



Performance Contract for the Water Sector in Oman

One Team for One Goal
First Four Years of Operations: 2011-2014



Advancing Development With Long-Term Water Management Plan

The Sultanate of Oman is experiencing one of the fastest economic growths in the world since 1970. In an arid climate, Oman mostly relies on sea water as a key resource to support the country's development and people's access to water.

The Public Authority for Electricity and Water (PAEW) is responsible for providing drinking water in Oman. PAEW is building, operating and maintaining water network and water related assets.

- National water service provider (except the City of Sohar and the Dhofar Region)
- Drinking water networks and distribution
- 1,600 employees - 350,000 customers
- 1,100 subcontracted employees
- 80% of desalinated water
- 1,800 operating locations throughout the country

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PAEW will be facing TWO MAJOR CHALLENGES in the future:

A significant growth of water assets and service coverage with an objective of supplying piped water to more than 90% of the Omani population

The need for service and performance improvement to meet the growing customers' expectations

Following the aim of increasing operational efficiency in water management and customer satisfaction, while contributing to its people's development, PAEW decided to launch a **Performance Contract**, awarded in 2011 to Veolia for a period of five years.

Working In Partnership Through an Innovative Contractual Scheme

Veolia is directly integrated into PAEW's organization and accountable for the Authority's results. PAEW and Veolia work together in partnership, forming one team with one goal.

Cooperation is therefore maximized with one sole objective: making PAEW a reference in water utilities to the benefits of its customers.

A Compelling Option for PAEW

This performance-based contract has enabled PAEW to benefit from the experience of Veolia group to improve the performance of their services and recommend new technical, technological and Human Resources solutions, while keeping environmental risks under control and reducing operating costs.

10 Key Staff Seconded Into PAEW for Operational Management

- Operations & Maintenance (O&M)
- Water quality
- Customer service
- Projects execution
- Planning and asset management
- Technical standards
- IT
- Health, Safety and Environment
- Quality management
- Human Resources

9 Major Projects

- Human resource development, training and knowledge transfer
- Water business based policies and strategies development
- Strategic business plan and 2035 Master Plan preparation
- Water business based operational manuals & procedures development
- Development of an asset register & asset management planning system
- Implementation of a performance monitoring system
- Implementation of a customer services management system
- Implementation of capital management system
- Development and implementation of the Non-Revenue Water (NRW) Strategy

Constant Strategic and Operational Engineering Support

Implementation of Additional Structuring Business Tools

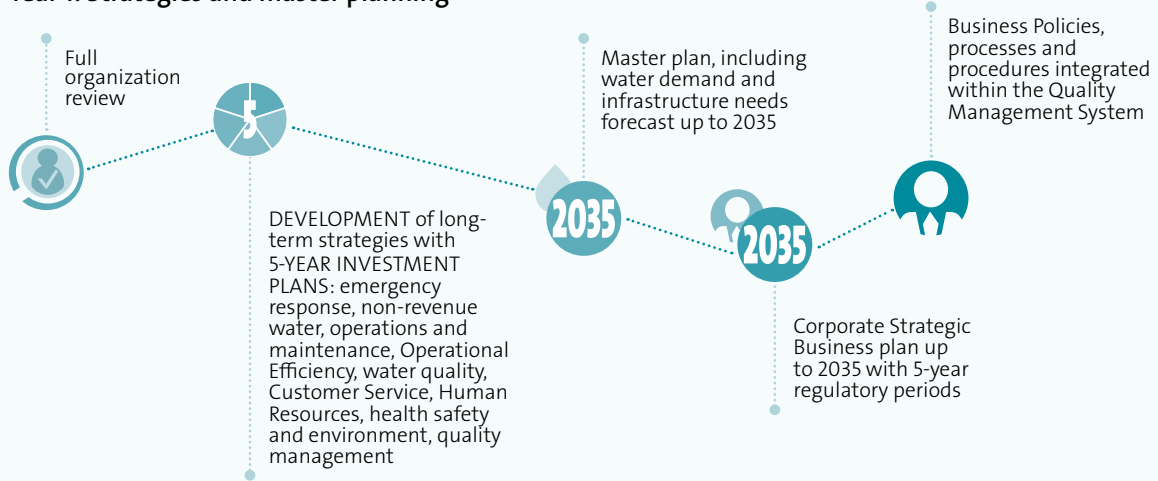
- Operational hydraulic modelling support
- SCADA Master Plan development
- Computerized Maintenance Management System (CMMS) implementation



