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# QUARTERLY PROGRESS REPORT 1

NOVEMBER 2008 – MARCH  
2009

**EGYPT WATER AND WASTEWATER SECTOR SUPPORT  
PROJECT**

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**Contract No. EPP-I-00-04-00020-00**

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## Executive Summary

The following Progress Report encompasses the start-up period of November-December 2008 through the first quarter activities of 2009, for the USAID Water and Wastewater Sector Support (WWSS) Project, Egypt. The focus of the WWSS project is the application of technical and institutional development support to the Holding Company for Water and Wastewater (HCWW), Cairo, Egypt, and Subsidiary operating companies managing water and wastewater utility functions in various Egyptian Governorates, for improved performance and increased sustainability. This objective is coupled with a flexible, demand-responsive management team. The success of this methodology has already produced significant positive outputs during the first months of project work.

The WWSS project provides support to both HCWW at the corporate level and five Subsidiaries at the Governorate level. This support ranges from the policy level to Utility Management functions, including Financial Accounting and Operations and Maintenance, to capacity building Human Resources Development support at all levels.

The WWSS leadership recognized early in program development that baseline analyses and policy frameworks would be needed for much of the consequent success of interventions. In line with requests from the Holding Company, WWSS has undertaken Governorate field assessments in all sectors including IT, Human Resources, administrative systems, Operations and Maintenance, Financial, and Commercial performance.

The WWSS Project is comprised of four project components:

1. Support to the Holding Company for Water and Wastewater
2. Utility Management Support
3. Program Management Support
4. Human Resources Development

At the Holding Company, Cairo, level, WWSS has offered a flexible response to the requests of HCWW leadership. As an extension of the GTZ sponsored Business Planning exercise currently underway with HCWW, WWSS is collaborating with its institutional partners and guiding a similar process with the Subsidiary Companies. To begin the collaborative process, key personnel from WWSS and HCWW participated in a business planning meeting in Ain al-Sukhna.

The activities carried out during the first quarter 2009 under Component 1 include:

- Water Law review support
- Draft donor assistance matrix
- HCWW Business Plan workshop

At the Governorate level, our Utility Management and Human Resources Teams conducted field assessments to better understand the current situations at these utilities. They also hosted a training session for employees of one Subsidiary Company, and executed a number of other activities:

- Identified pilot plants for implementing project interventions in each of the subsidiaries

- Adapted transitioning systems to WWSS for WWSPR tools
- Trained 16 Assuit financial department staff in a 5-day workshop titled “The Unified Accounting System (UAS),”
- Conducted three rapid field assessments of Luxor, Sohag and Assuit
- Collected 7% of Assuit’s customer data; filed the data electronically and uploaded into its computer system.

Program Management, Component 3 of WWSS activities are principally targeting implementing investment planning and program management at both the HCWW and Subsidiary levels, through inclusion of these necessary activities in the ongoing Master Planning process, and through establishing Program Management Units (PMUs) to guide these processes.

While the PM Component is getting underway at a later phase than other project components, as planned for and stipulated in our Work Plan, our team has moved forward on the following activities during the quarter:

- Obtained all WWSPR Program Management materials
- Met with MHUUD officials; agreed on materials/criteria
- Reviewed Master Plans for 5 subsidiaries
- Formulated a strategy for analysis and prioritization of investments needed for 5 subsidiaries.

Human Resources Development, Component 4 of the WWSS project, sets out ambitious training and personnel upgrading goals for HCWW and the Subsidiary Companies. Preliminary activities to address these critical issues include:

- Rapid HRD assessments in Luxor, Sohag, Assuit, Giza, and Menofia.
- Performance-based Unified Accounting System training program implemented for 16 Assuit financial staff
- A full service training M&E evaluation system prepared and applied in UAS training.
- Coordinated with GTZ to standardize the training systems (TNA, monitoring and evaluation, reporting)
- On-the-job training for Assuit’s training manager and two of their training staff.
- ICDL training (160 out of 200 candidates passed the pre-course test from Assuit)
- Defined and assessed local training capabilities in Assuit, Sohag and Luxor

Through these and other interventions, the HRD Team in WWSS seeks to address the chronic issues of overstaffing, low pay rates, lack of incentive structures, and a lack of trained staff in the sector in Egypt.

Our first QPR also includes details of the start-up phase for WWSS, during the last months of 2008. The WWSS project’s start-up plan began with almost immediate travel of Chief of Party, Bennett Parton, to the Chemonics home office on November 1 for orientation and initial planning sessions. Technical start-up specialist, Kristina Cartwright, and Mr. Parton arrived in Cairo on/about November 8<sup>th</sup> for a short-term assignment to ramp up the work planning and establish the field office. Along with the project office manager, the team recruited and hired for additional support staff, located appropriate office space, identified suppliers for vehicles, equipment and furniture, and attended to numerous other administrative details.

