

CEG 3002 – WEST DELTA IRRIGATION

SECTOR	ENVIRONMENT POLICY	PROJECT COST	150 M€
AFD DECISION (CEE)	: JUNE 27, 2007	COFINANCIERS	IBRD
SIMPLIFIED LOAN AGREEMENT SIGNED ON	: DECEMBER 23, 2008	AFD LOAN	UP TO 25 M€
IMPLEMENTING LOAN AGREEMENT SIGNED ON	: OCTOBER 1 ST , 2009	MATURITY/ GRACE PERIOD	20 YEARS/ 7 YEARS
RATIFICATION BY PARLIAMENT	: JUNE 16, 2009	TYPE OF LOAN	SOVEREIGN CONCESSIONAL
EFFECTIVENESS	: JANUARY 6, 2010	DIRECT BENEFICIARY	MINISTRY OF WATER RESOURCES AND IRRIGATION
1 ST DISBURSEMENT	:	DISBURSEMENT RATE	0%
DEADLINE FOR DISBURSEMENT	: DECEMBER 31, 2013		

Project Description : The water conservation and irrigation rehabilitation project will ensure the sustainable development of agricultural activities West of the Nile Delta, through replacing the excessive drawdown of groundwater resources, by water supply from the Nile River.

Implementing Agency : Ministry of Water Resources and Irrigation, for the selection of a private operator and for the financing of the first phase.

Other partners : Private operator selected through International Competitive Bidding, for the design, construction and operation of the new irrigation infrastructure.

Final beneficiaries : Agricultural farms located on each side of the Desert Road between Cairo and Alexandria, South of Sadat City.

Development objective : Promotion of the sustainable development of agricultural activities in the area, and preservation of underground water resources.

Project's specific objective : Secure sustainable water supply from the Nile River for the farmers of the West Delta irrigation perimeter, and ensure a full cost recovery of investment and operation costs.

Content of the Project: The Project will build a water distribution network and a conveyance system bringing water from the Rosetta Branch of the Nile River (through Nassiri Canal). This resource will replace the drawdown of the groundwater resources presently used by farmers. The network will be built and operated by a private operator, who will have to fully recover the costs, through adequate tariffs. The contractual set up is a combination of a full concession for the whole perimeter (190 000 feddans, about 76 000 ha), and of a Design-Build-Operate contract for the first phase (up to 90 000 feddans, about 36 000 ha), which will be pre-financed by the Government of Egypt. Indeed, for the first phase, the Government of Egypt will allocate funds to the selected operator for the construction of the perimeter, to reduce the financial risk assumed by the private operator.

The Project will also include a technical support component for small farmers of the area, to allow them to increase their productivity and to pay their water consumption on a full cost recovery basis. This component will be financed by a 1.5 million € AFD grant, under a Commercial Capacities Reinforcement Program for developing countries.

Financing Plan :

Total cost of the project: 190 to 350 M€, of which 150 M€ for the first phase

First phase financing plan: World Bank 106 M€ (145MUSD), AFD 22 M€ (30 M USD), Private operator 22M€(30 M USD)

Project duration : 4 years (2010-2014)

Impact:

- Sustainable development of a modern agriculture on the perimeter.
- Optimized water use and management, both at network level and at farm level.
- Effective participation of water users in water management.
- Demonstration that it is possible to fully recover the investment and operation costs of an irrigation perimeter.
- Stabilization and even recovering of the water-table level, and salinity reduction, with a positive impact on water users in Oases, West of the perimeter.