

04-260

USAID Grant No.278-0288

AMENDMENT NO. 5

TO

GRANT AGREEMENT

BETWEEN

THE HASHEMITE KINGDOM OF JORDAN

AND

THE UNITED STATES OF AMERICA

FOR THE

STRATEGIC OBJECTIVE

OF

IMPROVING WATER RESOURCES MANAGEMENT

DATE: 30 JUN 1999

Certified Conformed copy of
Agreement signed on June 30, 1999

APPN:
BPC :
RCN :

FUNDS AVAILABLE FOR	
ADM. RES. <input type="checkbox"/>	OBLIGATION <input checked="" type="checkbox"/>
EM. RES./EM. <input type="checkbox"/>	COMM. RES/COMM. <input type="checkbox"/>
ACTION TAKEN BY: <i>AEZ</i> DATE: <i>6/30/99</i>	
APPROPRIATION: <i>229 10 1037</i>	
BPC: <i>HES9-99-23278-KG13</i>	
RCN/ECN: <i>A990100</i>	

Lawrence Hardy

 Lawrence Hardy
 Deputy Program Office Director

AMENDMENT NO. 5

TO

STRATEGIC OBJECTIVE GRANT AGREEMENT

BETWEEN The Hashemite Kingdom of Jordan, acting through the Ministry of Planning ("Grantee"), and the United States of America, acting through the United States Agency for International Development ("USAID").

WHEREAS, on September 26, 1996, the Grantee and USAID ("Parties") entered into an Amended and Restated Grant Agreement for the Water Resources Strategic Objective (as amended, the "Agreement" or "Strategic Objective Grant Agreement") whereby USAID granted to the Grantee U.S. \$40,998,746 to finance foreign exchange and local currency costs of goods and services to help achieve the Strategic Objective;

WHEREAS, on June 19, 1997, the Grantee and USAID amended the Agreement to restate the Strategic Objective and provide an additional U.S. \$3,500,000 to finance foreign exchange and local currency costs of goods and services to further help achieve the Strategic Objective, bringing the total to U.S. \$44,498,746;

WHEREAS, on August 26, 1997, the Grantee and USAID further amended the Agreement to provide an additional U.S. \$50,000,000 to finance foreign exchange and local currency costs of goods and services to further help achieve the Strategic Objective, bringing the total to U.S. \$94,498,746;

WHEREAS, on September 30, 1997, the Grantee and USAID further amended the Agreement to provide an additional U.S. \$10,000,000 to finance foreign exchange and local currency costs of goods and services to further help achieve the Strategic Objective, bringing the total to U.S. \$104,498,746;

WHEREAS, on June 19, 1998, the Grantee and USAID further amended the Agreement to provide an additional U.S. \$60,000,000 to finance foreign exchange and local currency costs of goods and services to further help achieve the Strategic Objective, bringing the total to U.S. \$164,498,746; and

WHEREAS, the Parties now wish to further amend the Agreement to provide additional USAID grant funding of U.S. \$60,000,000 to further help achieve the Strategic Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

1. In Article 3 (Contributions of the Parties), Section 3.1 (USAID Contribution), Subsection (a) (The Grant), delete the amount of one hundred-sixty four million four hundred ninety-eight thousand and seven hundred forty-six U.S. Dollars (U.S. \$164,498,746), and substitute therefor the amount of two hundred-twenty four million four hundred and ninety-eight thousand and seven hundred and forty-six U.S. Dollars (U.S. \$224,498,746).

2. Annex 1 (Amplified Description) is hereby amended and restated in its entirety to read in the form attached as Annex 1 hereto.

3. Attachment 1 (Illustrative Strategic Objective Budget) to Annex 1 (Amplified Description) is hereby deleted and replaced with the attached revised Attachment 1.

4. Except as amended herein, the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

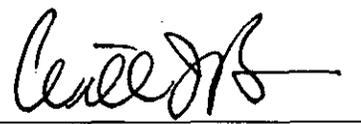
THE HASHEMITE KINGDOM OF JORDAN

THE UNITED STATES OF AMERICA

BY:


Dr. Rima Khalaf Hunaidi

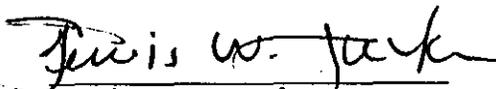
BY:


William J. Burns

TITLE: Deputy Prime Minister &
Minister of Planning

TITLE: Ambassador

BY:


Lewis W. Lucke

TITLE: Mission Director
USAID/Jordan

ANNEX 1

(AMENDMENT NO. 5)

THE WATER RESOURCES STRATEGIC OBJECTIVE

AMPLIFIED DESCRIPTION

I. INTRODUCTION:

This Annex describes the activities to be undertaken and highlights the results to be achieved with the funds obligated under this Agreement. Nothing in this Annex 1 shall be construed as amending any of the definitions or terms of the Agreement.