Timeline

STEP 1

Year 1: Strategies and master planning



STEP 2

Year 2 to 5: Implementation

Day to day management to implement strategies

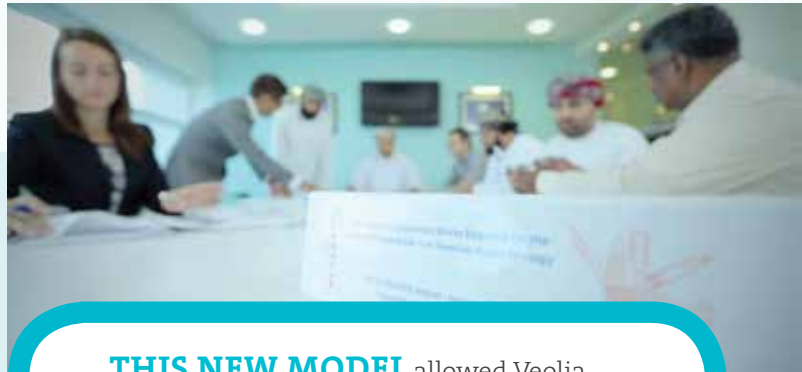
Alliance of Veolia's Competences From Consulting to Operations

The success of this contract is based on the alliance of Veolia's competences, from consulting engineering to operations services.

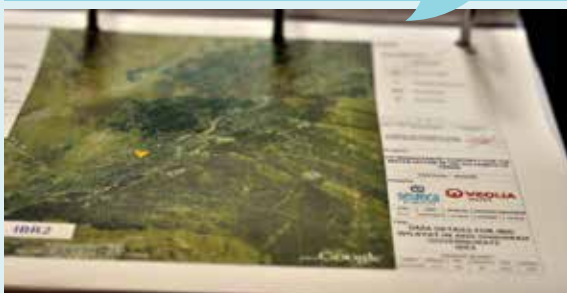
Seureca, the consulting engineering subsidiary of Veolia, provides continuous strategic and engineering support over the period of the contract to Veolia and PAEW through a permanent team of 15 engineers, and more than 30 international experts, to support the definition and the implementation of the improvement program.

"The full range of Veolia unique expertise, from Seureca engineering support to day to day utility management, was necessary to ensure that strategies were designed, successfully implemented and handed over to our client."

René Matillon - Veolia Contract Manager / PAEW Operations General Manager"



THIS NEW MODEL allowed Veolia to deliver measurable results towards performance. Four years after the start of the contract, the optimizations of operating methods have brought significant improvement in the quality of service while, at the same time, training the existing workforce and enhance water conservation.





Progress Summary: 2011-2014

BUILD A STRATEGIC ROADMAP

During the first two years of the contract, Veolia teams have worked in cooperation with PAEW to elaborate five-year strategies covering the critical areas of a water business.

Those strategies were then aggregated into a comprehensive strategic business plan, integrating the Oman water sector Master Plan up to 2035. These strategies were then translated into processes, manuals and procedures to determine each step of the work and enable the organization to work towards four strategic targets:

- Improve operational efficiency
- Develop Human Resources
- Become a customer oriented organization
- Make of PAEW a World Class Utility

“Our partnership puts PAEW on the right track to become a reference for water utilities in the region”

René Matillon - Veolia Contract Manager / PAEW Operations General Manager

“Demonstrating from the first day of the contract an integrated and pragmatic collaboration between all Veolia stakeholders allowed PAEW to obtain practical, operational and implementable strategies and long term Master and Business Plan while coping with projects’ ambitious timeframes and expectations”

Francois Lacour - Seureca Project Manager

Improve Operations Efficiency

PROVIDE WATER ACCESS TO ALL

To maximize the number of people directly connected to the network and meet the growing water demand, PAEW is investing an average of OMR 150 million every year for its water infrastructure. Veolia has improved planning and asset management practices through better planning, design, and the integration of assets’ whole life cycle principles and with a focus on operational expenditures optimization, from the early stage.

