



Geneva, 22 October 2014

Session V : Management and performance based contracts

Algiers case

Achievements and revised contract structure

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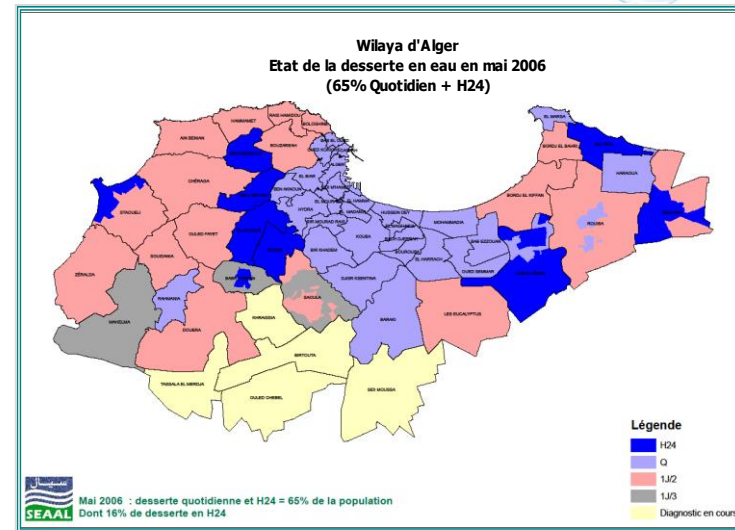
A critical situation in the 2000's



Low level of water and sanitation services in 2006
Hydric stress 2000-2003

Heavy social impact :

- ✓ Strong expectations for continuous water service
- ✓ Poor image of the Public Service
- ✓ No recognition and low mobilization of employees



Why a Management Contract in Algiers ?

- ✓ provide a pilot structure to modernize the water service in Algeria
- ✓ develop an integrated approach for water and sanitation services
- ✓ implement operational and managerial skills
- ✓ enhance quickly the quality of life of the citizens
- ✓ need of support by international expertise

Suez Environnement - SEAAL

A pilot case for Algeria



Governance

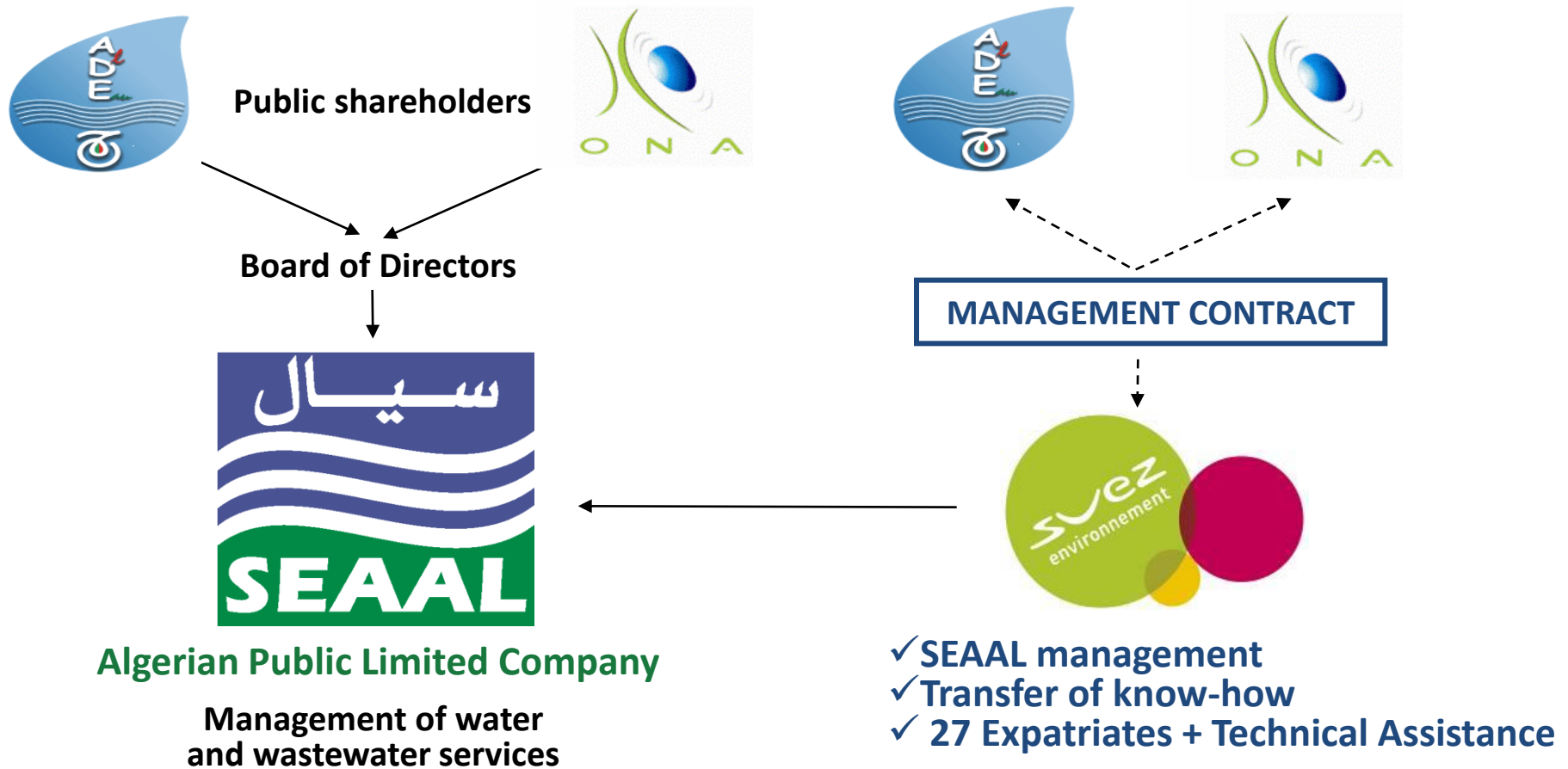
- ✓ A dedicated 100% public company is created : SEAAL
- ✓ 2 public shareholders : Algérienne des Eaux (ADE) & Office National de l'Assainissement (ONA)
- ✓ Mobilization of Public financial resources
- ✓ Tarif controlled by State, unchanged
- ✓ Shared Road Map clearly identified
- ✓ Financial, human and material resources are allocated

