

Managing
**OUR
WATER**

2007-2011 Business Plan Brief



Jordan Water Company

مياھنا
ندیرھا
بکفائة

ملخص خطة العمل ٢٠٠٧ - ٢٠١١

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شركة مياه الأردن



Jordan Water Company



Miyahuna started operation in January 2007 distributing potable water and collecting wastewater in Greater Amman with a population of 2.5 million inhabitants in an area of 1,680 square km. The Company is responsible for 6,200 km of water pipes and 2,200 km of sewer pipes.

During 2007 until 2011, Miyahuna will invest 200 Millions JDs in two main priority areas: i) managing water scarcity reducing the losses and ii) expanding the network to serve additional customers.

Miyahuna's investments during the next 5 years will reach 200 Millions JDs



Message from the Chief Executive Officer

Dear Stakeholder :

This Business Plan is a commitment from Miyahuna to its stakeholders, a guide for our work and also a tool to monitor our performance.

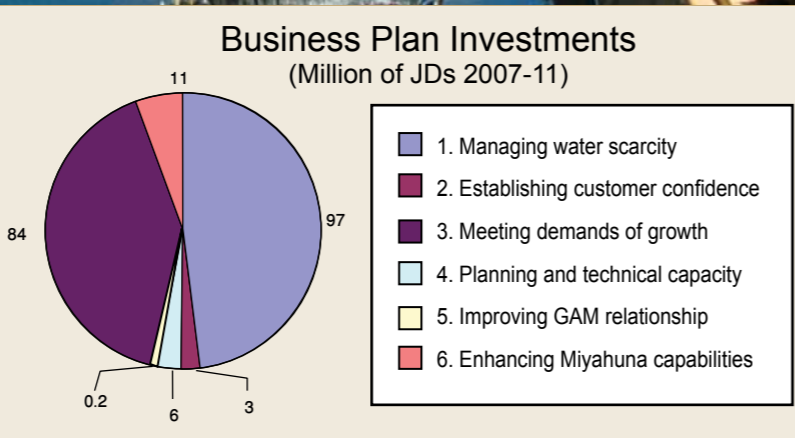
With this Business Plan, Amman will have a better system to manage water. We will be able to improve the control of water losses with the use of district zone management technology. With the support of the international community we will replace most of the network closer to your houses completing an effort started few years ago to renew the network for Amman.

Customers will be served better, the meter reading system will improve, the complaint center will be modernized, customers will receive constant information about the service and will have more and better locations to deal with the Company. Other services will be offered to customers to use water more efficiently. Specialized and better equipped crews will respond immediately to complaints. Our public works will be done more efficiently and complying with modern security standards. Meeting the demand of growth is an important element in our Business Plan, continuous extensions to the system will be carried out.

Miyahuna will be stronger with new systems for finance and accounting, a modern GIS that will accurately identify all problems of the network and a new system of information between departments that will minimize errors and costs.

All these advantages will result in a better service for all customers and a stronger Miyahuna. Please learn about our ideas and plans for a better future.

Eng. Kamal Zoubi CEO



Listening to the stakeholders: providing a shared vision

Miyahuna conducted interviews and focus groups to find out what the main stakeholders want from the Company. Customers communicated their expectations for a better service including more reliable distribution of water and a fair billing. Jordan goals quoted in the National Agenda, call for excellent management of scarce water resources and better planning for the future. Based on these and other expectations, the Management Committee adopted the following strategic principles:

Miyahuna's Vision:

"To be recognized for its commitment to the customer and its effectiveness in water and waste water management"

Miyahuna's Mission:

"To enhance quality of life by providing all its customers with sustainable, efficient, and reliable water and waste water services"

Miyahuna's Values:

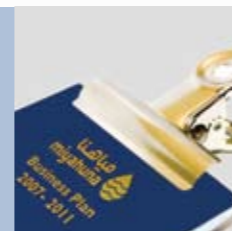
- Quality
- Technical Expertise
- Trustworthiness
- Social Awareness



Miyahuna's long term vision will be achieved through 6 Strategic Initiatives. Each initiative is supported by specific projects that will be executed according to a priority order. The projects will be monitored continuously and will be adjusted every year.

