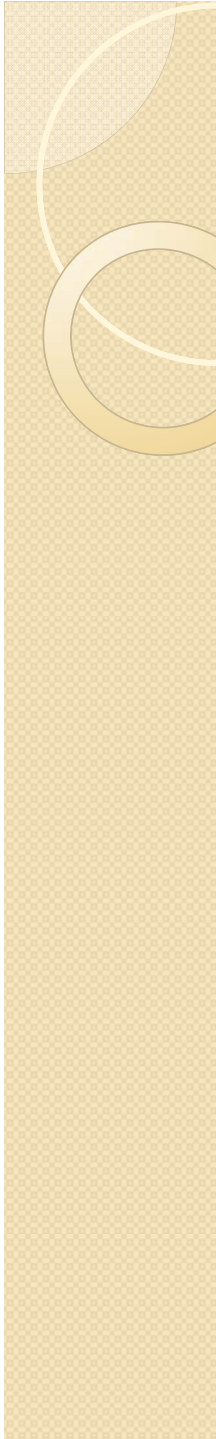
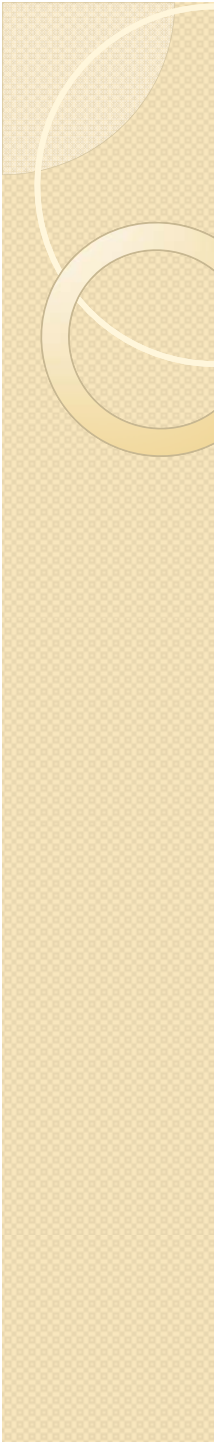




I. **Cost recovery and the strategic plan of AWCO**



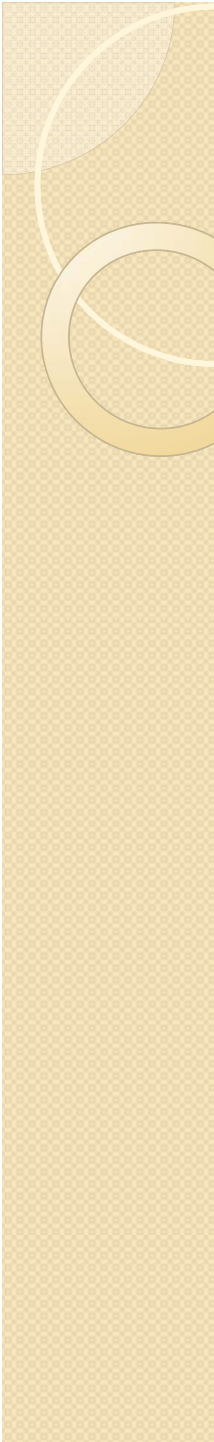
The current situation

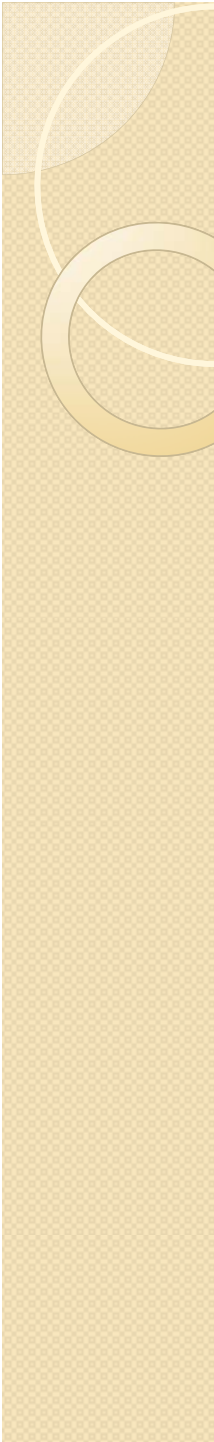
- 
- Currently AWCO is recovering its costs and is achieving profit.
 - AWCO's future goal is to continue achieving profit enough to guarantee financing its own investment projects.
 - AWCO's strategic plan to 2037 was prepared in cooperation with one of the largest consulting offices in the country. The preparation of the strategic plan is based on systematic thinking and scientific analysis methods.



- The following activities include in the preparation of the strategic plan:

- A population study of Alexandria was made showing the expected increase of the population in the future.
- according to this study the future water demand of Alexandria was determined.
- A technical study of the water plants and water networks current situation was performed.

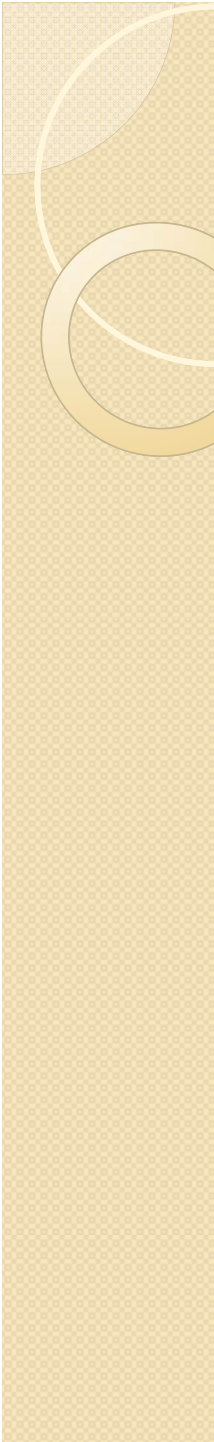
- 
- A suggested strategic plan of the necessary renovation, replacement and new constructions needed for the water plants and networks was prepared according to the future water demand of the city.
 - AWCO's strategic plan was prepared till the year 2037 and was divided into medium 5 years plans and short 1 year plans.