Scope of intervention :

- ✓ Water production & distribution
- ✓ Sanitation
- ✓ Customer services



SEAAAL's Management contract



Targets SEAAL 1 (2006-2011)



Bring the water and wastewater services of Algiers to International Standards level within 5 years

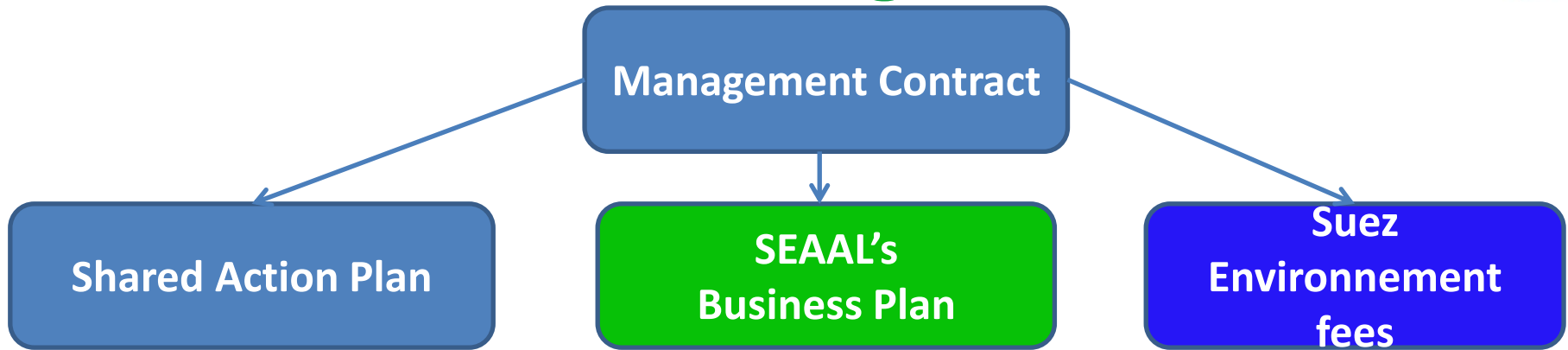
- reach 24/24 supply (08% in 2006)
- Increase efficiency of sanitation
- modernize customer service
- improve asset management



