

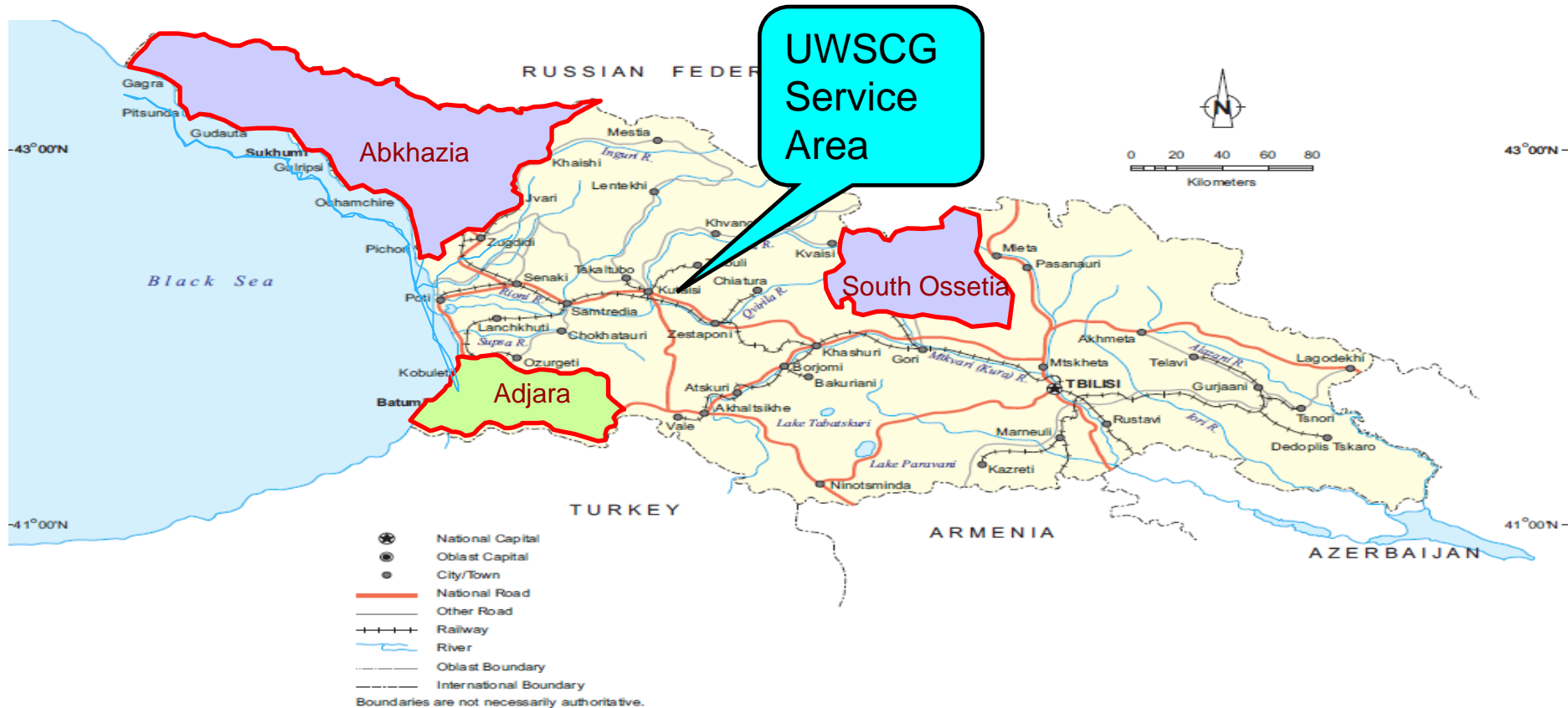


United Water Supply Company of Georgia LLC

Bucharest, ROMANIA
November 7th, 2011

About the Company

“United Water Supply Company of Georgia” LLC (UWSCG) is one of the three water and wastewater utilities servicing about 58.5% of the population in Georgia. The other two companies service the capital city – Tbilisi and Adjara Region



About the Company

- * “United Water Supply Company of Georgia” LLC has been established by the Government of Georgia in January 2010 in order to address the needs for development of water supply and sanitation systems in the regions of the country.
- * By the order #978 (dated October 11, 2010) of the President of Georgia 100% of state owned shares of United Water Supply Company of Georgia LLC was transferred to the Ministry of Regional Development and Infrastructure under the right of management.
- * Company serves 269,894 households (713,132 inhabitants) and 6,767 commercial customers.
- * Company consists of Head Office, six regional branches and 53 service centers throughout Georgia. Nowadays 2380 employees are working for the company.

