



ARMENIAN WATER AND SEWERAGE COMPANY

2007
ANNUAL REPORT
(ABSTRACT)



MANAGEMENT CONTRACTOR



2007 ANNUAL REPORT (A B S T R A C T)



INTRODUCTION

The goal of this abstract is to have a brief review of the activity of the Year 2007, for the person who want not to go in the detail of the activities, who want to have the main picture of the 2007's results.

You will find in the next pages several important figures with brief comments in order to help you for your understanding.

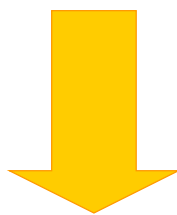
This report is a removable part of the **2007** Annual Report.

The Objectives of the Management Contractor Appendix 2, Article 2.1 (1) (a), (b), (c), (d), (e), and (f):

- (a) **Improve** the standard and efficiency of the services....
- (b) **Increase** consumer willingness to pay...
- (c) **Improve** financial performance of the Company...
- (d) **Train and develop** the Company's staff...
- (e) **Procure** operations and maintenance equipment to repair...
- (f) **Prepare and maintain** investment programm...

WHAT RESULT IN 2007 ?

- # *Increase of the efficiency of employees*
- # *More efficiency of the organisation*
- # *Improvement of the bill's payment*
- # *Improvement in the relations with banks*
- # *Control of the expenses*
- # *Commercial actions in several towns*
- # *New MWWP projects in duty*
- # *Improvement in the manner to operate*



OTHER ACTIONS DONE

- * **Improvement in the internal and external communication**
- * **Investments by the own means of the Company**





2007 ANNUAL REPORT (A B S T R A C T)



1st Objective

Improve the standart anf efficiency of the water and wastewater services of the Company, with particular regard to improving the continuity, reliability and disinfection safety of the water supply service.

RESULT 2007

Time of water supply

From **10h** in January to **12h** in December

Increase of **2 hour** per day

% water desinfected

January **84%** December **92%**

124 tons of chlorine has been used (gaz + tablets)

Leaks repaired (water & wastewater)

Around **7 000 leaks** repaired

Works in the sewerage

5 666 Wastewater obstructions removed

68 km of canalisation cleaned

173 manholes has been repaired

ACTIONS DONE

- * **Improvement in the operations** of the network in towns and villages.
- * **Repair of the leaks** including basements of buildings.
- * **Small investments** (220 millions AMD) to increase the quantity of water or the transition from mechanical way to gravity.
- * **Instalation of 19 000 water meters** (less consumption > more water).

2nd Objective

Increase consumer willingness to pay for water and wastewater services through a higher quality and more consumer responsive service.

RESULT 2007

Water meters instalation

19 000 installed during the year

% of subscribers with water meters

January **57%** December **63%**

% of collection for customers with water meter

100%

Number of customers paying

From **93 000** in January to **108 000** in December

Reduction of cash payments

0%

ACTIONS DONE

- * **Growing public awareness** of paying through the Banks and Post offices.
- * **New contract with ACBA Bank**
- * **Instalation of water meters** (Accurate billing)
- * **Sensitization** of the controlers
- * **Regular and random inspections** by the Head Office Groups
- * **Regular inspection of regional controlling groups**





2007 ANNUAL REPORT (A B S T R A C T)



3rd Objective

Improve the financial performance of the Company and achieve a more financially sustainable operation.

RESULT 2007

Total collection in AMD

2 443 millions

Excluding 293 millions
(free water supply against customer's credit)

EXPENSES

Electricity cost

996 millions in 2006

1 024 millions in 2007

Fuel

192 millions in 2006

145 millions in 2007

For

285 vehicles in 2006

296 vehicles in 2007

ACTIONS DONE

- * All collected **fund transferred and centralized** in Company bank accounts.
 - * **Control of expenses** by centralization of purchases and new procedures.
 - * **Permanent Controls** of the electrical consumption.
 - * **Installation** of electrical meters
 - * **Increase** of number of payers
 - * **New procedures** for internal Procurement
 - * **96 vehicles** using gas
- Negative effects
- * **Court actions** against AWSC and lost (non use vacations of the Employees which was not in the transfer balance in 2004)
 - * **Reimbursement** of the customer's credit (330 M AMD)

4th Objective

Train and develop the Company's staff to enable the improvements in management, operation and financial performance to be sustained beyond the term of the Contract

RESULT 2007

Staff per 1 000 subscribers

Jan. **7,02** Dec. **6,83**

From **1 840** in 2006

To **1 818** in December 2007

298 Employees Trained in 2007

15% of total staff

ACTIONS DONE

- * **Implementation** of several training sessions
- * **New Training Center** in operation
- * **Improvement** in the organisation
- * **Increase in the efficiency** of the Employees





2007 ANNUAL REPORT (A B S T R A C T)



5th Objective

Procure operations and maintenance equipment and repair, rehabilitate and modernize the Facilities and Infrastructure operated by the Company under the Company MWWP Fund Program.

