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Governorate of Fayoum

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Directorate General for
International Cooperation

FAYOUM DRINKING WATER AND SANITATION PROJECT



**Action Plan for the organizational development
of the Fayoum Economic General Authority
for Water and Sanitation (FEGAWS)**

March 1996

**EL AZAB WATER WORKS and
FAYOUM SANITATION DEPARTMENT**
in cooperation with

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TABLE OF CONTENTS

LIST OF ABBREVIATIONS	ii
1. INTRODUCTION AND BACKGROUND	1
2. OBJECTIVES AND SCOPE OF THE ACTION PLAN	2
3. ESTABLISHMENT OF ECONOMIC GENERAL AUTHORITIES FOR WATER SUPPLY AND SANITATION	3
3.1 THE CONCEPT OF A SUSTAINABLE SERVICE LEVEL	3
3.2 IMPLICATIONS OF THE DECREE	5
3.3 FEGAWS MISSION STATEMENT	6
3.4 WS&S SECTOR CHARACTERISTICS FAYOUM	7
4. THE FEGAWS DEVELOPMENT CONCEPT	9
4.1 DEVELOPMENT STAGES	10
4.2 ESTABLISHMENT STAGE AND ADMINISTRATIVE START	10
4.3 THE START-UP PERIOD	10
4.4 ONGOING PERFORMANCE IMPROVEMENT	11
4.5 AUTONOMOUS DEVELOPMENT BEYOND THE YEAR 2000	11
5. DISCUSSION OF STRATEGIC ISSUES	12
5.1 FEGAWS STAFFING	12
5.2 ORGANIZATION DEVELOPMENT OF THE GA	14
5.3 BUDGET	17
5.4 ASSET VALUATION AND TRANSFER	17
5.5 PERFORMANCE IMPROVEMENT STRATEGY	17
5.6 DONOR COORDINATION	19
6. ACTIVITY PLANNING	20
6.1 GENERAL	20
6.2 ESTABLISHMENT PHASE ACTIVITIES	20
6.3 START-UP PHASE ACTIVITIES	21
6.4 PERFORMANCE IMPROVEMENT	22
7. SUMMARY OF RECOMMENDATIONS	25
7.1 APPROACH	25
7.2 STRATEGIC ISSUES	25
7.3 MISSION STATEMENT	25
7.4 STARRING	26
7.5 ORGANIZATION DEVELOPMENT	26
7.6 ASSETS VALUATION	27
7.7 REQUIREMENTS FOR PERFORMANCE IMPROVEMENT	27
7.8 COST RECOVERY	27
7.9 DONOR COORDINATION	27
Chart 1. Establishment of FEGAWS	28
Chart 2. Organizational development	30
Chart 3. Financial systems development	32
Chart 4. Performance improvement	33
Indicative activity schedule	

LIST OF TABLES

3.1.	Overview of main parameters water supply and sanitation	7
5.1.	Fayoum city WS&S staff (1994/95)	12
5.2a.	Comparison of supply capacity and personnel for several water companies	13
5.2b.	Comparison of disposal capacity and personnel for wastewater services	13
5.2c.	Projected FEGAWS staffing (1996/2000)	14
5.3	List of requirements for achieving full cost recovery for water operations in the year 2000	18
5.4	Cost recovery in the water and sanitation sector in Fayoum Governorate	19

LIST OF ANNEXES

1. Presidential Decree
2. Organization structure (version March '96)
3. Analysis of centralized and decentralized duties

LIST OF ABBREVIATIONS

CAOA	Central Agency for Organisation and Administration
DOA	Department for Organisation and Administration
FaDWSP	Fayoum Drinking Water and Sanitation Project
FEGAWS	Fayoum Economic General Authority for Water and Sanitary Drainage
FSD	Fayoum Sanitation Department
GA	General Authority
GON	Government of the Netherlands
O&M	Operation and Maintenance
USAID	United States Agency for International Development
WS&S	Water Supply and Sanitation

1. INTRODUCTION AND BACKGROUND

The 6th Monitoring Mission for the Fayoum Drinking Water and Sanitation Project (FaDWSP), carried out in November 1995, recommended the preparation of an action plan for the establishment of the Fayoum Economic General Authority for Water and Sanitary Drainage (FEGAWS). The establishment of this authority is according to Presidential Decree no. 281/1995, issued on September 4, 1995 (see annex 1).

The Decree implies an important institutional change in the water and wastewater sector in Fayoum. All responsibilities pertaining earlier to a number of separate Governmental institutions at Governorate, City, Markaz and even Local Unit level will be integrated into one organizational structure, enabling the authority to achieve unified direction and management for all operations. More important is however that the authority is a major step forward in the achievement of operational autonomy, which is a necessary precondition for the achievement of a sustainable service level.

This action plan should cover the complete sector and not only El Azab and FSD which are presently the counterparts of FaDWSP. Hence coordination took place with the Fayoum city mayor and utilities manager and with the USAID Provincial cities development Project which is executing an institutional support assistance project in Fayoum city during the first half year of 1996.

The monitoring mission recommends a transition period until July 1997 (the start of the FY 97/98) in order to resolve the major strategic issues, to develop the organization structure, prepare assets valuation and assets transfer, staffing plan, financing plan and opening budget for the GA. Fayoum Governorate however considers the moment of appointing a chairman for the GA as the formal starting date. As from July 1996 FEGAWS will have a budget, implying that operations will start under the responsibility of the GA as from that date.

Given this precondition FEGAWS will make a flying but difficult start with many issues not yet resolved. Although many problems can be expected there is also an important positive side; the organization already being formally established will be more motivated and forced to sort things out, rather than postponing them until tomorrow.

Although a transition period is not possible, a start-up period during which the organization is actually developed is inevitable. This period will take an estimated time of two years. At the same time the operation of the available water and wastewater facilities should continue uninterrupted.

The ongoing performance improvement programmes, concentrating on cost effectiveness in operation and maintenance, increase of revenues, and improved service levels are integrated in the start-up process. Establishing and developing the new organization and performance improvement are strongly interrelated and designed to reinforce each other.

2. OBJECTIVES AND SCOPE OF THE ACTION PLAN

The action plan is a document meant to provide the Governorate, the FEGAWS Board of Directors, donors and consultants with a strategy and framework for the development of the FEGAWS organization.

The objective of the action plan is:

- to formulate goals and identify steps towards the realization of these goals;
- to specify areas of activities, required actions and the outputs thereof by means of clearly identified bench marks;
- to provide an indicative time schedule for the execution of the activities;
- to identify responsibilities in relation to the execution of activities;
- to identify areas for external support.

The focus of the action plan is on the activities related to the organizational development process. Performance improvement activities are considered to be outside the scope of this action plan, and therefore are not dealt with in detail.

The final goal of the integration and development process is to arrive at one sustainable water and wastewater organization for the whole of the Governorate, with a considerable degree of operational autonomy. This is defined as a state of affairs whereby the organization has achieved a balance between operational costs and revenues.

The action plan explains in chapter 3, the concept of 'sustainable service level', and the various implications of the Decree. Based on this a 'Mission Statement' for the GA is formulated. In order to provide the context for the start of the GA and the challenge ahead, a brief WS&S sector description is provided.

In chapter 4, the FEGAWS development concept is explained; a short description of the development stages is provided. With the Mission Statement, the sector context and the development concept at hand, a discussion of the strategic issues is provided in chapter 5. Decisions on these issues have to be taken during the establishment phase. Critical factors and recommendations are provided.

In chapter 6, the actual action plans are provided in the form of planning charts. An indicative time schedule is provided for all activities, in which benchmarks are included representing tangible outputs by which the progress in the implementation of the action plan can be assessed.

In the final chapter conclusions and recommendations are summarized.

3. ESTABLISHMENT OF ECONOMIC GENERAL AUTHORITIES FOR WATER AND SANITATION

In this chapter first of all the implications of the Presidential Decree are discussed. Secondly, the concept of sustainable drinking water supply and sanitation services is discussed, which constitutes the main justification for the establishment of Economic General Authorities. Thirdly, a mission statement for the FEGAWS is drawn up, and fourthly WS&S sector characteristics in Fayoum Governorate are summarized in order to provide some insight into the required sector development task which FEGAWS will face.

3.1 IMPLICATIONS OF THE PRESIDENTIAL DECREE

The implications can be divided into shortterm and general implications.

Shortterm practical implications

By the consequence of the fact that, based on the Decree, the Authority shall come into being almost immediately, very limited time is available for the transition of the old situation to the new one. By July 1996 the GA shall have a budget and is expected to comply as from that date with the rules and regulations pertaining to the new legal status. However, the newly appointed chairman, Board of Directors and responsible managers have had none or only limited opportunity to prepare themselves and their (sometimes yet unknown) staff for the new job.

Therefore it is recommended in this action plan that until July 1996 the basic arrangements are made for the administrative functioning of FEGAWS, but that in a subsequent start-up period of two years after July 1996, the organization is actually built.

Shortterm strategic implications

Prior to the administrative start of FEGAWS in July 1996, a number of strategic issues will have to be resolved. The most important of those include:

- deciding on the mission (purpose and main tasks) of the new General Authority;
- total number of personnel to start with and staff selection;
- developing the preliminary and future organization structure;
- coping with the first year's inadequate budget and subsequent annual budget cycle;
- developing the preliminary and future internal procedures;
- methodology and time frame of assets valuation and transfer;
- approach and timing of the integration of administrative, financial, operational and logistical systems;
- activities and time frame of the start-up period;
- donor involvement and coordination (GON and USAID);
- performance improvement strategy.

It is recommended that these issues be discussed during the planned workshop on this action plan in April 1996.

In the following chapters the shortterm practical and strategic issues will be dealt with in some more detail.

General implications

These are divided into four categories: institutional, social, economic and administrative.

Institutional implications

- more decentralization of authority with regard to water supply and sanitation activities. Major decisions concerning new projects, reorganization of the sector etc. will be taken at the Governorate level without having to wait for approval of the central organizations in Cairo;
- the establishment of a General Authority exemplifies the State's directives of granting more freedom for various organizations through applying the 'delegation' concept in that organizations will be less subjected to governmental rules and regulations. In this sense, the impact of political forces in Cairo will be of a lesser degree;
- The Authority will be more influential than the existing units with respect to the governmental institutions involved in water resources management, environmental protection and other departments dealing with infrastructure.

Social implications

- better service will be rendered to the population since water supply and sanitation services will not be scattered among several organizations; hence services can be much better coordinated;
- the Authority will be an active body in conducting public awareness campaigns regarding water use and sanitation practices which will have a positive impact on public health and on environmental protection;
- the Authority will aim at cost recovery meaning that adequate tariffs will be applied and that all customers will be charged according to actual (metered) water consumption. Supply of free water will be reduced substantially and distributed through public taps in a controlled manner to population groups who cannot afford a house connection.

Economic implications

- the Authority will be better equipped, compared with the existing units, to enhance its revenues and achieve cost effectiveness for the purpose of striking a balance between costs and expenditures on the one hand and revenues on the other;
- in the future, the Authority may be able to achieve a surplus enabling it to finance investment projects needed for its capacity expansion and rehabilitation of facilities.

Administrative implications

- an increased ability to develop an efficient administrative organisation for the purpose of providing quality service to the population;
- the Authority will be an organisation seeking to raise its efficiency and effectiveness since it will have a reasonable degree of autonomy, facilities, and support of the Government to improve its operations;
- the Authority will have more freedom to conduct training programmes suitable for its activities. The Authority will assess its own training needs and design training programmes that meet these needs.

The increased flexibility and independence from central governmental decision making can be illustrated by the following articles in the Decree:

Article IV: The Board of Directors is the supreme power, dominating all its affairs. It can adopt whatever decisions that deem appropriate and necessary for the achievement of its goals.... Among others *the Board is entitled to setting statutes and regulating decisions*

pertaining to financial and administrative affairs and their personnel, without being limited to governmental rules and regulations.....

Article XIII:The personnel are subject to the State civil servant rules & regulations, *until the Board sets its own rules & regulations*, according to what deems appropriate to the nature of its activities ...

The Economic General Authority will blend the service delivery orientation with an economic orientation in the sense that it is entitled to retain its revenue, develop needs based on budgeting procedures, keep commercial accounts, use cost accounting methods, and seek full recovery of the operations, maintenance and depreciation costs.

3.2 THE CONCEPT OF A SUSTAINABLE SERVICE LEVEL

The main justification for establishing Economic General Authorities is to create the institutional preconditions for achieving the longterm goal of sustainable drinking water supply and wastewater services.

A sustainable service level is achieved when a proper balance is struck between:

- a. financial viability and,
- b. an adequate level of service delivery.

For this, operational autonomy is a necessary precondition.

Operational autonomy implies that utilities have the authority to establish bylaws and regulations with respect to:

- recruitment, remuneration and promotion of personnel;
- the level of incentives;
- procurement and contracting;
- modification of organizational structures, to meet changing service needs and enable more efficient operation and maintenance;
- controlling O&M budget, assets and debts;
- provision of administrative services and support, for cost recovery, financial management, budgeting, new connections etc.;
- provision of technical services and support for stores, workshops, laboratory, watermeter maintenance etc.

