EUROPEAN
COMMISSION

Brussels, 22.11.2013
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COMMISSION IMPLEMENTING DECISION

of 22.11.2013

on the "Support to wastewater services in Jordanian communities hosting Syrian refugees" for the Kingdom of Jordan under the SPRING programme to be financed from the general budget of the European Union

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Regulation (EC) n°1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI)[1], and in particular Article 13 thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002[2] (hereinafter referred to as 'the Financial Regulation'), and in particular Article 84(2) thereof,

Whereas:

(1) The Joint Communication of the European Commission and of the High Representative of the EU for Foreign Affairs and Security Policy "A partnership for democracy and shared prosperity with the Southern Mediterranean"[3] set the following priorities: (a) democratic transformation and institution-building, (b) partnership with the people (c) sustainable and inclusive growth and economic development.

(2) The Commission has adopted Financing Decision C(2011)6828 of 26 September 2011 for the SPRING scheme ("Support for partnership, reforms and inclusive growth") in favour of the southern Neighbourhood region, to be financed under Article 19 08 01 01 of the general budget of the European Union.

(3) The objectives of the SPRING scheme are to respond to the pressing socio-economic challenges that partner countries of the southern Mediterranean region are facing, and to support them in their transition phase towards democracy. SPRING focuses specifically on support related to democratic transformation and institution-building, and for sustainable and inclusive growth and economic development. It is a multi-country programme with an umbrella approach that provides the flexibility for modulating assistance on the basis of progress by individual countries towards deep and sustainable democracy and inclusive socio-economic development, applying the "more-for-more" principle.

(4) The support for wastewater services in Jordanian communities hosting Syrian refugees is in line with these objectives and will foster sustainable and inclusive growth and economic development by improving a more eqitable access to water resources in north communities.

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1 OJ L 310, 9.11.2006, p. 1-14.
2 OJ L 298, 26.10.2012, p. 1.
3 COM(2011)200 of 08.03.2011.

(5) The present Decision elaborates on the contribution of SPRING to the specific support to wastewater services in Jordanian communities hosting Syrian refugees and its implementation modality, since the financing of the overall SPRING programme has been decided by Financing Decision C(2011)6828 adopted on 26 September 2011 for a total amount EUR 350 million, of which EUR 65 million allocated for 2011 and EUR 285 million for 2012. This Financing Decision was topped up with an additional amount of EUR 40 million in 2012.

(6) This Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union[4] (hereinafter referred to as 'the Rules of Application').

(7) The Commission may entrust budget-implementation tasks under indirect centralised management (indirect management with a Member State agency) to the entities identified in this Decision, subject to the conclusion of a delegation agreement. The responsible authorising officer has accordingly ensured that these entities comply with the conditions of Article 56(1) of Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities[5] (hereinafter referred to as 'the Financial Regulation 1605/2002') and of Article 35 of its Implementing Rules[6].

(8) The measure provided for in this Decision does not fall in the categories of measures for which the opinion of the ENPI Committee established by Article 26 of Regulation (EC) No 1638/2006 is required. Member States and the European Parliament will be informed of this Decision within one month of its adoption, as per article 13, paragraph 4, of the basic act.

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the programme

The measure “support for wastewater services in Jordanian communities hosting Syrian refugees” for the Kingdom of Jordan under the SPRING programme, constituted by the action identified in the second paragraph, is approved.

The action, the description of which is set out in the attached Annex shall be:

– Support for wastewater services in Jordanian communities hosting Syrian refugees.

Article 2

Financial contribution

[4] OJ L 362, 31.12.2012, p.1.

[5] OJ L 248, 16.9.2002, p. 1. These provisions remain applicable until 31 December 2013 according to Article 212 of the Financial Regulation.

[6] Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities. OJ L 357, 31.12.2002, p.1. These provisions remain applicable until 31 December 2013 according to Article 212 of the Financial Regulation.

The maximum contribution of the European Union to this measure is set at EUR 10 000 000 to be financed financed from the SPRING programme allocation for 2012 adopted by Commission Decision C(2011)6828 of 26 September 2011 and topped up with an additional amount of EUR 40 million in 2012.

Article 3

Implementation modalities

Budget-implementation tasks under indirect centralised may be entrusted to the entities identified in the attached Annex, subject to the conclusion of the relevant agreements.

Section 4 of the Annex referred to in the second paragraph of Article 1 sets out the elements required by Article 94(2) of the Rules of Application.