The six initiatives are listed below:

1. Managing water scarcity
2. Establishing customer confidence
3. Meeting the demands of growth
4. Building planning and technical capacity
5. Partnering with greater amman municipality
6. Enhancing miyahuna's capabilities



Vision, Mission,
Values

Strategic Initiatives

Specific Projects



Managing water scarcity: our main priority

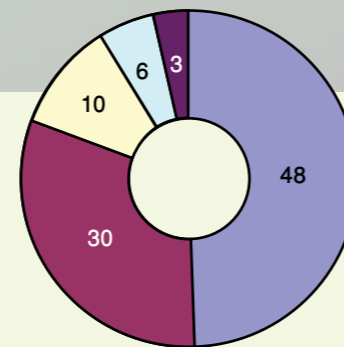
Jordan is a water scarce country and most of its water sources are fully utilized. The country is investing heavily developing more resources to serve additional population and the economic growth; therefore, it is imperative for Miyahuna to manage efficiently the distribution of water resources and reduce drastically the water losses.

Most of water losses occur in the network closest to the households. Miyahuna will replace this segment of the network in the next five years as part of the water losses control program.

Other investments will be done in the rehabilitation of South Amman networks, the replacement of meters and the development of new reservoirs that will provide additional water for the city.

With 97 Million JDs invested by Miyahuna by 2011, water losses will be reduced from 43% to at least 32%. Miyahuna will be prepared to deal with the expensive water to come from Disi.

Managing Water Scarcity
Investments 2007-11 in Million of JDs



- House connection replacements
- South Amman rehabilitation
- New reservoir
- Meter replacement
- District Management

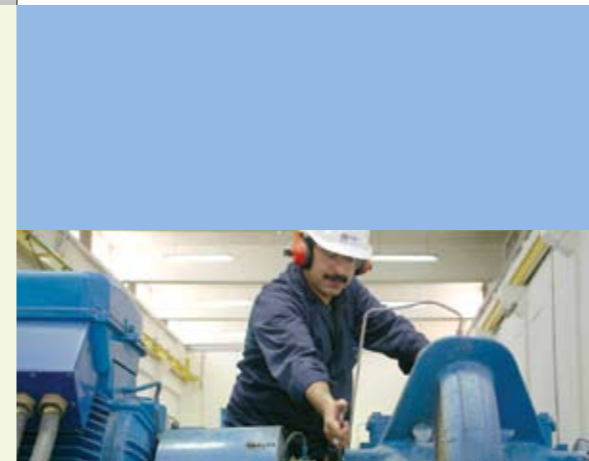
44 Distribution Zones in Amman will be fully established with independent meters and a central control room. With a modern SCADA system Miyahuna will be able to react immediately to water losses.

The profitable business of investing in water losses reduction program

Investing JD 68.7 million in programs of tertiary network rehabilitation, replacement of connections and replacement of meters will have the following comparative returns:

	Years 1 to 5	Years 1 to 5	Years 1 to 5
NRW	43% - - 35%	43% - - 30%	43% - - 25%
IRR	16%	18%	25%
NPV	30 Mill JD	40 Mill JD	73 Mill JD