ACHIEVEMENTS

- OMR 150 million CAPEX invested per year
- Master Plan update through 8 regional projection models
- Countrywide transfer networks and detailed distribution hydraulic models
- 40 specifications and design guidelines now available
- Creation of technical support team

ENSURE CONTINUITY OF WATER SERVICE

To ensure the continuity of water supply, PAEW and Veolia have internalized the strategic water operations and maintenance functions and reinforced the management of contractors working for PAEW, with the objective of operating and maintaining the water distribution and supply infrastructures at their best.

ACHIEVEMENTS

- SCADA Master Plan and control room operators training
- Creation of 10 regional control rooms and country control room
- New O&M contracts
- Preventive maintenance and CMMS
- More than 95% water continuity of supply compliance

SAVE WATER RESOURCES

PAEW and Veolia are committed to protect the water resource and reduce the volume of water losses by implementing technically and economically viable solutions, from monitoring areas set up, leak detection to assets renewal when necessary to reach less than 30% losses by the end of 2015.

“Moving from a clear paper based strategy roadmap towards a successful implementation in the field, while considering the ambitious timeframe and existing available information, has been achieved by combining Seureca’s project approach and field-based knowledge with Veolia’s strong experience, expectations and commitments. As an operational manager, we all behaved for PAEW as we would have behaved on our own infrastructures. We wanted the most efficient and practical set up we can provide to PAEW and its employees”

René Matillon - Veolia Contract Manager / PAEW Operations General Manager

ACHIEVEMENTS

- 130 District Metered Areas (DMA) implemented
- Creation of 20 leak detection teams with equipment, vans and training
- Monitoring procedure and action plans per area
- 70,000 m³/d of NRW reduction in two years





PROVIDE HIGH QUALITY WATER

In order to supply reliable and healthy water to the people, a water quality surveillance program has been developed applying best practices in water supply hygiene and laboratories management. The traceability of water sample analysis has been improved via the creation of a Laboratory Information Management System (LIMS), able to monitor the water quality country wide.



ACHIEVEMENTS

- Full analysis traceability for more than 21,700 samples all over Oman
- Creation of 120 water supply zones
- Creation of 2,700 sampling points
- Reduction of 10% of the non-chlorinated water

Become a Customer Oriented Organization

ENHANCE CUSTOMER EXPERIENCE

Customer experience has been improved with the creation of a centralized call center where trained operators are available 24/7 to respond to water queries and inform customers of any disturbance that might affect their water service. All complaints or comments are recorded and followed through a Customer Relationship Management System. A customer satisfaction survey is organized every year to track continuous improvement.

RESPOND TO EMERGENCIES

PAEW and Veolia have developed an emergency response plan to rapidly resolve all water emergency events and ensure that customers affected by any emergency are kept informed and directed to alternative sources of potable water.

ACHIEVEMENTS

- Set up of crisis facilities, teams roles and responsibilities
- Procurement of emergency equipment: pumps, flood barriers, bottled water framework contract

ACHIEVEMENTS

- Creation of a national call center: 300,000 incoming calls, 60,000 outbound calls
- Development of a Customer Relationship Management System with 115,000 "tickets" opened
- Excellence Award 2013: "Innovation for Customer Service Experience Management"

Develop Human Resources




AN ORGANIZATION FIT FOR PURPOSE

PAEW organization structure has been reviewed and reshaped to respond to new objectives set in the strategies. In total 800 positions have been created.