Done at Brussels, 22.11.2013

For the Commission
Štefan FÜLE
Member of the Commission

EN

ANNEX

of the Commission Decision on the Support to wastewater services in Jordanian communities hosting Syrian refugees programme under SPRING

Action fiche for Jordan

1. IDENTIFICATION

Title/Number	Support to wastewater services in Jordanian communities hosting Syrian refugees CRIS number: ENPI/2012/024-521		
Total cost	Total estimated cost: EUR 10,000,000 Total amount of EU budget contribution: EUR 10,000,000		
Aid method / Method of implementation	Project Approach Indirect centralised management with Kreditanstalt Für Wiederaufbau (KfW)		
DAC-code	14022	Sector	Sanitation - large systems

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

The deterioration of the security and humanitarian situation in Syria has forced hundreds of thousands of Syrians to flee and seek refuge in neighbouring countries, including Jordan, placing a considerable burden on local Jordanian host communities and their basic social and economic services. Crowding effects in the local market, in particular with regards to housing and labour, are widely reported in the Northern governorates as is the pressure on basic service delivery, especially solid waste management, where municipalities are unable to meet the demands. This action responds to SPRING[1] objectives in contributing to mitigate a growing feeling of unfairness and exclusion that emerged among hosting communities, especially the poorer and more vulnerable groups. To that end, direct support is required to help affected communities cope with the increased demand for service delivery, in particular wastewater collection and treatment.

Implementation of this action will be delegated to the Kreditanstalt Für Wiederaufbau (KfW) to improve wastewater management (collection and treatment) in the Governorate of Irbid through the construction of a wastewater collection

[1] Support for partnership, reforms, inclusive growth.

system in Bayt Ras and increasing the number of household connected to the sewer system in the Greater Irbid Municipality.

2.2. Context

The pace of the deterioration of the Syria conflict in recent months is such that a humanitarian catastrophe is spreading throughout the whole region. In addition to the human suffering inflicted, this conflict is not only destroying the traditional fabric of Syrian society but also seriously endangering the stability of the neighbouring countries, Lebanon and Jordan in particular, with no immediate prospect of an end in sight. Since the beginning of the crisis Jordan has maintained an open border policy to Syrians refugees. According to the Government's latest update released in September, 492,526 refugees were registered with UNHCR and 27,150 were awaiting for registration, bringing the total of Syrians in the Kingdom to 519,676 (against 376,661 in April), of which more than half are below the age of 18 years.

The first Syrian arrivals settled in urban areas mainly in the north, until Zaatari camp opened in Mafraq governorate in July 2012. Approximately 130,000 currently reside in Zaatari camp, and a second camp with a capacity of 30,000 has opened in Zarqa with support of the United Arab Emirates. A third camp with a planned capacity of up to 110,000 has been completed at Azraq. Although there are no accurate figures, it is estimated that as much as 70 % of the refugees have settled in urban areas, whether with family relatives or in rented housings. According to UNHCR reports, 33 % of the refugees are in Mafraq, 24 % in Amman, 22 % are in Irbid, 9 % in Zarqa and the remainder in various governorates in the middle and south of the Kingdom.

In addition to its commitment not to close its borders, the Government of Jordan decided early on to allow Syrian refugees to access public services (health facilities, schools) and subsidies extended to Jordanian citizens (energy, water, bread and gas), hence putting pressure on delivery of services and public finances. This significant and rapid increase in users has been met primarily through existing structures (e.g. double shifting in schools, access to Government-run hospitals and primary healthcare centres) but is impacting negatively the services provided to Jordanians. Given the unequal spatial distribution of refugees in Jordan, crowding out of public services has materially impacted access for Jordanians in communities with large concentrations of Syrian refugees such as in the northern governorates. Crowding effects in the local market, in particular with regards to housing and labour, are also widely reported in the Governorates of Mafraq and Irbid. These pressures place a considerable burden on local host communities, exacerbating existing vulnerabilities and fuelling social tensions towards the Government of Jordan and refugees.