Financial viability implies the recovery of at least operation and maintenance costs, by firstly minimizing the costs through efficiency increase, and secondly, by optimizing revenues. Agreed tariffs are charged and enforceable regulations are established to deal with nonpayment. Subsidies are provided only for provision of services to the poorest population groups (public standpost water supply).

An adequate service level implies access of the population to safe water and adequate sanitation facilities. It also implies an efficient system of billing and revenue collection, and the provision of appropriate customer information and education.

Shortterm and longterm planning is executed to anticipate future demands for new infrastructure development and/or the upgrading and rehabilitation of existing facilities.

3.3 FEGAWS MISSION STATEMENT

Based on the Decree and its main implications the mission of the FEGAWS can be formulated as follows:

FEGAWS MISSION STATEMENT

The Authority shall endeavour to develop its water and distribution systems and related services in order to provide its present and future customers (i.e. residents of Fayoum Governorate, government and local institutions, service and commercial firms, industrial establishments etc.) with potable water of adequate quality, delivered at good pressure and reasonable cost. This endeavour takes the social dimension into consideration through the provision of drinking water to those households who cannot afford house connections, via public taps.

The adequate provision of drinking water calls for facilities to evacuate the wastewater. The Authority shall prepare plans for the execution of sewerage projects and the establishment of wastewater treatment plants. In unsewered areas the Authority shall promote and technically support on-site sanitation facilities, and it will provide desludging services for cess pits and septic tanks.

It is the Authority's goal to achieve an acceptable balance between costs and revenues through increased efficiency and adoption of effective methods and procedures for minimizing and optimizing revenues.

The Authority shall contribute to the improvement of environmental health conditions, through raising the public awareness on the importance of safe drinking water, its economic use, its health aspects and the adequate disposal of the wastewater.

The objective and main tasks of FEGAWS can thus be formulated as follows:

The **objective** of FEGAWS is fourfold:

- a. The production of potable water in accordance with standard specifications and its distribution to the population of the Governorate.
- b. The improvement of sanitation conditions throughout the Governorate through increasing the coverage with sewerage networks and promoting on-site sanitation facilities where sewerage is not yet possible.
- c. The adequate treatment of wastewater and sludge before disposal.
- d. The improvement of public awareness with regard to the importance of safe drinking water and sanitation for enhanced environmental health conditions.

The resulting FEGAWS **task** is fivefold:

- i) an infrastructure development task (planning, preparation and supervision of drinking water and sanitation projects);
- ii) a technical/operational task (running and maintaining the facilities);

- iii) a service oriented task towards the public (providing access to facilities through service connections, provision of information, and metering and billing services);
- iv) a cost recovery task by striking a balance between costs and revenues;
- v) a public awareness raising task.

Infrastructure development shall take place according to the strategy and targets as set out in the available masterplans for drinking water supply and sanitation.

The improvement of drinking water and sanitation conditions not only requires improvement of the infrastructure and facilities, but also includes the development of the organizational capabilities of the managing agency (FEGAWS) and increased efficiency and cost awareness of its operations. To accomplish this, the Authority shall commit itself to necessary organizational development and development of efficient procedures.

3.4 WS&S SECTOR CHARACTERISTICS FAYOUM GOVERNORATE

Sector developments are extensively described in the masterplan for both drinking water supply and wastewater, issued in October 1993. Since then a number of elaborations have taken place of specific parts of the masterplan dealing with technical, financial and social issues. A few selected features of the development of the sector are presented in table 3.1, concerning: installed capacities, population served, personnel, budget and collected revenue.

Table 3.1. Overview of main parameters water supply and sanitation (Fayoum Governorate, 1995)

AREA	Treatment capacity (m ³ /day)		Population served		Personnel (1995)	Budget (LE) (94/95)	Collected revenue (LE) (94/95)
	1995	2000	1995	2000			
WATERSUPPLY							
El Azab	110,200	219,000	1,700,000	2,000,000	830	6,600,000	2,000,000
Fayoum city	42,800	42,800	250,000	320,000	517+237	3,200,000	1,300,000
Senoures city	-	-	-	-	20		185,000
TOTAL WS	153,000	261,900	1,950,000	2,320,000	1367+237	9,800,000	3,485,000
WASTEWATER							
Fayoum city	43,000	50,000	200,000	250,000	352+676	2,300,000	200,000
FSD					30	part of GOF budget	
Fayoum Markaz	1,000	1,200	5,000	17,000	20		
Senoures Markaz	1,000	34,000	5,000	246,000	77		
Tamiya Markaz	700	20,000	3,000	140,000	18		
Itsa Markaz	-	10,000	-	70,000	30		
Ibshway Markaz	1,300	30,000	10,000	210,000	37		
Desludging services	1,300	2,500	130,000	250,000	206	1,360,000	585,000
TOTAL WW	48,300	147,700	353,000	1,183,000	770+676	3,660,000	785,000
SECTOR TOTAL					2137+910	13,460,000	4,270,000

notes:

- figures for treatment capacities and population served are taken from the masterplan
- actual expenses of El Azab water supply amounted to LE 8,960,000

- the budgets and revenues in the desludging operations are indicative amounts, presented in the EHC report (April '95)
- sewerage areas in 1995 concern the villages of El Nazla, El Edwa, Sanhour, El Roda and Kahk
- the +staff in the personnel column represents indirect staff receiving incentives
- Senoures city has its own water supply administration for about 8700 connections; the revenues are not administered by El Azab

The following observations can be made from table 3.1:

- water supply production capacity will increase by 65% until the year 2000, and population served will increase by 19%. Per capita water supply availability will increase substantially;
- sewerage and wastewater treatment capacity is planned to triple between 1995 and 2000. This tremendous increase in capacity will be realized nearly entirely outside Fayoum city in Markaz towns and a few of the largest local units. The population served will triple;
- total personnel in the sector presently amounts to over 2000, with another over 900 staff in the city who draw incentives, regardless of actual placement in the sector;
- the total approved budget for the year 94/95 amounted to nearly LE 13.5 million, whereas revenues were nearly LE 4.3 million. Overall cost recovery reached an average of 31.8% as compared to the budget. It should be noted however, that actual costs are in the order of 30% higher so that actual cost recovery is lower (estimated between 20 and 25%).

From the figures presented above it is obvious that during the period upto the year 2000 an enormous sector development effort is to be undertaken in the field of infrastructure development and organization building. Besides, there is the challenge of increasing cost recovery in order to guarantee the sustainability of the investments made.

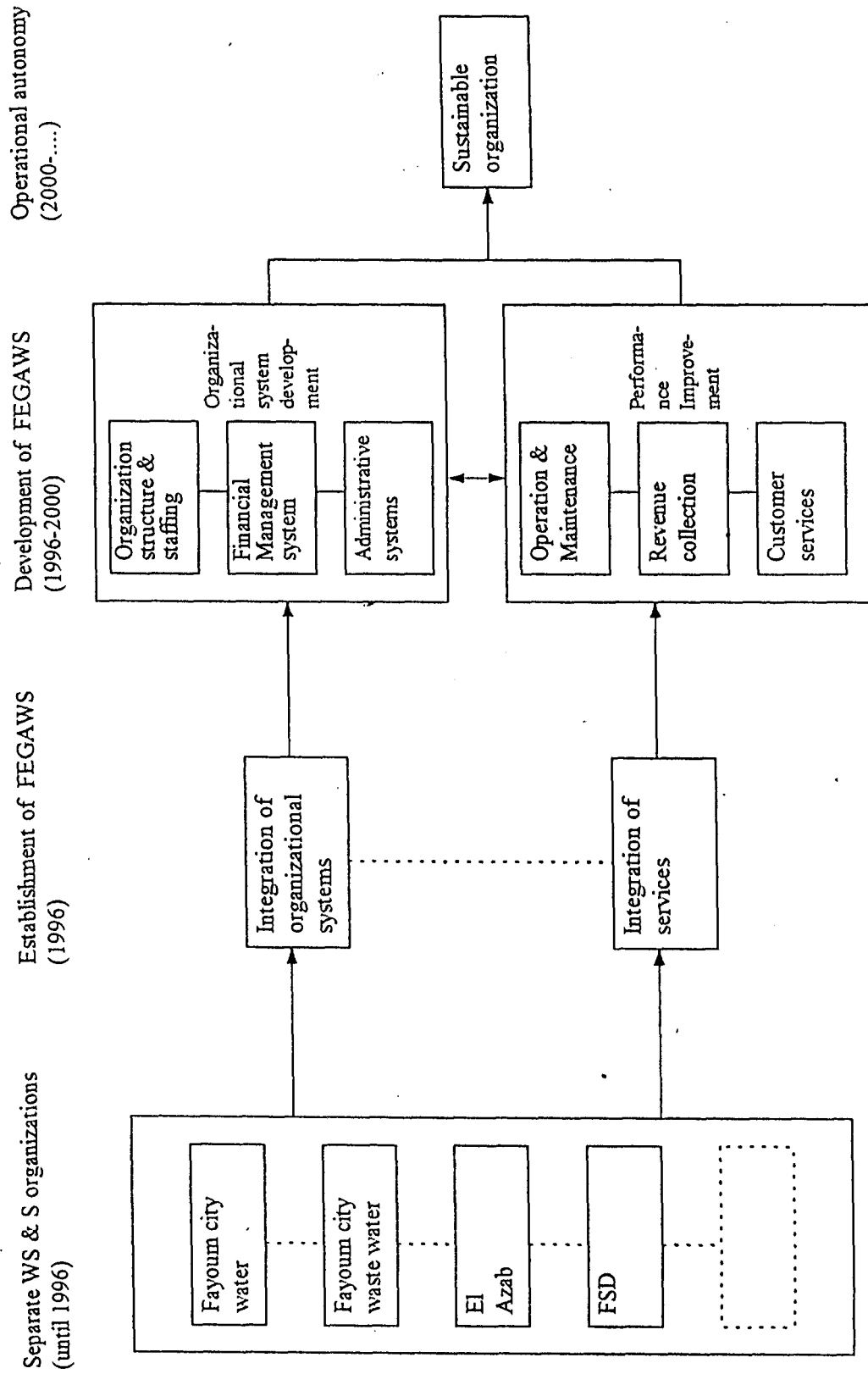


Figure 1: The FEGAWS development process

4. THE FEGAWS DEVELOPMENT CONCEPT

4.1 DEVELOPMENT STAGES

In figure 1 the development from the present to the future situation is schematically shown. In the present situation the water and wastewater sector in the Governorate consists of a number of separate Governmental organizations at Governorate and city level. With the establishment of FEGAWS, these organizations will be integrated. From 1996, onwards FEGAWS provides the organizational and institutional framework for the integrated development of the water and wastewater sector in the Governorate. The new organization will pass through several stages of organizational development and performance improvement until autonomy is achieved.

In time this process can be represented as in figure 2, whereby the following stages are distinguished:

establishment stage:

first half year of 1996. Necessary to prepare the minimum requirements for the start of the GA;

administrative start of FEGAWS:

July 1996, based on formal organization structure as approved by CAO and approved budget;

start-up period:

July '96-July '98. Developing the organization and necessary management systems and procedures as a continuation of ongoing organizational development efforts. Includes organizational redesign. Considerable external support needed;

performance improvement stage:

1996-2000 and beyond, ongoing programme with substantial external support;

autonomous development stage:

beyond 2000. Operational autonomy has been achieved or is within reach.

Figure 2. FEGAWS development stages

Description	96	97	98	99	2000	2001-...
Establishment stage	■					
Administrative start of FEGAWS	□					
Start-up period	■	■	■			
Performance improvement stage	■	■	■	■	■	■
Autonomous development stage						■

4.2 ESTABLISHMENT STAGE AND ADMINISTRATIVE START OF FEGAWS

In meetings with various officials it was found that there are different concepts with respect to the start and establishment of the GA.

- the political concept:
by issuing the Decree. This means existence on paper; there is no actual organization yet;
- the formal concept:
by appointing the chairman. There is still no actual organization;
- the administrative concept:
by making available budget, staff, assets, organization structure, procedures and office space. Herewith the organization is actually established but is not yet fully operational;
- the organizational development concept:
during a start-up period, the old organizations are prepared for integration in a new structure.

The Governorate considers the appointment of the chairman in February '96 as the formal start of FEGAWS Administratively, the GA shall be established by 1st July 1996, when the first annual budget becomes available.

Since a transition stage is not possible, the objective of the establishment phase should be to realize the most urgent and necessary requirements for the organization of the GA:

- headquarters and offices;
- the budget;
- the responsible key staff;
- the staffing;
- the assets.

The activities related to the establishment phase are mainly executed until July '96. Most of these activities will continue in the start-up period.

4.3 START-UP PERIOD (1996-1998)

After the administrative establishment in July '96, the GA will need to develop the appropriate structure and cohesion necessary for adequate performance. During the start-up period, the major organizational systems and procedures are implemented. These systems and procedures will be based on governmental rules and regulations. It is considered important however that these are modified in order to become more flexible and effective. Therefore this stage includes activities such as "review of organizational structure and procedures, and review of duties and responsibilities of key staff".