DEVELOPING PEOPLE

Finally a particular emphasis has been put on Human Resources strategies to enable PAEW to become a place where people are proud to work in and be recognized as an employer of choice on the Omani market. An ambitious training program has been designed for PAEW to develop its people skills and give them opportunities to grow in the career.

ACHIEVEMENTS

-  500 recruitments from 2011 until 2014
-  Number of employee trained multiplied by 4.6 between 2011 and 2013
-  First employee survey carried out to maximize engagement





World Class Utility Standards

HEALTH AND SAFETY IN EVERYTHING WE DO



Veolia and PAEW have been working together on developing a health and safety culture within PAEW and ensure a healthy and safe work environment for every PAEW employee.

ACHIEVEMENTS

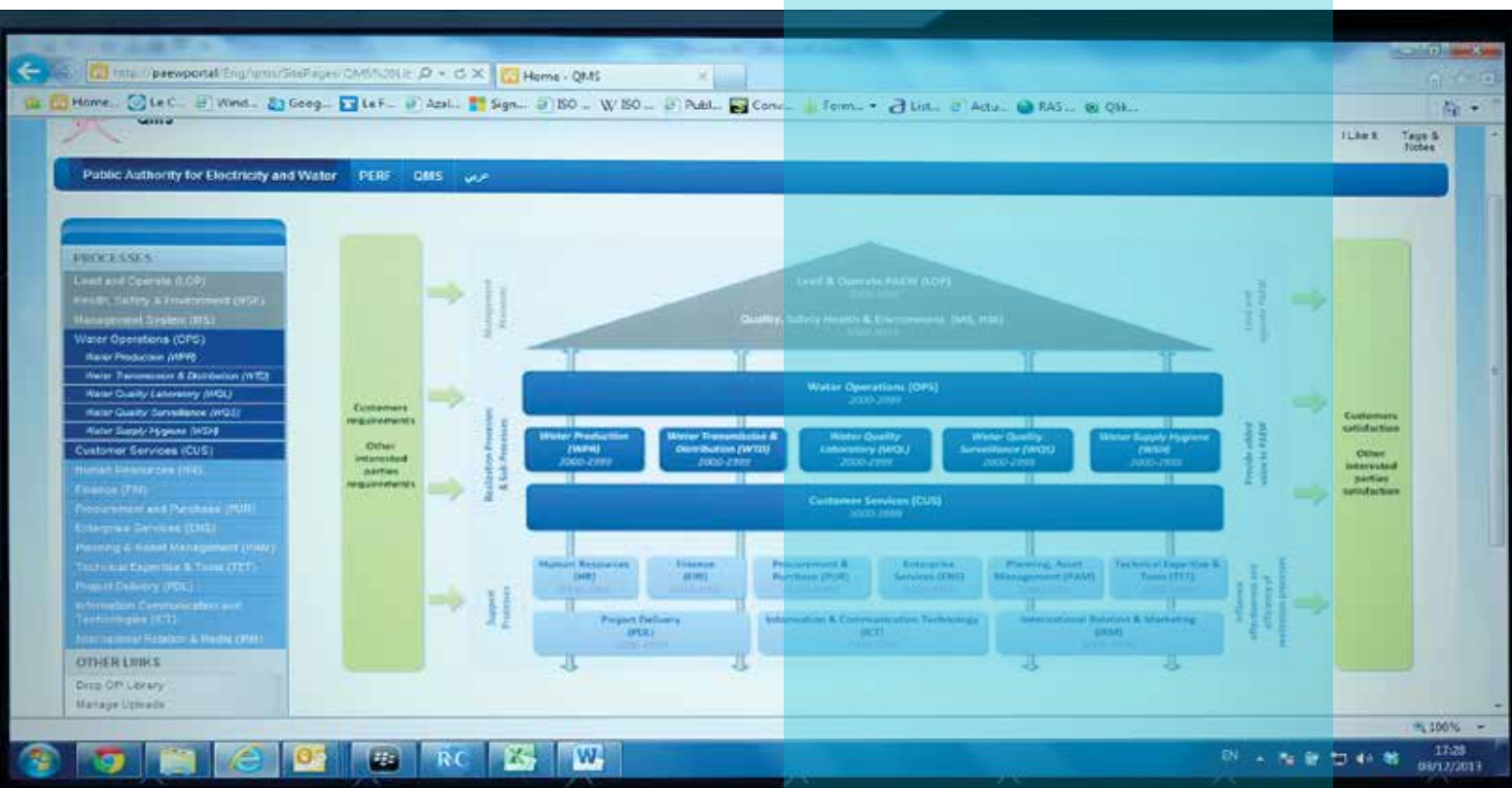
- A fully integrated Health Safety and Environment (HSE) Policy from ISO9001,14001 to OHSAS 18001 standard
- Creation of a HSE Integrated Management System with 1000 supporting documents: procedures, work instructions, etc.
- Recognized in 2013 for HSE Best practices by OHSAS