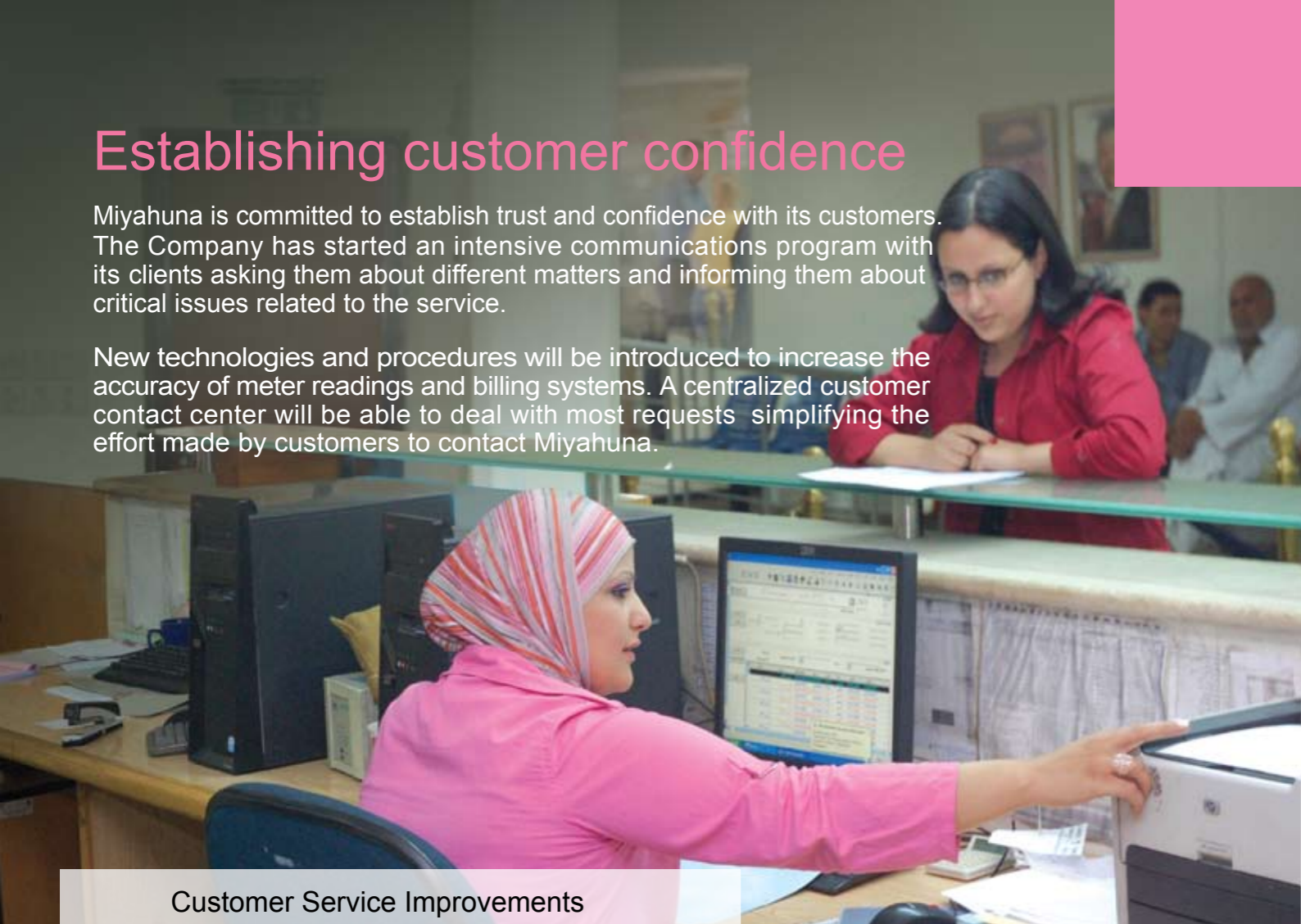
Where:
NRW: Non Revenue Water
IRR: Internal Rate of Return
NPV: Net Present Value



Establishing customer confidence

Miyahuna is committed to establish trust and confidence with its customers. The Company has started an intensive communications program with its clients asking them about different matters and informing them about critical issues related to the service.

New technologies and procedures will be introduced to increase the accuracy of meter readings and billing systems. A centralized customer contact center will be able to deal with most requests simplifying the effort made by customers to contact Miyahuna.



Two-way communications with customers

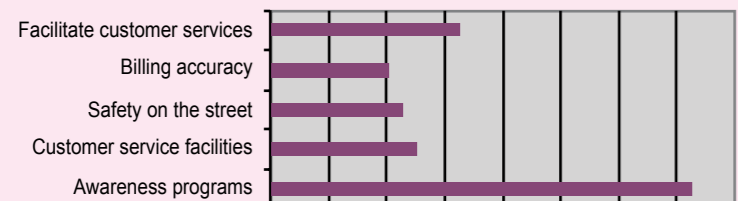
Almost 1.5 million JDs will be invested during the next 5 years to provide a better customer service based on a more intense two-way communication between the Company and its clients. A detailed survey covering the whole city will be conducted during the initial three years to update the customer data bases and periodic surveys will be carried out together with focus groups to learn more from customers concerns. Also awareness programs will be put in place at a general level as well as at the school level or other organizations.

More accurate readings & easier ways to pay

Miyahuna will adopt new technologies to have more accurate readings. The Company will start programs to motivate prompt payments or to schedule debt repayments according to customer's financial means. By the end of 2011 Miyahuna plans to have all its clients paying bills on time or have all indebted clients with satisfactory financial payment plans.