The present crisis comes at a difficult time for Jordan. While the country is pressed with popular demands for social equity and increased standards of life, the combination of global economic slowdown and regional unrest led to diminished growth since 2009. Jordan is thus faced with financial challenges that include a mounting debt, high fiscal and external deficits, strained public finances due to the increased import energy bill, declining external receipts and expected foreign aid, and a widening trade deficit. The Stand-by-Agreement approved by the IMF in 2012 has further diminished the Government's margin of flexibility. The agreement includes structural reforms and fiscal consolidation measures, including lifting of

subsidies, which the Government started to pursue in November 2012. This, however, led to widespread popular protests throughout the country, as fuel prices increased substantially and the price of cooking and heating gas doubled. It is anticipated that further reforms, including electricity price rises planned for 2013, may ignite more protests.

As the crisis has become protracted, the Regional Response Plan for Syrians is being revised for the sixth time, updating the needs assessment until December 2013 in various key sectors. But beyond humanitarian assistance, donor interventions are called upon to help the Government of Jordan in coping with the effects of refugee presence directly, which impacts on the country's capacity to pursue its train of domestic reforms. Assistance from the international community must thus be designed to help both the refugees in their plight and the Jordanian population who receives them. Since mid-2013, the World Bank as well as a number of donors (Germany, United Kingdom, Japan, Canada) have committed development assistance for the supporting the so called "host communities". Except for the World Bank Emergency Loan approved in July and the EU top-up to the education sector reform contract, most of this additional assistance is channelled directly through United Agencies and International NGOs.

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Despite many efforts to engage in economic stabilisation and liberalisation, the country faces real economic and social challenges. While the Kingdom experienced sustained growth averaging 6.5 % for almost a decade between 2000 and 2009, it dipped from 5.5 % in 2009 to 2.6 % in 2011 following the global financial crisis. It has been on a slow progressive recovery since: gross domestic product (GDP) growth is estimated at 3 % in 2012. However, attaining pre-2009 crisis levels will take a long time as GDP growth is expected to reach 'only' 4.4 % in 2017. This growth rate, although favourable, is much below the demographic growth rate and is insufficient to reduce unemployment. According to IMF projections, absorbing the unemployed and new entrants to the labour force would imply some 0.8 million full-time positions over the period 2010-20, requiring an annual real GDP growth of 9.3 % (6 points higher than current projections over the period 2010-17).

Against this backdrop, the Government of Jordan responded by expanded spending, raising public debt levels (77 % of GDP at the end of 2012). The main cause of this is the continued disruption of natural gas supply from Egypt leading Jordan to import increasing amounts of crude oil for energy generation. The domestic prices of fuel and electricity were raised in June 2012 - a bold step by the Government in light of the numerous peaceful demonstrations that have been calling for political and social justice reforms since 2011 - but this will only cover part of the additional costs. At the same time, the share of domestic revenues in GDP decreased from 29.9 % in 1990-1995 to 26.6 % in 2005-2010. As a result, domestic revenues have failed to cover recurrent public expenditure since 1997. According to the World Bank, this decrease in domestic revenues is mainly the result of Government policy choices, in particular the 2009-2010 tax reform that reduced tax rates and increased exemption thresholds. Domestic revenues amounted to JOD 4.72 billion during 2012 compared

with JOD 4.19 billion in 2011. Both the IMF and the 2013 draft General Budget aim for domestic revenues to rise to reach around JOD 5.3 billion in 2013.

The Government of Jordan consequently concluded a USD 2 billion 3-year programme with the IMF in August 2012 to provide part of the necessary liquidity to cover the immediate additional energy costs, and including reform targets aiming to bring the national electricity company back to cost recovery, as well as other cost containment measures. The cost of hosting Syrian refugees is also weighing heavily on the budget this year. There is risk that debt and the deficit could rise beyond the forecast levels. However, the substantial amounts of liquidity expected to be received by the IMF and the GCC countries this year should off-set a major impact on macroeconomic stability. Moreover, so far into 2012 the Government has demonstrated it is controlling Government expenses to mitigate their impact on public finance stability and macroeconomic stability.

In the past decades, Jordan made substantial progress in terms of human development thanks to consistent levels of spending on human development like education, health, pensions, social safety nets (more than 25 % of the GDP). Its Human Development Index value for 2011 is 0.698, above the average of other countries in the lower middle-income group. But significant regional disparities persist: the benefits of growth have been concentrated mainly in the capital and a few large cities. Urbanisation has been fast and Amman and Zarqa alone accounted for 80 % of GDP in 2009. Over 38 % live in the Amman governorate and benefit from the highest levels of human development (HDI 0.767) and higher average per capita income compared to the national average.