QUALITY MANAGEMENT

A Quality Management System (QMS) based on ISO9001:2008 has been implemented to continually improve the performance. The QMS encompasses several computerized solutions to monitor and measure PAEW progress against Strategies.

ACHIEVEMENTS

- Online QMS portal
- 396 documents handed-over, encompassing 192 procedures
- 17 corporate Key Performance Indicators (KPI) to evaluate overall performance





USING TECHNOLOGY

Efforts have been made to raise the IT standards: increasing the network speed, creating an IT helpdesk to assist the users, and developing some specific systems to support the organization such as the Customer Relationship Management System or the LIMS.

IMPROVING COMMUNICATIONS

To reflect the positive change happening in the organization, the image of PAEW has been refurbished through a new branding, with the objective of strengthening the relationships with customers. Communications campaigns have been successfully launched to support the strategic goals of the business.

ACHIEVEMENTS

- Full rebranding of PAEW
- Launch of water conservation campaign
- Creation of website and e-portal
- Production of a video about performance contract



Transfer of International Expertise

“Veolia is an international leading company in the water sector. Beyond the contract, we want to embrace their international experience and gain knowledge and expertise”.

Mohammed A.Al Mahrooqi - PAEW Chairman

Knowledge transfer is at the heart of the performance contract philosophy. Beyond proper training, the day to day cooperation between Veolia Managers and PAEW staff provides the right atmosphere to exchange and progress. This creates a work culture based on experience sharing and learning.

Innovative tools have been set up to increase capacity building. Job shadowing was implemented for PAEW key players to boost their skill development. International learning expeditions on specific aspects have been organized for PAEW employees.

Combining site visits and best practices sharing meetings, it encourages PAEW employees to learn and grow from the Veolia experience abroad.



International Learning Expeditions Carried Out for PAEW

PARIS, **2011** : Health and Safety training

LONDON, **2011** : Executive development seminar

SCOTLAND, **2013** : Capital delivery model

CHINA, **2013** : Procurement of water network equipment

NEW YORK CITY, **2013**: Peer performance solution

PARIS, **2014** : Water quality expedition





"Develop Omani talents through training and best practices sharing, while supporting the client's business targets - this is the contract philosophy"
Arnaud Fréret - Human Resources Senior Manager







The Future

The demand of drinking water will increase across Oman as the country develops and transforms, and PAEW is well positioned to meet the challenges

leveraging its sophisticated water expertise, as well as its reliable operation team and pragmatic management approach.

PAEW now has an operational structure to manage the needs of its customers proactively, monitoring and reporting systems that bring constant information, new working practices offering greater transparency and efficiency, and Human Resources approach that unleash the potential of each staff and to build a productive, cooperative and cohesive workforce supporting a smooth and stable operation for the benefits of Oman.

It is essential to capitalize on this new spirit and continue to use the tools and processes now in place. New projects can then be implemented with the collaboration of Veolia to build on what now exists accordingly to the strategies and master planning.

“This successful project aspires to showcase the merits of putting together Veolia’s expertise from consulting engineering to operations services, bringing a new water management model to the water industry in the Middle East.”

Xavier Joseph - CEO Veolia Gulf Countries

Resourcing the world