Three activity areas are distinguished:

- Organizational development: designing and implementing an effective organization structure. It includes the integration of administrative systems for customers-, stores-, and payroll administration.
- Financial systems development: establishing an effective budgetary system and financial accounting system in order to improve cost effectiveness and creating the

capacity to determine the actual financial status of the GA and to measure the cost efficiency of operations. The development of financial systems is actually a part of organizational development, but is described as a separate set of activities because of its importance.

- Performance improvement: activities aimed at reaching a sustainable service level by technical improvements (water and sanitation), revenue improvements and customer services improvement. Organizational development and financial systems development are supportive to performance improvement.

4.4 PERFORMANCE IMPROVEMENT STAGE

This is an ongoing process which is since several years supported by foreign assistance (GON, USAID). Continuation of this support is essential.

The process can be monitored by means of performance indicators and should result in measurable achievements for which targets have been set in the masterplan (leak reduction, cost recovery, treatment plant capacities, population served etc.).

Monitoring of these indicators is an important activity for the new organization aimed at performance evaluation and taking appropriate actions.

4.5 AUTONOMOUS DEVELOPMENT STAGE

This stage will start beyond the year 2000, when the performance improvement process has resulted in a sustainable service level. The actual achievement of this phase will be strongly affected by further developments in the sector, but also by economic and social development factors in the Egyptian society. The action plan does not elaborate actions for this phase.

5. DISCUSSION OF STRATEGIC ISSUES

The shortterm strategic issues as listed in chapter 3.2 are further discussed below. Additional background analysis is provided; recommendations are stated in italic text.

5.1 FEGAWS STAFFING

The Decree stipulates that all the present staff in the Governorate working in the WS&S sector shall be transferred to the new authority. This may lead to severe overstaffing of the GA since especially in Fayoum city a considerable number of staff appear in the budget who benefit from incentives and allowances provided for staff in the water supply and sanitation sector, but who actually have other jobs.

Table 5.1. Fayoum city WS&S staff (1994/95)

Sub-sector	Employees in the budget	Actual WS&S staff
Water	754	517
Sanitation	1,028	352
Total employees	1,782	869

Table 5.1 shows that over 900 employees in the city council appear as WS&S personnel but actually have another job. This staff should not be transferred to FEGAWS, but keep their job in the municipality. However, those employees would lose their previous right of WS&S related allowances and incentives. This will create a problem which needs to be resolved by the city council.

Also in El Azab there is overstaffing in some departments whereas in other departments there is a lack of staff.

This situation calls for a critical review and screening of all the staff presently working in the sector. By all means it should be avoided to automatically transfer all staff.

Note:

The issue was discussed with the General Secretary who agreed to give instructions on the proper selection of staff for FEGAWS. Also the recently appointed FEGAWS chairman is aware of the problem of overstaffing and agreed to careful selection.

In tables 2a,b and c an estimate is made of an acceptable staffing level of FEGAWS. The staffing level is based on productivity expressed as production capacity in m³/day per employee.

In table 5.2a, four companies are compared whereby production capacity and total staff are taken as main indicators. Productivity per employee ranges between a low of 83 m³/day in Fayoum city to a high of 419 m³/day at AWGA in Alexandria. 'Economies of scale' play a role, but there are also efficiency differences. It is expected that FEGAWS will start with a productivity of 114 m³/day per employee and a total water supply staff of around 1350. Upto the year 2000 it is expected that productivity will have increased by 70% to 194 m³/day per employee, provided compact units will be taken out of production

as soon as the new treatment plant becomes operational. If this condition is met, the number of employees can remain at the level of 1995.

Table 5.2a. Comparison of supply capacity and personnel for several water companies (1995)

Indicator	El Azab	Fayoum city	AWGA	Damietta	FEGAWS (projected)	
					1996	2000
Supply capacity (m ³ /day)	110,200	42,800	1,720,000	190,000	153,000	261,900
Personnel	830*	517	4100	995	1,347	1,350
Productivity per employee (m ³ /day)	133	83	419	191	120	194

*) in 1996 El Azab staff is expected to increase to 900 due to some new compact units taken into operation

Productivity levels in the wastewater sector are analysed in table 5.2b by using the figures from Fayoum city and the desludging capacity figures from table 3.1. The efficiency of desludging as compared to sewerage seems low, but it should be realized that in unsewered areas wastewater generation is much lower as compared to sewered areas.

Table 5.2b. Comparison of disposal capacity and personnel for wastewater services

Indicator	Fayoum city wastewater (1995)	Desludging services (1995)	FEGAWS-sewerage and treatment (2000)	FEGAWS-desludging (2000)
Wastewater generation (lcd)	120	10	120	10
Disposal capacity (m ³ /day)	43,000	1,300	145,000	2,500
Personnel	352	206	1,208	300
Productivity per employee (m ³ /dy)	122	6.3	120	8.3

It is expected that productivity per employee in the sewerage sector will not be much higher than the present 122 m³/day. When assuming productivity of 120 m³/day, total staff in the sewerage and wastewater treatment section of FEGAWS will increase to over 1200 by the year 2000.

As for desludging operations, the efficiency should be increased by making more trips with the available trucks. The practice of uncontrolled disposal of sludge in canals should stop. The GA shall have to identify environmentally acceptable disposal points in the Governorate. This may result in longer trip distances and possibly also higher costs. Tentatively, a target of 30% efficiency increase is proposed, meaning that the staff would increase to 300 by the year 2000.

In table 5.2c the projected staff levels for FEGAWS are presented.

OUTLINE ORGANISATION STRUCTURE
(under discussion)

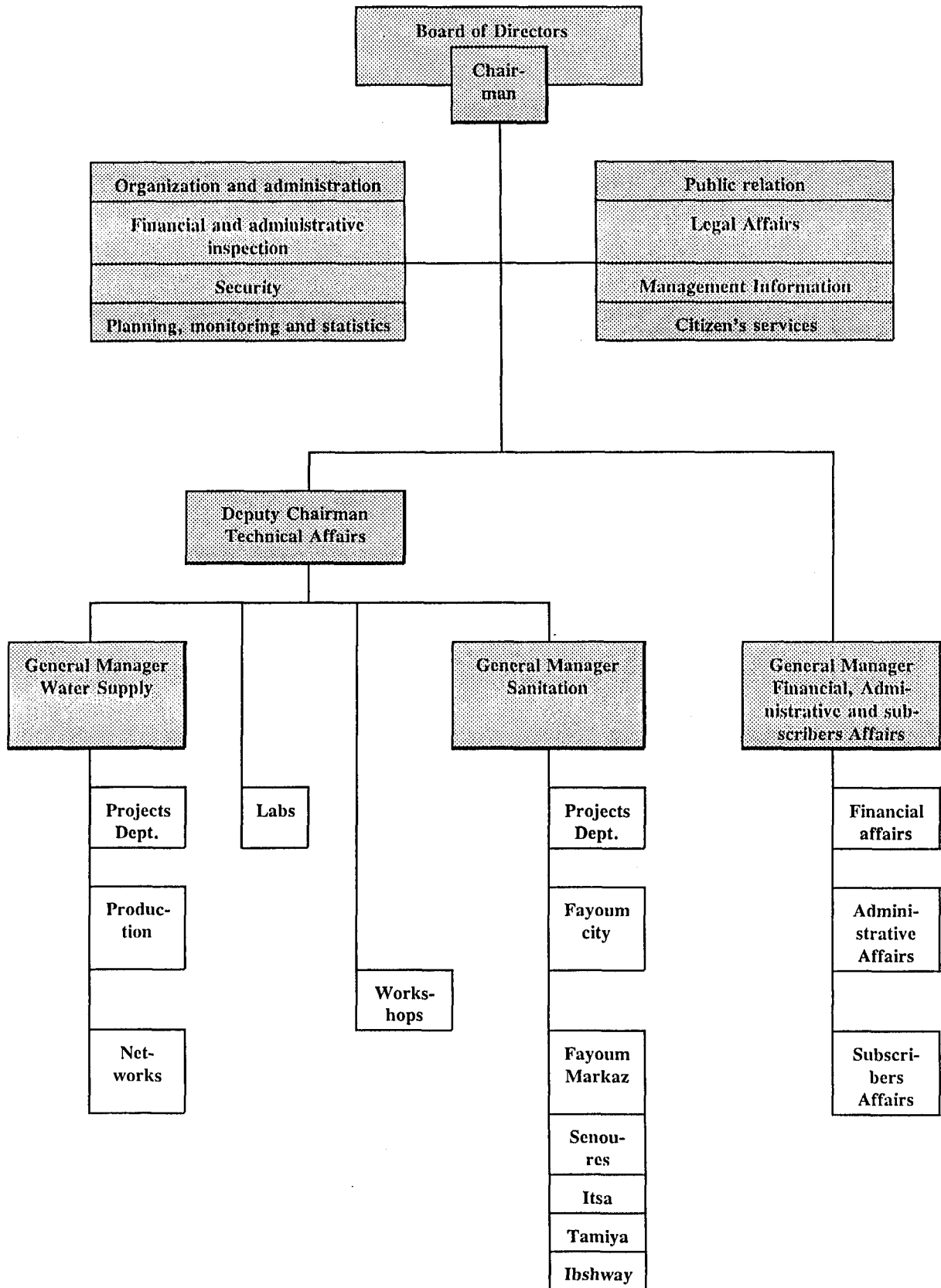


Figure 3. Outline Organisation Structure

Table 5.2c. Projected FEGAWS staffing (1996/2000)

Sector	FEGAWS (1996)	FEGAWS (2000)
Water supply	1,347	1,350
Sewerage and treatment	570*)	1,208
Desludging	200	300
TOTAL	2,117	2,858

*) total present sewerage staff in Fayoum city and Markaz towns (see table 5.1)

It is recommended that total staff at the start of the GA in July 1996 should not be more than 2,117. Until the year 2000 an estimated total of 740 additional staff may be required, mainly in the wastewater sector. A human resource development plan must be made during the start-up phase of FEWAWS in order to prepare for this increase in staffing levels.

5.2 ORGANIZATION DEVELOPMENT OF THE GA

In this section three aspects of organization development of the GA are dealt with: firstly, the development of the organizational structure, secondly, the integration of organizational functions and thirdly, the development of the organizational procedures.

Organizational structure

Two months after the Decree had been issued, El Azab received from the Department for Organization and Administration (DOA) the proposed organization chart for FEGAWS. The structure was discussed internally and it was concluded that this structure did not satisfy the requirements.

With the assistance of the project the El Azab management held two meetings with DOA in Fayoum and one meeting with the Central Agency for Organisation and Administration in Cairo (CAOA). The team partly succeeded in convincing CAO A to modify the structure. More meetings are scheduled and El Azab invited CAO A officials to visit Fayoum in order to increase their understanding of water supply operations.

The result of these discussions so far is presented in figure 3 and in annex 2. Figure 1 presents the overall outline of the organization structure; annex 2 provides the detailed structure.

During the establishment phase of the GA there is insufficient time and capacity for the shaping of the new organization structure. Besides, part of the organization structure is legally determined; the departments affiliated directly to the chairman (shaded blocks in figure 3) are determined by laws and decrees as follows:

- the Deputy chairman for Technical Affairs and the positions of Head of Water Sector, Head of Sanitation sector and Head of Financial and Administrative Affairs, together with the composition of the Board of Directors are specified in the Presidential Decree;
- the Public Relations Department and the Organization and Administration Unit are required by the CAO A;
- The Security Department and the Legal Affairs Department are established according to a Presidential Decree;

- The management Information Unit and the Citizen's Service Unit are established according to a Prime Minister's Decree;
- the Planning, Monitoring and Statistics Department is required by the Ministry of Planning;
- The Financial and Administrative Inspection Department is required by the Central Agency for Statistics.

The other units and departments in the organization can be determined by the Board of Directors.

It is recommended during the establishment stage to continue the discussion with the CAO A about the organizational structure until a reasonable initial set-up for all parties has been achieved. This set up will have to comply with Egyptian Administrative and Governmental regulations as indicated above. This implies that the organizational concept with which FEGAWS shall start is of an administrative and bureaucratic nature, and not yet geared to the required flexibility of a service oriented and cost effective organization. The Board of Directors has the right to propose internal regulation, organization and management structure as long as this is not conflicting with national policies and plans (see also chapter 3).

Note:

The top management of FEGAWS has already committed itself to organizational restructuring after July 1996. The Board has the authority to endorse any internal organizational changes.

Integration of organizational functions

In annex 3 an analysis is presented of the centralized and decentralized duties of FEGAWS. It is especially the centralized duties for which integration is the most far reaching. At the decentral O&M level, i.e. in the Maintenance Centres, the treatment stations (central plants and compact units), pumping stations, laboratory and workshops, the work can continue (for the time being) more or less as before.

It is recommended that on the short term, i.e. until July 1996, only those functions are integrated which are a basic necessity for the functioning of the GA. During the start-up period the integration and further development of the systems can be completed.