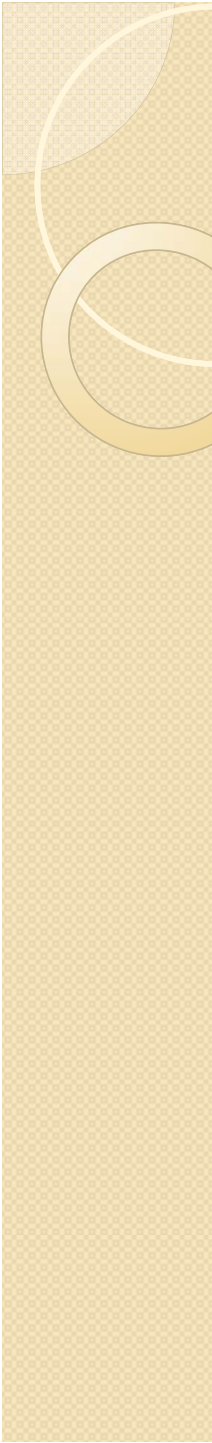
- 
- All the economic and financial aspects of the plan were studied after preparing and approving the strategic plan by estimating all of the following:
 - The necessary costs for executing new projects.
 - Costs for water plants operation, maintenance and other costs.
 - Estimating income from selling purified water keeping in mind estimating an amount of profit enough to finance new projects.

Currently **AWCO** is executing the main recommendations
of the strategic plan



The main angles for cost recovery

- 
1. Preparing an over all quality strategy and managing the company economically and preparing a new technically skilled generation capable of taking right managerial decisions.
 2. Reschedule the water fees to be divided according to the social standard of customers keeping in mind the poor people.



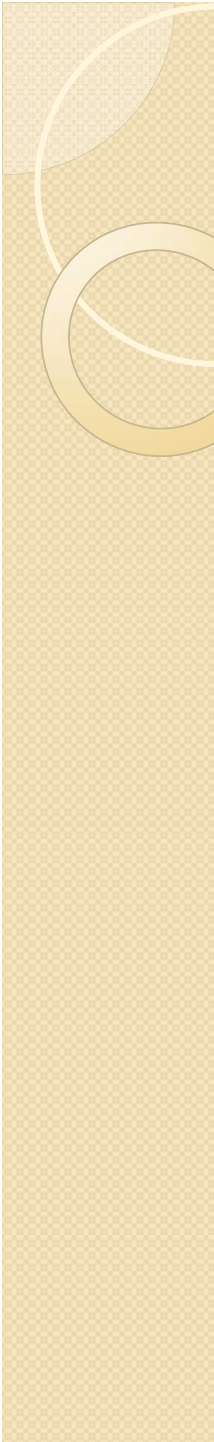
3. Using AWCO's good relations with other governmental agencies and private companies to issue the subject of water fees rescheduling and enhance the water fees collection process For example :

- For the government sector which represents the lowest collection rate:-

After negotiations with of the ministry of finance they agreed to transfer to AWCO a sum of 5.7 million pounds from the debts of the military of defense + a sum of 3.0 million pounds a part of some government's agencies debts in 2009.

- For the soda water and the cement companies :

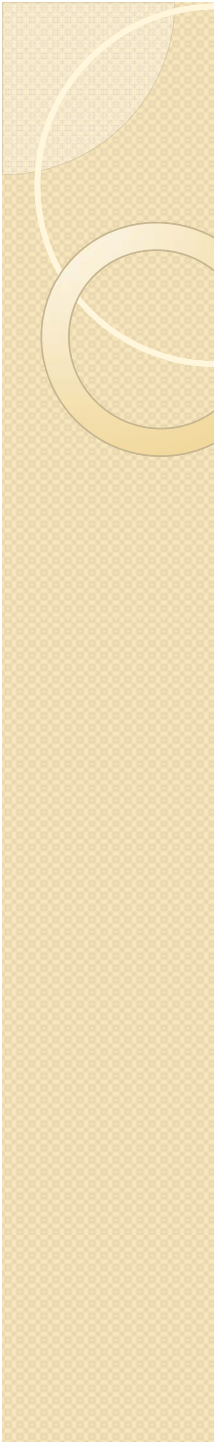
After several meetings and negotiations with the representatives of those companies an agreement was made to gradually increase the water fees for those companies

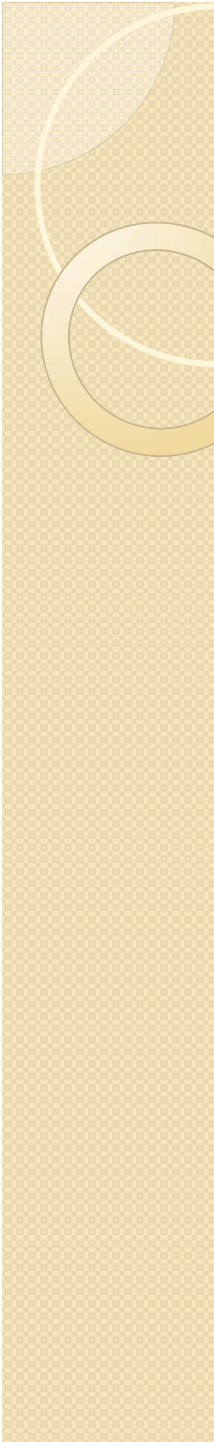


4. Raising the performance of the water fees collection sector by 10% every 5 years and this will increase our revenues. Applying this lead to the increase in collection by :

- Raising the performance of water meter readers, bills collectors and debt collection sector.

- Forming a committee to change water meters in the government sector and major customers.
- Putting a monthly collection target program in all the branches and also focusing our efforts in debt collection.
- Issuing bills monthly not every 2 months will have a great impact on collection.
- Forming committees to collect fines for illegal connection and water theft.

- 
- Forming committees for debt collection.
 - Repairing damaged water meters regularly.
 - Using hand held devices for accurate water meters reading.
 - Hiring enough water meters readers and collectors.
 - Opening new customer service offices.
 - Keeping in mind the social standards of all the customers and diving debts into installments.
 - Paying bonuses for collectors.
 - The branches are opened all weak long.
 - All the government agencies' debts are to be sent to the ministry of finance for regular payment.