A draft work plan was developed through initial meetings with project partners, counterparts and USAID, on 5 December 2008. This draft is being vetted against results of needs assessments conducted in the first 3 months in order to ground-truth the expected task timelines at the Subsidiary companies. As our work has progressed we have noticed a need to emphasize certain needs identified in our rapid assessments and we plan to update our Work Plan accordingly. By mid-April, we anticipate finalizing our updated Work Plan. Overall, project work for WWSS are moving according to schedule and expected levels of activity.

## **UNIFIED ACCOUNTING SYSTEM TRAINING SESSIONS**

**Assuit University  
15-19 March, 5-9 April, 2009**

Assuit Governorate, Egypt—For the first time, employees of Assuit Water and Wastewater Company are receiving comprehensive training in some of the most important tools for success in their jobs.

The training is an integral part of the Utility Finance subtask of the USAID Water and Water and Wastewater Sector Support Project. Employees in the general ledger, cost accounting, fixed assets, budgeting, stores, and warehousing departments of the Water and Wastewater Company are participating in training sessions hosted at the local university.

Led by Mr. Mahmoud Bakr Ibrahim, Utility Finance Team Leader, Abdel Wahab Lotfy, Financial Analyst, and Dr. Usama Mohy El Din of Assuit University, the 38 trainees learned the fundamentals of General Ledgers, the Unified Accounting System, and financial statements. Before the training, employees did not have the skills to correctly implement financial management systems in their work. Now, they are working to confidently understand utility finance, to correctly input information into the system, and to produce accurate financial statements.

The UAS training in Assuit is taking place over two separate sessions, for 8 days total. Representatives from USAID and the Chairman of the Assuit WWC, along with many participants, expressed their happiness with the level of expertise given in the training and the new skills acquired over the course of the sessions in Assuit.

Based on this success, Mr. Bakr's Utility Finance Team will implement similar training programs in Luxor, Sohag, Menofiya, and Giza, by July 2009, as well as continue to support the efforts of the Assuit Operating Company. Greater financial abilities and financial accountability mean better functioning services and standards in the future!



*Left: Abdel Wahab Lotfy, Mahmoud Bakr Ibrahim, and Assuit Utility employees;  
Right: training session at Assuit University.*



## SECTION I: PROJECT OVERVIEW

The Water and Wastewater Sector Support project is the \$17 million, USAID-sponsored program to create the sustainable framework for continuation of successful institutional, service, financial, regulatory, and infrastructure progress seen under previous USAID programs in the water and wastewater sector in Egypt. For the past several decades, USAID has had great success in assisting the Egyptian Government in sector reform. In an effort to continue progress toward well-functioning public institutions, the Egyptian Government push to reform was coupled with the creation of the Holding Company for Water and Wastewater in 2004. The long-term vision for the sector sees the Holding Company efficiently managing investment planning, and the Subsidiary Companies managing all aspects of the utility operations, such as operations & maintenance (O&M), asset management, billing and customer service.

The overall objective of the WWSS project is to support the Government of Egypt to develop and implement programs that:

1. Increase the financial and commercial viability of existing water and wastewater companies;
2. Establish new regional water and wastewater Subsidiary Companies;
3. Develop and implement a capital investment planning and program/project monitoring and management mechanism, and
4. Build the capacity of staff; increase managerial, technical and operational efficiency; improve the quality of services; and expand access to water and sanitation.

WWSS intervenes directly in several Governorates, and indirectly through HCWW management in nine other Governorate-based utilities. In all, WWSS supports institutional improvements in 11 Governorates and the central Holding Company.

The Strategic Approach to the WWSS has three main characteristics, focused on serving our principal clients, the Holding Company for Water and Wastewater, and its Subsidiary Companies:

1. *Customer-Driven:* In collaboration with our primary clients, and the Ministry of Housing, Utilities, and Urban Development (MHUUD) as needed, in addition to a diverse group of public, private and non-government institutions and organizations working in the sector, we work to achieve the objectives in our scope of work.
2. *Strategic, Flexible and Responsive:* We will assist our clients to evaluate progress toward goals and to identify adjustments in activities that appear to be needed in light of progress achieved, lessons learned, or changes in the environment. Our team will: (a) closely monitor the political and institutional environment; (b) assess the prospects for key reforms in the sector; (c) assess progress made by the HCWW and each Subsidiary Company; and (d) shift resources in a timely fashion out of areas where progress is unlikely into areas where opportunities emerge. Based on changing needs we will recommend adjustments to the Annual Work Plan to de-emphasize less promising activities and/or to capitalize on targets of opportunity.
3. *Results Oriented:* Results-oriented management is an essential element of the project. Project results and impacts will be measured in accordance with the

final project performance monitoring plan which will be reported on a regular basis and incorporated into the annual work-planning process.