Transfer the technical know-how of SE to local teams

- develop within SE AAL methodologies and technologies of international level
- modernize overall management
- train local teams (5800 employees)
- integrate SE AAL within the international network of water and wastewater experts

Financial mobilization to achieve contract targets

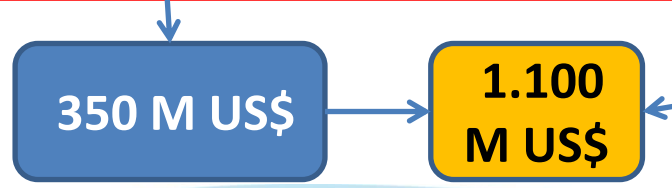


Common & detailed Road Map

<p>STATE</p> <ul style="list-style-type: none"> • SEAAL's New assets 	<p>SEAAL</p> <ul style="list-style-type: none"> • Service management • Assets Renewal
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<p>Assets Renewal : 330 M US\$</p>
<p>Company equipment 100 M US\$</p>
<p>SEAAL Turn Over 250 M US\$</p>
<p>Service subsidies 70 M US\$</p>

<ul style="list-style-type: none"> • Expatriates (27) • Techn. Assist. (2.000 days) • International training (500 days) • Management of SEAAL (4200 public employees) • Transfer of Know How <p>150 M US\$</p>
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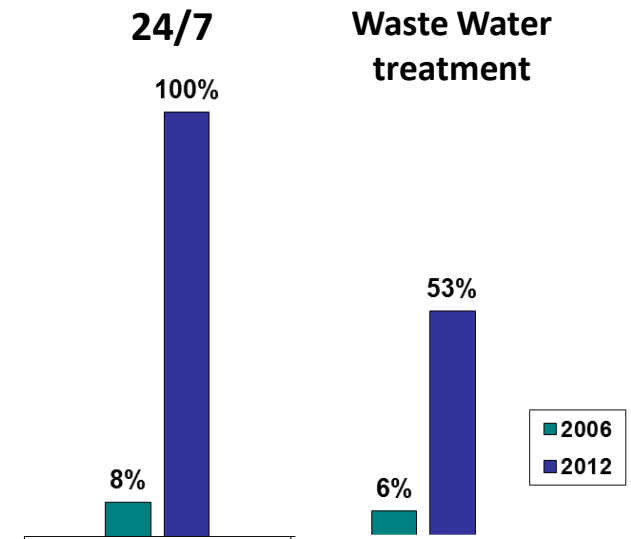


SEAAAL 1 Achievements (2006-2011)



Efficient water, sanitation and customer services

- 24/7 access to quality water, meeting international standards
- 53% waste water treated (6% in 2006)
- 67 beaches open (39 in 2006)
- Renovation action plan has been carried out at 97%
- Call center 24/7 and 120.000 customers integrated (550 000 customers in 2012)
- 86% customers satisfied



Transfer of know how

- WIKTI Methodology implemented 360°
- 4.000 employees trained
- 70.000 training days
- 55% of trainings by algerian managers in 2011

Respect of the SEAAAL's Business Plan

- Technical targets compliant
- Savings on BP = Cost of the operator
- Tarif unchanged since 2006



So why a second Contract ??



A shared feeling of a “success story”:

- ✓ Technical achievements OK
- ✓ Business Plan respected
- ✓ Operational skills of local teams implemented and recognized by citizens and Authorities
 - > **Confirmed by Authorities audit in 2010/2011 (120 men days audit)**



- ✓ Strong managerial skills improvement of local managers
- ✓ Corporate culture implemented
- ✓ Stakeholders satisfied : Customers, Employees, Trade Union, media
- ✓ Win-win capitalization of the success
 - > **Public Service image restored**
 - > **International recognition of the “Algiers’s Case”**



So why a second Contract ??