- 
5. Raising the performance of water networks this will lead to a decrease in network loss(physical loss) and commercial loss an example :
- In RasElteen area : AWCO changed all the transmission lines and distribution water networks in this area(about 70km long distributing network) were the water loss percentage was very high due to the bad conditions of the water networks in it , due to this the percentage of customer complaints decreased by 90%.
 - A yearly replacement and renovation plan is prepared and executed according to studying and analyzing all customers' complaints from several service areas.
 - A plan is prepared by teams of AWCO's engineers and technicians to reduce water loss by dividing service areas into zones to determine the amount and the type of water loss in each one and study and analyze the reasons and resolve them.

Water plant	Design capacity available m3/day	Average production m3/day	Estimated production m3/day till 2037						Comments
			2012	2017	2022	2027	2032	2037	
El-Seiouf	840000	740000	840000	960000	960000	1080000	10800000	1383340	renovation - replacment
El-Manshia El-Gedida	380000	602000	620000	620000	620000	620000	737362	737362	renovation - new plant
El-Manshia2	240000								
Sharqy	510000	433304	510000	630000	690000	690000	69000	961200	renovation - replacment
El-Nozha	200000	110000	200000	252000	252000	252000	252000	252000	Renovation
El-Mamora	240000	150000	240000	360000	360000	360000	418650	418650	renovation- new constructions
Forn Elgeraya	50000			90000	90000	90000	90000	90000	new constructions ((replacments
Borg El-Arab(km40	566400	512000	566400	720000	720000	879360	879360	879360	renovation – replacment
El-Nobarria	510000	335307	510000	510000	600000	771000	771000	771000	renovation – replacment
El-Nasr lake plant				240000	240000	240000	240000	240000	new constructions
Total	3536400	2882611	3486400	4382000	4532000	4982360	14257372	5732912	

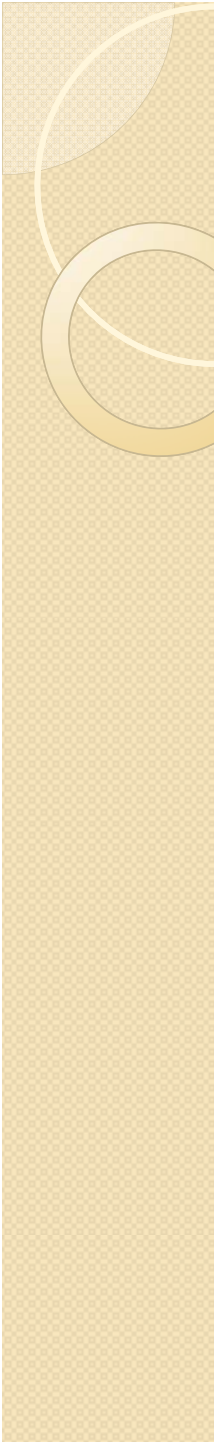
(increase 7.5% The basic case (average tariff 60pt) - (Average annual tariff

The quality of collection	0.83
Percentage of collection deficit	0.17
Percentage of water lost in the network	0.36
improvement in Percentage of waterlost in the networks every 5 (years(average 2%/year	0.10
Average tariff/m3	0.60
(%)Total operation revenue	0.05
Percentage of targeterd water loss x quantity of water in the network in the targeted year	0.20
Percentage of improvement in the collection deficit every 5 (years (average2%/year	0.10
Percentage of expected profit	0.05
Interest rate on loans	0.08
Percentage of annual discount	0.10
Percentage of every 5 years discount	0.61
Percentage of Average increase in tariff every 5 years	0.38
Inflation rate	0.08



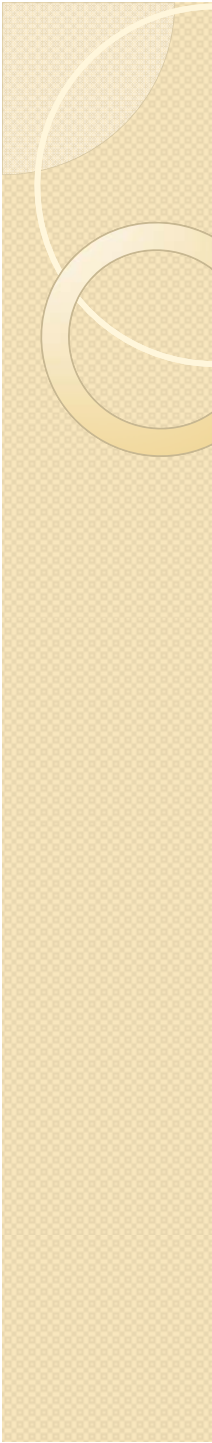
II. An example of AWCO's experience in recovering costs

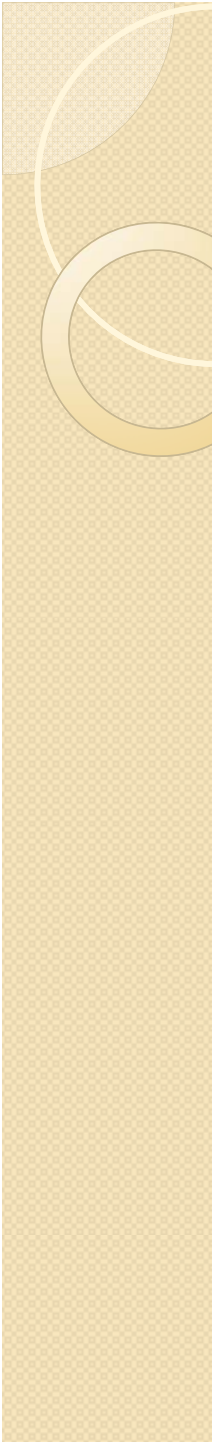
Reducing UFW (Unaccounted For Water) and controlling water theft

- 
- At the beginning of the eighties Mubarak's national project for new graduates in El-Bostan area was constructed in 3 phases.
 - AWGA at that time supplied this area with drinking water through a number of transmission pipes connecting the area to El-Nobaria water treatment plant and also replaced and renovated the interior water networks in those villages.