Shortterm integration requirements are as follows:

Financial, Administrative and Subscribers Affairs

Integration is most prominent in this sector; full integration is required of the El Azab and the local administrations of Fayoum city and Senoures city. Before July '96 arrangements must have been made for the integration of the following units:

- Personnel Affairs, especially the pay roll system; as from August '96 the transferred staff must receive their salaries from FEGAWS;
- Procurement Department; as from August '96 all procurements must be arranged through FEGAWS;
- the Unified Accounting system.

The other administrative and financial units can be integrated after July '96 during the start-up period.

Drinking water sector

New managers have been appointed as Head of the Water Sector, and as Heads of Production, Networks and Projects Departments.

Those managers have to familiarize with the expanded scope of their working area. It is recommended that integration takes place gradually; all of the infrastructure can be operated and maintained at decentral level without major problems on the short term.

For instance, the water treatment section under the Fayoum City Directorate of Housing & Public Utilities, will be transferred to the Production Department of the FEGAWS, but physically everything will remain in place. The managers of the old and new Kohafa plants will report to the new Head of Production.

It is recommended that during the start-up phase, the previous El Azab maintenance centres be upgraded to become District Centres, as was proposed in the masterplan. The Fayoum city Distribution Network section will be upgraded to District Centre also and be brought under the FEGAWS Networks manager.

Early in the start-up period, the Projects Department needs to be established, in order to coordinate, plan and prepare all new works. The FEGAWS chairman considers to develop one Projects Department for both water supply and wastewater projects, directly resorting under the Deputy Chairman. This concept will be further elaborated during the start-up period, as part of the organizational restructuring.

Waste water sector

On the short term there is no real need for integration, since all operations are presently carried out at decentral level; sewerage mainly in Fayoum city, desludging operations at markaz and Local Unit level.

During the start-up period the organization structure for the wastewater sector has to be reviewed. In the present structure (see figure 1), a regional set-up is proposed, with O&M delegated to Markaz level managers (not yet in place). Since the wastewater sector is still in an early stage of development it may be more effective to centrally coordinate the establishment of the new regional infrastructure and, during the initial operational stage, also centrally coordinate O&M. In a later stage of sector development regional sanitation offices could be established, preferably as part of the FEGAWS District Centres.

Supporting services

Laboratories for water and sewage treatment stations are proposed to be brought under a new Head of Laboratories, who directly reports to the Deputy Chairman for Technical Affairs. On the short term there is no real need for integration, since all laboratories can at present function independently. In the start-up period the proposed structure will be studied carefully and possibly reviewed.

The same goes for the various mechanical and vehicles workshops who are proposed to be brought under a central workshops manager. There is no immediate need for integration, since all workshops presently function independently. In the start-up period, gradual integration can be effectuated.

Staff departments

These departments might have to be established before July 1996, since they are legally determined. The chairman and the Board of Directors are expected to take action with respect to the nomination of the staff.

Development of procedures

The formulation, approval and introduction of organizational procedures in an organization like FEGAWS will take considerable time. Before July '96 this process cannot be finalized.

It is recommended that the GA for the time being will rely on general Governmental regulations and bylaws which are readily available and legally fully acceptable. During the start-up period a new set of procedures will be established and implemented.

5.3 BUDGET

Both El Azab and Fayoum city have prepared their separate budgets for the FY 96/97. They have done so according to the format required for a General Authority. The Financial Department in the Governorate has joined the budgets and prepared it as a budget for FEGAWS. It is expected that this budget is not perfect due to the lack of coordination between El Azab and the city and due to the uncertainties prevailing at the time of composing the budget.

It is considered top priority that a new budgeting system becomes operational for the drafting of the budget for the FY 1997/98, in November 1996.

5.4 ASSETS VALUATION AND TRANSFER

The Governorate has established a Committee for executing the assets inventory. Both in El Azab and Fayoum city it was confirmed that this assets inventory is ongoing but not yet completed. FaDWSP meanwhile prepared an assets valuation protocol.

The protocol has estimated the effort required for the assets valuation at 720 manmonths and the number of personnel involved in the performance of the task at 140, but this is only for water supply. If sanitation is to be added the task becomes even more complex. The reason for the complexity of this task lies in the specific governmental rules and regulations determining the process.

The Decree states in Article XV that all the assets are transferred to the GA, until the re-assessment (or re-evaluation) occurs, according to a Decree from the Minister of Finance. This Decree is not yet available.

It is recommended to concentrate first on completion of the assets inventory. This inventory should be made available in a computerized database in order to facilitate future processing. A simpler, more efficient and equally acceptable method for the assets valuation should be possibly identified.

5.5 PERFORMANCE IMPROVEMENT STRATEGY

In February 1996 FaDWSP published a report on the cost recovery strategy for the water sector covering the period upto the year 2000. The masterplan had already indicated that full recovery of O&M costs for water supply should be possible without substantial tariff increase, provided that a number of conditions be fulfilled which should lead to a substantial increase in the volume of water sold. The mentioned report elaborates on the masterplan and comes to the same conclusion, but explicitly states the conditions under

which O&M cost recovery in the year 2000 can be achieved. These conditions relate actually to other areas of performance improvement and are summarized in table 5.3. This clearly demonstrates that cost recovery can never be considered as an isolated issue, but is part and parcel of an integrated performance improvement strategy.

The FEGAWS Board and top-management should be well aware of the requirements for performance improvement and shall support the achievement of the targets with adequate decision making. It is recommended that the performance improvement strategy is further elaborated within the framework of the forthcoming external support programme and that the commitments to the process from both the external supporting parties as well as the GA shall be clarified and agreed upon.

Table 5.3 List of requirements for achieving full cost recovery for water operations in the year 2000

Performance improvement condition	Performance improvement requirements
20% savings in operational costs	<ul style="list-style-type: none"> - improved staff performance - increased cost awareness - budget monitoring
30% leakage reduction	<ul style="list-style-type: none"> - implementation of preventive and curative maintenance
130% increase in water sold	<ul style="list-style-type: none"> - increasing the number of house connections by 20,000 per year - reducing the consumption from public taps by 30% - extension of the network
70% increase of production	<ul style="list-style-type: none"> - completion of new El Azab plant
Increasing the productivity (m ³ production per worker)	<ul style="list-style-type: none"> - phasing out of compact units
Correct measuring and billing of water consumption	<ul style="list-style-type: none"> - improved watermeter management
Clear policy with respect to non-payment	<ul style="list-style-type: none"> - Government subsidies for specific target groups
Achieving revenue collection efficiency of 95%	<ul style="list-style-type: none"> - continued priority to computerisation of the dbase and the billing system

In table 5.4 the present cost recovery in the sector is summarized. There are rather substantial differences between organizations, whereby Fayoum city wastewater ranks extremely low. In the city appears a lopsided picture of excessive personnel costs on the one hand and low revenue collection on the other hand. It is expected that with the introduction of the improved revenue management system, cost recovery in the urban wastewater sector will improve considerably.

Full cost recovery for sewerage however will be reached in a much later stage as compared to drinking water, since this sector is still in an early stage of development. Subsidies will have to cover the gap between costs and revenues.

As for desludging services it is expected that these too have to be subsidized since they cater for low income groups in unsewered areas. Higher cost recovery might be difficult to achieve since increased efficiency may be offset against longer hauling distances and thus increased costs.

It is recommended that cost recovery figures of FEGAWS shall distinguish between water supply and sanitation, in order to monitor the developments separately.

Table 5.4. Cost recovery in the water and sanitation sector in Fayoum Governorate

Organization	Percentage cost recovery (1994/95)
El Azab water	30.3*
Fayoum city water	40.6
Fayoum city wastewater	8.7
Desludging	43.0
Total sector	30.3

*) as compared with actual costs, recovery is 22.3%

5.6 DONOR COORDINATION

At present there are two main foreign donors for the water and sanitation sector in Fayoum; the GON and USAID. Meetings between the donors and the Board of FEGAWS should be held, to make clear arrangements as to the division of tasks with respect to external financial and technical assistance.

6. ACTIVITY PLANNING

6.1 GENERAL

In this chapter four sets of activities are described which are aimed at achieving the goals as described in chapter 2.

- a. establishment phase activities;
- b. organizational development activities;
- c. activities aimed at developing the financial system;
- d. performance improvement activities.

Activities b, c and d are part of the start-up phase, but (d) will continue beyond start-up (see also figure 2).

For each activity, specific activities are listed which are further specified in concrete actions. Actions are executed during a certain period of time during which there should be tangible outputs at certain intervals. These tangible outputs are called benchmarks. Three types of benchmarks are considered:

- concrete output, representing a final result of an action
- output requiring regular updating and follow-up
- ▲ measurable project output in a cycle of activities or process.

For each output an indicative time of completion is estimated. For every action the executing party and the responsible authority are mentioned. Whenever external support is required for the execution of the action this is indicated in the last column of the planning charts.

Finally, all activities are summarized in an indicative activity time schedule, attached to the planning charts.

6.2 ESTABLISHMENT PHASE ACTIVITIES

The objective of this phase, which runs until July 1996, is to realize the basic administrative and operational requirements for the functioning of FEGAWS as a single organization.

Activity areas include:

- developing the tentative organization structure;
- staffing the GA with personnel from the merging organizations;
- preparing for preliminary office accommodation;
- providing the GA with a first year's budget;
- establishing the most urgent organizational systems and administrations.

The activities are specified in planning chart 1.

Ongoing activities in the establishment phase (March '96)

After the issuing of the Decree, the Governorate has taken several actions:

- establishing a transfer committee;

- developing the organization structure;
- preparing the transfer of personnel;
- assets inventory;
- preparation of budget.

In March '96, the chairman of the GA was appointed and the Board of Directors was formed. The chairman and the Board will together be responsible for the transition management until July '96. After July '96 they will be responsible for the actions in the start-up period. Management of the utilities will be the prime delegated responsibility of the appointed Department Heads, but they will be controlled by the Board.

The Transfer Committee is during the establishment phase the link between Board and chairman on the one hand, and the Governor on the other hand. The Committee consists of the following officials:

- General Secretary: Head of Committee;
- Head of the Department for Organization and Administration (DOA);
- Head of the Local Ministry of Finance;
- Head of the Housing Department.

The committee has established three sub committees:

- a. for the selection of staff to be transferred to the GA;
- b. for the inventory of assets;
- c. for determining the financial resources of the GA.

The sub-committee on staff selection in March '96 produced a list of 1300 Governorate employees (excluding El Azab) preselected for transfer to the GA. This list will be submitted and screened by the chairman; decisions to date have not yet been made. As will be clear from the discussion in section 5.1, staff selection will have to proceed carefully in order to prevent overstaffing which would result in lower productivity and efficiency.

Results on the inventory of assets were not yet available at the moment of finalizing this action plan. The budget issue was already discussed in section 5.3. Assets inventory is ongoing.

6.3 START-UP PHASE ACTIVITIES

The objective of this phase is to fully develop the organization of the GA, in a period of approximately two years after July '96. Three activity areas are considered:

Organizational development (planning chart 2)

This implies establishing the required new departments and the full integration of the organizational systems and administrations:

- modification and restructuring the organization for increased operational efficiency and cost effectiveness;
- designing and implementing the organizational procedures;
- development of job descriptions;
- manpower development planning;
- performance monitoring and annual reporting;

- corporate planning;
- establishment of new departments and continued integration of organizational functions.

Financial systems development (planning chart 3)

The goal is to establish the financial function of the GA, i.e. budgeting, cost accounting and financial reporting.

Activities include:

- establishment of cost centres;
- starting the budget cycle;
- financial reporting and budget monitoring.

A prerequisite for preparing the annual balance sheet is the availability of the value of the assets of the GA. Therefore assets valuation is added as a separate activity.

Performance improvement

Organization development is not a goal in itself, but is aimed at supporting performance improvement. In section 5.6 the performance improvement strategy is discussed; conditions and requirements for performance improvement were indicated.

The action plan is not meant to deal with the subject matter of performance improvement, but instead focuses on the development of the supporting organizational functions.

In planning chart 4, the four categories of performance improvement are represented, with for each category the areas of improvement. The chart proposes a list of performance indicators, which can be adopted for performance monitoring in future years.

A summary of actual improvement activities is provided in section 6.4.

6.4 PERFORMANCE IMPROVEMENT ACTIVITIES

In this section a summary is provided on ongoing and planned performance improvement activities. These activities are also part of the start-up programme, but have to continue beyond that period.

Water production

The masterplan has calculated that by the year 2020, approximately 7100 l/s production capacity will be required; presently production capacity is 2100 l/s. Water production in the Governorate will be centralized at El Azab and Fayoum city treatment plants; compact units will be phased out due to the high cost of production, frequent failures and the annual irrigation closure period, through which raw water intake is cut off.

Water distribution

All trunk mains need to be expanded until the year 2020, and branches to villages and service networks need to be replaced or expanded. Also rehabilitation of the network has a high priority.

Water delivery

Until the year 2000, an additional 70,000 house connections need to be installed. Less complicated and time consuming application procedures will have to be implemented for

new house connections. The technical quality of the connections needs to be improved. Water meter repair and calibration shall be improved by developing less complicated procedures and by utilizing available water meter repair facilities more efficiently.

