



USAID
FROM THE AMERICAN PEOPLE

Corporatization - Commercialization Reforms in the Water Sector in Jordan

2002-2009

USAID Assistance

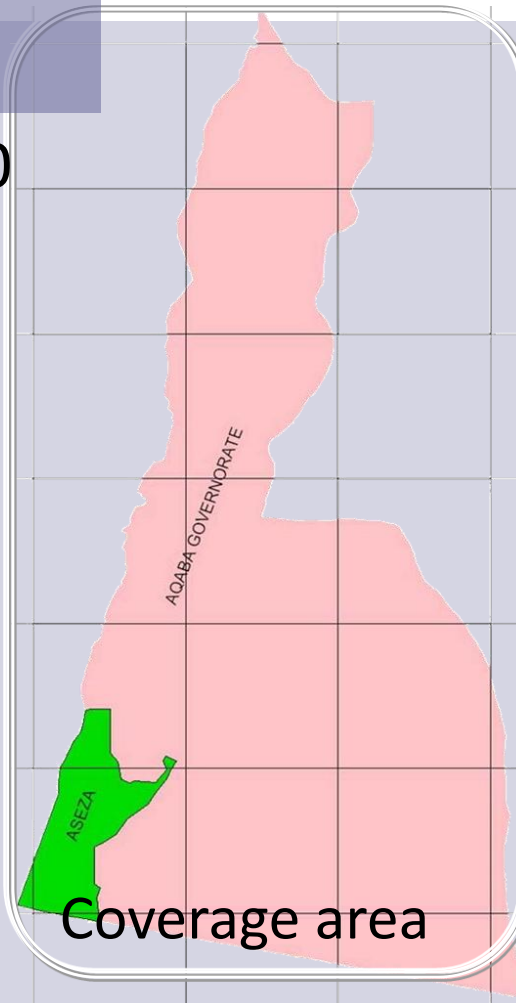
- | | |
|-------------|--|
| 2002 – 2005 | Technical assistance to corporatize Aqaba Water Company |
| 2005 – 2009 | Technical assistance to corporatize Amman Water Company - Miyahuna (Our Water) |

Water Sector in Aqaba

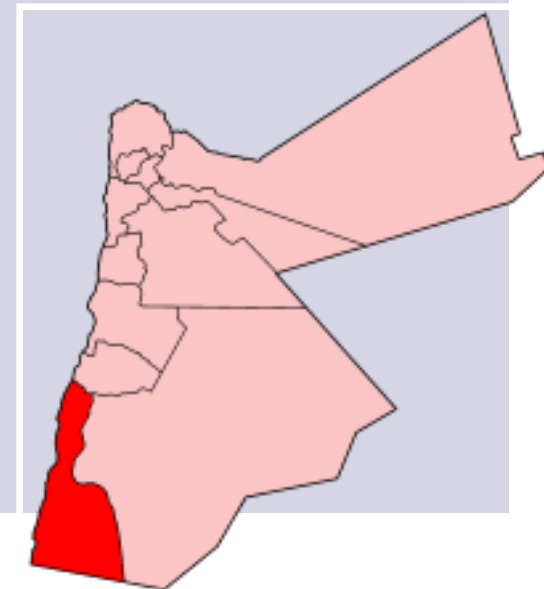
Service Coverage

Population 130,000
Subscribers 25,045
Non residential 3%
(85% of billed revenue)
Water coverage 99%
W. Water cov. 78%