II. BACKGROUND:

Water is undoubtedly the most critical natural resource in Jordan. Industrial and agricultural growth, productivity, public health, the environment, a democratic and pluralistic society -- virtually all aspects of sustainable economic, social, and political development depend on availability of adequate water supply.

The lack of water is now a problem, and portends a national catastrophe within the decade. Virtually all natural sources of fresh water have been tapped. The total renewable water resources of Jordan were estimated at 750 million cubic meters in 1995. Total use amounted to 882 million cubic meters, which included 132 million cubic meters derived from the over-pumping of aquifers in order to be able to meet minimal essential needs. Even with overpumping, in most Jordanian cities, residents receive water only sporadically, and domestic water consumption is among the lowest in the world (less than 100 liters/capita/day.)

The demand for water is expected to reach over a billion cubic meters by the year 2000. Water scarcity is exacerbated by rapid population increase, developing government institutions, inefficient water management and use, lack of adequate wastewater treatment capacity, and inappropriate pricing policies. Thus the most feasible options for reducing the gap between water demand and supply are improved management of existing water resources, and improved quality of treated wastewater for reuse.

III. THE WATER QUALITY IMPROVEMENT AND CONSERVATION PROJECT AND THE WATER RESOURCES STRATEGIC OBJECTIVE:

The GOJ and USAID entered into the Project Agreement for the Water Quality Improvement and Conservation (WQIC) Project on March 3, 1993, as amended by Amendment No. 1 of September 8, 1994. The purpose of this project was to increase the quality and quantity of the water available in the Zarqa Basin system, and other critical areas in Jordan through water conservation. As a result of the "reengineering" of USAID worldwide, USAID, instead of funding projects, was directed to work towards defined Strategic Objectives, which in turn are to be realized through the achievement of defined results. The achievement of results is to be monitored and evaluated using objectively verifiable indicators. In keeping with the reengineering of USAID, the WQIC Project has become the Water Resources Strategic Objective. Subsequent Amendments and the Restated Description attached to them as an Annex also reflect that change. The activities stated in Amendment No.1 to the Amended and Restated Grant Agreement of September 26, 1996 are still valid although not mentioned in this Amendment.

IV. INTERMEDIATE RESULTS TO ACHIEVE THE STRATEGIC OBJECTIVE:

1) *The Strategic Objective*

The Strategic Objective, which is to improve water resources management, addresses the critical issue of inadequate water supplies in Jordan. This Strategic Objective seeks to improve water sector institutions, increase conservation including water use efficiency, and construct and improve water and wastewater infrastructure in several critical areas of Jordan.

The indicators that will help the GOJ and USAID measure progress in achieving this Objective include:

- i) Index of water policy implementation
- ii) Volume of freshwater saved
- iii) Volume of wastewater treated to allow safe use in unrestricted irrigation

The Strategic Objective is the overall or ultimate result that USAID and the GOJ intend to achieve in the Amended and Restated Agreement. The Intermediate Results (described below) are the key results which must occur in order to achieve the Strategic Objective.

2) Intermediate Results

The Strategic Objective for this Agreement will be accomplished through the achievement of three (3) Intermediate Results. The three Intermediate Results for this Agreement and the indicators that will help the GOJ and USAID measure progress in achieving them are as follows:

Intermediate Result 1: Stronger Water Sector Institutions

Illustrative Indicators:

- i) Index of water policy implementation
- ii) Water resources information systems development index

Intermediate Result 2: Increased efficiency in use of water resources.

Illustrative Indicators:

- i) Number of water systems to be renovated, designed/constructed.
- ii) Number of people receiving water conservation education.

Intermediate Result 3: Improved quality of wastewater.