Water consumption from public taps will at the same time be reduced by some 30%. Most public taps require rehabilitation and need to be metered, in order to measure consumption. Spillage of water from public taps needs to be reduced drastically. To achieve this goal, social programmes and awareness campaigns need to be executed in the villages.

At this moment there are still remote areas in the Governorate which are not served by the water supply system. A special underserved areas programme needs to be executed, in order to reach those areas.

Operation and maintenance of water supply

O&M of production and the network have to be upgraded to a higher level of performance by developing and implementing new procedures and work methods for both preventive and curative maintenance, through training of staff and through simplifying routine administrative work. Improved O&M systems will result in less production and distribution interruptions and in an increased productivity and service level.

Efficiency improvement

Personnel costs per m³ of water produced can be reduced when compact units are phased out; at present 60% of the production personnel produces only 10% of total output. This can change after the new central treatment plant of El Azab becomes operational.

Further potential savings may be possible in the use of chemicals and the consumption of electricity.

Sewerage and sewage treatment

In the year 2020, some 1.5 million people should be served by sewerage (excluding Fayoum city). In the masterplan twelve clusters of villages have been designed, with one central treatment plant in every cluster. By 2020 some 60 sewerage projects should have been implemented; at present 22 projects are already ongoing, which means a rapid implementation of the masterplan target. In order to manage and oversee the new wastewater treatment plants and to initiate and supervise sewerage projects, the Sanitation sector of FEGAWS needs to be substantially strengthened. Especially the New Works Department will be important, whereas overseeing O&M of treatment plants, pumping stations, and sewer systems will require substantial numbers of new staff and technical and operational capacities.

The costs of operating and maintaining wastewater infrastructure is high, while present cost recovery levels are very low (8% in Fayoum city). It is considered very important that all households with potential access to a sewer are indeed connected, and, through the water bill, are charged the sewer fees.

The development of O&M methods and procedures for the infrastructure is still in its infancy. O&M manuals and systems yet have to be prepared.

On-site sanitation

Surveys carried out for the masterplan showed that some 50% of the population has no latrine nor a wastewater disposal facility. In hamlets this figure is even 60%. This condition prevails especially among the lower income groups, and mostly concerns households without piped water supply in the house. The masterplan proposed to develop

and promote alternative low-cost on-site sanitation options, extension and improvement of desludging services, and intensification of hygiene education programmes.

Cost recovery

Cost recovery not only implies optimization of revenues, but also the control of costs. Starting with cost control it is required to introduce budget responsibility and cost awareness at department level. To achieve this the organization will have to identify cost centres, i.e. those departments for which costs are to be indicated separately. Cost control implies that managers will learn to take into account the financial consequences of their decisions.

Optimizing revenues means first of all a substantial increase in the volume of water sold. This can be realized through production increase, reduction of water losses, expanded distribution networks and increasing the number of service connections. By the year 2000, 75% of the water produced should be delivered to customers. This only translates into revenues, if the water is adequately billed and paid for. This requires proper metering, billing, revenue collection and payment by consumers. Non-payment needs to be adequately dealt with, while subsidies have to be provided selectively.

It should be noted that tariff increases are only to be considered after all other actions have been taken to maximize the actual revenue under the prevailing governmental tariff system.

Customer relations

A customer relations department (CRD) shall be established in FEGAWS which is aimed at providing customers with basic information about their rights and duties in relation to water supply and wastewater services, to respond to customers information needs and requests, and to support the service orientation of other departments of FEGAWS. To achieve this goal customer service offices shall be established gradually in all District Centres (previous maintenance centres).

Active public awareness campaigns on water conservation, avoiding water waste and enhanced environmental hygiene will be undertaken as one of the activities of the CRD. Possibilities of cooperation with NGO's will be investigated.

7. SUMMARY OF RECOMMENDATIONS

7.1 APPROACH

During an establishment phase until July 1996 the basic arrangements shall be made for the administrative functioning of FEGAWS; in a subsequent start-up period of two years after July 1996, the organization is actually built.

Establishment phase

The objective is to realize the basic administrative and operational requirements for the functioning of FEGAWS as a single organization.

Start-up phase

The objective is to fully develop the organization of the GA, in a period of approximately two years after July '96. This implies:

- establishing the required new departments and the full integration of the organizational systems and administrations;
- establishing the financial function of the GA, i.e. budgeting, cost accounting and financial reporting shall be established.

Performance improvement activities are executed aimed at reaching a sustainable service level by technical improvements (water and sanitation), revenue improvements and customer services improvement.

7.2 STRATEGIC ISSUES

Before the administrative start of FEGAWS in July 1996, a number of strategic issues will have to be resolved. The most important of those include:

- deciding on the mission (purpose and main tasks) of the new General Authority;
- total number of personnel to start with and staff selection;
- developing the preliminary and future organization structure;
- coping with the first year's inadequate budget and subsequent annual budget cycle;
- developing the preliminary and future internal procedures;
- methodology and time frame of assets valuation and transfer;
- approach and timing of the integration of administrative, financial, operational and logistical systems;
- activities and time frame of the start-up period;
- donor involvement and coordination (GON and USAID);
- performance improvement strategy.

7.3 MISSION STATEMENT

Agreement shall be reached on the mission statement of the GA, its objectives and its main tasks.

7.4 STAFFING

It is recommended that total staff at the start of the GA in July 1996 should not be more than 2,117. Until the year 2000 an estimated total of 740 additional staff may be required, mainly in the wastewater sector. A human resource development plan must be made during the start-up phase of FEGAWS in order to prepare for this increase in staffing levels.

7.5 ORGANIZATION DEVELOPMENT

Organizational structure

It is recommended during the establishment stage to continue the discussion with the CAO A about the organizational structure until a reasonable initial set-up for all parties has been achieved.

Integration of organizational functions

It is recommended that on the short term, i.e. until July 1996, only those functions are integrated which are a basic necessity for the functioning of the GA. During the start-up period the integration and further development of the systems can be completed.

a. Integration of financial and administrative functions

- Personnel Affairs, especially the pay roll system;
- Procurement Department;
- the Unified Accounting system.

b. Integration of the drinking water sector

The new managers have to familiarize with the expanded scope of their working area. It is recommended that integration takes place gradually; all of the infrastructure can be operated and maintained at decentral level without major problems on the short term.

It is recommended that during the start-up phase, the previous El Azab maintenance centres be upgraded to become District Centres, as was proposed in the masterplan. The Fayoum city Distribution Network section will be upgraded to District Centre also and be brought under the FEGAWS Networks manager.

Early in the start-up period, the Projects Department needs to be established, in order to coordinate, plan and prepare all new works.

c. Integration of the waste water sector

In the short term there is no real need for integration, since all operations are presently carried out at decentral level; sewerage mainly in Fayoum city, desludging operations at markaz and Local Unit level.

During the start-up period the organization structure for the wastewater sector has to be reviewed.

d. Organizational procedures

It is recommended that the GA for the time being will rely on general Governmental regulations and bylaws which are readily available and legally fully acceptable. During the start-up period a new set of procedures will be established and implemented.

e. budgeting system

It is considered top priority that a new budgeting system becomes operational for the drafting of the budget for the FY 1997/98, in November 1996.

7.6 ASSETS VALUATION

It is recommended to concentrate first on completion of the assets inventory. This inventory should be made available in a computerized database in order to facilitate future processing. A simpler, more efficient and equally acceptable method for the assets valuation should be possibly identified.

7.7 REQUIREMENTS FOR PERFORMANCE IMPROVEMENT

The FEGAWS Board and top-management should be well aware of the requirements for performance improvement and shall support the achievement of the targets with adequate decision making. It is recommended that the performance improvement strategy is further elaborated within the framework of the forthcoming external support programme and that the commitments to the process from both the external supporting parties as well as the GA shall be clarified and agreed upon.

7.8 COST RECOVERY

It is recommended that cost recovery figures of FEGAWS shall distinguish between watersupply and sanitation, in order to monitor the developments separately.

7.9 DONOR COORDINATION

Meetings between the donors and the Board of FEGAWS should be held, to make clear arrangements as to the division of tasks with respect to external financial and technical assistance.

PLANNING CHART 1: ESTABLISHMENT OF FEGAWS

Act. code	ACTIVITY	act. nr.	ACTIONS	BENCH MARKS & OUTPUTS	INDICATIVE TIMING	EXECUTED BY	RESPONSIBLE	EXTERNAL SUPPORT
EST-1	Appointing the top management	1.1	waiting	<input checked="" type="checkbox"/> Chairman appointed	March 96	Prime Minister		
		1.2	waiting	<input checked="" type="checkbox"/> Board established	March 96	Governor of Fayoum		
		1.3	waiting	<input checked="" type="checkbox"/> Sector managers appointed	March 96			
EST-2	Developing the formal organization structure	2.1	Designing the organization structure	<input checked="" type="checkbox"/> Internal agreed structure <input checked="" type="checkbox"/> Agreed structure by CAO	March 96	Top managers in WS&S sector Fayoum	General Secretary	Recommendations as to the organizational structure
		2.2	Discussing the structure with CAO	<input checked="" type="checkbox"/> CAO	May 96	Delegation of top managers and CAO	CAOA	
EST-3	Preparing the office accommodation	3.1	Construction/renovation equipping and furnishing	<input checked="" type="checkbox"/> Chairman's office	June 96	GOF Housing Department	Head of Housing Dept.	
				<input checked="" type="checkbox"/> Central Staff departments offices	December 96			
				<input checked="" type="checkbox"/> Central administration offices	June 97			
				<input checked="" type="checkbox"/> Other offices according to actual requirements	98-2000			
EST-4	Assets inventory	4.1	Preparing the inventory	<input checked="" type="checkbox"/> Assets inventory completed	June 96	GOF assets inventory committee	General secretary	Computer database
EST-5	Preparing the staffing plan	5.1	Surveying existing personnel	<input checked="" type="checkbox"/> Personnel database	March 96	Governorate staffing committee	General Secretary	Computer database for personnel
				<input checked="" type="checkbox"/> Staff requirements per dept./section according to type, experience, level etc.	May 96			
		5.3	Selection of staff	<input checked="" type="checkbox"/> Staff selection	June 96	Top management in the sector	Chairman and Board	
				<input checked="" type="checkbox"/> List of vacancies	June 96			

Establishment of FEGAWS (continued)

act. code	ACTIVITY	act. nr.	ACTIONS	BENCH MARKS & OUTPUTS	INDICATIVE TIMING	EXECUTED BY	RESPONSIBLE	EXTERNAL SUPPORT
EST-6	Preparing the job descriptions	6.1	Specify duties and responsibilities for management positions	<ul style="list-style-type: none"> ● Job descriptions for management staff 	June 96	Top management	Chairman and Board	Assistance with the preparation of job descriptions
		6.2	Specifying duties and resp. for other staff	<ul style="list-style-type: none"> ● Initial job descriptions for other staff 	June 96			
EST-7	Transferring selected staff	7.1	Appointment of Managers and Dept. Heads	<ul style="list-style-type: none"> ● Management positions filled 	June 96	Board	Chairman	Assist with assessment of selected staff
		7.2	Appointment of other staff	<ul style="list-style-type: none"> ● Other staff appointed 	June 96			
EST-8	Providing the budget	8.1	Waiting for budget approval	<ul style="list-style-type: none"> ☑ Approved 96/97 budget 	May 96	Ministry of Finance		Evaluate available budget
		8.2	Internal budget allocation	<ul style="list-style-type: none"> ☑ Budgets at Department level 	June 96	Head of Finance Affairs Dept.	Head of Fin/Admin sector	Assistance with budget allocation
EST-9	Integration of functions and administrations	9.1	Personnel administration and payroll system	<ul style="list-style-type: none"> ☑ Payroll system operational 	June 96			Payroll software
		9.2	Financial accounting system	<ul style="list-style-type: none"> ☑ Bookkeeping system operational 	June 96			Establishing the bookkeeping system
		9.3	Procurement	<ul style="list-style-type: none"> ☑ Procurement system operational 	June 96	Head of Administrative Affairs		