The WWSS project responds to the sector demands as they currently exist. As such, four main project component areas have been formulated and approved as the structural framework through which project interventions are carried out.

Public awareness of water quality and consumer rights and responsibilities, a service disconnection policy, and human resources strategies for HCWW and Subsidiaries are all components toward the performance improvement objective. Improvement is integrally tied to updating, training, and implementing new management systems at HCWW and Subsidiaries. The long-term vision of our activities sees HCWW as an efficient, autonomous organization, focused on providing effective water and wastewater services to the community at large, at a reasonable price and with response-oriented customer service. Our planning is also geared toward long-term projected service needs, planning, and professionalism of the HCWW staff.

### **Component 1: Support to the Holding Company**

The relationship between the HCWW and its subsidiary operating companies remains uneven, tending to be dictated by the degree of maturity of the subsidiary. While even the best run subsidiaries have financial and operational management systems and human resources of varying quality, the subsidiaries targeted by this project are among those most lagging in performance. Our first year work plan detailed a number of interventions needed to re-engineer some functions to coincide with the sector's requirements, and improve through a variety of measures overall performance, systems and management.

Under Component 1 the main target of our assistance is the Holding Company for Water and Wastewater (HCWW). The HCWW has existed as an entity for more than four years. During this time, it has sought and retained managers of the highest quality and integrity. While the senior management group is outstanding, there remains uneven quality at lower staff levels. Further, the introduction of HCWW coupled with the establishment of a great number of new subsidiaries, often with limited management quality, has caused the HCWW to be engaged mostly in emergency-type interventions which has diverted attention from their internal organizational development that will allow them to fulfill its role as holding company. That role can be bluntly defined as managing a portfolio of water and wastewater investments.

The HCWW has been hampered in its institutional development by organizational constraints, required institutional development programs and managing expansion. Organizational constraints have resulted from burgeoning new subsidiaries that have caused focus to be directed to developing new organizations rather than internal structures that can manage the entirety of investments. To their credit

#### **Component 1 Targets**

1.1 Roles and Relationships of HCWW and Subsidiaries Improved

1.2 HCWW Performance Improved

1.3 Subsidiary Companies' Performance Improved

1.4 Outsourcing of Subsidiary Functions Considered

1.5 Ad-hoc activities for HCWW

management at HCWW recognize the need to focus on long-term structures and strategic planning that includes human resource development and initiatives where economies of scale make it more cost effective for central management, while subsidiaries are engaged in operating concerns. At this juncture HCWW cannot confine itself to this role but must maintain a strong day-to-day operating relationship with many of its subsidiaries to bring satisfactory service to its communities.

However, recognizing the need to focus their strategy on the longer-term emphasis of water and wastewater management, HCWW is currently reviewing its organization's structure and developing a business plan that can focus its strategy on long-term growth.

To accommodate HCWW's needs and ensure responsiveness as new long-term strategies evolve, Component 1 will principally focus on HCWW interventions. These targets will include assisting HCWW's business plan efforts, HCWW staff development, reporting structures and management communications between subsidiaries and HCWW and finally guidelines, rules, regulations, procedures, incentives and structures for the sector as a whole.

Centrally-focused support for the institutional capacities of HCWW management will provide guidance through the further establishment of more formalized, less ad-hoc relationships between the central utility ownership and the Subsidiary Companies. While the former has often taken on duties normally associated with local-level management, the latter in fact refers to Companies at different stages of development with varied capabilities. Over the course of the WWSS project, these uneven relationships are expected to become more regularized and each party will be expected to fulfill its original mandate to a greater extent.

Various activities under Component 1 have the outcome objective of establishing a clear and well-documented role and business relationship for HCWW with its Subsidiaries. Charting the organizational relationships in a master chart showing central and local organizations is the type of task geared toward this end. Likewise, the WWSS support for business planning at the central and local levels creates the essential baseline for strategy formulation, implementation, and sustainability into the future.

Related to business improvement are the performance improvement goals for HCWW. Incentivizing employee performance is essential, and WWSS will plan clear and effective methods for interfacing performance targets and incentives. The WWSS Work Plan includes all essential steps toward implementation, such as issuance of incentive guidelines and development of a performance improvement strategy.

## **Component 2: Utility Management**

In order to create new organizations and to reform existing ones to take on the responsibilities of their mandates, WWSS will assist in creating solid technical, managerial and financial skills in the new and recently-formed participating Subsidiary Companies. The long-term objective envisions sustainable, customer-oriented Subsidiaries with well-functioning professional service delivery, sound tariff policies and full cost recovery through revenue generation from customers.