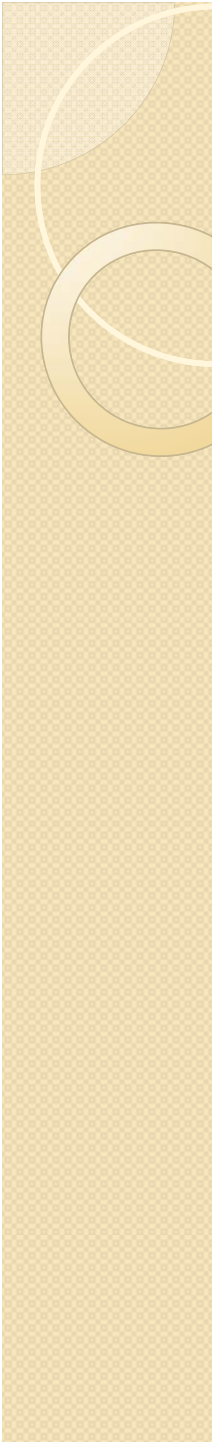
**Why water is being stolen in
those villages?**

- 
- Since that all the villages in the projects and the interior water networks are owned by the general authority for projects constructions and due to providing those villages with drinking water and the construction of new communities around those villages (those new communities have no access to drinking water).

- 
- Due to the increased demand for drinking water in those areas and in order to not to effect the consumption of water in side those villages the general authority determined a very high connection fees to connect those communities with the water networks inside the villages and this led the people illegally connect to the villages' water network in order not to pay the specified fees.

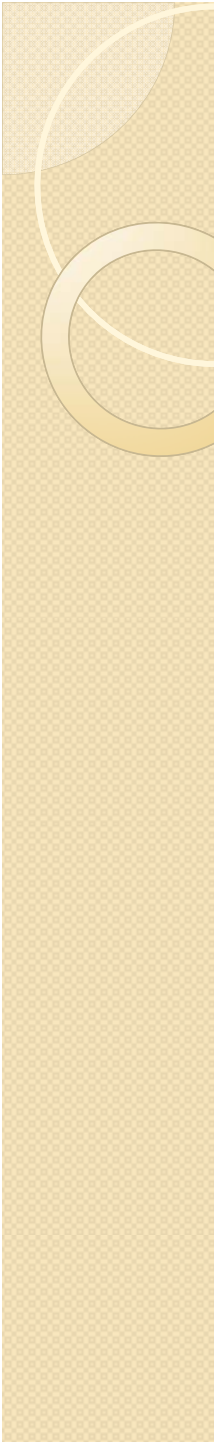


**Decisions taken by AWCOW in order
to provide those communities with
drinking water and to prevent illegal
connections**



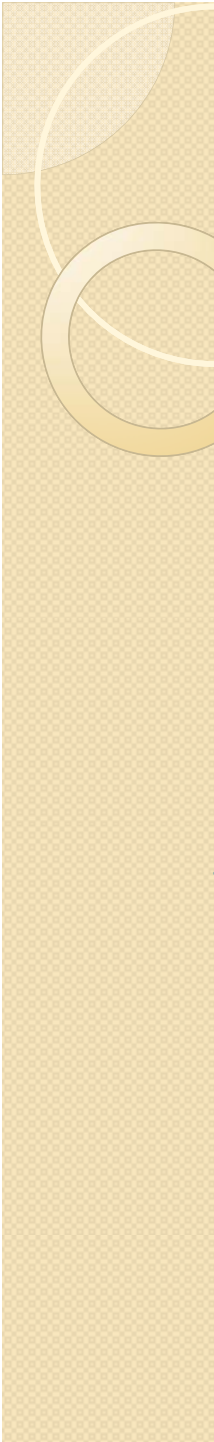
1. **AWCO executed a project to increase the capacity of El-Nobaria water plant to become 510000 m³/day and also the area was supported by 3 water boosters to increase water pressures in those water networks.**

2. **AWCO's chairperson decided to reduce the connection fees specified by the general authority for construction to be within the ability of the people living in those communities.**



3. An inspection committee including professional engineers and technicians was established to inspect the areas around those villages for illegal connections and as a result of the committee's work :

- It was found that about 600 family community was located around the villages consuming water illegally from the villages' network. Also illegal connections for irrigating agricultural lands were spotted.



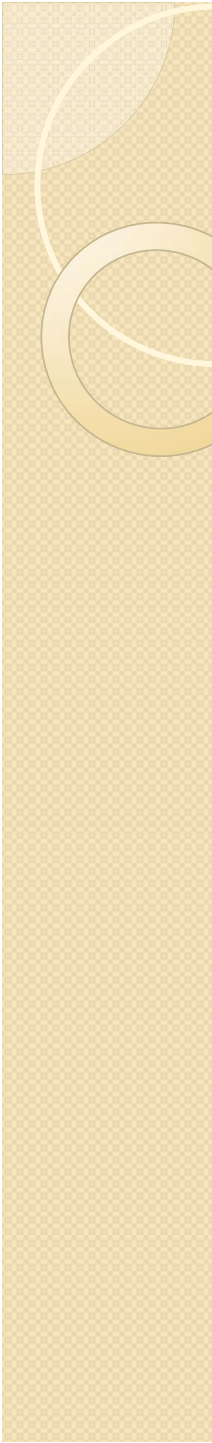
- AWCO allowed the payments of the villages' debts to be in paid installments according to the social status of each family.

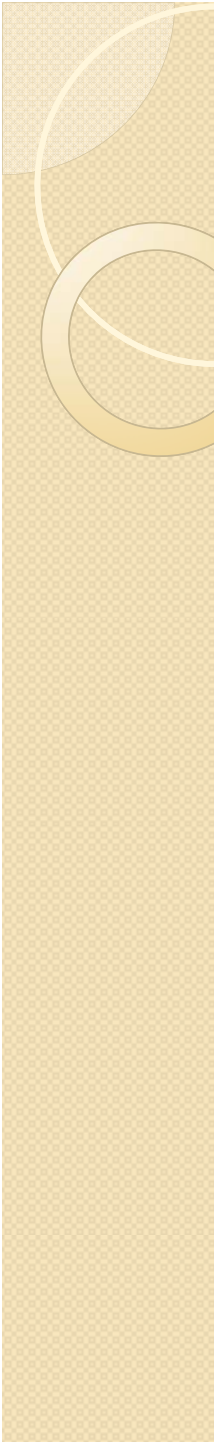
- All the illegal connections found in those areas are treated similarly to any connection in any other village.