Illustrative Indicators:

- i) Volume of municipal wastewater treatment capacity constructed to allow safe use in unrestricted irrigation
- ii) Number of wastewater treatment plants designed/constructed

For each Intermediate Result, a set of specific indicators and monitoring schedules will be agreed upon by and between USAID and the Ministry of Water and Irrigation (MWI) in accordance with Article 2 and Section 7.2 of the Amended and Restated Grant Agreement.

3) Changes

As provided in Article 2 and Section 7.2 of the Amended and Restated Grant Agreement, the authorized representative of USAID and the authorized representative and additional authorized representative(s) of the Grantee without formal amendment of the Agreement, may change by written agreement, the Intermediate Results and their indicators, all within the limit established by the Strategic Objective. For all purposes of this Agreement and

changes thereto, Intermediate Results or their indicators may include definitions, sub-indicators, timeframes, baselines and targets.

V. ILLUSTRATIVE ACTIVITIES:

The Parties agree to finance activities in the areas of the three intermediate results as summarized below:

1) *Stronger water sector institutions (Intermediate Result 1):*

Strengthening of water sector institutions will be aimed at improving institutional and staff capacity to manage water resources more effectively in pursuit of national goals of sustainability and efficiency, and to plan and implement policies in pursuit of these goals. Support for achievement of results under IR1 may include technical assistance, procurement of commodities and services, and training in the following areas:

- i) Policy identification, formulation, and implementation;
- ii) Strengthening contracting and management of infrastructure development projects;
- iii) Strengthening institutional and staff capacity to contract and manage private sector participation in the water and waste sectors;
- iv) Developing and improving financial accounting and management systems;
- v) Strengthening the capacity of NGOs to develop and manage educational and informational campaigns;
- vi) Strengthening data acquisition, management, and analytical systems and capacity.

The following represent illustrative activities in support of IR1:

- Wadi Dhuleil Pest Control Program;
- Feasibility studies and other technical support to implement management contracts and other private sector participation in the water sector;
- Technical and Institutional support to MWI in the areas of policy, water resources management, monitoring and management information systems, cost recovery, financial management and private sector participation in the sector;
- Water Education and Public Information to be implemented under a cooperative agreement with a USPVO that will collaborate with and work through Jordanian NGOs.

2) Increased efficiency in use of water resources (Intermediate Result 2):

Activities to improve efficiencies in the management and use of water resources will be aimed at reduction in water losses and more effective utilization of municipal, industrial, and irrigation water supplies. Activities will include infrastructure renovation and development and programs to promote conservation of water and assist users in applying conservation measures and efficient technologies. Support for achievement of results under IR2 may include technical assistance, procurement of commodities and services, construction, and training in the following areas:

- i) Renovation of water distribution systems;
- ii) Renovation and construction of water treatment facilities to utilize contaminated water supplies currently not available for use;
- iii) Promotion and implementation of water conservation practices;
- iv) Promotion and implementation of efficient domestic, commercial, industrial, and agricultural water use practices;
- v) Promotion and implementation of efficient and sustainable reuse of treated wastewaters;
- vi) Reduction in abstraction of groundwater towards a goal of sustainable exploitation of aquifers.

The following represent illustrative activities in support of IR2:

- Installation of Small Water Treatment Units at Selected Water Supply Sources;
- Amman Water Distribution System-Restructuring and Rehabilitation Design and construction;
- Feasibility Study, Design and Construction of the Water Conveyance System for the Corridor wellfields;
- Up-grading of the Zai Water Treatment Plant;
- Feasibility study, design, and construction of a plant to desalinate brackish water;
- Aqaba Water Feasibility Study and Design;
- Preparation of the Final Engineering Design and Tender Documents for Dier Alla-Zai-Dabonq Pipeline Expansion.

3) Improving quality of wastewater (Intermediate Result 3):

Improvement in the quality of wastewater will aim to develop reclaimed wastewater as a resource and to treat it to a level which will allow unrestricted

use in irrigation and minimize adverse environmental impacts. Support for achievement of results under IR3 may include technical assistance, procurement of commodities and services, construction, and training in the following areas:

- i) Implementation of feasibility studies and design work for waste treatment facilities;
- ii) Pilot demonstrations of promising treatment technologies;
- iii) Construction of wastewater treatment facilities.

The following represent illustrative activities in support of IR3:

- Wastewater Infrastructure in the Jordan Valley;
- Aqaba Wastewater Upgrading and Expansion (Feasibility Study, Design and Construction);
- Additional Emergency Improvements at As-Samra Wastewater Treatment Plant;
- King Talal Dam Water Improvement;
- Design and construction of a new Wastewater Treatment Plant at As-Samra under Built-Operate-Transfer (BOT) or similar arrangement;
- Pilot project to test alternative wastewater treatment technologies.