Numerous activities must be addressed to meet this end goal. Our WWSS team is well-equipped to assess existing conditions at the Subsidiaries to determine the state of facilities, management mechanisms, financial systems, billing and tariff collection, employee compensation, and other core functions of the utilities.

Business planning is the central element of our strategy. Business planning assumes that each of the Subsidiaries understands its change in character from a government-owned and managed not-for-profit enterprise to a business enterprise focused on providing quality utility services to each community and customer. The business planning exercise is unique and will allow these Subsidiaries to define its goals, its customer's need, its staffing needs and develop a comprehensive strategy consistent with these goals, targets and needs. We understand that the character of this program requires new skills and behavior changes. However, our program is geared toward tapping the creativity, imagination and hopes of each Subsidiaries management and staff.

In response to our Team's rapid assessment of each Subsidiary, Business Planning is a central activity which will be designed to address actual challenges found in the different Subsidiary organizations. The activity is not only important for organizational direction, but, by the time of its completion in the mid-term of the WWSS project, it will be a consensus-creating document for overall utility employee buy-in for necessary directional changes to take place.

#### Component 2 Targets

2.1 Subsidiary Companies in Selected Governorates Established and Functioning Using Modern Systems

2.2 New Subsidiary Companies in Selected Governorates Efficiently Managed

2.3 Assist HCWW to Develop World-Class Operations and Maintenance at Each New Subsidiary

O&M is another anchor of our Utility Management approach. O&M is defined as the spectrum of activities employed to operate all facilities, maintain those plant and equipment and deliver services to consumers. Currently, O & M at most Subsidiary Companies is generally substandard and is in need of improved procedures codified in standard procedure manuals, human resources capability upgrading, and a greater emphasis on O&M planning. The long-term objective is to ensure that each Subsidiary has trained and skilled employees who can manage O & M activities under any contingency. Supporting O&M is a series of support functions such as accounting and finance, human resource departments and Information Technology (IT). Our program will also support these activities to ensure that control elements are in place to buttress O&M needs.

### Component 3: Program Management

Presently, master planning activities are ongoing in many Governorate Subsidiaries, through European Union assistance. One of the central roles for WWSS' Program Management Component Team is to review and guide those master planning efforts in assurance of appropriate emphasis and correct implementation of investment planning and program management tools.

By law, only NOPWASD and CAPWO Egyptian state construction companies are authorized to channel GOE investment budgets and borrow from international institutions, while operating companies are confined to commercial financing and outright foreign grants. This dispersion of responsibility poses coordination challenges to the capital investment and project management processes. The 2007-2012 capital investment plan, prepared by NOPWASD and approved by the People's Assembly, was prepared without consultation with the HCWW. On the other hand, some governorate master plans did not take into account the NOPWASD document. There is considerable uncertainty about investment program responsibility in the sector. The master planning process and "crash program" of 2007 gave Subsidiaries a substantially greater role in capital investment planning and project management, and not surprisingly, exposed many weaknesses. USAID investments managed by Subsidiaries through fixed-amount reimbursement agreements will provide additional capacity-building opportunities. Improving this area is essential to effective asset management and shifting increasing responsibility to Subsidiaries.

The annual budgeting process is a subcomponent of the Program Management's intervention strategy. In the future, Subsidiary Companies will be expected to meet their financing needs and future service demands through their proper income streams, unattached from the current subsidy regime of the central Egyptian Government toward the utilities. As such, careful, clear, and sustainable plans must be in place at the Governorate level to assure financial planning and budgeting are in step with concurrent changes at the central Holding Company level.

Capital investment planning and Program Management will form essential components of the Subsidiary Companies' performance into the future. A long-term objective of the Program Management Component is to ensure the success of these programs past the end of the WWSS project itself. To do so, our PM Team is collaborating with the WWSPR project to refresh the PMMES program of the preceding project, while implementing a training schedule for employees.

The Program Management team will create more streamlined and efficient procedures in a number of program aspects for the Subsidiary Companies and HCWW. Project Management Units will be established for all ongoing projects; establishing clear procurement guidelines and indicators for all program activities will be important aspects of the financial and technical capacity of the organizations.