PLANNING CHART 2: ORGANIZATIONAL DEVELOPMENT

Act. code	ACTIVITY	Action nr.	ACTIONS	BENCH MARKS & OUTPUTS	INDICATIVE TIMING	EXECUTED BY	RESPONSIBLE	EXTERNAL SUPPORT
OD-1	Development of organizational structure (cont. from EST-2)	1.1	Evaluate the formal structure for its operational efficiency and cost effectiveness	<ul style="list-style-type: none"> ● Consensus about areas and direction for restructuring 	January 97 and thereafter every two years	Top management supported by consultants	Board and Chairman	Review of organization
		1.2	Modify the organization structure	<ul style="list-style-type: none"> ● Agreed and modified structure 	May 97, 99			
		1.3	Restructuring the organization	<ul style="list-style-type: none"> ● Restructuring implemented 	December 97, 99			
OD-2	Development of organizational procedures	2.1	Evaluate the effectiveness of the standard procedures	<ul style="list-style-type: none"> ● Consensus about areas and direction for modification 	January 97, 99	Top management supported by consultants		Review of procedures
		2.2	Modify the procedures	<ul style="list-style-type: none"> ● Agreed and modified procedures 	May 97, 99			
		2.3	Implementing the procedures	<ul style="list-style-type: none"> ● Procedures implemented 	December 97, 99			
OD-3	Development of job descriptions (cont. from EST-6)	3.1	Specification of responsibilities and duties for all job groups	<ul style="list-style-type: none"> ● All job descriptions completed 	December 96	Management supported by consultants	Board and Chairman	Conducting work meetings with department managers to formulate job descriptions
		3.2	Reviewing duties and responsibilities as part of organizational restructuring	<ul style="list-style-type: none"> ● Reviewed job descriptions 	December 97, 99			
OD-4	Manpower development plan (cont. from EST-5)	4.1	Forecasting of required personnel for short and medium term	<ul style="list-style-type: none"> ● Future staff requirements identified 	Dec.96	Department heads	Board	Assistance with forecast
		4.2	Recruitment of personnel for vacant positions	<ul style="list-style-type: none"> ● Identified vacancies filled (EST-5.4) 	June 97			
		4.3	Training needs assessment	<ul style="list-style-type: none"> ● Training needs identified 	July 97			

Organizational development (continued)

Act. code	ACTIVITY	Action nr.	ACTIONS	BENCH MARKS & OUTPUTS	INDICATIVE TIMING	EXECUTED BY	RESPONSIBLE	EXTERNAL SUPPORT	
OD-5	Annual reporting	5.1	Developing a system of operational and financial performance indicators	<ul style="list-style-type: none"> ● Performance indicators available 	Dec. '96	Top management	Board	Assistance with developing the system	
		5.2	Preparing format of annual report	<ul style="list-style-type: none"> ● First annual report produced 	June '97			Assistance with the first report	
OD-6	Establishing the corporate planning function	6.1	Long range strategic planning	<ul style="list-style-type: none"> ■ Masterplan update 	1998				
				<ul style="list-style-type: none"> ■ Five year financial plan ■ Business plan 	1998	Corporate planning dept.	Board	Support planning process	
OD-7	Integration of functions and administrations (cont. from EST-9)	6.2	Annual operational planning	<ul style="list-style-type: none"> ● Annual operational plans (linked to budgets) 	Annual, starting 96				
		7.1	Stores administration	<ul style="list-style-type: none"> ■ Systems and administrations integrated 	1997	Financial/Administrative sector	Board	Technical assistance	
		7.2	Customer administration						Start-up support
		7.3	Billing system						
		7.4	Personnel Administration						
7.5	Revenues administration								
OD-8	Integration of Departments	8.1	Water production Dept.	<ul style="list-style-type: none"> ■ Departments established 	1997	Deputy Chairman			
		8.2	Networks Dept.						
		8.3	New Works Department						
		8.4	Laboratories						
		8.5	Workshops						
		8.6	Customers Affairs Department						
		8.7	Wastewater Treatment Dept.						
		8.8	Sewerage Department						
		8.9	On-site sanitation Department						
		8.10	Destludging Department						
								Head of wastewater sector	

PLANNING CHART 3: FINANCIAL SYSTEMS DEVELOPMENT

act. code	ACTIVITY	act. nr.	ACTIONS	BENCH MARKS & OUTPUTS	INDICATIVE TIMING	EXECUTED BY	RESPONSIBLE	EXTERNAL SUPPORT
FM-1	Design budgeting system	1.1	Identifying cost centres	<input checked="" type="checkbox"/> Cost centres identified <input checked="" type="checkbox"/> Budgeting manual available	Oct. '96	Top management and Fin. Dept.	Head of Fin. and Admin. sector	
		1.2	System design		Oct. '96	Consultants		
FM-2	Start budgeting cycle	2.1	Preparing budgets at cost centre level	<input type="checkbox"/> Annual budgets prepared	Dec. '96	Department heads		
		2.2	Allocate budgets to cost centres	<input type="checkbox"/> Annual budgets allocated	May '97	Financial department		
FM-3	Financial reporting and budget monitoring	3.2	Establishing the budget monitoring system	<input checked="" type="checkbox"/> Budget monitoring function established	April '97			Financial management expertise
		3.3	Producing financial status reports, external and internal	<input type="checkbox"/> Quarterly reports produced	Sept. '97			
FM-4	Assets valuation	4.1	Executing assets valuation	<input checked="" type="checkbox"/> Assets register	1997	MOF and FEGAWS	Board	

PLANNING CHART 4: PERFORMANCE IMPROVEMENT

SECTOR	IMPROVEMENT AREAS	PERFORMANCE INDICATORS	Actual		Goal				Target	Target						
			90	95	96	97	98	99	2000	2005	2010					
I. Water supply improvements	<ul style="list-style-type: none"> ● Increasing water production ● Reducing water losses ● Extension of the water supply network ● Monitoring drinking water quality 	<ul style="list-style-type: none"> ▶ Installed capacity ▶ Population served ▶ l/cap available ▶ Water pressure at the fringes ▶ Supply interruptions ▶ % physical losses ▶ % unaccounted for ▶ Length of trunk mains ▶ Length of sec. pipelines ▶ Water quality parameters 	1▶ Quantifying each parameter based on actual performance '95	96	97	98	99	2000	2005	2010						
											<ul style="list-style-type: none"> ● Construction of sewer systems ● Extension of wastewater treatment capacity ● Extension of desludging capacity ● Monitoring of effluent quality ● Improving the collection system 	<ul style="list-style-type: none"> ▶ Population served ▶ Installed treatment capacity ▶ Available desludging capacity ▶ Effluent quality parameters 	2▶ Specifying the goal for each parameter derived from targets for the year 2000			
														<ul style="list-style-type: none"> ● Control of illegal connections ● Decreasing number of improper water meters ● Decreased percentage of unpaid water 	<ul style="list-style-type: none"> ▶ Total revenues collected ▶ Billing efficiency ▶ Number of illegal connections ▶ Number of improper water meters ▶ Percentage of unpaid water 	3▶ Specifying actions for each performance improvement area
<ul style="list-style-type: none"> ● Underserved areas programme 	<ul style="list-style-type: none"> ▶ Masterplan updating 	5▶ Masterplan updating														

INDICATIVE ACTIVITY SCHEDULE

ACTIVITY	act. code	1996 (months)						1997 quarters				1998 quarters				1999 half year		2000 half year			
		1	2	3	4	5	6	1	2	3	4	1	2	3	4	1	2	1	2		
ESTABLISHMENT OF FEGAWS Appointing the top management Developing the formal organization structure Preparing the office accommodation Assets inventory Preparing the staffing plan Preparing the job descriptions Transfer selected staff Providing the budget Integration of systems and administrations	EST																				
	EST-1																				
	EST-2																				
	EST-3																				
	EST-4																				
	EST-5																				
	EST-6																				
	EST-7																				
	EST-8																				
EST-9																					
ORGANIZATIONAL DEVELOPMENT	OD																				
Development of organizational structure	OD-1																				
Development of organizational procedures	OD-2																				
Development of job descriptions	OD-3																				
Manpower development plan	OD-4																				
Annual reporting	OD-5																				
Corporate planning	OD-6																				
Integration of functions and administrations	OD-7																				
Integration of Departments	OD-8																				
FINANCIAL SYSTEMS DEVELOPMENT	FM																				
Design of budgeting system	FM-1																				
Start budgeting cycle	FM-2																				
Financial reporting and budget monitoring	FM-3																				
Assets valuation	FM-4																				
PERFORMANCE IMPROVEMENT	PI																				
Continuous programme 1996-2000																					

Legend:
 ■ Concrete output
 ● Output requiring regular updating
 ▲ Tangible process output
 ▶ Action continued
 ◀ Linked to previous action

Annex 1
Presidential decree

PRESIDENTIAL DECREE
NO. 281/1995
FOR THE ESTABLISHMENT OF AN ECONOMIC GENERAL AUTHORITY
FOR DRINKING WATER & SANITARY DRAINAGE
AT SOME GOVERNORATES

The President,

Upon perusal of the Constitution, and
Law No. 308/1955 for administrative confiscation, and
Law No. 93/1962 for drainage of liquid waste matter, and
Law No. 61/1963 for the issuance of the law of general authorities, and
Law No. 44/1965 for organizing the auditing departments of the General Authority and its affiliated institutions, companies, corporations and associations, and
Law No. 53/1973 for the State general budget, and
Law No. 47/1978 for the issuance of law of civil servants, and
Law No. 43/1979 for the issuance of law of local administration & its statute, and
Law No. 48/1982 for the protection of the River Nile and water streams from pollution, and
Law No. 9/1983 for the issuance of the law governing tenders and adjudications, and
Law No. 5/1991 for key positions at the State Administrative Agency & Public Sector, and
Law No. 4/1994 for the protection of the environment, and
Presidential Decree No. 4723/1966 for the adoption of the Unified Auditing System, and
Presidential Decree No. 2420/1971 for the regulation of the governmental organ, and
Upon the approval of the Ministerial Cabinet, and
Upon what deemed appropriate to the State Council,

Decided
(Article I)

Economic general authorities are to be established in governorates of Aswan, Minia, Beni Sweif, Fayoum, Dakahleya, Gharbeya & Sharkeya, each following its competent governor, located at the capital of each governorate, having its legal status and subject to the provisions of the Law of general authorities.

(Article II)

Each authority stipulated for in the foregoing Article is an authority responsible for projects and works of drinking water and sanitary drainage within the governorate and is concerned with operating and maintaining drinking water & sanitary drainage networks. All affiliated, connected and complementing establishments revert to such authority, upon which the actual water and sanitary drainage utilities within the governorate depend, and which is entitled to exploit them, as follows:-

- 1- Preparing general and detailed plans for drinking water and sanitary drainage projects and works within the governorate.

- 2- Managing, operating and maintaining drinking water and sanitary drainage utilities, and undergoing any extension or supportive works for the utility, as well as providing local stuff and necessary equipment for operation and maintenance work.
- 3- Carrying studies, applied researches and economic & financial studies for drinking water and sanitary drainage projects.
- 4- Setting designs for projects and supervising their execution according to schedule, and adopting contractual procedures.
- 5- Announcing project tenders and bids, conducting local and foreign negotiations, taking decisions, concluding contracts and supervising their execution.
- 6- Participating with the concerned authorities in setting drinking water & liquid waste matter drainage criteria.

(Article III)

The Board of Directors of each authority is formed as follows:-

- Chairman
- Vice-chairman for Technical Affairs
- Head of Department concerned with water affairs of the Authority
- Head of Department concerned with sanitary drainage affairs of the Authority
- Head of Department concerned with financial affairs of the Authority
- Head of Competent Counseling Department
- Director of Housing & Utility Directorate at the governorate
- Director of the Health Affairs Directorate at the governorate
- Representative of the General Authority for Regional Planning, selected by the competent minister
- Representative of the Ministry of Public Works & Water Resources, selected by the competent minister
- Representative of the Governorate, selected by the Governor
- Representative of the National Authority for Drinking Water & Sanitary Drainage, selected by the competent minister
- Two experts in drinking water and sanitary drainage affairs, selected by the Governor for two years to be extended upon the nomination of the Head of Authority

(Article IV)

The Board of Directors of each authority is the supreme power, dominating all its affairs, according to the provisions of the Law of General Authorities. It can adopt whatever decisions that deem appropriate and necessary for the achievement of its goals, particularly:-

- 1- Proposal of the general policy for utilities managed and exploited by the authority, within the scope of the State policy and general plan

- 2- Proposal of projects for developing utilities within the authority and their executive programmes
- 3- Setting statutes and regulating decisions pertaining to financial and administrative affairs and their personnel, without being limited to governmental rules and regulations
- 4- Approval of the annual draft balance sheet and its closing account, as well as the authority's general and investment budgets
- 5- Establishing training centres to raise the administration's productive efficiency and for operation and maintenance within the fields of water and sanitary drainage
- 6- Concluding loans and accepting grants and donations, according to provisions of the Law
- 7- Following up periodical reports upon the work progress at the Authority and its financial status
- 8- Considering what the competent governor or chairman finds worth submitting to the Board of Directors from issues lying within the competence of the authority
- 9- Proposal of conditions and tariffs of selling drinking water and sanitary drainage services in a mode that guarantees an equilibrium among the different administrations, according to local programmes set down by the Board. A Ministerial Arrêté is released with such tariffs

(Article V)

The Board of Directors could refer some of its competences to a committee of its members, chairman, or one of the directors within the Authority. Furthermore, the Board could delegate one of the directors within the authority for a specific task.

(Article VI)

The chairman represents the authority in its relations with others and before Court.

(Article VII)

The Board convenes upon an invitation from its chairman at least once a month, and whenever it deems necessary to the Board. Furthermore, the competent governor could call for a meeting and is entitled to attend the Board sessions, where he presides. The Board meeting is only valid if the majority of members are present. Decisions are adopted according to the majority of votes and when the votes are equal on both sides, the chairman's side prevails. Minutes of meetings and decisions issued are taken down and signed by the Chairman.