4. All the necessary procedures were made to provide those communities with drinking water and water meters were installed, and negotiate with people to pay their debts.



The Result

- 
- The number of master meters $\varnothing 1.25''$ became 12 meters.
 - The number of individual meters became 750 meters.
 - The amount of money collected from customers = 2500000L.E
 - The main village debt= 764587.16 L.E which is the cost of water consumed illegally by about 200 customers in the main village and 750 customers in the communities around the village will be divided into installments according to the social status of each customer.

- 
- As a result of all those procedures more than 5000m³/ day of drinking water were being metered by the new meters installed instead of only 350m³/day previously.
 - Due to the success of that experiment in the field of cost recovery, AWCOC is applying it all around its service area.

السيد المهندس / مستشار القطاع الخبي

تحية طيبة وبعد ...

بيان لجنة التفتيش والسرقات بقرية نجيب محفوظ منطقة البستان عن الفترة من ٢٠١٠/١١/١٦ حتى ٢٠١٠/١١/٢٤ .
بناء على تعليمات السيدة المهندسة رئيس مجلس الإدارة والعضو المنتدب وتوجيهات سيادتكم بحصر التعديلات على خطوط الشركة بمنطقة البستان قامت اللجنة خلال الفترة بقطع المياه عن عدد (١٢) أنش عشر توصيلة رئيسية وكذا التعاقد على عدد (١٢) أنش عشر عداد كنترول قطر ١/٤ بوصة على هذه التوصيلات وكذلك التعاقد على عدد (١٦٦) فرع من إجمالي عدد (٦٢٨) منزل خارج القرية وذلك بسداد مبلغ قيمة (٣١٨٥٢٨) جنيها .

بياناتها كما يلي :-	
مياه خلسة =	٣٢١٠٠ جنيها .
مياه مياتمي =	٣٨٩٠٠ جنيها .
مشاركات =	١٠٨٩٥٠ جنيها .
أقساط =	٥٦٠٠ جنيها .
باقي مفردات الفاتحة التعاقد =	١٣٢٩٧٧ جنيها
بإجمالي =	٣١٨٥٢٨ جنيها

ونتفضلوا بقبول فائق الاحترام ...

مدير إدارة الغرم

شركة مياه الإسكندرية

مدير محطة مريوط (١)

شركة مياه العريش والسرقات

السيد المهندس / مستشار قطاع الإنتاج والتوزيع

تحية طيبة وبعد ...

استكمالاً لأعمال لجنة التفتيش والسرقات بقرية نجيب محفوظ منطقة البستان تم الخروج من تاريخ ٢٠١٠/١/٢٦ حتى ٢٠١٠/١/٢٨ .
وبناء على تعليمات السيدة المهندسة / رئيس مجلس الإدارة والعضو المنتدب وتوجيهات سيادتكم بحصر التعديلات على خطوط الشركة بمنطقة البستان قامت اللجنة خلال الفترة بالتعاقد على عدد (٦٢) اثنان وستون متعاقد .

بياناتها كما يلي :-	
مياه خلسة =	١٠٤٠٠ جنيها .
مياه مياتمي =	١٢٨٧٥ جنيها .
مشاركات =	٣٣٥٠٠ جنيها .
أقساط =	١٨٥٠ جنيها .
باقي مفردات الفاتحة التعاقد =	٣٦٠٢٥ جنيها .
بإجمالي =	٩٤٦٥٠ جنيها .

وسوف نوالي سيادتكم بأعمال اللجنة تباعاً ...

ونتفضلوا بقبول فائق الاحترام ...

مدير إدارة الغرم

مدير إدارة فرع العريش
شركة مياه العريش والسرقات

مدير محطة مريوط (١)

السيد المهندس / مستشار القطاع الخبي

تحية طيبة وبعد ...

استكمالاً لأعمال لجنة التفتيش والسرقات بقرية نجيب محفوظ منطقة البستان تم الخروج من تاريخ ٢٠١٠/١/٣٠ حتى ٢٠١٠/٢/٤ .
وبناء على تعليمات السيدة المهندسة / رئيس مجلس الإدارة والعضو المنتدب وتوجيهات سيادتكم بحصر التعديلات على خطوط الشركة بمنطقة البستان قامت اللجنة خلال الفترة بالتعاقد على عدد (٥٨) ثمانية وخمسون متعاقد .

بياناتها كما يلي :-	
مياه خلسة =	١٤٠٠٠٠٠٠ جنيها .
مياه مياتمي =	١٠٥٠٠٠٠٠ جنيها .
مشاركات =	٣٨٥٠٠٠٠٠ جنيها .
أقساط =	٧٩٠٠٠٠٠ جنيها .
باقي مفردات الفاتحة التعاقد =	٣٠٤٨٧٠٣٠ جنيها .
بإجمالي =	١٠١٣٨٧٠٣٠ جنيها .

وسوف نوالي سيادتكم بأعمال اللجنة تباعاً ...

ونتفضلوا بقبول فائق الاحترام ...

مدير إدارة الغرم

شركة مياه الإسكندرية

مدير محطة مريوط (١)

شركة مياه العريش والسرقات

السيد الأستاذ/ مدير عام فروع غرب

تحية طيبة وبعد ...