In terms of poverty reduction, the related Millennium Development Goal is considered achieved, even exceeded. However, income inequality and the widening poverty gap remain a concern (GINI increased between 2008 and 2010). The absolute poverty rate in the Kingdom stood at 14.2 % in 2002 dropped to 13 % in 2006, and rose to 13.3 % in 2008. In 2010, it was 14.4 % but due to a change in the calculation methodology, it cannot be compared with previous years. With population growth, the total number of households falling under the absolute poverty line has actually increased. Moreover, while incidence of poverty is higher in rural areas (16.8 %) compared to urban areas (13.9 %), there are in fact vastly greater numbers of poor in urban areas (80 %) compared to rural areas (20 %).

Poverty rates vary considerably among governorates, from a low 6.8 % in Jerash to 26.6 % in Ma'an, while the highest total numbers of poor are concentrated in the governorates of Amman (31 %), Irbid (18.8 %), and Zarqa (15 %)[2]. Unemployment stagnated around 13 % in recent years. Jordan's economic participation rates among the lowest globally, with only 35-40 % of the population above the age of 15 economically active and one of the lowest employment-to-population ratios. Merely 14 % of women participate in the labour force, in comparison to 65 % of men.

[2] Jordan Poverty Reduction Strategy, Government of Jordan, January 2013.

2.2.1.2. National development policy

The Government adopted its Executive Development Plan for the period 2013-2016, fiscal consolidation, higher growth, and fostering equity and inclusion are key objectives of this Work Plan. The plan focuses on (i) important reforms and policies to be undertaken in the coming period; and (ii) capital investment projects and programs.

In terms of economic reforms, the Government is committed to adopting further measures targeting the removal of structural constraints on growth, through improving the investment climate and promoting private sector investment in skill-intensive sectors where Jordan has a comparative advantage and large export potential, and removing barriers to improve access to finance for SMEs, an important vehicle for growth and employment creation.

It shall also pursue reforms aimed at promoting employment, especially among the youth. In line with the National Employment Strategy adopted in 2012, the Government of Jordan developed the Jordan Job Compact, an initiative aiming to assist unskilled, semi-skilled and skilled youths to find jobs.

Besides, key reform in the area of fiscal consolidation include:

- Commitment to further strengthening Jordan's fiscal position (targeting further reduction in the primary fiscal deficit by implementing measures both on the revenue and expenditure sides);

- Improving the targeting of cash transfers (application criteria will be modified to include welfare variables in addition to income; and developing a national Unified Registry for targeting of subsidies by October 2013);

- Improving tax administration through the adoption of a new Income Tax Law, which once implemented will increase revenue in 2014 by about 1 percent of GDP;

- Tackling the losses of the water company (finalise and announce by October 2013 and Action Plan on how to reduce the company's losses over the medium-term);

- Implementing an increase in electricity tariffs (while protecting the poor) with the ultimate objective of bringing National Electric Power Company to cost recovery by 2017.

The influx of Syrian refugees exerts significant demand pressure on the country's already constrained public budgets and services, which combined with the fiscal stress compound both the country's challenging economic situation and the impact of an on-going structural adjustment programme. The direct financial impact is estimated by the Government to around USD 615 million for the past two years[3]

[3] MOPIC donor briefing 11 June 2013.

chiefly weighing on the subsidy (food items) and water sectors. The crisis also indirectly affects the country in areas such as tourism, investment climate, the labour and employment market (crowding out of Jordanian workers by Syrians willing to accept lower salaries), and health with shortage of medicines, vaccines, threat of epidemics, infrastructure rehabilitation or agriculture.

Jordan relies on its international partners to achieve its development goals in particular EU, US, Japan, Germany, the World Bank and the Gulf Cooperation Council as well as new players such as EBRD, EIB. Latest estimates from the International Monetary Fund[4] point to a sizeable balance of payment need and a financing gap through 2015, owing in large part to the liquidity needs to finance more expensive energy imports. Under the assumption that budgetary grants will come in as projected (3–4 % of GDP), the Fund estimates that to maintain reserves at about four months of imports, Jordan's additional external financing needs would reach USD 1.1 billion in 2013, USD 1.1 billion in 2014, and USD 0.9 billion in 2015. Donors are expected to cover most of the gap. These figures do not take into account the full extent of the impact on national resources of Syrian refugee inflows.