UFW: 24.19%

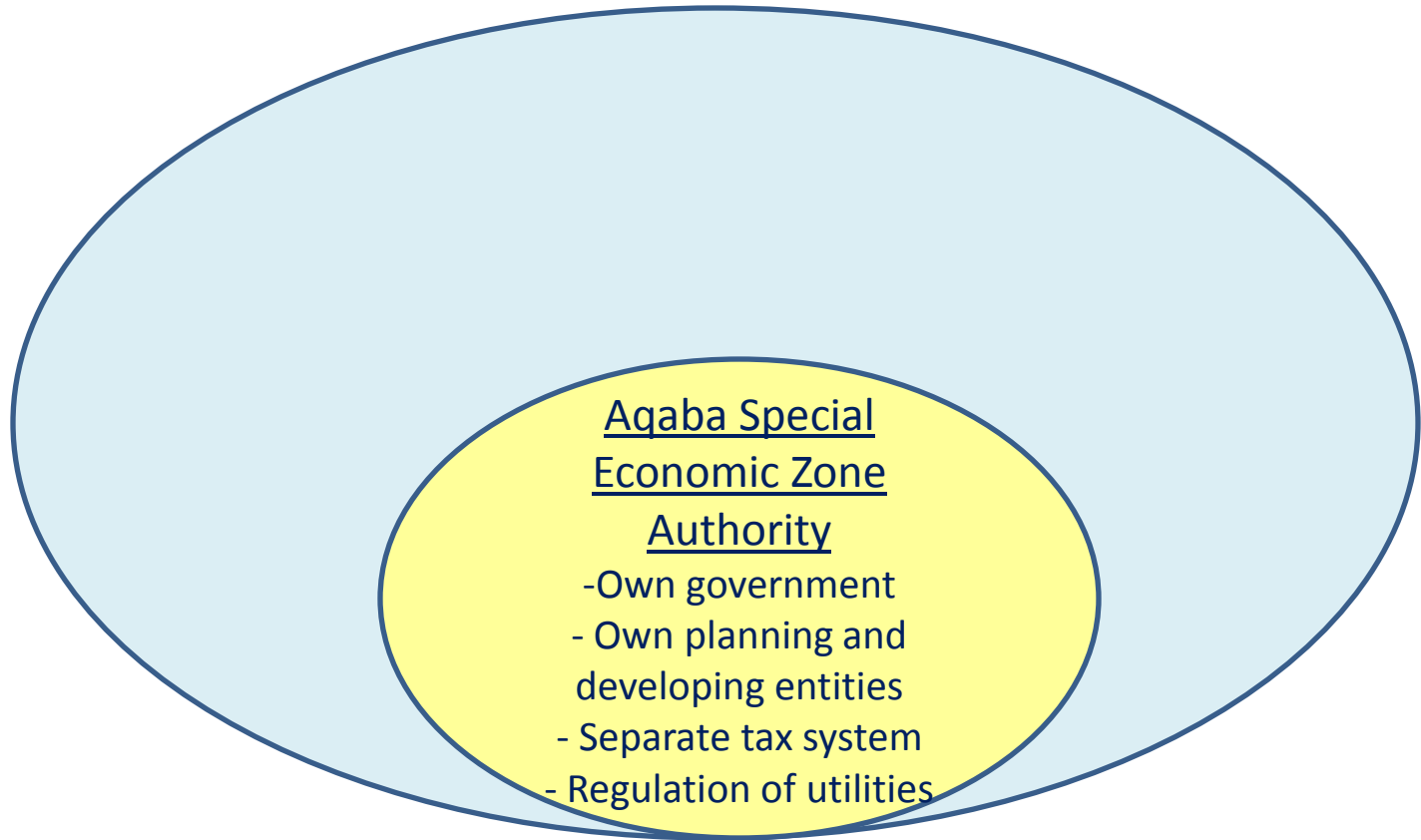


AWC covers the whole area of Aqaba Governorate; not only the Aqaba city with the Special Economic Zone



Aqaba Special Economic Zone

Jordan



How Corporatization of Water Services Started in Aqaba?

- ASEZA is empowered by law to develop infrastructure and provide services.
- ASEZA wanted to reform the water sector bringing a private operator to develop the sector and invest in a desalination plant.
- WAJ asked assistance to USAID to look for the best solution.
- USAID tasked a contractor to do a feasibility study and to help implement the reform.

AWC's Feasibility Study

- Water and wastewater demand forecast
- Water treatment and distribution needs
- Wastewater treatment and reuse
- Financial analysis of recommended plan
- Capital financing alternatives
- Institutional and management analysis
- Legal mandates in establishing the AWC
- Project implementation

