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LEBANON

Lebanon Water and Wastewater Sector Support

QUARTERLY REPORT: APRIL 1, 2011—JUNE 30, 2011

July 15, 2011

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI.

LEBANON WATER AND WASTEWATER SECTOR SUPPORT

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Program Title: Lebanon Water and Wastewater Sector
Support

Sponsoring USAID

Office: Lebanon Mission

Contract Number: EPP-I-00-04-00023-00/04

Contractor: DAI

Date of Publication: July 15, 2011

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

ACRONYMS

ACWUA	Arab Countries Water Utilities Association
AFD	French Development Agency
AWP	Annual Work Plan
APP	Annual Work Plan
ATP	Annual Training Plan
BMLWE	Beirut and Mount Lebanon Water Establishment
BWE	Beka'a Water Establishment
CAS	Central Administration of Statistics
CDG	Chairman and Director General
CDM	Camp, Dresser and McKee Engineering
CDR	Council for Development and Reconstruction
CIP	Capital Improvement Plan
CQCP	Construction Quality Control Plan
CSR	Customer Service Representative
DG	Director General
COP	Chief of Party
COTR	Contract Officer Technical Representative
DAI	Development Alternatives Inc.
DCOP	Deputy Chief of Party
EIB	European Investment Bank
EU	European Union
FAS	Financial & Accounting System
GA	Geographical Area
GIS	Geographical Information System
GIZ	Gezellschaft fur Internationale Zusammenarbeit
GOL	Government of Lebanon
GTZ	German Technical Assistance
HPIP	High Priority Intervention Program
HR	Human Resources
IAR	Initial Assessment Report
IFI	International Financial Institution
IRG	International Resource Group
IRM	Information Resources Management
IT	Information Technology
IWRM	Integrated Water Resource Management
KPI	Key Performance Indicator
LWWSS	Lebanon Water and Wastewater Sector Support
MMS	Maintenance Management System
MOEW	Ministry of Energy and Water
MOF	Ministry of Finance
MOTGE	Mise en place des Outils Techniques de Gestion de l'Eau
NLWE	North Lebanon Water Establishment
NRW	Non Revenue Water
O&M	Operations and Maintenance
PMP	Performance Monitoring Plan
PSP	Private Sector Participation
PPP	Public Private Partnership
SCADA	System Control and Data Acquisition
SLWE	South Lebanon Water Establishment
SMP	Subcontractor Management Plan

STTA	Short-Term Technical Assistance
TOR	Terms of Reference
USAID	United States Agency for International Development
WE	Water Establishment
WPS	Water Pumping Stations
WWTP	Wastewater Treatment Plant

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LWWSS Counterparts and Primary Contacts

Beirut-Mount Lebanon Water Establishment (BMLWE)
 Beka'a Valley Water Establishment (BWE)
 North Lebanon Water Establishment (NLWE)
 South Lebanon Water Establishment (SLWE)
 Ministry of Energy and Water
 MOEW Advisor to Minister (Water)
 MOEW Advisor to Minister (Wastewater)

Joseph Nseir
 Maroun Msallem
 Jamal Krayem
 Ahmed Nizzam
 Mahmoud Baroud
 Abdo Tayar
 Randa Nemer

1. QUARTERLY ACTIVITY HIGHLIGHTS

Two highlights this quarter point to LWWSS' effort in improving the effective operation of water supply and the water quality in the Beka'a Valley. Twenty pump station operators were granted certificates by the Director General, Maroun Msallem, and USAID Mission Director, James Barnhart. Later, in June, LWWSS began the installation of UNDP purchased chlorination system in 20 pump stations (not necessarily the same pump stations the trainees were from), in order to complete the water quality investment started by the UNDP (LWWSS, USAID's implementing partner, was required to procure safety equipment and add it to the equipment already procured by UNICEF. Together, these two activities impact over 60,000 people with enhanced the quality and quantity of water.

Granting of Certificates



Maroun Msallem, Director General of BWE

From Left, Mr. Jim Barnhart, USAID Mission Director, Mr.Nasser ElHajj, Head of Pump Station Department, And Mr.



Jditah Pump Station Chlorination System Installed

2. PROGRESS ON PROJECT DELIVERABLES

Progress Summary

Progress on deliverables is summarized in Annex A. Additional detail on work plan progress is presented in the component progress detail section of this report.

Collaboration with Donors and GOL Officials

Donor coordination is an essential part of LWWSS project planning and execution in order to (1) avoid unnecessary duplication, (2) identify specific areas of coordination and (3) identify areas where LWWSS can collaborate with other donors on specific projects or programs. The list of meetings with the GOL and other donors below provides a clear picture of this important program activity.