(Article VIII)

The chairman notifies the competent governor with the decisions of the Board within seven days from their issuance. Such decisions enter into force only after their adoption from the latter, or upon the lapse of 30 days from their arrival to him, without any objection thereupon. This does not apply to matters that necessitate the issuance of a decision from another authority.

(Article IX)

The chairman is responsible for managing the authority and regulating its affairs, according to the provisions of the Law of General Authorities and of this decree, as well as programmes approved by the Board. He is also responsible for executing the general policy that is set to accomplish the objectives of the authority and to implement the decisions of the Board. He can delegate one director or more in certain competences of his.

(Article X)

Resources of each authority are formed of the following:-

- 1- Revenues from managing and exploiting utilities under its administration
- 2- Allocations allotted to it within the State budget or the governorate budget
- 3- Any concluded loans, according to provisions of the Law
- 4- Donations and contributions accepted by the Board - where funds of the authority are considered public funds

(Article XI)

In auditing and controlling accounts of each authority, provisions of the Law and decisions issued for auditing departments of the General Authority are adopted.

(Article XII)

Each authority has its separate annual budget and closing accounts, in which provisions of balance sheets and accounts of the economic general authorities are applied. The fiscal year starts with the State's fiscal year and ends with it. Funds of each authority are deposited in a special account in its name and are allocated for its own expenses. The authority also holds systematic accounts, according to the Unified Auditing System. The closing account and general budget of the authority are submitted annually to the chairman to be adopted in due time.

(Article XIII)

All personnel at drinking water & sanitary drainage utilities are transferred to each authority in the governorate in their same status at the entering into force of this decree.

The personnel are subject to the State civil servant rules & regulations, until the Board of Directors sets its own rules & regulations, according to what deems appropriate to the nature of its activities and in accordance with the provisions of this decree.

(Article VIII)

The chairman notifies the competent governor with the decisions of the Board within seven days from their issuance. Such decisions enter into force only after their adoption from the latter, or upon the lapse of 30 days from their arrival to him, without any objection thereupon. This does not apply to matters that necessitate the issuance of a decision from another authority.

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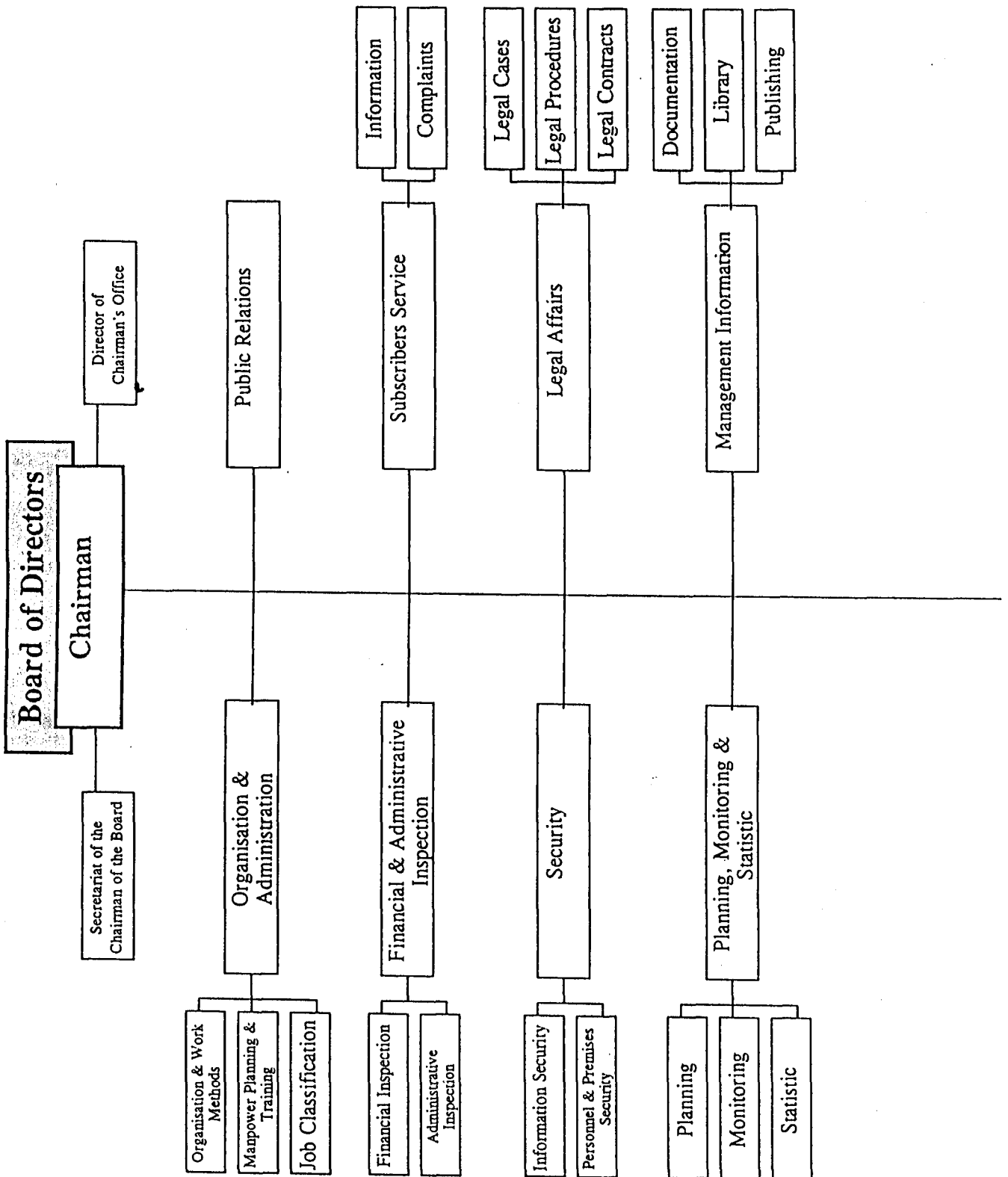
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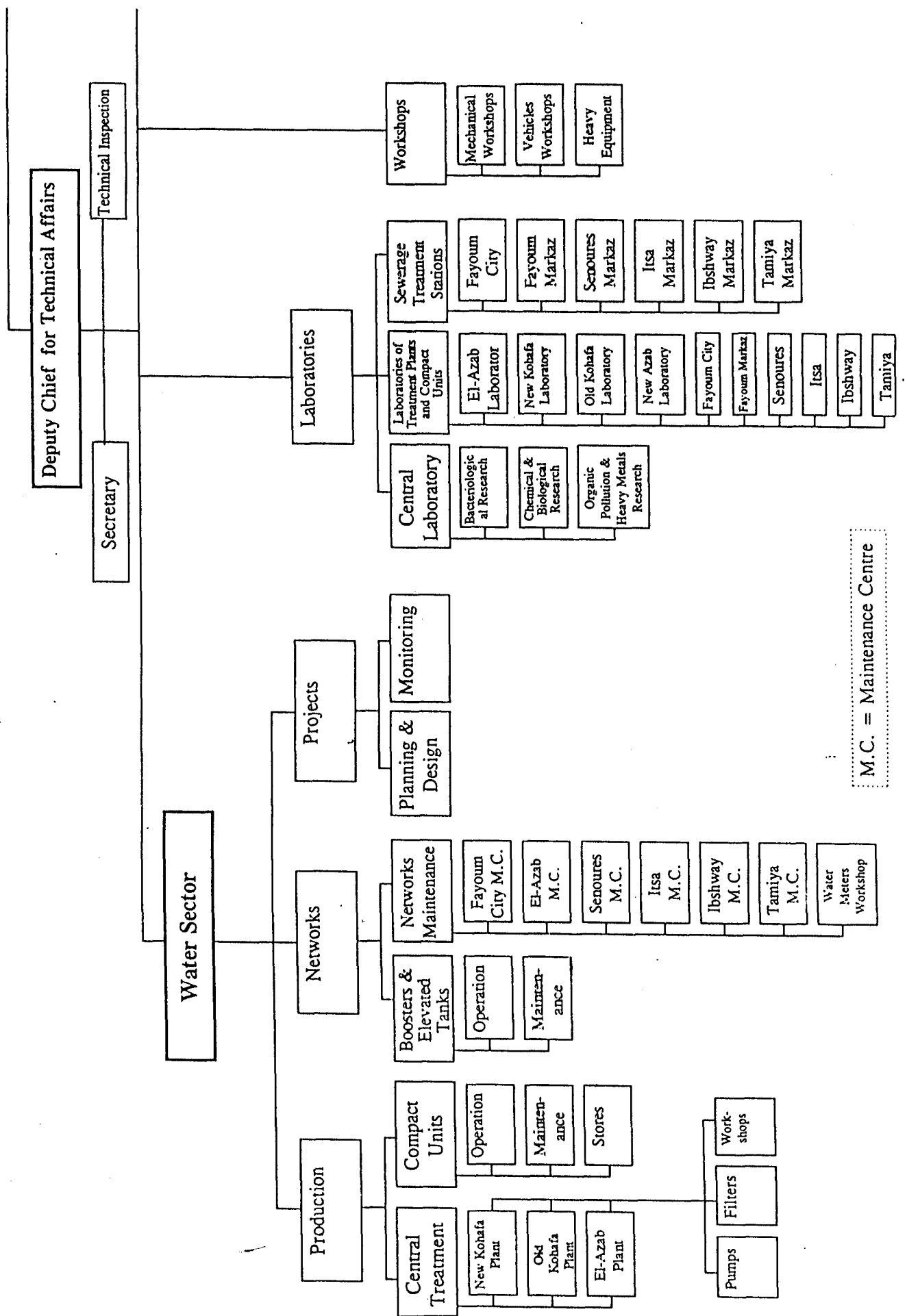
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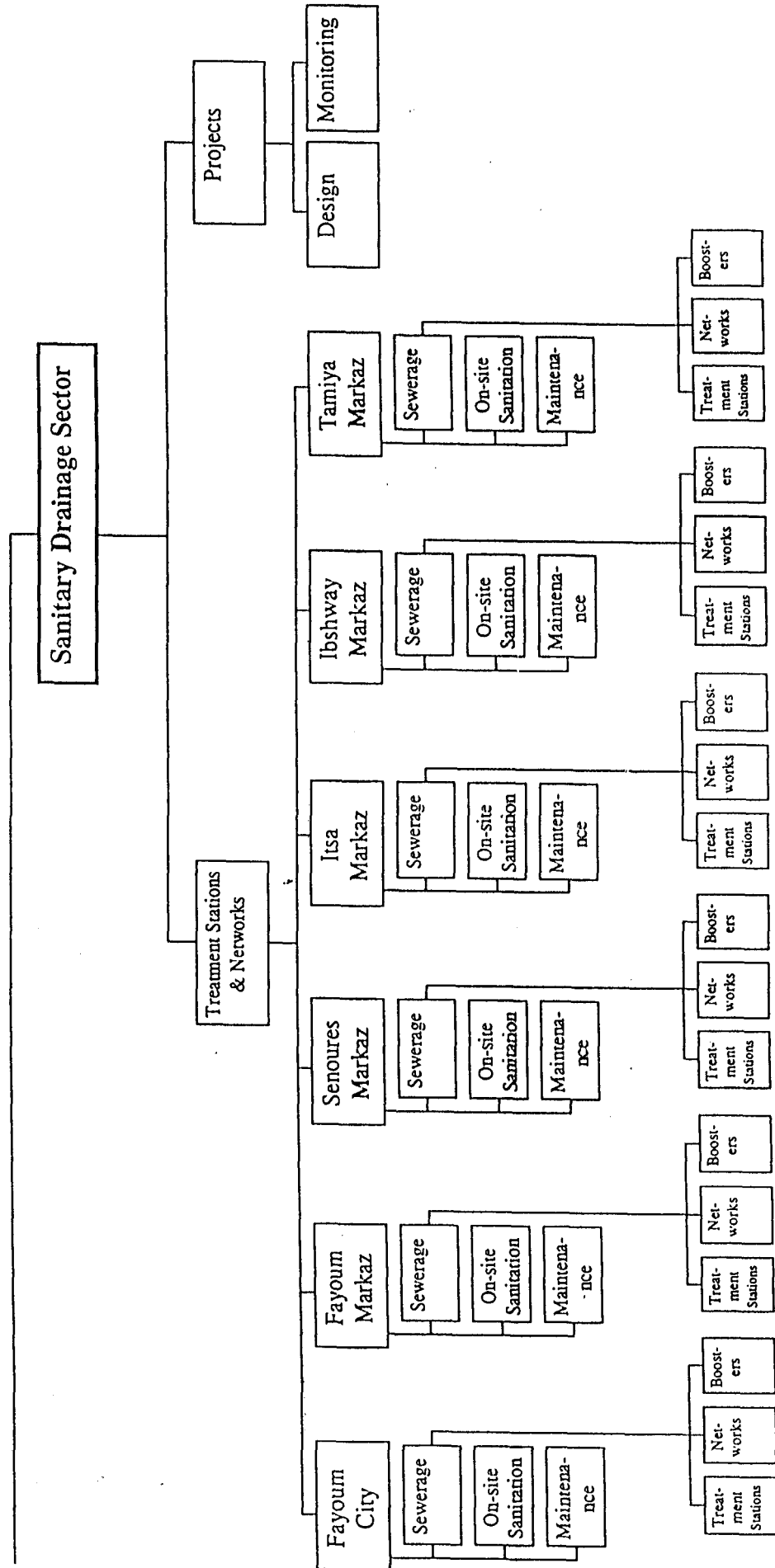
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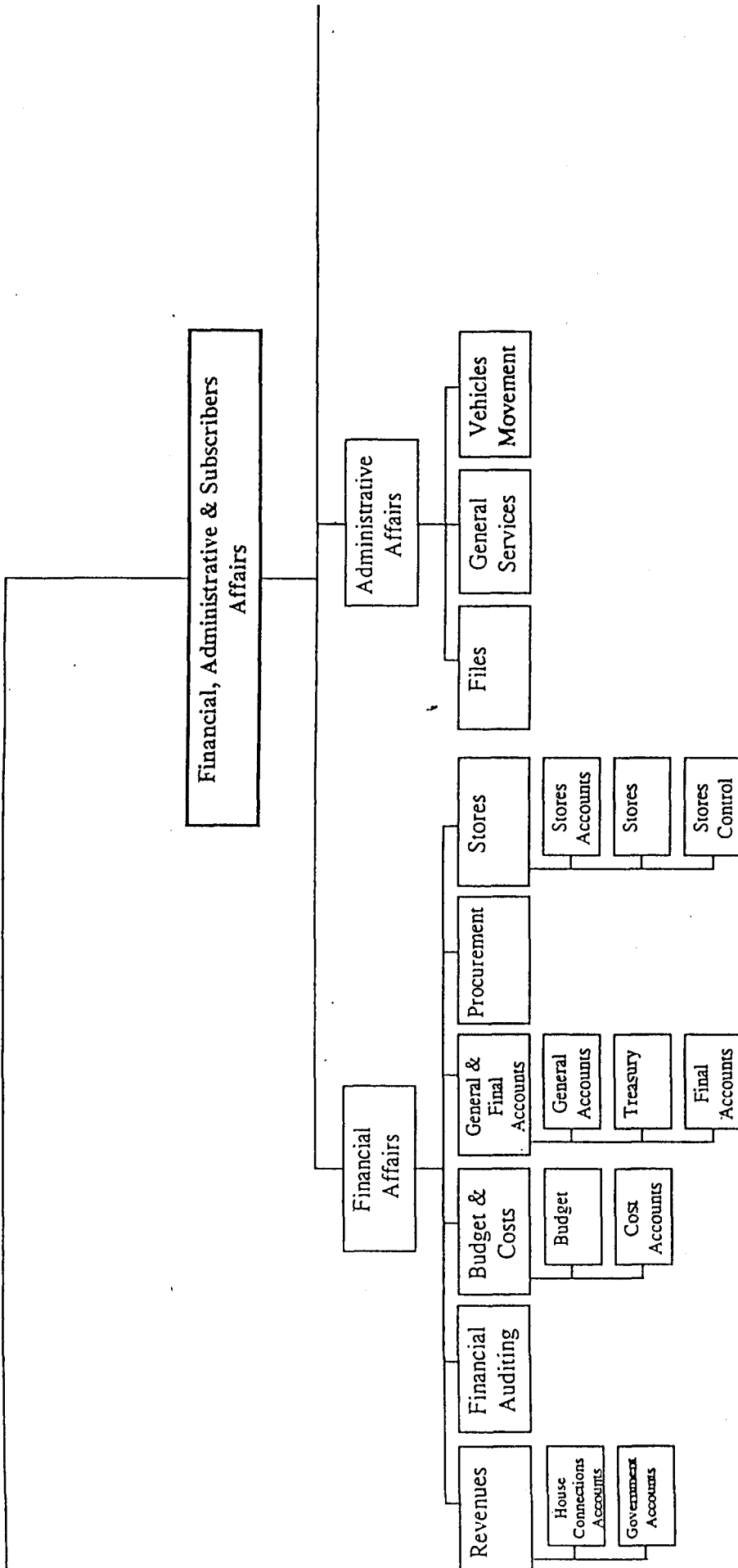
Annex 2
Organizational structure