2.2.2. Sector context: policies and challenges

Jordan is a naturally water scarce country and is facing a future of very limited water resources - it is among the lowest in the world on a per capita basis at 147 m^3 per person per year in 2010. Renewable water resources have fallen below 130 m^3 per person per year. Current total uses exceed renewable supply. The difference (the water used that is not renewable) comes from non-renewable and fossil groundwater extraction and the reuse of reclaimed water. If supply remains constant, per capita domestic consumption is projected to fall to approximately 90 m^3 per person per year by 2025, putting Jordan in the category of having an absolute water shortage that will constrain economic growth and potentially endanger public health.

Municipal water is the highest priority for water allocation, though it only claims 30 % of the freshwater use of the Kingdom. Traditionally, domestic water needs were met from springs or cisterns. However as cities grew, especially Amman, water that had previously been allocated to agriculture was diverted for municipal use. Jordan has implemented numerous infrastructure projects that transfer water to meet municipal demand, but rapid urbanisation makes keeping up a formidable task. Treated wastewater, in exchange, has been returned for agricultural use, and this resource currently comprises more than half of the country's irrigation water supply. Despite its low economic return, agriculture uses about 65 % of Jordan's water supply (fresh and treated). Industry currently uses only about 4 % of total freshwater resources, but that figure is expected to increase rapidly over the next 20 years.

Against this background, national and donor investment in wastewater treatment in Jordan has expanded over the past three decades, resulting in about 65 % of the population being connected to wastewater collection and treatment systems.

[4] Jordan: Request for a Stand-By Arrangement—Staff Report; Staff Supplement; Request for Modification of Performance Criteria, Country Report No. 12/343, International Monetary Fund, December 2012.

Currently, 27 wastewater plants serve the country. The number of wastewater treatment plants (WWTPs) has almost doubled since 1993 (then 14 WWTPs) as well as the capacity (then 58 MCM/year). These plants processed about 105 MCM of raw wastewater in 2010 with effluent usable for irrigated agriculture of about 103 MCM.

Re-use of treated wastewater is an essential element in the Kingdom's water strategy. Government and donors have made substantial efforts over the past two decades to convince agricultural producers to use treated wastewater as a new and additional resource, ensure that treatment levels aligned with agricultural re-use standards, and convince consumers of the safety of food produced from reclaimed water blended with freshwater. The use of treated wastewater in the Northern and Middle Jordan Valley increased from about 40 % in 2000 to about 56 % in 2010. This percentage is increasing annually due to the increasing amounts of treated wastewater available from the As-Samra plant, as well as other plants discharging water toward the Jordan Valley. By 2015, treated wastewater is expected to increase by an additional 76 MCM/year, bringing the total wastewater available for reuse to about 180 MCM/year, most of which would be used to irrigate fruits and vegetables, other food crops, and tree crops, with a small allocation to support forage and fodder production for livestock.

Expansion of the re-use of reclaimed wastewater to industry has been limited by the location of these industries relative to wastewater treatment facilities, the quality of treated wastewater relative to industry standards, the cost of increasing the treatment levels to higher standards, and the cost of building new conveyance from central wastewater treatment facilities to industrial sites. Currently, there are no facilities that treat wastewater to the potable level so that it could be re-injected into groundwater for aquifer maintenance in the over-drafted Highlands. The costs of treatment, conveyance, and injection of this water would be high. Experience in other countries suggests that substantial study, investment in communication, and time would be needed to gain regulatory and social approval for this form of re-use.

Three governmental agencies are involved in the management of the water sector, each of them with a variety of primary responsibilities: The Ministry of Water and Irrigation (MWI), the Water Authority of Jordan (WAJ) and the Jordan Valley Authority (JVA). MWI is responsible for overall strategic direction and planning, in coordination with the WAJ and JVA. WAJ is responsible for planning, construction, operation and maintenance of the public water supply and sewer services either directly or indirectly through its subsidiaries. It has been established as an autonomous corporate body, with financial and administrative independence linked with the Minister. It manages bulk water supply and retail distribution in parts of the Kingdom where commercialisation of distribution services has not occurred. Miyahuna and Aqaba Water Company are Government-owned utilities, operating as commercial entities to provide retail distribution and other functions such as water and wastewater treatment in Greater Amman and Aqaba, respectively. The Yarmouk Water Company (YWC) begins operations in 2011 to service serving the four Northern Governorates of Jordan, namely Irbid, Jerash, Ajloun and Mafraq. YWC, also a 100 % subsidiary of WAJ.