بيان مديونية قرى البستان

م	أسم القرية	رصيد المديونية	ملاحظات
١	قرية أحمد عزام	٣٥٣٦٠٨,٨٠٠	
٢	قرية على بن أبي طالب	١٠١٤١٥٥,٧٠٠	
٣	قرية أبو بكر الصديق	١٣١٣٧٤٦,١٦٠	
٤	قرية أبو النور	٥٥٠٩٠٥,١٠٠	
٥	قرية عباس العقاد	٤٥٤,١٩٧,٤٢٠	
٦	قرية الوفاء	٦٥٢٨٩,٥٠٠	
٧	قرية عبد العظيم أبو العطا	٤٣٩٩٨٩,٥٥٠	
٨	قرية طه حسين	٢٥٨٩٥٦,٣١٠	
٩	قرية أحمد بدوي	٣٠٥,٤٥٣,٣٣٠	
١٠	قرية أحمد شوقي	١٨٨٨,٤٦٣,٧٠٠	
١١	قرية العدل (منتفعين)	٤٣٧,٤٥٢,٨٠٠	
١٢	قرية عبد الحلیم محمود	٢٨٢٦٩٠,٤٠٠	
١٣	قرية سعد زغلول	٣٨٥٩٦٧,٠٥٠	
١٤	قرية نجيب محفوظ	٧٦٤,٥٨٤,١٦٠	
١٥	قرية توفيق الحكيم	٣٢٤,٧٧٩,٩٨٠	
١٦	قرية عبد المجيد سليم	٨٥٠,٦٧٣,٤٣٠	
١٧	قرية عبد المنعم رياض	١٣٠,٢١٧٠,٠٢٠	
١٨	قرية محمد عبد الرقيب	٤٢٨١٦٠,٠٨٠	
١٩	جمعية وادي النيل التعاونية الزراعية	٨٤٢,٥٧٠	
٢٠	جمعية قرية حسين أبو اليسر	٢١٦١٢٤,٧٥٠	
٢١	جمعية سيدنا سليمان	٦٩٦٧٢,٩٥٠	
٢٢	جمعية سعد بن معاذ	١١٨٢٢,٢٥٠	

٢٣	جمعية قرية محمد عبد الوهاب	١٧٥٨٣١,٨٥٠
٢٤	عثمان بن عفان (مسجد)	٣٧٥,٦٥٠
٢٥	النبي المهندس	١٠٥٩٠,٠٠٠
٢٦	العدل ٢ مستثمرين	١٨٠٠٠,٠٠٠
٢٧	قرية أحمد رامي	١٠١٨٥٦٨,٥٦٠
٢٨	قرية عثمان بن عفان	١١٢٢٨,٤٢٠
٢٩	قرية الشجاعة	٥٣٠,٣٠٩,١٠٠
٣٠	محمود شلتوت	١٢١٩١٤,٣٤٠
٣١	الأمام الحسيني	١٠٧٣١٢١,٤٢٠
٣٢	الأمام الغزالي	١٣٣٣٣٣٩,٤٩٠
٣٣	محمد رفعت	٩٥٧٣٦٢,٧٢٠

وتفضلوا بقبول فائق الاحترام ...

مدير إدارة الفروع

١٨
٢٠١٠

الموظف المختصر رئيس الحسابات رئيس الإيرادات

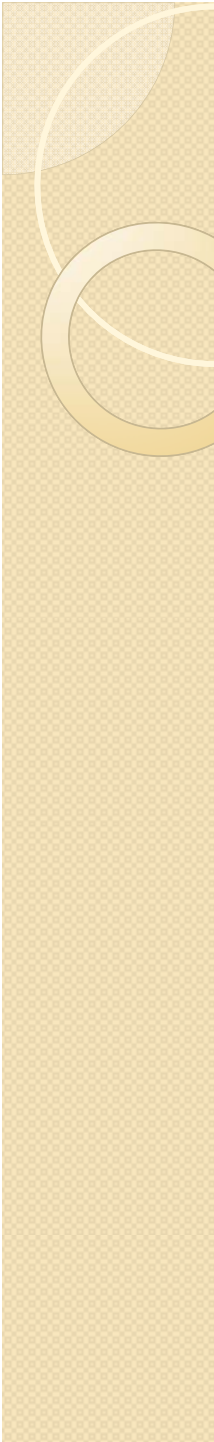
٢٠١٠/٨/٨



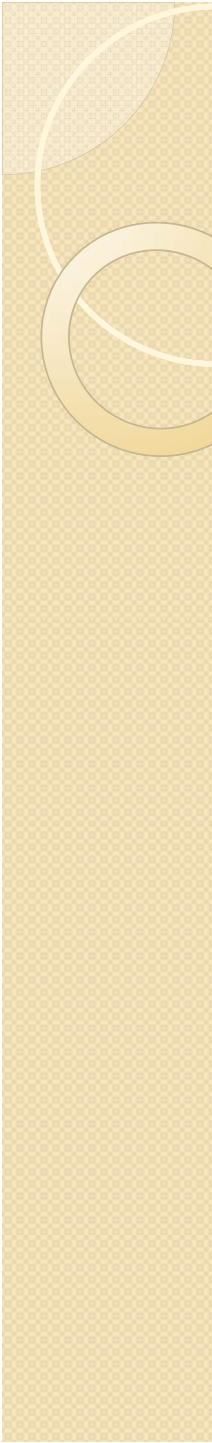
III. The importance of foreign grants and international aids

AWCO' experience with USAID

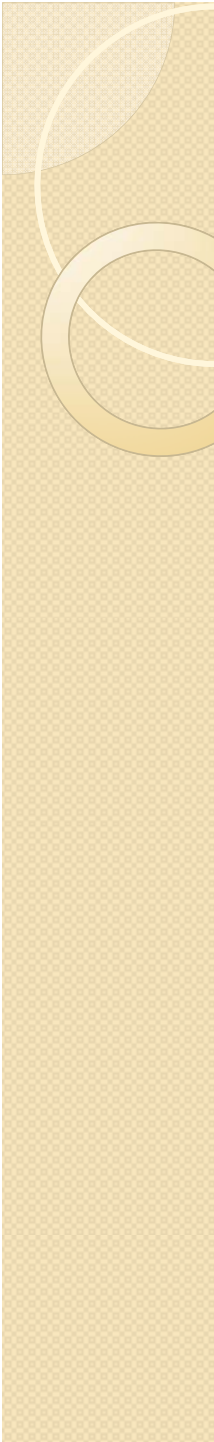


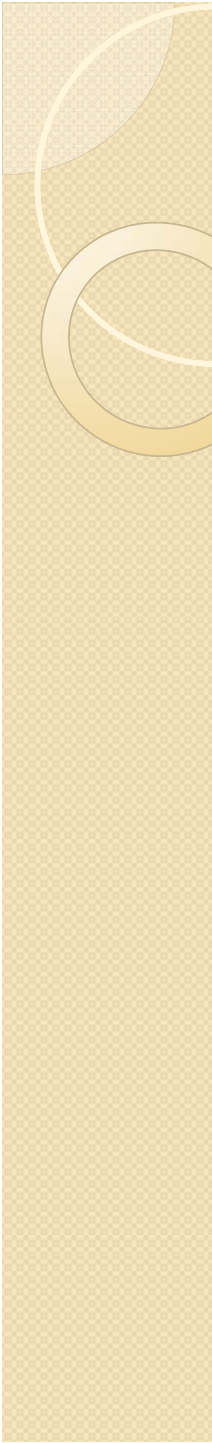


In the year 1999 AWCO started executing a 6years contract (ISC {Institutional Support Contract}) for capacity building with the USAID the main challenge was the increase of the area served by AWCO