A favourable context for continuity:

- ✓ High political sensitivity of the continuous water supply in the Capital
- ✓ Psycho sociological study on the top management showed a risk of lower involvement in case of out flow of the Suez Environnement experts
- ✓ Surrounding Wilayas call for improvement of their own water supply
- ✓ Convergence of views between stakeholders : the win-win project must go on

Decision of the Authorities to renew and extend the contract, with 3 new targets (2012-2016):

1. Consolidate the operational skills
2. Expand the territory / demonstrate the reproducibility : Wilaya of Tipasa + surrounding water production systems
3. Implement managerial KHT for long run autonomization of the Public Service



SEAAL 2 : Consolidation of the operational skills : « know how to do »

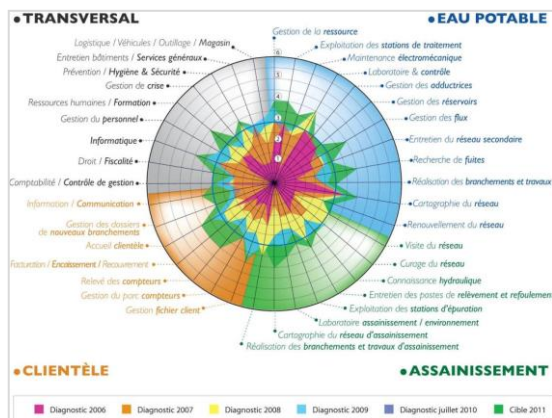
- ✓ Implementation in Algiers of “WIKTI V2” + autonomy
 - ✓ Better assessment of the operational maturity
 - ✓ Updated and more comprehensive toolkits
 - ✓ All WIKTI process advisers are henceforth algerian
- ✓ 2/3 of the Suez Environnement experts on the field with local teams
- ✓ 18.000 training days / year
- ✓ Specific training effort towards the new incorporated teams



Focus on WIKTI Methodology

Further transfer of technical know-how from SE to local teams, homogeneously

A tool to optimize the operational performance



3

MONITORING

1

**SEGMENTATION
DIAGNOSIS
TARGET
- 38 activities**

2

IMPLEMENTATION
Technical skills
& Unifying natural ability



SEAAL 2 : territory expansion / proof of reproducibility



✓ Wilaya of Tipasa

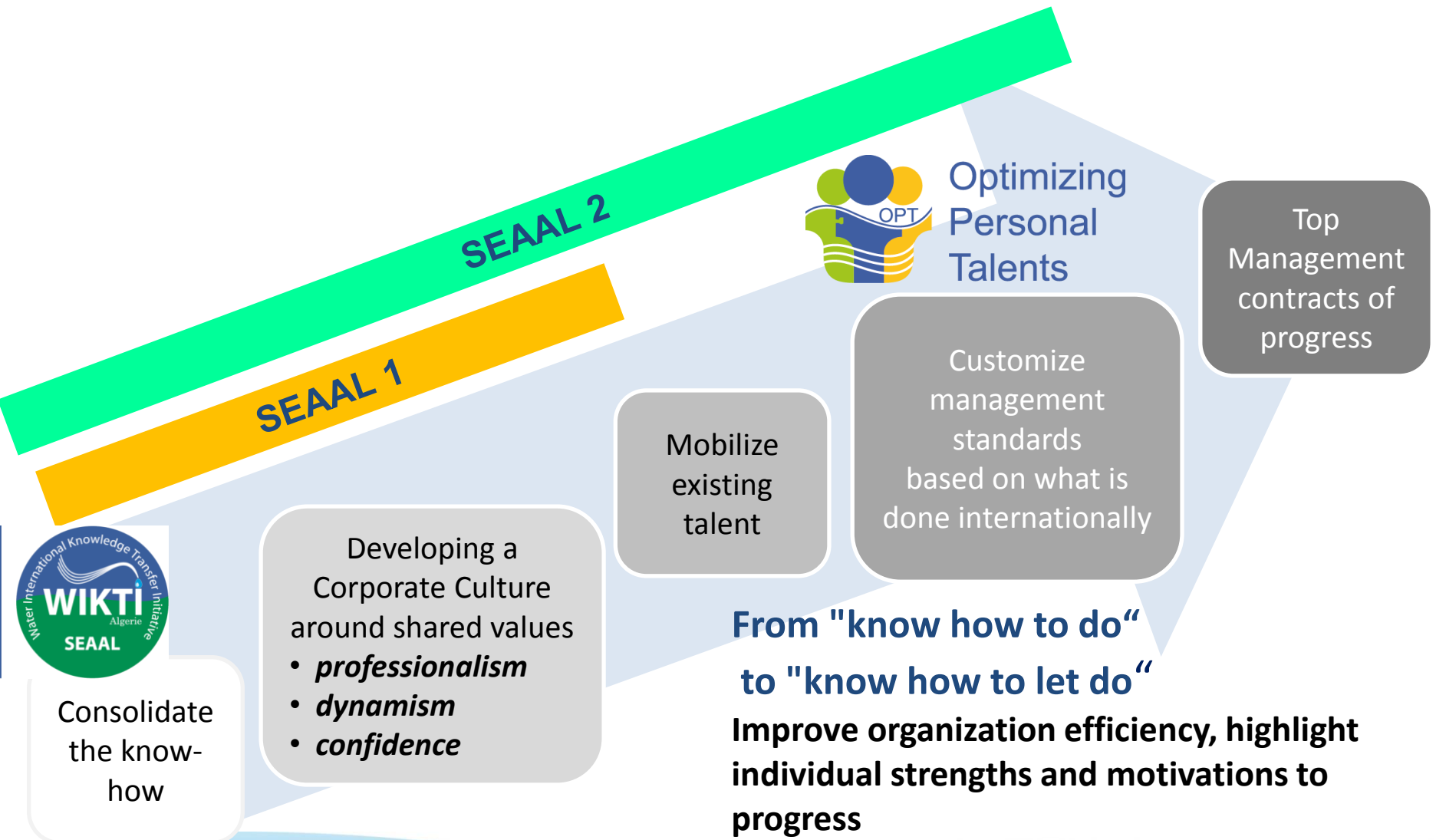
- ✓ + 20% population
- ✓ + 1.200 employees
- ✓ Diagnosis implemented + management by Algiers's teams supported by SE