### Component 3 Targets

3.1 Capital Investment Planning and Program Management in the HCWW and Selected Subsidiaries Improved

3.2 Annual Budgeting Process Tied to Master Planning Process Implemented

3.3 Program Management Functions in the HCWW and Subsidiaries Equipped, Staffed, and Improved

3.4 HCWW Capacity to Monitor and Manage Capital Investment Planning and the Project Cycle Strengthened and Sustained

## Component 4: Human Resources Development

Human Resources Development is perhaps the most critical overarching activity sector in the WWSS project. Without the human capabilities at a local and central level, most if not all project objectives would be severely impeded. Overstaffing, low

pay rates, no incentive structures, and a lack of trained staff has led to ineffective workforces in the past in the water and wastewater sector in Egypt.

The long-term objective of the HRD Component, then, is to facilitate the adoption of a more competitive human resource approach in the sector, to attract, develop, and retain qualified personnel, including the next generation of leaders in the water sector.

In addition, HRD must also seek improved skills at each Subsidiary. It must clearly define not just the education of each staff member but experience requirements and succession plans. Structures must be developed to enhance the skills of each staff member, match these skills with organizational needs and provide for a career path to encourage staff to maintain and enhance performance.

The HRD Component activities are cross-cutting to other project sectors. These activities include critical analyses of skills gaps at all sector levels, formulation or revision of job descriptions to more accurately identify duties, and identify performance improvement results that should be targeted at both HCWW and Subsidiary levels. HRD plans will be vital components to the future sustainability of the selected Subsidiary Companies and HCWW.

#### Component 4 Targets

4.1 Comprehensive Human Resources Development Plans in HCWW and Selected Subsidiaries Adopted

4.2 World-Class HCWW Training Institution Established

4.3 HCWW and Selected Subsidiary Participation in International Events and Study Tours Planned

Among the targets identified by WWSS, the formalization of procedure and continuing education for employees was given priority. Therefore, a new training center, updated and optimally configured and inaugurated as a national center. This will be in addition to new information sharing technology, such as an online library resource for best practices, and study tours for selected personnel to international sites which exemplify efficiently managed utilities.



## SECTION II: PROGRESS ON PROJECT COMPONENTS

Consistent with the tasks listed above, WWSS's activities in the quarter have been geared toward start-up of the ambitious work plan set forth for the next years. Not all activities of the four project subcomponents commenced along the same time scale, in line with the original work schedule. For example, the Utility Management subcomponent required a baseline analysis of existing conditions in Subsidiary worksites, and so the Rapid Assessments in three Governorates were among the first field activities. The principal activities of Program Management, on the other hand, are not scheduled to get under way until the second quarter 2009, so more review-oriented activities were presently carried out under this component.

The Water and Wastewater Sector Support project's activities have not been delayed unless otherwise noted, and have created a strong foundation to move onward into project work for the next quarter.

### Component 1 Activities

Activities in the quarter were geared at direct support and cooperation with HCWW. Several unplanned activities during the quarter were areas of immediate concern and need of HCWW. In response to this need WWSS has planned and implemented several TA assignments during the quarter as described below

Our Work Plan discussed the need for subsidiary companies to develop a business plan, with strategies and tools to improve both management and performance. The business plan is a document that looks critically at the business organization, determines its strengths and weaknesses and formulates strategy for overcoming its weaknesses and building on strengths. While we have made the business plan the central element of our assistance at the subsidiary level, we are aware that HCWW is currently examining both its organizational structure and its long-term business strategy. It is vital that WWSS be engaged in this process without interfering with the good work previously accomplished.

Our involvement is intended to encourage the process, while gleaning an understanding of the strategies adopted by HCWW. These strategies are essential to developing business plans at the Subsidiaries. This understanding will provide guidance for each subsidiary on such issues as HCWW funding, training, lab support, incentives, policies, regulations and rules affecting subsidiary operation and performance.

#### Component 1 Work Plan Tasks and Quarter 1 Related Activities

##### 1.1: Roles and Relationships of HCWW and Subsidiaries Improved

- Business Plan workshop to support HCWW/GTZ

##### 1.5 Ad-hoc Assistance to HCWW

- Water Law review support
- Draft donor assistance matrix

To this end, we have been actively engaged with GTZ in a number of areas. First, our team has participated in workshops on business planning conducted by GTZ for HCWW. Principally, our team participated in a workshop at Ain al Sukhna on 7 – 8

March, the introduction of business planning exercise. Our Chief of Party provided input into the business plan slide presentation and an overview of the SWOT analysis.

In addition to the business planning support, our team provided ad hoc assistance in two key areas. First with the renewed interest in developing a water law covering the entire sector, draft laws have been introduced for review. HCWW requested assistance to review this draft and offer comment. WWSS provided technical assistance to address these issues and offer HCWW alternatives for drafting any new law.