The influx of Syrian refugees in the Northern Governorates represents a 22 % increase in total population over the last two years. As a direct consequence, the per

capita consumption of 100 litres a day has shrunk to 50 litres and even 30 litres in some areas according to UNICEF. This increased number of users imposes an imbalanced water demand compared to the existing capacities. The sewerage system especially the Waste Water Treatment Plants (WWTP) have reached their maximum capacity (e.g. Al Ikeder WWTP design capacity is 4000 m3/day and was running at 50 % of design capacity before the influx of refugees, and now it has reached 85 %). This unexpected increase in population is dramatically overloading already outdated low efficiency sewers and is contributing to fuelling social tensions. Financial shortages faced by water authorities prevent the timely maintenance of service delivery, and there is currently a clear shortage in crucially needed fleet of utility trucks (water and sewage tankers, jetting trucks, loaders, backhoe loaders, shovels) and essential equipment and tools for maintenance of the systems. For 480,000 refugees, MWI estimated the yearly additional cost for operations and maintenance at JOD 9.2 million.

As a result, wastewater is identified as one of the top priorities for MWI. Access to sewerage system by number of households connected and disposing wastewater in north governorates is only 37 % (30 % in Jordan overall). Sewage is in addition highly concentrated due to the low dilution due to the low per capita consumption. This low coverage means that many vulnerable households including newly arrived refugees must pay for periodic desludging and removal of wastewater to the nearest treatment plants of more than 30 km away, and many of these existing wastewater treatment plants are close to or operating at full capacity. Sewage that is not disposed of correctly poses grave public health risks and environmental concerns. As Jordan is a water scarce country, underground water is the main source. As a result the only wastewater disposal is through septic tanks creating a deterioration of ground water: wastewater can infiltrate to underground water and if the soil and ground composition allow wastewater to travel less than 50 days, risks of contamination are higher. The investment cost of sewerage infrastructure is high and the sector needs urgent support.

2.3. Lessons learnt

In crisis situations, tangible and quick results are critical for building confidence in national institutions. Firstly, they provide solid evidence that the Government is responding to the needs of its citizens. Secondly, they demonstrate its ability to deliver on its promises. Most of the programs responding to the Syrian crisis target refugee communities and are mostly implemented by United Nation agencies and International NGOs. Recent assessments show that this has led to rising resentment among host communities. This is particularly true in the area of water and sanitation and sub-delegation of implementation to the Water Authority of Jordan through the KfW aims at restoring citizen's confidence in services provided by public agencies.

2.4. Complementary actions

Over the last years, in most of the surrounding areas of the targeted location sewer networks have been implemented and the nearby Wadi Shallala Waste Water Treatment Plant has been constructed under a previous KfW financed project (Wastewater Greater Irbid II). Rehabilitation measures are currently being implemented for the other two Waste Water Treatment Plants (WWTP) of the region

(Central Irbid WWTP and Wadi Arab WWTP). Against the background of the recent expansion of treatment capacity, the existing WWTPs have sufficient capacity to also treat the waste water from Bayt Ras. Currently, a re-use scheme is under implantation (financed with the support of KfW), which leads to the situation that the treated water (of the whole region, including Bayt Ras) will be used in the agriculture of the Northern Jordan Valley – an essential step to save water in this extremely water scarce region.

2.5. Donor coordination

Initially, coordination has been initiated on the humanitarian front under the leadership of UNHCR as Humanitarian Coordinator (HC). A UN Humanitarian Country Team (HCT) was established in March 2013 under the leadership of the Humanitarian Coordinator to ensure that non-refugee humanitarian matters, such as the situation of vulnerable Jordanians (host communities), also receive adequate attention and coordination.

With the increasing number of funding pledges for support Jordanian communities in the North, the UN Resident Coordinator (RC) supported the Ministry of Planning and International Cooperation to establish in September 2013 the so called " Host Community Support Platform" that gathers under Government leadership, relevant UN agencies and donors to (i) provide strategic guidance to the elaboration of a Government-led Resilience Plan; (ii) mobilise donors and partners for effective implementation of the plan through technical and financial resource mobilisation (ii) coordinate efforts to contribute to the Plan's execution.