Customers will have more and easier ways to pay their bills without the need to come to Miyahuna's offices or banks. The Company will make possible to pay bills together with daily purchases at main supermarkets.

Customer Service Improvements



Million of JDs Invested in 2007-11

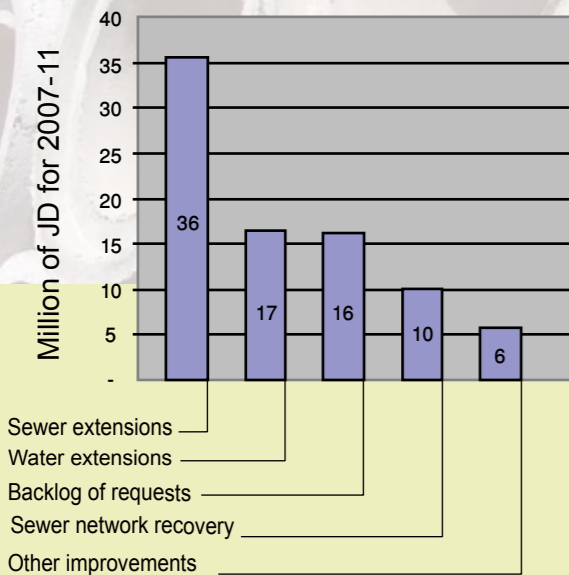
With the new plan for customer service, Miyahuna will be able to reduce service complaints as percentage of water customers from 30% to 10%. Also billings complaints will be lowered from 6% to 3%.



Meeting the demands of growth

Greater Amman is experiencing a cycle of unprecedented urban and economic growth. Miyahuna needs to work with WAJ and developers to find acceptable ways to timely respond to this growing demand. Also, capital investment programs need to enhance its effectiveness reducing the time to incorporate new infrastructure into operations

Meeting the Demands of Growth



More than JD 85 million will be invested in the next five years to extend the water and sewer services throughout the city and to finance network modifications to accommodate the significant growth.

Pending requests of water and sewer installations will be completed within five years and will require 16 million JDs. Also damaged segments of the sewer network due to new roads construction will require additional funds.

Wastewater coverage in the area will be enhanced from 80% in 2006 up to 90% in 2011

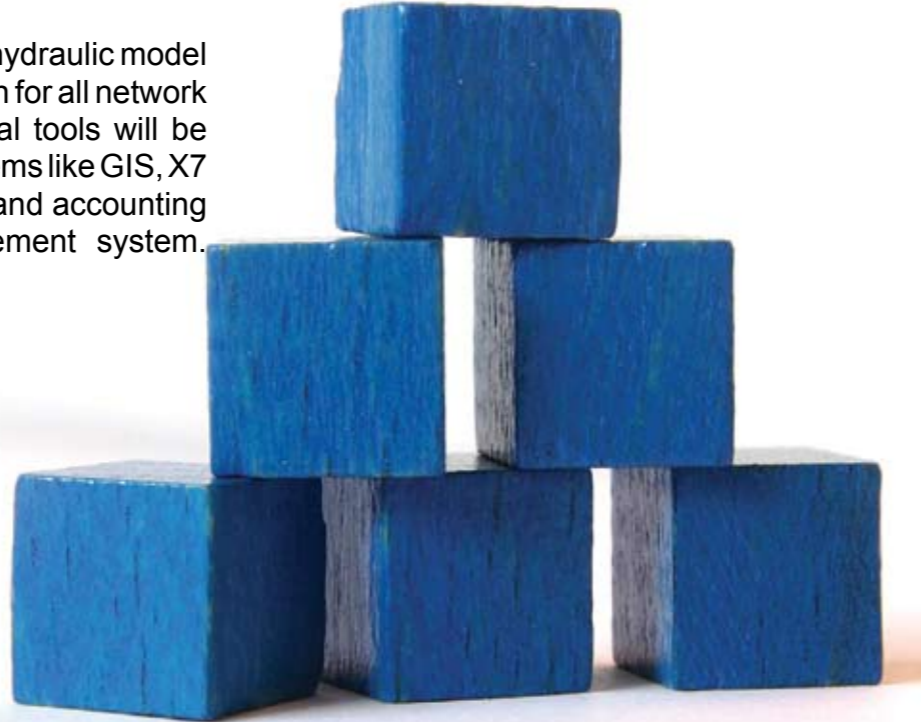
Partnering with developers

Growth expected in new residential as well as business or industrial areas in Greater Amman especially in the South will have a big impact on the economic growth of the city and the prospect of job opportunities for its people. Miyahuna will partner with developers to speed-up the provision of services in such areas as well as develop cost effective schemes through long term payment plans.