During the fifth quarter, the primary donor that LWWSS has worked with is GIZ.¹ GIZ and LWWSS are the dominant donor programs in the water and wastewater capacity and operations building efforts. Other donors have much smaller programs or focus on infrastructure programs.

Meeting with Donor or GOL Official	Date	Attendees	Brief Synopsis of Meeting
GIZ	April 6, 2011	Manfred Scheue, Nabil Chemaly, Amal Chammas, Younes Hassib, Sam Coxson and Jimmy Zammar	The team reviewed the LWWSS work plan to ensure that there were no subsequent changes from the last meeting on the topic. Additionally the teams discussed areas of possible collaboration
MOEW and Donors	April 14, 2011	All major donors and implementers	Discussion of the GIZ program on water and wastewater tariff; presentation of KfW watershed protection for Jieta area; discussion pending issues
MOEW	April 29, 2011	Sam Coxson, Bassam Jaber and Mahmoud Baroud	Discussion of the WE's role in taking over the wastewater function (not necessarily the plant ownership) and WWTPs in Aitanit, Foursal and Ablah; Ministry would support a service agreement with municipalities as long as it remains clear that the WEs are in charge of the service. This was a very positive response and will allow LWWSS to meet with the WE Director General to discuss meetings with the municipalities.
OSAC Security Meeting	May 5, 2011	Founding members of Beirut OSAC and US Embassy Officials (RSO), and Sam	The RSO office sponsors the establishment of security groups that provide assistance in times of emergency and conflict. The

¹ GTZ has changed its name from German Technical Development to GIZ, German International Development.

		Coxson	group is made up of corporate entities (mostly international), university and schools, hotels, and donor projects.
Advisor to the Minister	May 6, 2011	Abdo Tayar, Sam Coxson and Jimmy Zammar	Periodic meeting to inform the advisor of LWWSS progress and activities. Mr. Tayar was impressed with the depth and volume of activities LWWSS was carrying out.
BWE Director General, Maroun Msallem	May 23, 2011	Sana Saliba, Sam Coxson, Maroun Msallem	Discuss potential infrastructure projects that could be added to LWWSS-Request of follow up meeting (s) with SLWE to develop a list of gap-infrastructure projects
SLWE Director General, Ahmad Al Nizzam	May 24, 2011	Sana Saliba, Sam Coxson, and Ahmad Al Nizzam	Periodic meeting to discuss project progress, issues or problems
NLWE Director General, Jamal Krayem	May 26, 2011	Sana Saliba, Sam Coxson, Jamal Krayem and Gaby Nasr	Periodic meeting to discuss project progress, issues or problems
BMLWE Director General, Josef Nseir	May 27, 2011	Sana Saliba, Sam Coxson, Josef Nseir	Periodic meeting to discuss project progress, issues or problems
Mahmoud Baroud, MOEW	June 2, 2011	Sana Saliba, Sam Coxson	To Discuss project progress and any issues or problems where the MOEW or DG could address.
Abdo Tayar, MOEW	June 2, 2011	Sana Saliba, Sam Coxson	To Discuss project progress and any issues or problems where the MOEW or DG could address.
Donor's Conference	June 9, 2011	Water and Wastewater donors	Periodic meeting to discuss programs and share best practices and common problems
European Union— Francios Lorilleux and Albert Grela	June 28, 2011	Sam Coxson, Bassam Jaber	Recap of the MOTGE program and areas where the EU can develop programs to build on LWWSS (USAID) efforts

3. COMPONENT PROGRESS DETAIL

Component One: Initial Assessment Report and High Priority Intervention Plan

LWWSS completed and submitted the Initial Assessment Report (IAR) and the High Priority Intervention Plan by the end of the first quarter of the program (Due Date: December 31, 2009). Both deliverables were approved by USAID and incorporated into the year-one work plan.

Component Two: Strengthened Capacity for Managerial, Technical and Operational Efficiency

NLWE Pump Station Operations and Maintenance Training

The pump station operations and maintenance capacity building training is tailored for each water establishment. During this quarter, LWWSS worked closely with the NLWE Director General, Jamal Krayem, and his staff to develop training material appropriate to the NLWE, selected training program participants and began the training. The training is being held in Tripoli and Halba. Sixty three participants were chosen 40 in Tripoli and 20 in the north of the WE at Halba. Training is conducted for 20 participants at a time and the session of training will be completed in July.