Within this framework, Five Sector Task Forces (education, health, water and sanitation, municipal services, employment and livelihoods), composed of a lead ministry, a lead donor and a lead UN agency, have also been established to inform decision-making. The EU Delegation will represent donors' in the employment / livelihoods Task Forces; Germany will lead on water and sanitation.

The EU Delegation also chairs monthly EU co-ordination meetings that include these aspects as well. Weekly coordination meetings are also held between the EEAS and responsible Commission services.

3. DETAILED DESCRIPTION

3.1. Objectives

The overall objectives of the action are to:

– contribute to the protection of water resources in the Governorate of Irbid,

– reduce health risks caused by inadequately treated wastewater released in the environment,

– reduce household expenditures.

3.2. Expected results and main activities

The purpose of the project (specific objective) is to improve wastewater management (collection and treatment) in the Governorate of Irbid through the following two components.

Component 1: Construction of wastewater collection system in Bayt Ras

Bayt Ras is located in the North of the city of Irbid and less than 20 km south to the Syrian border. The area which has a Jordanian population of approximately 15,000 to 20,000 inhabitants suffers from the high influx of refugees. We estimate that Bayt Ras currently hosts up to 4,000 Syrian refugees – this corresponds to roughly one fifth of its inhabitants. The number of Syrian refugees in Bayt Ras can be expected to increase further due to the ongoing conflict in Syria.

The sanitary situation in Bayt Ras is insufficient. Most households simply use septic tanks, which means that the liquid part of the wastewater is infiltrated and the settled part has to be emptied by tanker trucks (approximate cost of JOD 40-50 per annum). The tankers mostly dump the sludge in a Wadi – resulting in considerable contaminations of the waters. Due to the karstic geology of the region, the infiltrated wastewater of the septic tanks seeps directly into the groundwater which leads to significant contamination of the water resources which are used for the drinking water supply. The envisaged investment measures comprise the construction of a waste water collection system to serve Bayt Ras communities. The total daily wastewater amount is estimated at 2100 m^3/d and the total length of the sewer network will be approximately 47 km.

In its needs assessment presented to the donors early July 2013, the Ministry of Water and Irrigation identified the construction of Bayt Ras wastewater collection system as one of its seven priorities for the Governorate. Bayt Ras was scheduled to be part of the KfW-financed project Water Resource Management Program (Phase I) but the proposed measures were not implemented due to scarce availability of financing. A design document for the investment measures in Bayt Ras was completed in 2002. Also, tender documents dating to the year 2011 exist. Although the above documents may require some updating, the project has reached a sufficient level of preparation which allows a timely start of implementation.

Component 2: House connection in the city of Irbid

Hosting around 120,000 Syrian refugees, the Greater Irbid Municipality (GIM), the second largest municipality in Jordan after Amman, witnessed a 25 % increase of its population in the past 12 months. In operation since 1987 and with a total capacity of 11,900 m^3 per day, Irbid Wastewater Treatment plant is partially serving GIM and the surrounding areas.

However, if the central part of the cities of Irbid is connected to sewer mains and treatment plants for waste water, the sewer system require to be expanded to include the entire city: only 37 % of households are indeed connected. As a result, most households simply use septic tanks.

In its needs assessment presented to the donors early July 2013, the Ministry of Water and Irrigation identified wastewater connection inside GIM as one of its seven priorities for the Governorate. Design is required for this measure.

Equipment

Equipment may be financed to complement the components above. The goods may include necessary equipment such as vehicles, spare parts, and machines and shall be only financed to a limited extend.

3.3. Risks and assumptions

KfW will sub-delegate implementation of the measures to the Water Authority of Jordan (WAJ). WAJ will be supported by consulting services in the implementation of the project. KfW has a long-standing and successful experience in implementing investments with WAJ. Despite its known shortcomings, WAJ is deemed capable of implementing the investment measures adequately.

After the completion of the investment measures, the infrastructure shall be operated by Yarmouk Water Company (YWC), a daughter company of WAJ, which is responsible for the operation and maintenance of the water infrastructure in the Northern Governorates. Based on the experience with YWC and its predecessors, YWC is deemed fit to ensure adequate operation and maintenance of the infrastructure despite recent challenges due to the termination of a Management Contract with Veolia.