Further direct assistance to HCWW was provided by updating the “Donor Matrix”. The Donor Matrix was developed by the WWSPR project to assist HCWW keep track of all donor assisted projects by location. This matrix was drawn some 2 – 3 years ago but has never been updated. WWSS provided technical support to both update the Matrix and provide backup details on each assistance program. Over the course of the WWSS project, the Matrix will be updated and linked to a database for fuller information capabilities.

## **Component 1 Upcoming Activities**

Our Component 1 Team will continue to advise HCWW stakeholders and provide assistance as the need arises, including with the following interventions in quarter 2:

- Customer satisfaction surveys in cooperation with UNICEF
- HRD strategy, training, evaluation
- Cost reduction strategies in electricity and chemicals
- Financial management and reporting systems analyses

## **Component 2 Activities**

The program objective of the Utility Management team’s work is to elevate utility management of water and wastewater services to meet the needs of each community.

Under the direction of Utility Management Team Leader and bringing a host of skills and fields of experience, the WWSS Team is taking steps in developing a performance monitoring and improvement system for HCWW. Utility Management support under WWSS includes Utility Finance, Performance Management, and O&M activities, all of which progressed quickly during the first quarter, 2009, in analyzing the current situations in the key Governorate Subsidiary Companies of Luxor, Assuit, and Sohag. These analyses were carried out by specialists and ranged in content, from IT needs assessment to system performance assessments at various water and wastewater plants around the Governorates.

### **Component 2 Work Plan Tasks and Quarter 1 Related Activities**

#### **2.1 Subsidiary Companies established and functioning using modern systems**

- 16 members from Assuit financial Department participated in a 5-day workshop titled “The Unified Accounting System (UAS),” with classroom instruction, situational exercises and hands-on practice
- Establishment of functional working teams at 5 subsidiaries
- Developed two assessments of the IT infrastructure requirements for Sohag



and Assuit

- Conducted three rapid field assessments of Luxor, Sohag and Assuit
- Uploading, filing, and collection of 7% of Assuit customers data to present.
- Adaptation of WWSPR-developed tools to WWSS Teams

## 2.2 New Subsidiary Companies Efficiently Managed

- Identification of pilot plants for implementing project interventions in each of the subsidiaries (eg. Balyanah-Sohag, Assuit East-Assuit and Altod-Luxor)
- Revitalization and improved functioning of Leak Detection Department at Luxor WWSC

During this first period, the UM Team has worked to develop a baseline analysis and move forward on the most critical training needs, as identified by the initial Chemonics analysis during the proposal stage, WWSS experts, HCWW, and Subsidiary Company leadership.

## Component 2 Upcoming Activities

Based on the field analyses and prior information on need for interventions, the Utility Management team will move forward in the second quarter with the training, procurement, and technical support begun during the first quarter. Recognizing the need for cross-disciplinary training at the Operating Companies, the UM Team will initiate specialized training sessions with key managers and customer service specialists. Quarter 2 activities include:

- Four Business Planning workshops for targeted senior and middle managers
- Initiating a set of professional development programs for the selected subsidiaries such as O&M Managers, Utility IT Managers, Customer Service
- Initiating a Pilot Circuit Rider program for compact and small water units in Giza
- Initiating plant classification program aimed at operator certification
- Finalizing a consolidated need-based procurement list for supporting the 5 utilities
- Support all technical units in Sohag, Assuit, Luxor, Giza and Menofia.

### Component 3: Program Management (Capital Investment Planning and Program/Project Management)

The objective of the Program Management Component is to make capital investment planning and program management not only a skill at the Subsidiary Companies, but a necessary management tool. With the uncertainty surrounding Capital Investment planning between the construction management companies and the Subsidiary Companies, the WWSS Program Management Team is coordinating with recent and current efforts to streamline the information-sharing process, take best practices from Governorate Master Planning for current processes, and link training to development of the Holding Company Program Management Units.

The Program Management Team's activities involve substantial planning and agreement with other sector agencies and decision-makers, such as MHUUD and USAID's concluding project, WWSPR. Because of past issues related to the investment plans of the Companies, our team has made a preliminary analysis of the Master Plans for the 5 Subsidiaries to look for their treatment of these vital activities, as they legally transition to the local level.

#### Related Work Plan Tasks and Quarter 1 Component 3 Activities

##### 3.1 Capital Investment Planning and Program Management in HCWW and Selected Subsidiaries Improved

- Formulated a strategy for analysis and prioritization of investments needed for 5 subsidiaries.
- Obtained WWSPR Program Management materials

##### 3.2 Annual Budgeting process tied to Master Planning Process Implemented

- Reviewed Master Plans for 5 subsidiaries

##### 3.3 Program Management functions in HCWW and subsidiaries equipped, staffed, improved

- Met with MHUUD officials – agreed on materials/criteria

### Component 3 Upcoming Activities

Performance Management activities will enter a more interactive process with the Subsidiary Companies in the second quarter, based on our analyses of the Master Plans and WWSPR management materials.