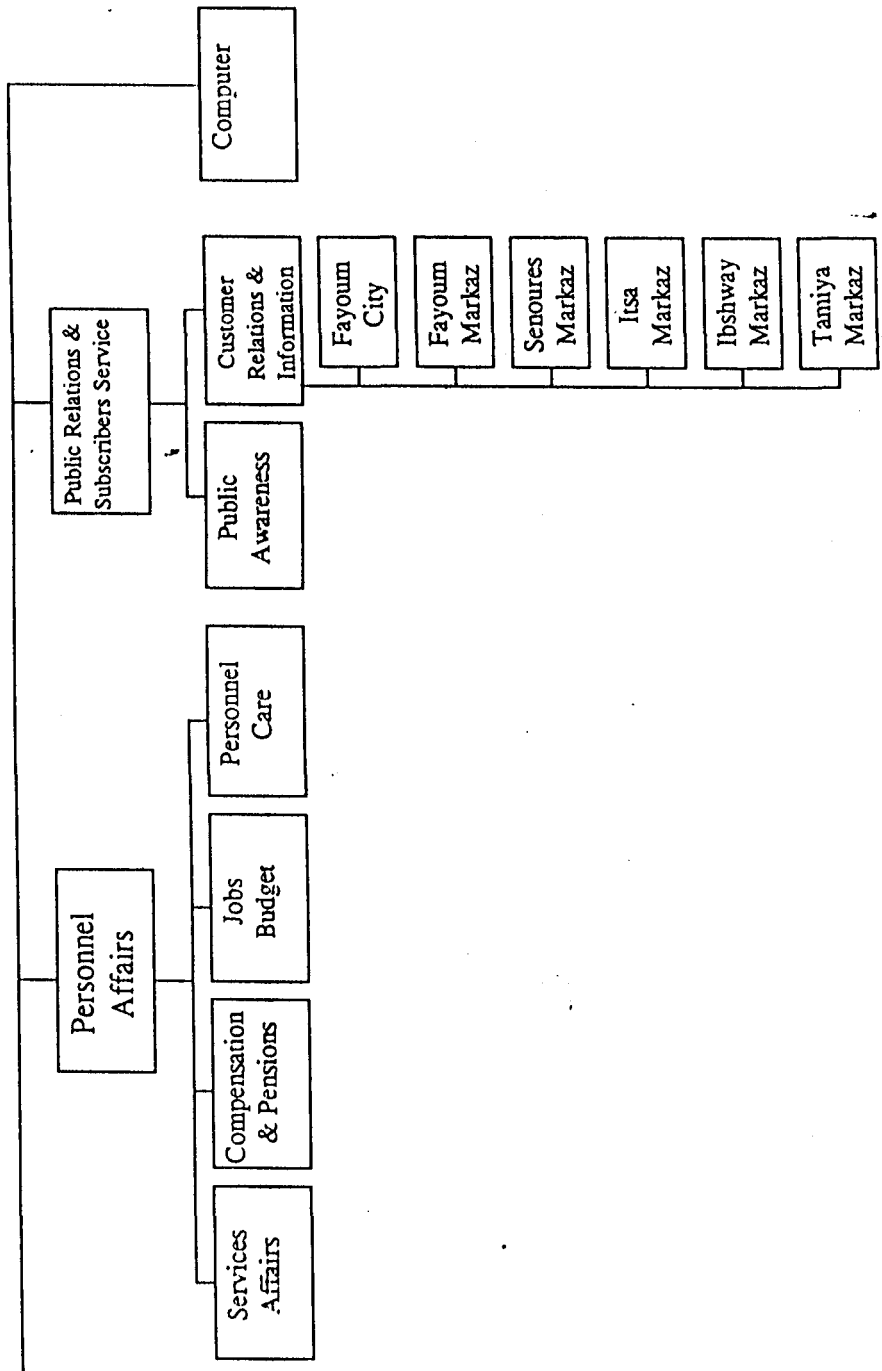


M.C. = Maintenance Centre





Financial, Administrative & Subscribers Affairs (continued)



Annex 3

Analysis of centralized and decentralized duties

1. WATER SUPPLY

Main function	Elements to be merged	Centralized duties	Decentralized duties
Water production	1. Central treatment plants 2. Compact units	Central production management	Plant operation and maintenance based on delegated authority to Plant Manager
		Central procurement of materials, chemicals and spare parts	- Plant workshop, - store and - plant laboratory
		Central compact units management	Compact unit O&M
		Gradual phasing out of compact units	
Water distribution	1. El Azab network 2. Fayoum City network	Central distribution management incl. control of booster stations and monitoring of flow and pressure in trunk mains	Secondary and tertiary network monitoring and maintenance from district centres based on delegated authority to Head of DC
		Central procurement of spare parts, valves etc.	Workshop and store in every DC
		Controlled integration of the two networks	Fayoum city to be added as an additional District Centre
Water quality control	1. El Azab laboratory 2. Fayoum city laboratory	Establishment of central laboratory facility	Treatment process oriented plant laboratories
New works (water supply)	1. New pipelines 2. Rehabilitation works 3. New production facilities 4. Equipment	Establishment of a central New Works Department with three main duties: planning, design and supervision	
Water delivery	Service connections for households, governmental bodies, industry, commerce etc. in all of the Governorate	Central meter repair workshop (procedures shall be simplified)	Installing new connections by DC's; replacing defective meters for repair
	Public taps in all of the Governorate	Central planning and coordination public tap activities	Public taps maintenance and upgrading by DC's

2. WASTEWATER OPERATIONS

Main function	Elements to be merged	Centralized duties	Decentralized duties
Wastewater treatment	1. Central treatment plants	Central wastewater treatment management	Plant operation and maintenance based on delegated authority to Plant Manager
	2. Local treatment plants	Central procurement of materials, chemicals and spare parts	- Plant workshop - store, and - plant laboratory
Influent and effluent quality	1. El Azab laboratory 2. Fayoum city laboratory	Establishment of central wastewater laboratory facility	Treatment process oriented plant laboratories
Pumping stations and force mains	1. Fayoum City 2. Regional (clusters)	Central management of pumping stations and force mains	Supervision of O&M from treatment plants
		Central procurement of spare parts, valves etc.	
Sewer systems	1. Fayoum city 2. Markaz capitals 3. Village networks	Central management of sewer systems	Execution of O&M from District Centres under the responsibility of a chief engineer for sewerage, resorting under the Head of the DC
		Central procurement of spare parts, tools, equipment etc.	Workshop and store in every DC to be expanded
		Provision of specialized O&M services	
New works (wastewater)	1. New sewer systems 2. Rehabilitation works 3. New treatment facilities 4. Equipment	Establishment of a central New Works Department with three main duties: planning, design and supervision	
Sewer connections	Sewer connections for households, governmental bodies, industry, commerce etc.	Central automated customer and billing administration; the new El Azab system shall be expanded to include wastewater	Fee collection decentralized from District Centres (combined with water bill)
			Application for new connection delegated to the District Centre (procedures shall be simplified)
On-site sanitation	1. Desludging and sludge disposal; 2. Promotion of improved latrine systems, aimed at reducing sludge volumes	Central management of desludging services and sludge disposal sites	Markaz level desludging services to be transferred to GA, with operational responsibility at Markaz level
		Execution of a latrine and septic tank testing and demonstration programme	Establishing desludging services at village level for serving individual households. Construction of temporary disposal tanks. GA/Markaz desludging services will gradually shift to emptying temporary disposal tanks.

3. WATER AND WASTEWATER SUPPORTING SERVICES

Main function	Elements to be merged	Centralized duties	Decentralized duties
Financial Affairs	Financial affairs section of El Azab and part of Fayoum city	Financial accounting	
		Budgeting, budget control and cost accounting. Monitoring of cost centres	Budget management and cost control at cost centres
		Preparing financial statements and financial analysis	
		Revenue management: central customer and billing administration (the new El Azab system shall be expanded to include the city)	Meter reading and bill collection at district centre level; Application for new connection delegated to the District Centre (procedures shall be simplified)
Administrative Affairs	Administrative affairs section of El Azab and part of Fayoum city	Stores administration	Decentral stores administration at plant sites and DC's
		Payroll administration	
		Personnel administration	
		Computer department (administrative automation)	Customer water consumption and billing and payment data available at DC's
		Procurement	
		Files, reports and documentation	
Customer relations	Customer relations is in the early stage of implementation in El Azab; in Fayoum city integrated in the municipalities customer services department	A central department for customer affairs	Customer information about bills, procedures etc. at DC level
			Complaints at DC level
			Applying for new connection W&WW at the DC
General support departments	Elements of present central staff departments in El azab and Fayoum city	Organization and administration	
		Financial and administrative inspection	
		Legal Affairs	
		Management information	
		Security	
		Planning, monitoring and statistics	
		Public relations	
		Citizen services	
Supporting services		Transport (vehicles and workshop)	Plant and DC vehicles
		Communication system	