Jordan has long struggled with low cost recovery in the water sector. Current and future Government finances continue to be strained due to (i) the continued high Government subsidy to cover funding shortfalls; (ii) the expectation that new water sources will be significantly more expensive than current sources and (iii) the likelihood that WAJ will again not be able to repay its debt. Foreign assistance covers a significant portion of funding shortfalls, but dependence on it is a risk if assistance levels fluctuate. USAID continues to assist the Ministry of Water and Irrigation to develop a long-term strategy to address these deficiencies.

For the component 1, the construction works are expected to be more difficult than usual as the ground is rocky and may require additional time.

3.4. Cross-cutting issues

Good governance principles, the use of local systems and empowerment of local stakeholders are embedded in the design of the activities. Environmental sustainability and protection are the main objectives of the project together with health risk mitigation, as the project is specifically aiming at reducing environmental pollution and sanitary risks from non-treated wastewater and to climate change adaptation with the re-use of treated wastewater.

3.5. Stakeholders

The Ministry of Water and Irrigation (MWI) through the Water Authority of Jordan (WAJ) will be responsible for the implementation of the proposed measures. The

participating municipalities will be associated at the design stage, in particular to ensure consultation with the communities and the final beneficiaries.

In Bayt Ras**,** the envisaged measures account for population estimates until 2025. During this period, the projected population for Bayt Ras community is expected to grow to 28,000. The total number of expected house connections is estimated at 2,300. As to the Greater Irbid Municipality, the total number of final beneficiaries will be determined once the need for equipment is finalised.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of the Financial Regulation.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 48 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. Implementation components and modules

4.3.1. Indirect centralised management with Kreditanstalt Für Wiederaufbau (KfW)

This action with the objective of *improving wastewater management (collection and treatment) in the Governorate of Irbid* will be implemented in indirect centralised management with Kreditanstalt Für Wiederaufbau (KfW) in accordance with Article 54(2)(c) of Financial Regulation 1605/2002. This implementation is justified because (i) KfW has a substantial proven track-record of project implementation in Jordan (ii) KfW is a lead implementing agency in the area of water and wastewater infrastructure in Jordan; (ii) KfW is currently preparing with the Government of Jordan a EUR 50 million package in the area of sanitation.

The agency will be responsible for the overall administration of all activities.

The agency intends to subdelegate the implementation of the project to the Water Authority of Jordan which will apply the procurement and contracting rules of the Delegatee body (KfW). All works and supply contracts will be signed by the Water Authority of Jordan with ex-ante approval and financial endorsement of KfW. All payments will be made directly from KfW to the contractors.

The change of method of implementation constitutes a substantial change except where the Commission "re-centralises" or reduces the level of budget-implementation tasks previously entrusted to the agency.

4.4. Scope of geographical eligibility for procurement in direct centralised and decentralised management

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

Note that the extensions of geographical eligibility are only meant to better serve the objectives of the basic act to aid the policy beneficiaries. They are not meant to extend the geographical scope of the policy beneficiaries as identified in section 3.5.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Module	Amount in EUR thousands	Third party contribution
Indirect centralised management with KfW:	9,900	0
4.7. – Evaluation and audit	100	N.A.
Total	10,000	0

4.6. Performance monitoring

Once a year, in line with its own procedures and systems, the EU Delegation will be invited to joint monitoring missions by the Delegatee Body to monitor the progress of the operation. The results of this mission will be summarised by the Delegatee Body and submitted to the EU Delegation, latest as part of the following annual report (or final report).

KfW will systematically inform the EU and invite the EU Delegation to participate to all the meetings and/or site visits held between KfW and major project stakeholders on the preparation, implementation and evaluation of this action.

4.7. Evaluation and audit

External mid-term and final evaluations, covering all the activities of the action, will be carried out in accordance with European Commission procedures. When necessary external mid-term, final or ex-post evaluation of projects component and/or global evaluation of the whole action will be conducted in accordance with European Commission procedures. When necessary external audits/ verification missions will be undertaken by the EU.

4.8. Communication and visibility

A communication strategy and specific activities will be developed and implemented by KfW in accordance with the "Communication and visibility manual for EU external actions[5]". Depending on the evolution of the situation in the ground, visibility activities might need to be scaled down in order to allow a successful implementation of the project activities.

The EU Delegation may check the visibility component of the actions through field visits and will increase visibility when it is appropriate. EU guidelines must further be respected by KfW and by institutions holding or benefitting from service or supply contracts.

[5] http://ec.europa.eu/europeaid/work/visibility/index_en.htm.