Corporate Form

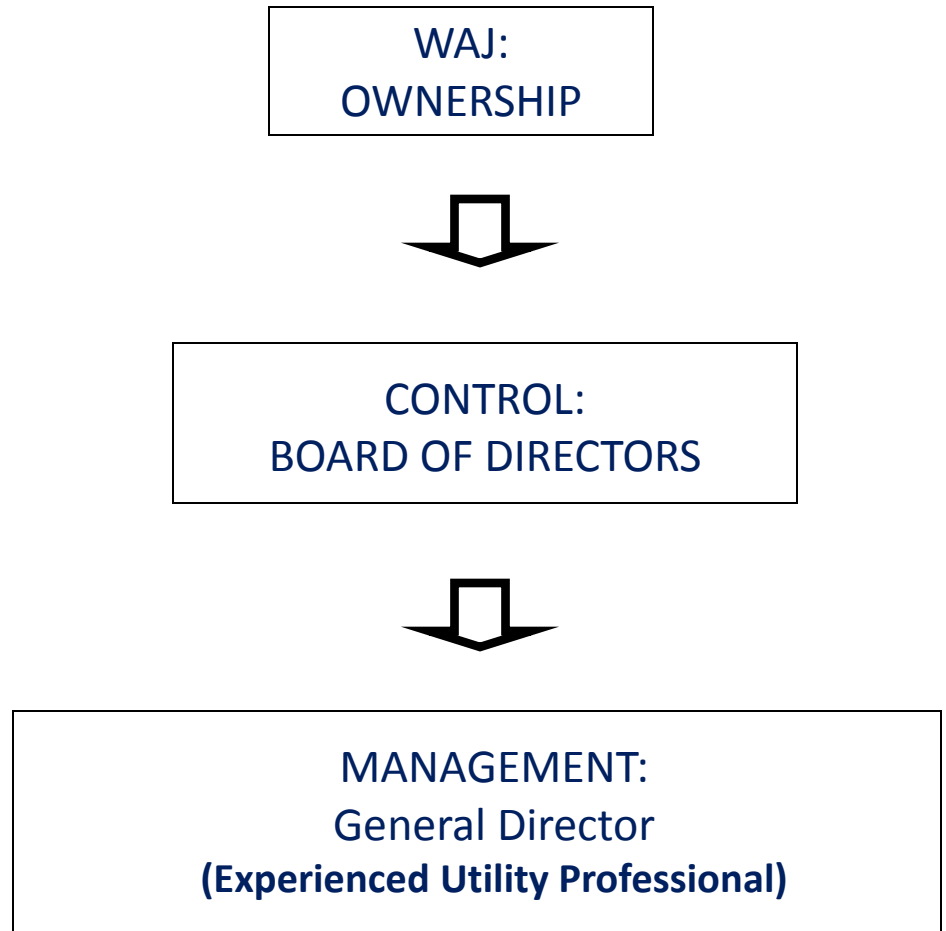
- Limited Liability Company (LLC)
 - WAJ 85%
 - ASEZA 15%
- Capabilities
 - Own and Operate Assets
 - Covers Operation, Maintenance and Investment Expenses
 - Responsible for the whole cycle (water production, distribution, wastewater collection and treatment)