Building planning and technical capacity

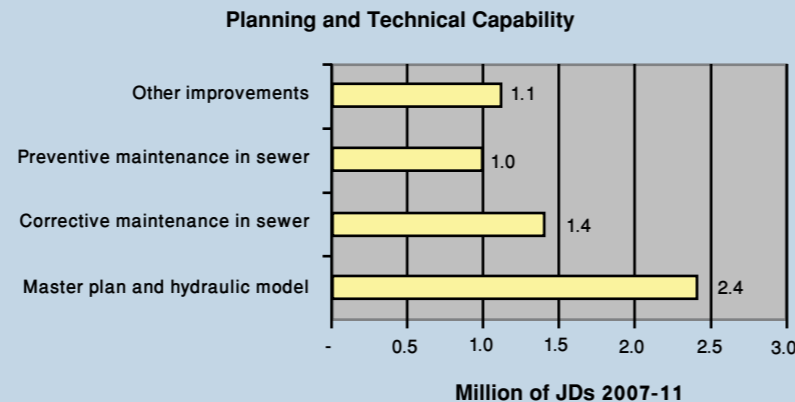
To manage efficiently its capital investment program, Miyahuna requires strengthening its technical and project management capacity. Therefore, it needs to create a new organizational framework that promotes effective planning and management.

As part of this effort, a Master Plan and hydraulic model will be developed as a central tool to plan for all network rehabilitation and expansion. Additional tools will be provided through the integration of systems like GIS, X7 for customer service, the new finance and accounting system and the new asset management system.



Wastewater collection during the rainy season can become very problematic in a hilly city as Amman. To avoid blockages in the sewer system, Miyahuna is purchasing 3 more Jetta vehicles that are able to clean the network.

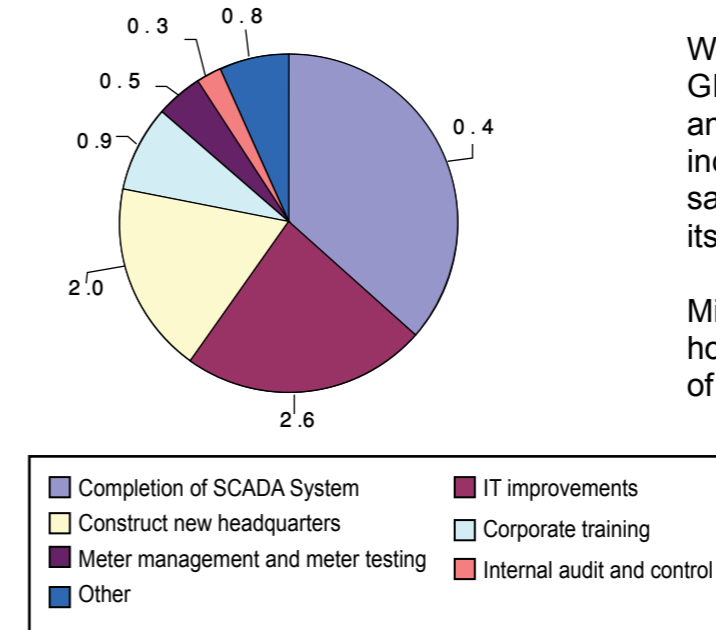
The new Master Plan will allow the Company manage water distribution in a complex city as Amman with 7 main hills. The hydraulic model will be able to help control pressure and distribute water more efficiently.