✓ Water Treatment Plan of Taksebt

- ✓ Operated for 5 years by SNC Lavalin
- ✓ Algeria's largest plant (605.000 m³/d)
- ✓ 200 employees



SEAAL 2 : Managerial empowerment : « know how to let do »





Focus on the OPT methodology



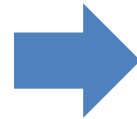
Support the empowerment through acquisition of managerial competencies

- ✓ Managerial culture in common
- ✓ Optimization of individual talents
- ✓ Individual Contracts of Progress with practical and personalised managerial actions



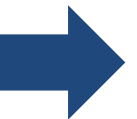
Customized managerial skills framework

- Inspired by international standards
- In accordance with strategic and operational issues



Personal Interviews (250 top managers)

- By consultants in occupational psychology
- Identification of existing individual potentials



> PROACTIVE MANAGERS !

Contracts of Progress « tailor-made »

- Deployed top->down
- Annual progress assessment

SEAL : Key figures 2006 -> 2014



24/7 Algiers	08%	➔	100%
24/7 Tipasa (since 2012)	10% ?	➔	46%
Water quality compliance Algiers	94%	➔	100%
Water quality compliance Tipasa	93%	➔	99%
Wastewater collected	93%	➔	98%
Wastewater treated	06%	➔	65%
Beaches open :	39	➔	72
Customers	422 .000	➔	694.000
Turnover + CAPEX	34 M US\$	➔	184 M US\$
Customers collection rate	70%	➔	92%
Employees	3.900	➔	6.200
Training	115.000 days		
Quality Management System	ISO 9001 – 2008 ISO 26000 ongoing		

Conclusion



A model of PPP well adapted to Algerian Utilities context ...

- ✓ Mobilizable operational and managerial skills
- ✓ Need of support by an international expertise
- ✓ Ambition of quick implementation of service
- ✓ State financing capacity in line with project ambitions
- ✓ Will to capitalize on new skills

Based on...

- ✓ **Serious previous diagnosis, an accurate & shared roadmap, an adapted business plan**
- ✓ **Win-win approach and a sustainable involvement of the co-contractors**
- ✓ **Ability of the operator to adapt to the local context**
 - ✓ Understand and apply local regulations
 - ✓ Adapt management to the local socio-cultural reality
- ✓ **Ability of the operator to mobilize the public structure**
 - ✓ Building a 360° strategic vision of the management of the services
 - ✓ Capitalize its international experiences to operate efficiently
 - ✓ Involve local project teams, rely on internal talent and valorize them (share the success...) + implement corporate culture



Thank you for your attention !