Corporate Governance

ORIGINAL STRUCTURE



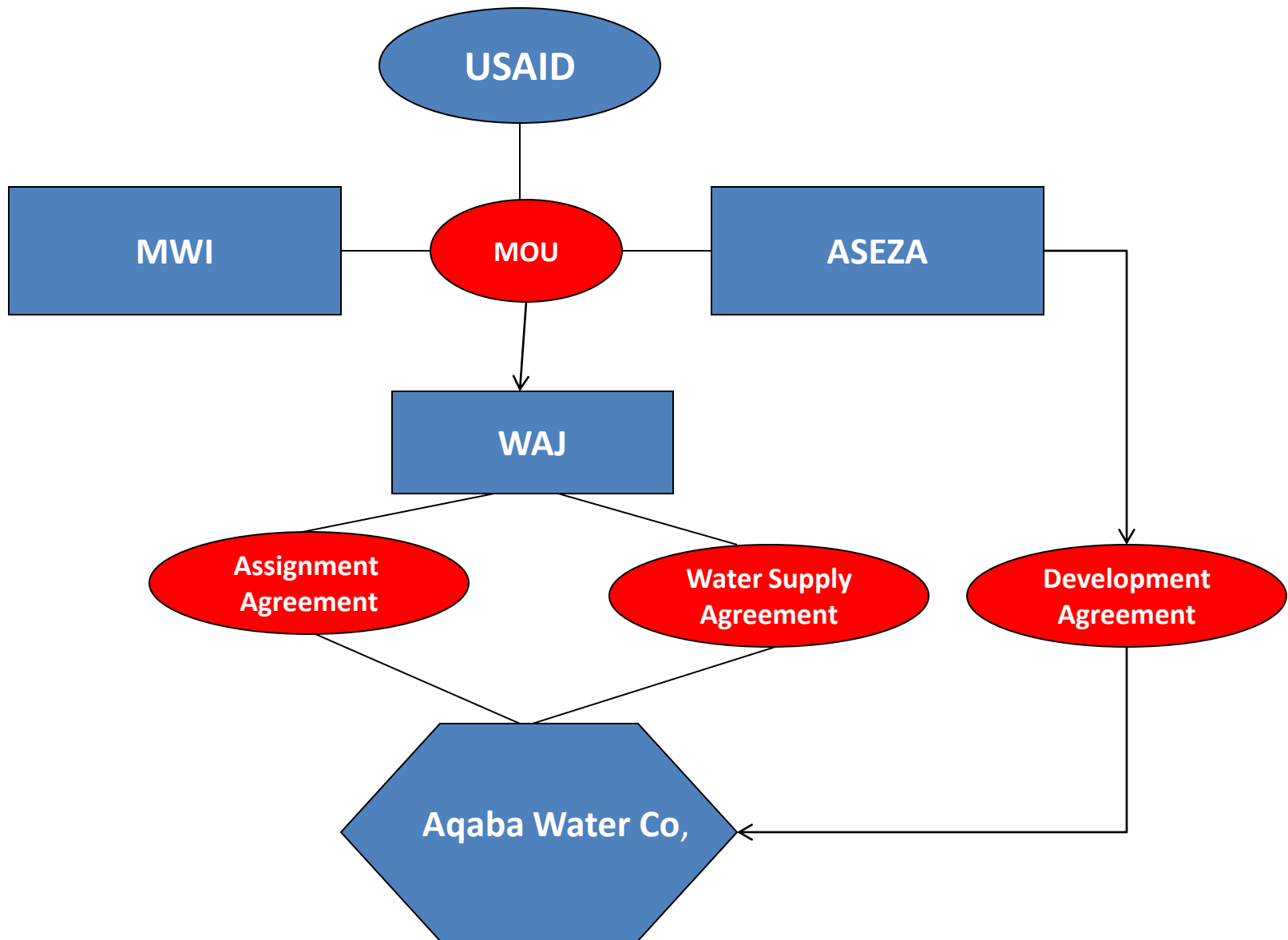
AQABA WATER COMPANY