Geographical Area Analysis and Action Plan Completed

BWE and SLWE Geographical Areas

Detailed information on the work in Zahle geographical area of the BWE and the Jezzine area of the SLWE are reported in the various component work plan reporting. Please see those sections for any relevant work in the geographical areas. For example, financial accounting (FAS) and customer relations management (CRM) continues in the BWE which affects Zahle and other branches of the WE. Therefore, the reporting on financial management technical assistance represents the work that directly affects the geographical region of Zahle.

SLWE Geographical Area

SLWE Detailed Pump Station Survey

DAI subcontractor Cadres S.a.r.l. began and continues its work in the SLWE. This activity is anticipated to continue to May, 2012. DAI will report on this activity when completed. When completed this activity will feed into the maintenance management software planned for procurement for SLWE in year three.

Component Three: Increased Financial and Commercial Viability and Operational Efficiency

BMLWE Financial and CRM Systems

FAS and CRM

Upon completion of the bid specifications, the result of a participation process with the WE, LWWSS advertised for and received bids from 27 local IT firms. Initial screening reduced this number to nine and then to four. The short list was requested to present their programs and their financial proposals were evaluated. The winning company, EDM will provide a Microsoft system as the MIS system platform. Next steps include obtaining USAID Information Resources Management approval and Contract Office approval to procure. These steps are envisioned to be completed and the installation and training phase started in subsequent quarters.

BWE Financial and CRM Systems

FAS and CRM

The process to acquire software for the BWE is the same as for BMLWE because we are procuring the software package for both organizations. BMLWE is further ahead in its ability to implement the software and will provide lessons learned that can be applied to BWE. Additionally, BWE has not hired all the personnel so that LWWSS can begin training on IT and Accounting. The hiring process is anticipated to be completed by the end of 2011 (this process entails authorization by the Council of Ministers, which has been granted, then filling the positions through the Civil Service Commission, a process that is now ongoing).

Component Four: Increased Capacity in Capital Investment Planning and Project Management

SLWE Business Plan Update Work Continued

The SLWE business plan update has been completed and the water establishment is in the process of (1) board approval and (2) Ministry Approval. When Ministry approval is granted, LWWSS will monitor the implementation of the business plan and provide additional technical assistance in those areas where the senior management encounter problems or demonstrate weakness in understanding the process or related implementation problems.

SLWE Capital Planning Training

The capital plan is essentially one of the components of the business plan. As such, the SLWE business plan development team developed the capital investment plan after going through the steps of budget review and projection and prioritization of capital needs of the WE. Recently the MOEW granted 45 Billion LLP to three WEs additional capital funding. During 2011 half that amount was actually made available to the WEs with 7.5 Billion LLP for the NLWE; 5 Billion LLP for SLWE; and 10 Billion LLP for BWE to be spent in 2011. The remaining half is promised in 2012, if the WEs can demonstrate the capacity to absorb the funding and if they meet the strings that were attached to the funding. The primary requirement was that the WEs develop a consumer metering plan and that a target percentage of the meters be installed over a number of years. The WEs are relatively free to spend the capital investment funding as they see fit once they have met the funding requirements. All of

the three WEs have elected to hire additional personnel to fill critical management gaps in their staffing and procure equipment with the remainder.²

Component Five: Provision of Technical Equipment to Improve Water Establishment Performance

BMLWE--Jeita Pump Station Upgrade

This process has taken longer than anticipated because it has taken longer for BMLWE engineering staff to take ownership of the design and specifications that DAI subcontractor CDM had provided. Also, after the BMLWE staff has understood and accepted the design and specifications of the pump station upgrade, the Director General had to accept the proposal and issue a letter of commitment.

During this quarter, LWWSS completed the negotiations and acceptance process with the WE and advertised for bids in the US. Bids will be opened in late July or early August and procurement will be started. There is a long time lag in the procurement to installation process given that motors over 250 horsepower are not manufactured until there is an order. LWWSS estimates a six to eight month manufacturing period and two months for shipment and processing through customs. LWWSS is anticipation a May, 2012 installation.

UNICEF Chlorination Systems Installation

Following selection of the winning bid and approvals of procurement of some safety equipment and installation of the 20 UNICEF-procured chlorination systems, DAI subcontractor Sanabel started the installation process in June and will complete the process in November, 2012.

Component Six: Implementation of Small- and Medium-Scale Projects to Improve Operations and Services

No small- to medium-scale capital construction projects are planned for year two. As stated in the fourth quarterly report, the highest intervention priorities of the directors general of the four water establishments are procurement of equipment such as pumps, motors, electrical controls, generators and source metering. Since LWWSS is a demand-driven project, the DG priorities will be addressed first. Should project resources allow for small- and medium-scale infrastructure projects, LWWSS with USAID approval would execute them in subsequent years.