Background

- * Around 56 separate water utilities
- * Operating under local municipalities
- * No central management
- * Absence of investments
- * Absence of strategic planning for sustainable development

Technical and Operational Status

- * Weak asset maintenance, high water losses in distribution networks and associated supply discontinuity
- * Huge energy consumption
- * Poor technicality and treats in operating water and wastewater systems
- * Lack of customer care and poor quality in water services delivering
- * No environmental care at all

Economic and Financial Status

- * No multi-annual planning that was reflected in the lack of predictability
- * Periodic changes in charging system (unitary tariff system was implemented only after 2010)
- * Uncertain financial results
- * Lack of funds for investments

Decision on Implementation of Reforms

- * West Water LLC and East Water LLC were established that united the 56 separate water operators in Western and Eastern Georgia
- * The Legal Entity of Public Law (LEPL) Water Supply Regional Development Agency was created in parallel that managed West Water LLC and East Water LLC
- * On 15th of January 2010 the United Water Supply Company of Georgia, LLC (UWSCG) was established as a substitution of LEPL Water Supply Regional Development Agency, abolishing West Water LLC and East Water LLC
- * UWSCG has three organizational tiers: Central office, 6 regional branches and 53 service centers

Key stakeholders involved in the water supply and waste water sector of Georgia:

- ❖ **State Commission on Water & Energy** makes political decisions on sector development;
- ❖ **Ministry of Regional Development and Infrastructure** draws up water supply and waste water policy that will ensure provision of sustainable and effective service to the customers; Manages the National Company;
- ❖ **Ministry of Economy and Sustainable Development** owns the assets of the regional companies;
- ❖ **Georgian National Energy and Water Regulatory Commission** sets water and waste water service tariffs and regulates relations between service providers and customers;
- ❖ **United Water Supply Company of Georgia LLC** implements day-to-day operations and provides service to customers.

UWSCG – A Snapshot

- * Servicing 700,000 people spread in 53 service centers; 240,000 domestic and 8,500 commercial customers
- * Annual operating cost GEL 35m; 25m own income and 10m operating subsidy from the Government of Georgia;
- * GEL 2.40/person/month fixed ceiling tariff; Volumetric tariff at GEL 0.27/m³ for metered domestic customers and GEL 4.30/m³ for commercial customers
- * All commercial customers billed on metered consumption
- * Non-Revenue Water – 30%
- * Revenue Collection: 68% domestic and 98% commercial

Donor Organizations

Asian Development Bank

Urban Services Improvement Investment Program;

Loan Amount: USD 500 Million

Period: 2011-2019

Purpose: Total Rehabilitation of 6 Secondary Towns



Urban Services Improvement Investment Program consists of three components:

1. Infrastructure investments to rehabilitate, improve and expand water supply and sanitation facilities in 6 secondary towns, and provision of vehicles and equipment for system operation and maintenance for these towns
2. Capacity development for the UWSCG
3. Project implementation support comprising detailed engineering, construction supervision, safeguards compliance, preparing subsequent projects of the Investment Program and a public awareness program on health, hygiene, sanitation and water conservation.

Donor Organizations

Asian Development Bank

Policy and Advisory Technical Assistance(PATA);

Grant

Period: 2010-2010

Purpose: Production of Water Sector Development Plan and Investment Plan



Asian Development Bank

Company Development Technical Assistance (CDTA)

Grant

Period: 2010-2011

Purpose: Creation of Geographic Information System (GIS Mapping)



Donor Organizations

European Investment Bank

Water Infrastructure Modernization Project

Loan Amount: EUR 40 Million

Period: 2011 – 2013

Purpose: Partial Rehabilitation of water supply systems in 26 municipal centers;
Non-Revenue Water Project in 11 municipal centers



European Bank for Reconstruction and Development

Loan Amount: EUR 7 Million

Purpose: Partial Rehabilitation works of water supply and waste water systems in 3 cities;
Corporate development plan and 5 year business plan



Donor Organizations

International Committee of Red Cross

- Equipped the UWSCG LLC with 6 modern mobile laboratories and other equipments;
- Water supply system rehabilitation in 12 villages of conflict zones has been completed.



Czech Development Agency

- Water supply system rehabilitation works for 6 villages in buffer zones;
- Water Testing Laboratories Development plan has been implemented and biological and chemical laboratories will be delivered for UWSCG LLC;



Millennium Challenge Georgia

- Equipped UWSCG LLC with machinery and special equipment with total value EUR 1,3mln.

Conclusion

- * Georgian Reality - Central Management is more efficient;
- * Follow up of an Investment Plan for the gradual and sustainable development of all regions and municipal centers equally;
- * Modern Approach:
 - * Water Sector Development Plan and Investment Plan
 - * Business Plan
 - * NRW Projects
 - * GIS Mapping of UWSCG's coverage area till 2014
 - * Regular water supply in UWSCG's operating area till 2013
 - * Metering of all household connections
 - * Customer Care
 - * Environmental Care
 - * Implementation of WWTPs initially in 2 seaside towns



Thank You!!!