RESULT 2007

6 636 000 USD spent in 2007

on parts B and C of the MWWP Fund

Main equipment bought

- Water meters (31 000)
- Vehicles
- Pipes and fittings for 5 towns

Design realised :

- 2nd and 3rd package : 12 towns

220 000 000 AMD spent with own sources :

- 74 kms pipes

ACTIONS DONE

- * Implementation of the **Immediate Investment Plan**
- * **Replacement** of old leaking pipes by new PE pipes
- * **Implementation** of the design for 12 towns
- * **Procurement of new tools** with new technology

6th Objective

Prepare and maintain investment programs for the application of available capital funds during the term of the Contract and assess the long term investment needs.

RESULT 2007

**Master Investment Plan
updated**

**Annual Plan 2008
presented to CMB**

ACTIONS DONE

- * **Selection of the priority projects**
- * **Completion of USAID Projects**, Accounting, Billing and water meters
- * **Preparation of technical dossier with USAID** for the construction project of Artashat
- * **Completion of survey and analysis** of the water supply system of the AWSC
- * **Works in preparation with NGO's**





INTERNAL OBJECTIVES 2008

Following the improvements of the Company in 2007, 4 objectives has been determined by the General Director and assigned to the Regions.

These 4 objectives are the a continuation of the development of AWSC, they are reachable and realistic.

The control of these 4 objectives will be done during all the year, in order to give a good assistance to our regions to get the 2008 goals.

UNFORTUNATELY, AS THE INTERNAL OBJECTIVES GIVEN BY THE GENERAL DIRECTOR (CONTRACT MANAGER) HAS BEEN USED AS CONTRACTUAL OBLIGATIONS OF THE MANAGEMENT CONTRACTOR, WE WILL NOT PRESENT OFFICIALY OUR INTERNAL OBJECTIVES.

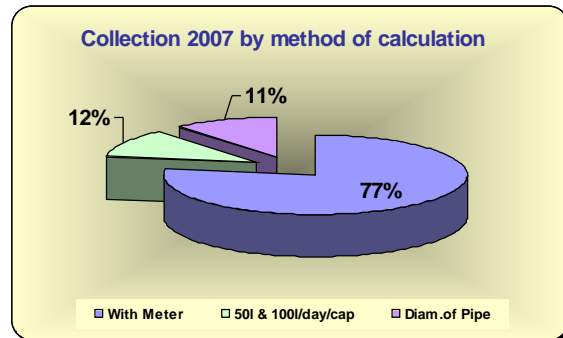
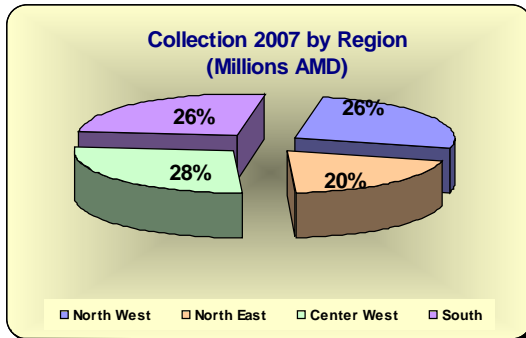


2007 ANNUAL REPORT (ABSTRACT)

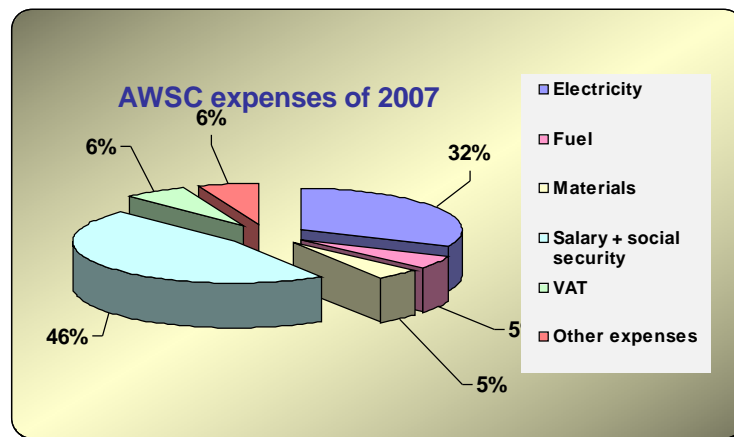


SOME INFORMATION FROM 2007

Bill payments 2007



Expenses 2007



Human Resources analysis 2007

