - not reported	-
Secondary Cities - not reported	Secondary Cities - not reported	-

Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of total staff involved in operations and maintenance service		
Cairo water - 33%	Cairo water - 48%	(45%)
Cairo wastewater - 87%	Cairo wastewater - 91%	(5%)
Alexandria wastewater - 80%	Alexandria wastewater - 81%	1%
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - not reported	Minia water - not reported	-
Beni Suef water - not reported	Beni Suef water - not reported	-
Secondary Cities - not reported	Secondary Cities - not reported	-
Percent of major facilities covered by maintenance management systems		
Cairo water - not reported	Cairo water - not reported	-
Cairo wastewater - 15%	Cairo wastewater - not verified	-
Alexandria wastewater - 100%	Alexandria wastewater - 100%	0%
Fayoum water - not reported	Fayoum water - not reported	-
Minia water - not reported	Minia water - not reported	-
Beni Suef water - not reported	Beni Suef water - not reported	-
Secondary Cities - not reported	Secondary Cities - not reported	-

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Draft Results Review and Resource Request (R4) Dated February 5, 1997 (Data As Of June 30, 1995 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of wastewater collected being treated		
Cairo - 66%	Cairo - not verified	-
Alexandria - 84%	Alexandria - unsupported	-
Secondary cities - not reported	Secondary cities - not reported	-
<p>Summary results:</p> <p>Reported figure was accurate within +/- 5 percent of the verified amount: 15 items</p> <p>Reported figure was not accurate within +/- 5 percent of the verified amount: 18 items</p> <p>Unsupported (includes cases where there was no evidence to support the reported value and cases where the reported value was obviously incorrect but it was not practical to obtain the correct value): 19 items</p> <p>Not verified: 20 items</p> <p>Total: 72 items</p>		

Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Strategic objective 6: Increased access to and sustainability of water and wastewater services		
Estimated population connected to improved sewerage systems (new connections) (millions)		
Cairo - 14.0	Cairo - unsupported	-
Alexandria - 3.2	Alexandria - unsupported	-
Canal Cities - 1.2	Canal Cities - 0.8	33%
Secondary Cities - 0.2	Secondary Cities - 0.0	100%
Estimated population served by improved sewage treatment (millions)		
Cairo - 10.0	Cairo - 10.9	(9%)
Alexandria - 2.5	Alexandria - 3.1	(24%)
Canal Cities - 1.2	Canal Cities - 0.9	25%
Secondary Cities - 0.2	Secondary Cities - 0.2	0%
Estimated population with access to improved water supply (millions)		
Cairo - 14.0	Cairo - unsupported	-
Alexandria - 3.2	Alexandria - not verified	-
Secondary Cities - 0.6	Secondary Cities - unsupported	-
Provincial Cities - 1.0	Provincial Cities - not verified	-
Operating ratio		
Not reported.	Not reported	-
Result 6.1: Improved recovery of O&M costs		

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Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of total O&M costs recovered in targeted cities		
Water utilities: Cairo - 66%	Water utilities: Cairo - 62%	6%
Alexandria - not reported	Alexandria - not reported	-
Secondary cities - not reported	Secondary cities - not reported	-
Wastewater utilities: Cairo - 11%	Wastewater utilities: Cairo - not verified	-
Alexandria - 65%	Alexandria - 84%	(29%)
Secondary cities - not reported	Secondary cities - not reported	-
Increase in the price of water (national)		
Cairo - LE 0.10	Cairo - LE 0.00	100%
Alexandria - LE 0.22	Alexandria - not verified	-
Canal Cities - LE 0.25	Canal Cities - LE 0.00	100%
Secondary Cities - LE 0.25	Secondary Cities - unsupported	-

Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Annual percentage increase in the surcharge of the wastewater tariffs on the wastewater bills of targeted cities		
Cairo - 20%	Cairo - 0%	100%
Alexandria - 50%	Alexandria - 75%	(50%)
Canal Cities - 50%	Canal Cities - 0%	100%
Secondary Cities - not reported	Secondary Cities - not reported	-
Result No. 6.2: Improved decentralized utility management		
Number of autonomous water and wastewater organizations raising and retaining revenue		
Cairo - 0	Cairo - 0	0%
Alexandria - 0	Alexandria - 0	0%
Secondary Cities - 0	Secondary Cities - 0	0%
Number of financial systems installed based on economic authority principals		
Cairo - 1	Cairo - 0	100%
Alexandria - 1	Alexandria - 1	0%
Canal Cities - 0	Canal Cities - 0	0%
Secondary Cities - 0	Secondary Cities - 0	0%

Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Number of locally based utility organizations		
Cairo - 2	Cairo - 2	0%
Alexandria - 2	Alexandria - 2	0%
Canal Cities - 0	Canal Cities - 0	0%
Secondary Cities - 2	Secondary Cities - 2	0%
Provincial Cities - not reported.	Provincial Cities - not reported	-
Adoption of decentralized personnel plans		
Cairo - 0	Cairo - not verified	-
Alexandria - 0	Alexandria - 0	0%
Canal Cities - 0	Canal Cities - 0	0%
Secondary Cities - 0	Secondary Cities - 0	0%
Provincial Cities - not reported	Provincial Cities - not reported	-
Trained management		
Not reported.	Not reported	-

Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Result 6.3: Improved capacity to deliver services		
Percent of utility service area wastewater collected and treated		
Cairo - 35%	Cairo - not verified	-
Alexandria - 75%	Alexandria - unsupported	-
Secondary Cities - not reported	Secondary Cities - not reported	-
Number of sewerage treatment plants or enhanced collection and treatment systems		
Cairo - 2	Cairo - 2	0%
Alexandria - 0	Alexandria - 2	(not meaningful)
Canal Cities - 2	Canal Cities - 2	0%
Secondary Cities - 0	Secondary Cities - 0	0%
Volume of sewerage treated in treatment plants (thousands of cubic meters per day)		
Cairo - 660	Cairo - not verified	-
Alexandria - 600	Alexandria - unsupported	-
Canal Cities - not reported	Canal Cities - not reported	-
Secondary Cities - not reported	Secondary Cities - not reported	-

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Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Number of water treatment plants and reservoirs or enhanced distribution systems Cairo - 0 Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	Cairo - 5 Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	(not meaningful) 0% 0% 0%
Volume of potable water supplied via water treatment plants Cairo - 0 Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	Cairo - 1.4 billion cubic meters Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	(not meaningful) 0% 0% 0%
Operating cost per cubic meter produced Not reported.	Not reported.	-
Percent operators licensed Not reported.	Not reported.	-
Percent indirect to total staff Not reported.	Not reported.	-

Results Review and Resource Request (R4) Dated September 23, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Summary results:		
Reported figure was accurate within +/- 5 percent of the verified amount: 23 items		
Reported figure was not accurate within +/- 5 percent of the verified amount: 16 items		
Unsupported (includes cases where there was no evidence to support the reported value and cases where the reported value is obviously incorrect but it was not practical to obtain the correct value): 7 items		
Not verified: 7 items		
Total: 53 items		

Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Strategic objective 6: Increased access to and sustainability of water and wastewater services		
Estimated population connected to improved sewerage systems (new connections)		
Cairo - 0	Cairo - unsupported	-
Alexandria - 0	Alexandria - unsupported	-
Canal Cities - 0	Canal Cities - 0.8	(not meaningful)
Secondary Cities - 0	Secondary Cities - 0.0	0%
Estimated population served by improved sewage treatment		
Cairo - 0	Cairo - 10.9	(not meaningful)
Alexandria - 0	Alexandria - 3.1	(not meaningful)
Canal Cities - 0	Canal Cities - 0.9	(not meaningful)
Secondary Cities - 0	Secondary Cities - 0.2	(not meaningful)
Estimated population with access to improved water supply		
Cairo - 0	Cairo - unsupported	-
Alexandria - 0	Alexandria - not verified	-
Secondary Cities - 0	Secondary Cities - unsupported	-
Provincial Cities - 0	Provincial Cities - not verified	-
Operating ratio		
Not reported.	Not reported	-
Result 6.1: Improved recovery of O&M costs		

Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Percent of total O&M costs recovered in targeted cities		
Water utilities: Cairo - 66%	Water utilities: Cairo - 62%	6%
Alexandria - not reported	Alexandria - not reported	-
Secondary cities - not reported	Secondary cities - not reported	-
Wastewater utilities: Cairo - 11%	Wastewater utilities: Cairo - not verified	-
Alexandria - 65%	Alexandria - 84%	(29%)
Secondary cities - not reported	Secondary cities - not reported	-
Increase in the price of water (national)		
Cairo - LE 0.10	Cairo - LE 0.00	100%
Alexandria - LE 0.22	Alexandria - not verified	-
Canal Cities - LE 0.25	Canal Cities - LE 0.00	100%
Secondary Cities - LE 0.25	Secondary Cities - unsupported	-

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Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Annual percentage increase in the surcharge of the wastewater tariffs on the wastewater bills of targeted cities		
Cairo - 20%	Cairo - 0%	100%
Alexandria - 50%	Alexandria - 75%	(50%)
Canal Cities - 50%	Canal Cities - 0%	100%
Secondary Cities - not reported	Secondary Cities - not reported	-
Result No. 6.2: Improved decentralized utility management		
Number of autonomous water and wastewater organizations raising and retaining revenue		
Cairo - 0	Cairo - 0	0%
Alexandria - 0	Alexandria - 0	0%
Secondary Cities - 0	Secondary Cities - 0	0%
Number of financial systems installed based on economic authority principals		
Cairo - 1	Cairo - 0	100%
Alexandria - 1	Alexandria - 1	0%
Canal Cities - 0	Canal Cities - 0	0%
Secondary Cities - 0	Secondary Cities - 0	0%

Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Number of locally based utility organizations		
Cairo - 2	Cairo - 2	0%
Alexandria - 2	Alexandria - 2	0%
Canal Cities - 0	Canal Cities - 0	0%
Secondary Cities - 2	Secondary Cities - 2	0%
Provincial Cities - not reported.	Provincial Cities - not reported	-
Adoption of decentralized personnel plans		
Cairo - 0	Cairo - not verified	-
Alexandria - 0	Alexandria - 0	0%
Canal Cities - 0	Canal Cities - 0	0%
Secondary Cities - 0	Secondary Cities - 0	0%
Provincial Cities - not reported	Provincial Cities - not reported	-
Trained management		
Not reported.	Not reported	-

Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Result 6.3: Improved capacity to deliver services		
Percent of utility service area wastewater collected and treated		
Cairo - 35%	Cairo - not verified	-
Alexandria - 75%	Alexandria - unsupported	-
Secondary Cities - not reported	Secondary Cities - not reported	-
Number of sewage treatment plants or enhanced collection and treatment systems		
Cairo - 0	Cairo - 2	(not meaningful)
Alexandria - 0	Alexandria - 2	(not meaningful)
Canal Cities - 0	Canal Cities - 2	(not meaningful)
Secondary Cities - 0	Secondary Cities - 0	0%
Volume of sewage treated in treatment plants (thousands of cubic meters per day)		
Cairo - 660	Cairo - not verified	-
Alexandria - 600	Alexandria - unsupported	-
Canal Cities - not reported	Canal Cities - not reported	-
Secondary Cities - not reported	Secondary Cities - not reported	-

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Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Number of water treatment plants and reservoirs or enhanced distribution systems Cairo - 0 Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	Cairo - 5 Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	(not meaningful) 0% 0% 0%
Volume of potable water supplied via water treatment plants Cairo - 0 Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	Cairo - 1.4 billion cubic meters Alexandria - 0 Canal Cities - 0 Secondary Cities - 0	(not meaningful) 0% 0% 0%
Operating cost per cubic meter produced Not reported.	Not reported.	-
Percent operators licensed Not reported.	Not reported.	-
Percent indirect to total staff Not reported.	Not reported.	-

Results Review and Resource Request (R4) Dated May 2, 1996 (Data As Of June 30, 1996 Unless Otherwise Stated)		
<i>Reported</i>	<i>Verified</i>	<i>Difference as a Percentage of Reported Amount</i>
Summary results:		
Reported figure was accurate within +/- 5 percent of the verified amount: 21 items		
Reported figure was not accurate within +/- 5 percent of the verified amount: 18 items		
Unsupported (includes cases where there was no evidence to support the reported value and cases where the reported value is obviously incorrect but it was not practical to obtain the correct value): 7 items		
Not verified: 7 items		
Total: 53 items		

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Major Contributors to the Report

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