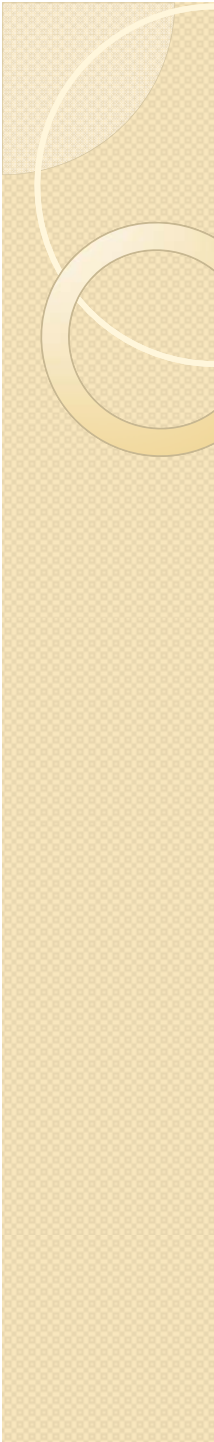


The corporatization (the legal transition of AWGA to the public business sector company, AWCO) permits operation under new rules, accelerating the pace of reforms. The following conditions exist under the new organizational arrangements .

- 
- AWCO is no longer subject to the civil service regulations that govern most Egyptian agencies with respect to employee hiring, salaries, and retirement. AWCO has more flexibility in managing its staff.
 - Outsourcing maintenance and other services can now take place, relieving AWCO of the need to carry excessive staff, facilities, and equipment.
 - The holding company, of which AWCO is a subsidiary, permits the company to retain control of revenues and make investment decisions on any cash surpluses that might be generated.

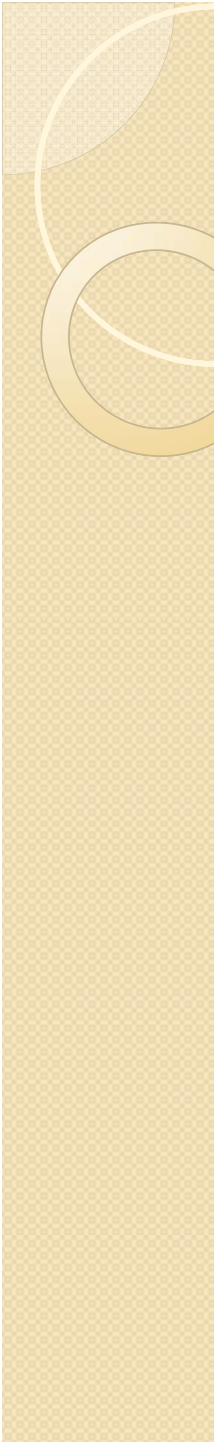


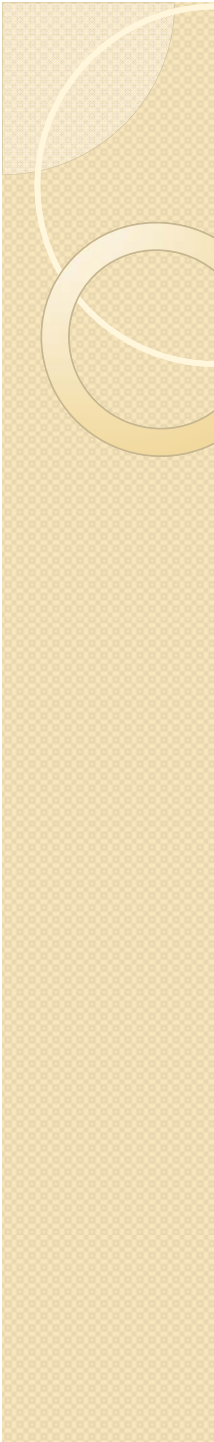
The ISC project used several important communication strategies to not only keep AWCO and ISC staff on the same page, but to promote an AWCO corporate culture that values transparency, decentralized decision-making, and open communication.

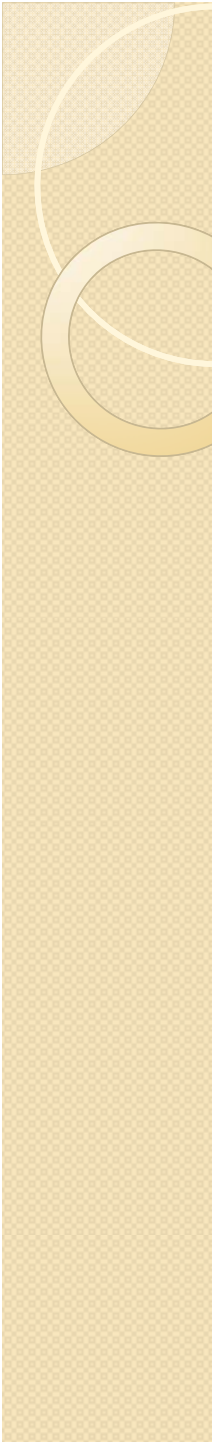


These communication and coordination strategies included:

- A team structure for ISC and AWCO.
- Mobilization of topic-specific assessment teams.
- Quarterly meetings with GTZ, the Dutch grant.
- Weekly prescheduled meetings between the AWCO chairperson and the ISC project director.

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- Extensive and active participation of AWCOC personnel in activity design and implementation.
 - The formation of a project steering committee that meets monthly.
 - Briefings to other institutional stakeholders.