- Evaluation of Master Plans for 5 subsidiaries
- Capital investment planning prioritization criteria scope
- Preliminary identification of priority capital investment projects
- With sub management, establish individual PCU
- Train PCU engineers on use of PRISM

### Component 4 Human Resources Development (Staff Development/Professionalization)

As mentioned in Section 1 above, Human Resources Development is recognized as having a special position within WWSS as an overarching, multi-sector discipline which lies at the heart of creating sustainable utilities. Therefore, the goal of this

component is to reach HR capacity levels of well-managed progressive international water and wastewater utilities in all five Companies working with the WWSS project.

### **Related Work Plan Tasks and Quarter 1 Component 4 Activities**

#### **4.1 Comprehensive Human Resources Development Plans in HCWW and Selected Subsidiaries Adopted**

- O-J-T for Assuit's training manager & 2 training staff.
- A full service training M&E evaluation system prepared and applied in UAS training.
- Rapid assessment of in Luxor, Sohag, Assuit, Giza, and Menofia.
- Performance-based Unified Accounting System training program implemented for 16 of Assuit's financial staff
- A full service training M&E evaluation system prepared and applied in UAS training.
- Coordinated with GTZ to standardize the training systems (TNA, monitoring and evaluation, reporting...etc)
- ICDL training (160 out of 200 candidates passed the pre course test from Assuit)
- Defined and assessed local training capabilities in Assuit, Sohag and Luxor
  
- April and May urgent training plan prepared.
- Rapid assessment for Luxor, Sohag, Assuit, Giza, and Menofia.
- Performance-based Unified Accounting System training program implemented for 16 Assuit financial staff

### **Component 4 Upcoming Activities**

In the mark of the WWSS project's strategy of flexibility based on assessment of existing conditions, Component 4 activities will respond to the urgent training needs for a number of employees of the five Subsidiary Companies.

- Implement urgent training in the 5 subsidiaries:
  - 630 participants
  - 42 training events
- 4 business planning workshops
- Organization charts for the 5 subsidiaries will be drafted for approval by management
- Draft HCWW urgent training needs for approval by mgt
- Draft HCWW training plan

## **First Quarter Project Challenges**

The WWSS team encountered changes in program scheduling and needs of the client in the first quarter 2009 which led to some deviation from the original work plan.

## **SECTION III: ADMINISTRATION AND MANAGEMENT**

In this section we outline the start-up activities through January 2009, administrative changes in our work team from the original organization chart, and describe any delays in progress for key meetings.

### **Start-up Activities**

The WWSS project's start-up plan began with almost immediate travel of Chief of Party, Bennett Parton, to the Chemonics home office on November 1 for orientation and initial planning sessions. Technical start-up specialist, Kristina Cartwright, and Mr. Parton arrived in Cairo on/about November 8<sup>th</sup> for a short-term assignment to ramp up the work planning and establish the field office. Along with the project office manager, the team recruited and hired for additional support staff, located appropriate office space, identified suppliers for vehicles, equipment and furniture, and attended to numerous other administrative details.

By the end of January, offices were fully functioning with phone, internet, and office machines, and our final move to the WWSS office was complete by March. A policy manual was completed and submitted to USAID for approval, our accountant was fully trained in USAID and Chemonics financial systems, and all staff identified and hired.

A draft work plan was developed through initial meetings with project partners, counterparts and USAID, on 5 December 2008. This draft is being vetted against results of needs assessments conducted in the first 6 months in order to ground-truth the expected task timelines at the Subsidiary companies. By mid-April, we will have an updated work plan completed.

At a pre-kick-off meeting, 19 January, WWSS management informally met with USAID, HCWW, and Subsidiary Company leaders, to gain buy-in for our proposals. To ensure participation by key stakeholders, our official kick-off meeting was hosted when all could attend, on 25 February 2009.

### **Organizational Changes and Project Challenges**

Several personnel changes were made based on project need and client request. Khalid al-Hassan was replaced by Ahmed Kandil as Program Management Team Leader, by request of our client, HCWW. Other minor changes were made according to needed adjustments in the expected local activities in the Subsidiaries.

There have been no substantial delays in project activity execution. Administrative and logistical delays occurred on the occasion of the start-up meeting, and some postponement also occurred in finding and moving into our permanent offices, due to issues finding suitable space for our large team, with our IT and other office needs, and within proximity of the Holding Company for Water and Wastewater.

## Coordination with Stakeholders

WWSS' reporting structure includes both weekly progress reports with information on upcoming activities, monthly client meetings at HCWW, and also release of numerous deliverables and sub-deliverables to HCWW and USAID. WWSS has a specially appointed representative at HCWW who maintains regular contact, as well as the Vice Chairman, Mamdouh Raslan.