This illustrative list is suggestive of the types of activities that will be funded with the additional resources provided under Amendments 2, 3, 4 and 5. USAID may finance partially or fully any of these activities, and/or other mutually agreed to activities; subject to availability of funds.

This program has been designed to allow flexible selection and modification of activities over time in order to best achieve the strategic objective and intermediate results identified above. The emphasis under this program will be on achievement of agreed-upon results, not simply completion of specific activities. Consequently, activities to be financed under this Agreement, such as feasibility studies, technical assistance, training, design and construction, have not been specified in detail in this Amplified Description.

Although this agreement offers considerable flexibility and scope for selecting suitable activities to be financed under it, to be eligible for financing hereunder any activity must (1) contribute to the strategic objective and intermediate results identified above, (2) be supported by cost estimates that are reasonable and reasonably firm, and appropriate analysis and planning, including feasibility environmental analyses, where appropriate, with regard to

institutional, technical, financial, and social soundness, or other measures of feasibility, and (3) be likely to be completed within the time frame and budget specified in the proposal.

Additional criteria for selection of activities could include customer demand, USAID comparative advantage, previous experience/"lessons learned", sustainability, cost-sharing, etc.

USAID will coordinate with the GOJ and other relevant parties prior to selection of activities for funding, using means appropriate under the circumstances.

VI. MONITORING AND EVALUATION:

USAID and the GOJ jointly agree to provide resources and information for comprehensive evaluation of progress towards achievement of the Strategic Objective, Intermediate Results and Subresults, including progress on specific tasks illustrated in Section V. "Performance audits" will be conducted, annually at a minimum, based on a range of indicators which measure progress in achieving Intermediate Results.

Financial audits of various activities and assistance instruments will be conducted in accordance with relevant standard provisions contained in Annex 2 of this agreement. As determined during the course of implementation of this Agreement, USAID and the GOJ may jointly authorize an external evaluation of the progress and impact of the activities towards accomplishing the Strategic Objective and Intermediate Results.

Each contracting/assistance instrument will include a performance monitoring tool to permit USAID and the GOJ to evaluate progress towards the goals and objectives of the respective contract/instrument.

VII. FINANCIAL PLAN:

The Financial Plan (Attachment 1) may be amended in accordance with Sections 3.1(c) and 7.2 of the Agreement without formal amendment of the Amended and Restated Grant Agreement.

VIII. IMPLEMENTATION:

The engineering review, environmental assessment, final engineering design,

construction and construction supervision of the Wadi Mousa Water and Wastewater System, the Aqaba Water and Wastewater System Expansion, the North Jordan Valley Wastewater Treatment Facility and the Restructuring and the Rehabilitation of the Greater Amman Water Supply System will be done through host country contracting by WAJ. All host country contracting will be subject to compliance with USAID rules and regulations on host country contracting. Where appropriate, similar contracting mechanisms will be considered for other selected infrastructure activities supported under the additional 60,000,000 U.S. dollars provided under Amendment 5. The implementation of the Strategic Objective's remaining activities are expected to include direct USAID contracts, grant(s) or cooperative agreements associated with public awareness programs, buy-ins with regional or global USAID projects for policy and implementing support, and IQC's with pertinent contractors.

Financial Plan

ATTACHMENT 1: Illustrative Strategic Objective Budget

(Amendment No. 5)

Result: Improved Water Resources Management

INTERMEDIATE RESULT	USAID OBLIGATION			EXPECTED LIFE OF PROJECT FUNDING		
	Previous Obligation	Obligation by this Amendment	TOTAL	USAID	GOJ	TOTAL
1. Stronger water sector institutions	32,000,000	11,500,000	43,500,000	50,000,000	8,000,000	58,000,000
2. Increased efficiency in use of water resources	72,000,000	25,000,000	97,000,000	130,000,000	30,000,000	160,000,000
3. Improved quality of wastewater	58,500,000	23,000,000	81,500,000	160,000,000	32,000,000	192,000,000
4. Audits and Evaluations	1,998,746	500,000	2,498,746	5,000,000	- 0 -	5,000,000
TOTAL	164,498,746	60,000,000	224,498,746	345,000,000	70,000,000	415,000,000