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- **A comprehensive customer outreach program, with information and education campaigns.**
 - **Incorporating a culture of communication**



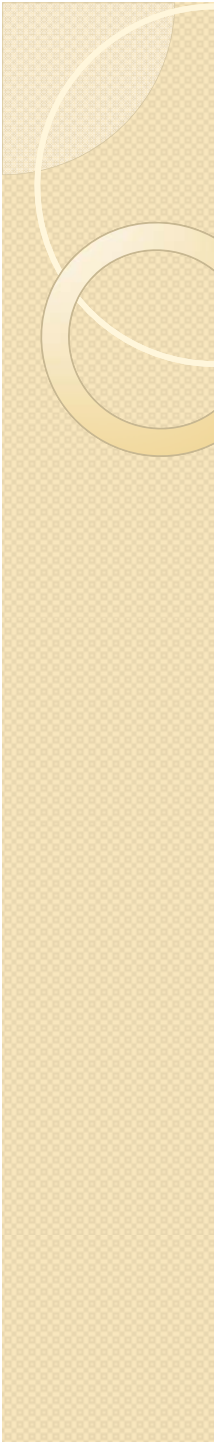
ISC and AWCO selected many program areas where strategic planning was absolutely necessary.

This work led to the selection of infrastructure improvement objectives that formed the core of the ISC and AWCO collaboration and has driven the AWCO institutional transformation.

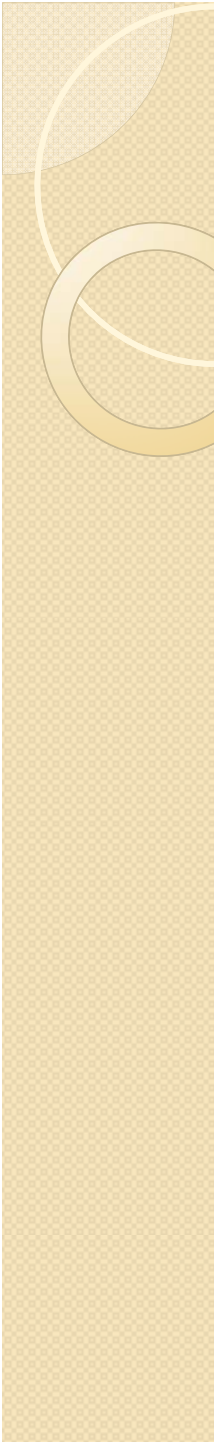


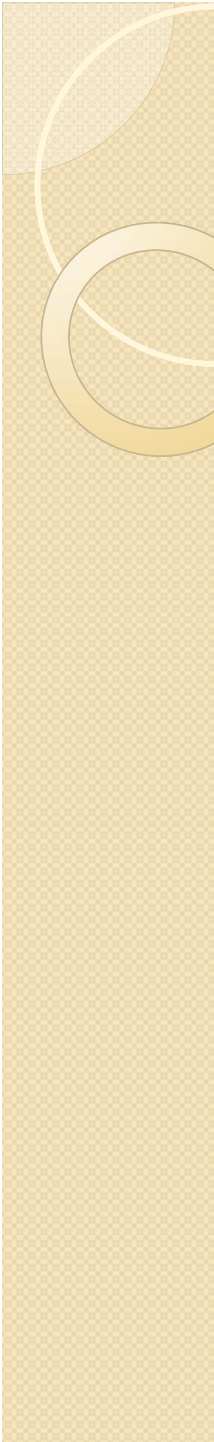
Activities included:

- **Finance and Revenue:** automated billing and financial reports, willingness to pay studies, collection system, and debt management.
- **Technical:** planning and tracking system, complete assessment and revaluation of all fixed assets, computer models, laboratories upgrades, meter installation, and treatment plant upgrades.
- **Administration/Management:** management information systems, reorganizing existing management units, forming new units, and training.

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- **Human Resources:** training centers, job descriptions, personnel regulations, and performance evaluations.

 - **Strategic Planning:** institutionalized strategic planning and training.
 - **Dispute Resolution:** dispute resolution office and strategy to address and resolve disputes.

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- **Legal:** internal by-laws, new legal management units, and the reorganization of the board of directors.
 - **Public Relations:** increased size of the department, customer service training policies, and public relations campaigns.
 - **Customer Relations:** increased size of the department, customer call centers, and customer focus programs.
 - **Computerization:** automation of systems, technical support unit, and upgraded technology.



**As a result several indicators
improved**

About Customer & Community Characteristics:

Performance Indicator	The change
Diversification/stratification of customer marketing and service	Focus on serving all customer categories
Affordability of service, especially to the poor	A new tariff system was made taking into account all customers levels specially the poor
Quality of customer relations	Customer satisfaction increased by 37%
% of population served	Increased by 15%
Number of connections	Increased by 8%

About Compliance with Applicable Government Policies and Standards:

Performance Indicator	The change
Potable water standards compliance	80% compliance with World Health Organization standards, 100% compliance with Egyptian standards (it was 90%)
Environmental compliance	100% compliance with Egyptian standards

About Technical Capacity:

Performance Indicator	The change
General infrastructure condition	1 000 km of pipes replaced; ongoing preventive maintenance at water treatment plants
24-hour water availability (% per year)	100%
Metered connections (%)	Increased by 2%
Direct sewerage coverage (%) – Alexandria General Organization for Sanitary Drainage	Increased by 14.5%
Unaccounted for water (%)	Decreased by 8%
Reliability/adequacy of water supply sources	Central laboratory implemented sanitary surveys, source protection, frequent sampling, and water quality analyses

About Management:

Performance Indicator	The change
Employees per 1000 connections	Decreased by 18.4%
Implementation of transparent management/administrative structure and policies	Chairperson has delegated authority to 4 vice chairs
Implementation of performance benchmarking/performance incentives	Comprehensive performance benchmarking system employed, comprehensive monetary incentive programs for employees

About Financial:

Performance Indicator	The change
Annual revenue from water tariffs (EGP)	Increased by 22%
Earnings before interest, taxes, and depreciation	Increased by 8%
Billing ratio (%)	100%
Collection ratio (%)	Increased by 39%
Implementation of multiyear financial forecasting	A capital planning and tariff impact model has been developed; financial projections are now made for a ten year period
Ability to mobilize private capital	The water sector reform of 2004 permits AWCO to seek commercial financing in the local market. Overall improvements to AWCO infrastructure management make it more attractive to capital markets