



USAID
FROM THE AMERICAN PEOPLE

Parties to the Contract:

- **The Client: Miyahuna**
- **The Contractor:**

Performance Objectives:

Increase Bill Collection Rate
Reduce Non-Revenue Water
Reduce Illegal Connections

Type of Contract: Management Contract

Duration of Contract: 5 Years



Rights, Duties, and Responsibilities of the Parties to the Contract

The Client:

- Monitor Contractor performance
- Provide hand held meter reading recording units and personal printers
- Install all new meters at new connections.
- Provide meter inventory for scheduled, Contractor performed meter replacements and repairs.
- Perform random meter reading and cash collection audits.

The Contractor:

- 100 percent reading of meters on a quarterly basis
- Quarterly report on all activities and actions to improve performance
- Replace all damaged and aged meters within 3 months of identification.
- Routine program to identify and legalize illegal connections.
- Develop, propose, and implement new ideas for encouraging timely customer payment of bills.



USAID
FROM THE AMERICAN PEOPLE

Performance Standards and Targets

Minimum Performance Standards that must be achieved by the Contractor:

- Read and bill every registered meter every quarter
- Submit monthly report on activities.
- Routine training of field staff in customer relations.

Penalties for Failure to Meet Minimum Performance Standards:

- If non-read % of registered meters exceeds 15% for a given quarter, the Contractor shall pay a penalty of JD_____.
- If Contractor fails to submit a proper monthly report for two consecutive months the Contractor shall pay a penalty of JD _____.
- If the Contractor cannot demonstrate that it is properly training its employees in appropriate customer relations skills, it can have its contract terminated.



Performance Targets for Five Year Contract

	Base	Year 1	Year 2	Year 3	Year 4	Year 5
Year						
Annual Sales (JD million)	4.00	4.36	4.80	5.33	5.50	5.71
Collection Rate (%) Target	85%	86%	87%	90%	93%	95%
Non-Revenue Water (%) Target	60%	55%	50%	45%	40%	35%
Cash Collected (JD million)	3.40	3.75	4.18	4.80	5.12	5.43
Base Fee to Contractor (JD million)	0.20	0.20	0.20	0.20	0.20	0.20
Cash Collections over Preceding Year		0.35	0.42	0.62	0.32	0.31
Contractor Share of Cash Collected(%)		50%	52%	54%	60%	70%
Contractor Share of Cash Collected (JD)		0.18	0.22	0.34	0.19	0.22
Total Contractor Compensation		0.38	0.42	0.54	0.39	0.42
Total Cash to Miyahuna		3.99	4.38	4.80	5.11	5.29



USAID
FROM THE AMERICAN PEOPLE

Basis for Contract Termination

- **Termination by Miyahuna**
- Failure of Contractor to meet cash targets for Miyahuna for three consecutive months, with notifications from Miyahuna monthly as reported.
- **Termination by Contactors**
- Failure of Miyahuna to provide sufficient replacement meters.
- Failure of Miyahuna to make monthly basis fee payments.
- Without cause, six month notice and penalty payment.



USAID
FROM THE AMERICAN PEOPLE

Adjustments to the Contract (what are allowable adjustments; who makes them; and under what conditions?):

- **Revision to incentive payment percentage when mutually agreed by the parties to the contract.**
- **One extension to the contract can be negotiated for an additional period of up to five years.**



USAID
FROM THE AMERICAN PEOPLE

Standards for Conditions of Assets upon Expiration of the Contract:

- **All meters will be in good repair and fully operational.**
- **All billing and portable printing equipment will be in good repair and fully operational.**



USAID
FROM THE AMERICAN PEOPLE

Management of the Contract

- **Responsible Party for Monitoring the Contract:**
 - Customer Service Department of Miyahuna.
- **Responsible Party for Enforcing the Contract:**
 - Customer Service Department of Miyahuna.
- **Responsible Party for Resolution of Disputes:**
 - Mutually Agreed Third Party Named in the Contract at signing.



USAID
FROM THE AMERICAN PEOPLE

Additional Terms (Optional for Country Teams):