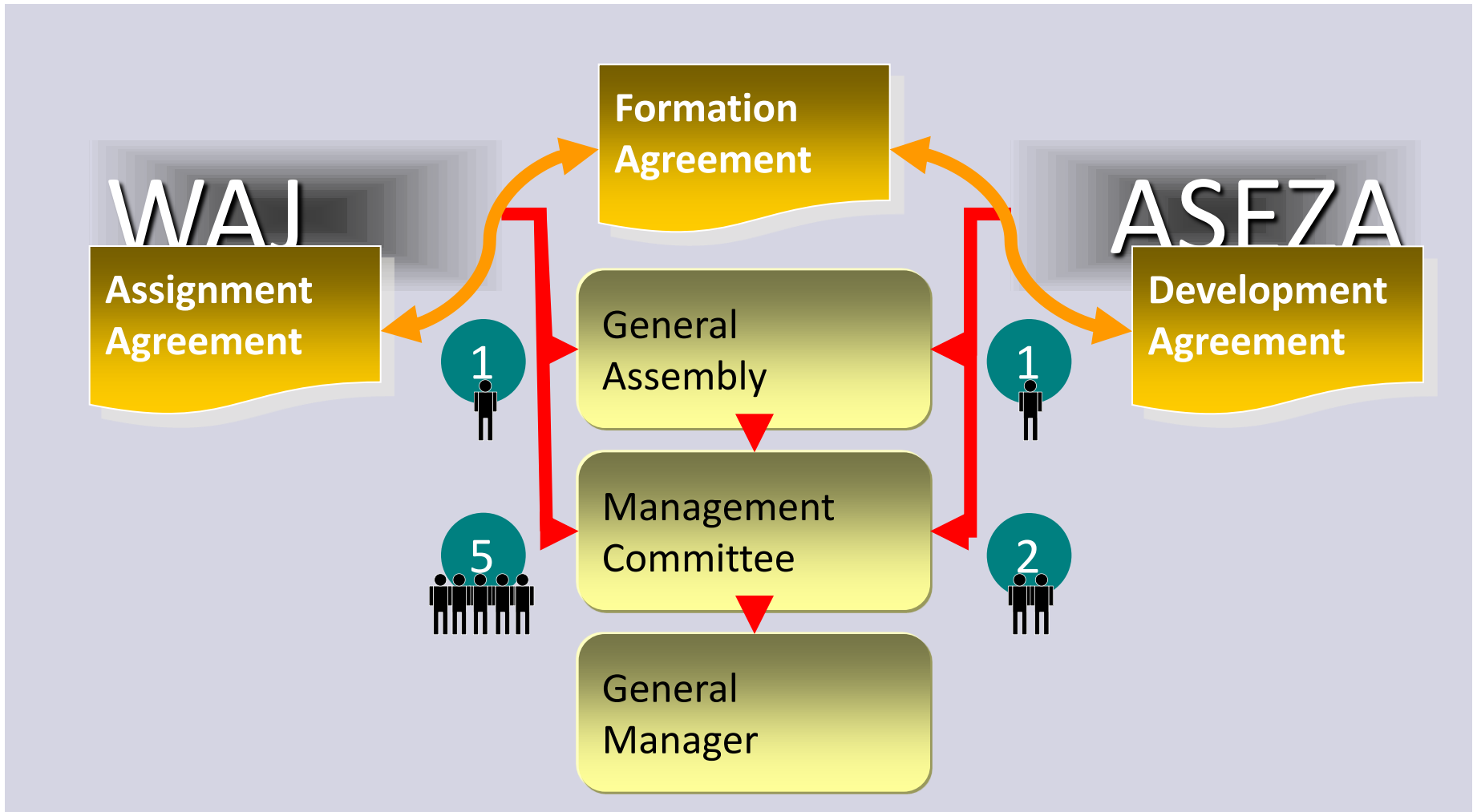
Key Legal Agreements

- Memorandum of Understanding
- Assignment Agreement
- Bulk Water Supply Agreement