² It must be pointed out that this is the first time in six years that the MOEW has made capital investment funding available to the WEs. In the past the MOEW has addressed critical capital needs on an ad hoc basis as opposed to planned basis. Based on the business plan capital planning chapter, the amounts provided, while significant, are far short of the total capital needs of each WE.

Component Seven: Improved Customer Service and Customer Relations

BWE Customer Service Center for Zahle

The first stage of center's design has been completed. The first stage entailed preliminary investigation of the structure's integrity and determination of the layout in conjunction with LWWSS customer service specialist, Nada Akl. The work is ongoing and the full design and specifications for bidding will be completed in August with work to begin in August or September.

BWE Water Conservation and Arrears Payment Outreach

In May and June, LWWSS ran several ads in newspapers, billboards and radio. These ads encouraged residents of the Beka'a Valley to conserve water and to make payments on their water bills. Additionally, the ads encouraged people not yet subscribing to the WE water service to subscribe. Since the adds ran until the end of June, LWWSS will report on the success or failure of this pilot outreach effort in the subsequent quarterly report.

BMLWE Customer Service Operations

As reported above in component three, CRM is a part of the total MIS system upgrade and the LWWSS CRM specialist has participated in the development of the specifications as well as the overall tendering process. The development of tendering specifications is a product of in-depth analysis of customer relations processes and the change of those processes and procedures to improve the capacity of the WE to (1) better serve the customer by having all the necessary information about his/her account, (2) better tracking of queries and requests for service, and (3) integrated information sharing so that when a customer makes a payment the accounting system as well as the customer billing and collection system are updated.

Next steps are to procure the software package (FAS and CRM) and train WE staff to use the software and to work out any bugs in the system. The time frame for actual on-line functioning of the new system is January, 2012.

4. CONTRACT DELIVERABLES

5. CHALLENGES, PROBLEMS, ISSUES

Capacity Building

LWWSS has encountered difficulty and delays in confirming training candidates, especially in critical areas such as financial operations and pump station operations. One problem is that many employees are contract employees of a subcontractor to the WE and not a full-time regular employee. Selecting only full-time employees is the correct approach but finding employees that can be allowed to miss work for even short periods of time makes the search more difficult and time consuming. In some cases, the personal contract employee may be trained if he has been in the position for a long period and has a good chance of being nominated to the full-time position.

LWWSS is mitigating this challenge by extending the time frames for training and training smaller classes, resulting in less work flow disruption while accomplishing the training for targeted WE employees.

Due Diligence

An aspect of the lack of data and staff capacity is that the WE may list an activity or high priority equipment purchase need but not have any of the information supporting that decision. For example, while a WE may request pump station rehabilitation with new pumps and motors to reach the water flow capacity of the source, he may have no specifications for the requested equipment. LWWSS must review the feasibility of the request, make amendments with the concurrence of the WE, and then proceed with the development of specifications, bidding, approvals and then procurement process.³

LWWSS is mitigating this aspect of the project by planning long lead times, sometimes as much as a year or more for the procurement process when the procurement process warrants it.

6. Major Activities Planned for Next Quarter

³ Approvals include USAID approval by the COTR and CO, and DAI approval to procure as well as IRM office approval if computer equipment or software are included in the procurement.

Component Two:

- Pump station operations and maintenance training in NLWE completed, training started in SLWE
- Detailed pump station survey continued
- Geographical area work will continue with respect to the upgrade of the FAS and CRM systems; procurement and implementation of system, including system training

Component Three:

- SLWE business plan submission for approval by MOEW
- Continued work on FAS and CRM for BMLWE
- Continued work on FAS and CRM for BWE

Component Four:

- Continuation of the SLWE Detailed Pump Station Survey that will feed directly into the capital planning of the WE

Component Five:

- Jeita pump and motor bids advertised and order placed
- Completion or near completion of the 20 chlorination systems in the BWE
- Source metering procurement for SLWE order placed
- Specifications and bidding completed for NLWE motors and pumps
- Water quality testing planning and baseline for BWE continued
- Lab equipment training on new equipment completed

Component Six:

- No small- or medium-scale infrastructure is planned for next quarter

Component Seven:

- Continuation of customer service guidelines and training for NLWE
- Continuation of customer service system upgrade for BWE
- Continuation of customer Service Center rehabilitation in Zahle, BWE
- Analysis and report on the pilot billing arrears and new subscription effort in the BWE