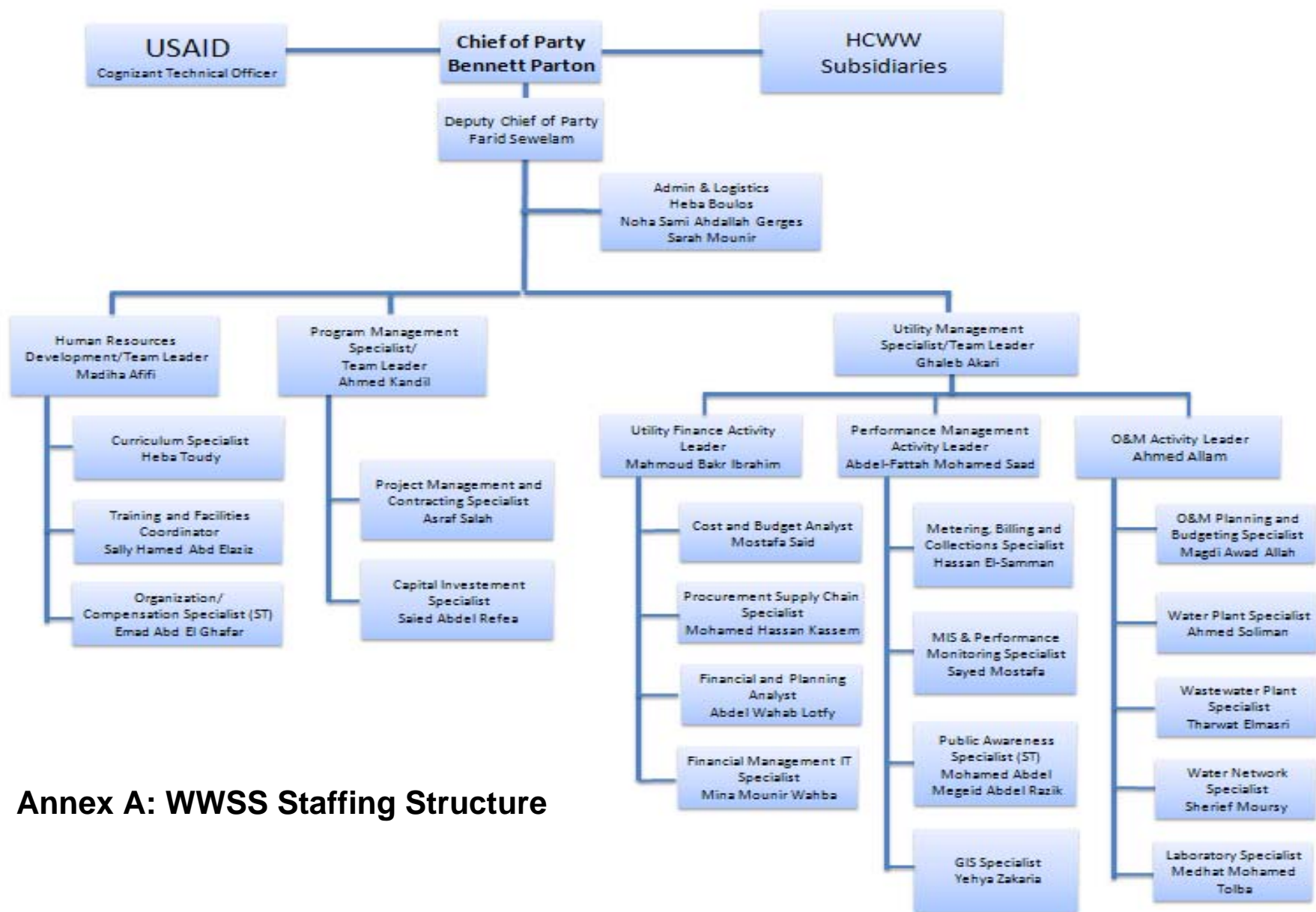
## Financial Information

General Financial Summary		
Current Obligated Funding	\$6,000,000	250,000 EGP
Total Contract Amount (base period)	\$15,651,550	943,500 EGP
Expenditures for October through December 2008	\$203,267	NA
Expenditures for January through March 2009	\$585,000*	NA
Cumulative Expenditures through March 2009	\$788,267*	NA
Remaining Unexpended Balance – Obligated Funds	\$5,211,733*	250,000 EGP
Remaining Unexpended Balance – Contract Total	\$14,863,283*	943,500 EGP

## **Annexes**







**Annex A: WWSS Staffing Structure**