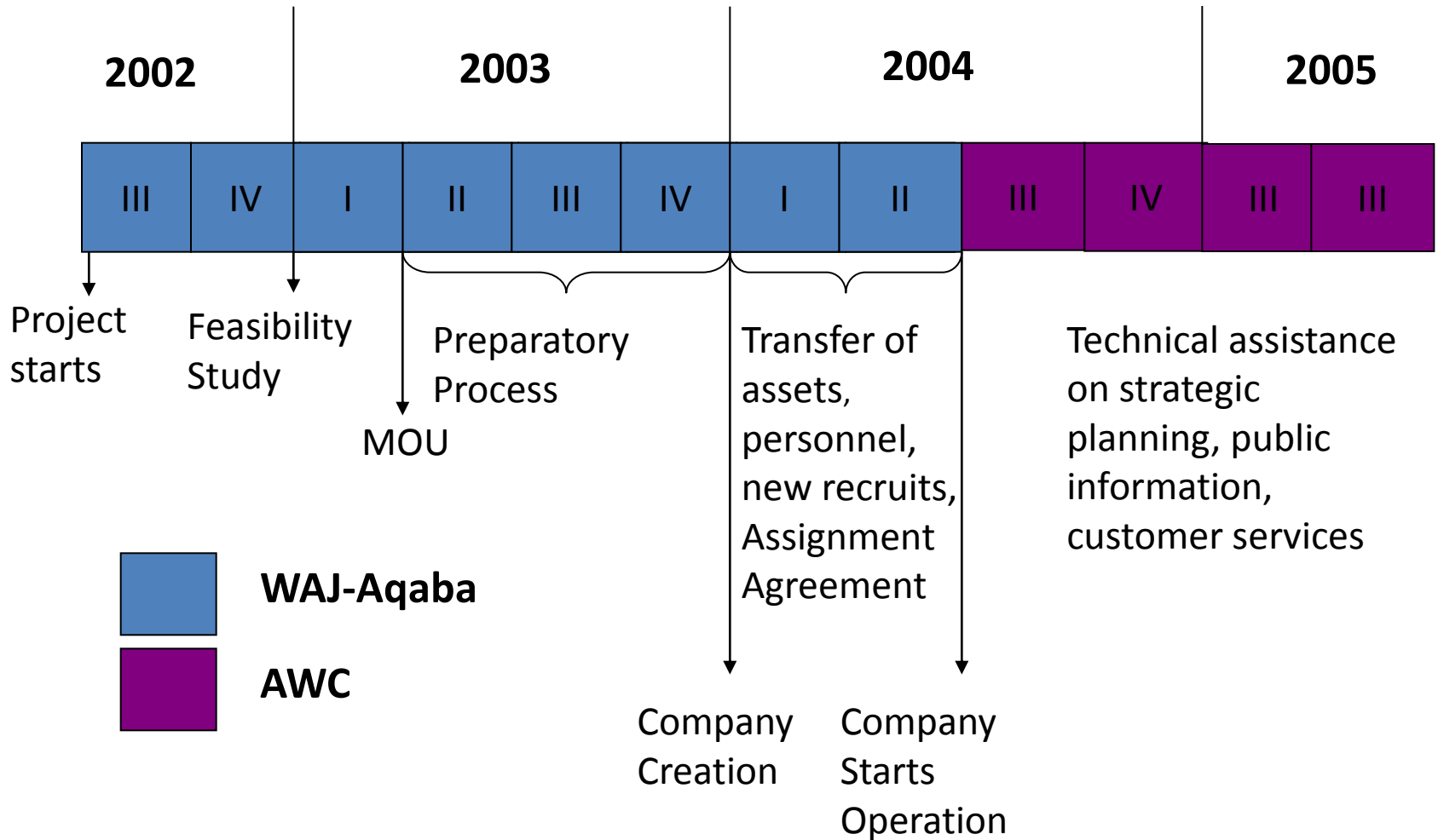
Institutional Relationships



Regulation by Contract



AWC's Implementation



Expected Benefits of Corporatization

Benefits

- Accountability
- Commercial Orientation
- Customer Orientation
- PPP Attractiveness
- Better Compensation

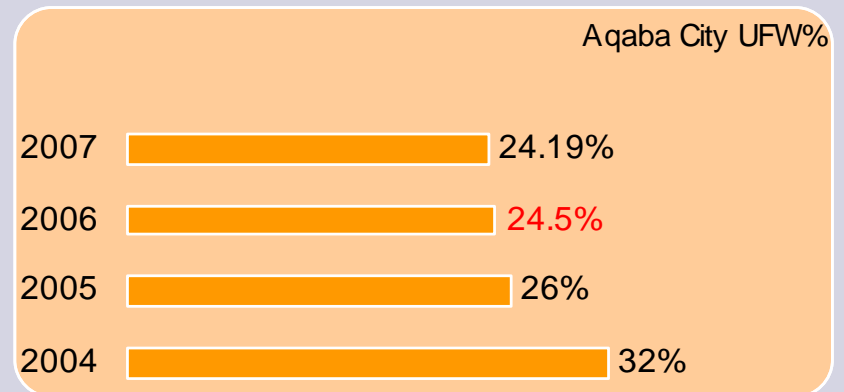
Beneficiaries

- WAJ, ASEZA, customers
- Customers, WAJ, ASEZ
- Customers, ASEZ
- WAJ, ASEZA
- Employees, ASEZ

Performance Improvements (2004-2008)

Performance Improvements

- Ability to provide services to any new investment
- 30% increase in sales (value)
- 23% increase new water subscribers
- 39% increase wastewater subscribers
- UFW decreased from 32% to 24%



Performance Improvements

- 85% of new water connections installed in less than 5 days, 15% in 10 days
- 90% of networks outside ASEZ were renewed
- 8 new reservoirs built
- 20 water resource sites protected
- The first reuse of treated water for industry in Jordan

Performance Improvements

- 3208 hours of staff training
- 58% increase on staff salaries
- Saving fund, life insurance, health programs introduced as new employment benefits.
- Less received complaints regarding water bills due to improved billing processes.

Customer Service Improvements

- 24/7 complaint centre
- One stop service
- Quick response time for complaints
- Connecting new subscribers in remarkable time



55

Persons at CSD
to serve the
company

customers