Enhancing Miyahuna's capabilities

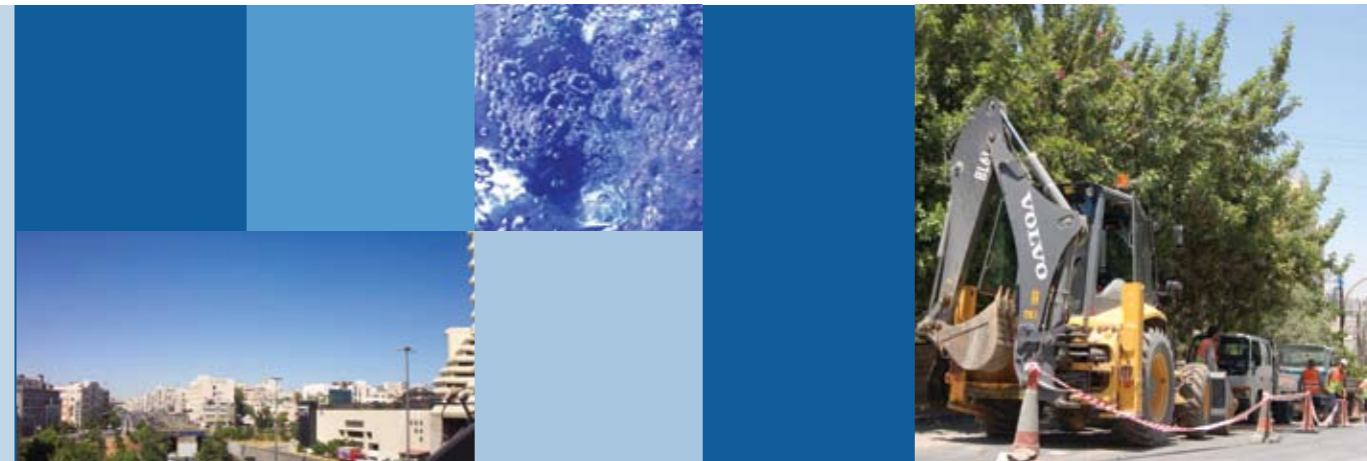
During the initial period of 5 years, considerable efforts will be made by Miyahuna's management to improve its ability to provide services. Information technology, human resources, financial management and maintenance of infrastructure require priority attention.

Enhancing Miyahuna Capabilities
(Million of JDs 2007-11)



With the new and upgraded IT systems for the GIS, finance and accounting, human resources and customer center, Miyahuna will be able to increase its efficiency and reduce costs, at the same time of improving the quality of services to its clients.

Miyahuna will multiply by two the number of hours of training for its employees in the areas of technology and customer services mainly.



Business plan financing

Miyahuna is able to finance approximately JD 90 million of the JD 201 million of Business Plan projects. Additional sources of financing will be needed to fund the remaining JD 111 million.

Miyahuna will dedicate an increasing budget for maintaining its network closer to industry standards and proceed more quickly with investments to attend the required day to day expansions of the service (“Normal Investments”).

However, Amman has accumulated problems created by many years of underinvestment in maintenance and expansion; most of the projects to deal with these deficiencies are defined as “Major Investments” to be financed by outside sources or tariff adjustments.



Performance improvement monitoring

Miyahuna is committed to a continuous process of performance improvement that can be objectively measured and compared to international standards. Included below are key performance indicators with targets for the year 2011. These indicators are monitored with other 50 as part of the regulatory scheme implemented through the Assignment Agreement.

Key Performance Indicators	Unit	2006-Baseline	Industry Norm	2011 Goal	ADA KPI-
Operations					
Population served with water	Percentage	99%	100%	99%	✓
Population served with wastewater	Percentage	80%	100%	90%	✓
Non Revenue Water	Percentage	42	<20	32	
Pipe breaks per year in water network	#/100 kms	750	<20	300	
Sewerage blockages per year in collection network system	#/100 kms	900	<10	300	
Average unit energy consumption per m3 of water produced	Kw-hr/m3	3.87	n.a.	3	✓
Customer Focused					
Water samples in compliance with health standards	Percentage	100%	100%	100%	✓
Billing complaints as a % of total water customers	Percentage	6%	n.a.	3%	✓
Average monthly water use per customer	m3/month	14	n.a.	18	
Financial					
Operating ratio	Percentage	122%	150%+	150%	
Collection ratio	Percentage	97%	98%	98%	
Collection ratio	Employees	3.2	<2.00	2.7	✓
Total employees per 1000 water subscribers					

Notes:

Rounded and annualized figures at the end of the year.

ADA KPI: Key performance indicators in the Assignment and Development Agreement.

n.a.: Not available.

Major Investments will be financed by:

- Tariff adjustments
- Donor grants
- Government transfers
- Preferential loans
- Bonds and other financial instruments
- Commercial loans



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MANAGING AMMANS WATER



