



Brussels, 1.8.2014
C(2014) 5353

COMMISSION IMPLEMENTING DECISION

of 1.8.2014

**amending Decision C(2010) 7441 on the Annual Action Programme 2010 in favour of
the Kingdom of Jordan**

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THE EUROPEAN COMMISSION,

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

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 establishing common implementing rules and procedures for the implementation of the Union's instruments for external action¹ and in particular Article 2 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 1605/2002², and in particular Article 84(2) thereof,

Whereas:

- (1) Commission Decision C(2010) 7441 adopted on the 17 November 2010³ approved the action "Improved Water Resources Security for Low Income Rural and Urban Communities". This decision was financed under the European Neighbourhood and Partnership Instrument.⁴
- (2) The purpose of this amending Decision is to allow for a change in the management method of this action and refine part of the specific objectives and results.
- (3) 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 Union⁵.
- (4) The Commission may entrust budget-implementation tasks under indirect management 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 points (a) to (d) of the second subparagraph of Article 60(2) of Regulation (EU, Euratom) No 966/2012. However, the Kreditanstalt für Wiederaufbau is currently undergoing the ex-ante assessment. In anticipation of the results of this review, the responsible authorising officer deems that, based on a preliminary evaluation and on the long-standing and problem-free cooperation with it, budget-implementation tasks can be entrusted to this entity.

¹ OJ L 77, 15.3.2014, p. 95.

² OJ L 298, 26.10.2012, p. 1.

³ Already amended with Decision C(2014) 3766 of 11.06.2014.

⁴ Regulation (EC) n° 1638/2006 of the European Parliament and of the Council of 24 October 2006, OJ L 310, 9.11.2006, p. 1-14.

⁵ OJ L 362, 31.12.2012, p. 1.

- (5) The measure provided for in this Decision is in accordance with the opinion of the European Neighbourhood Instrument (ENI) Committee set up by the basic act⁶,

HAS DECIDED AS FOLLOWS:

Article 1

Adoption of the measure

Annex 3 of Decision C(2010) 7441, entitled “Improved Water Resources Security for Low Income Rural and Urban Communities”, is replaced by the Annex to this Decision.

Article 2

Implementation modalities

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

Done at Brussels, 1.8.2014

For the Commission

Štefan FÜLE

Member of the Commission

⁶ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument, OJ L 77, 15.3.2014, p. 27.

EN

ANNEX

of the Commission implementing Decision amending Decision C(2010) 7441 on the Annual Action Programme 2010 in favour of the Kingdom of Jordan

Action Document for Jordan

1. IDENTIFICATION

Title	Improved Water Resources Security for Low Income Rural and Urban Communities (ENPI/2010/21928)
Total cost	EU contribution: EUR 10 million
Aid method / Method of implementation	Centralised management and indirect management with Kreditanstalt für Wiederaufbau (KfW)
DAC-code	14030 Basic drinking water supply 14015 Water resources protection

2. RATIONALE

2.1. Sector context

Jordan has very limited water resources. In 2007 demand exceeded renewable resources by 75%. Groundwater resources are overexploited with 60% and the yield and water quality of aquifers are therefore endangered. Annual per capita water availability is 145 m³ per year (which is far below the international water-poverty line of 1000 m³/year) and dropping continuously. Increased water demand is evident in all rural and urban areas resulting from population growth, and economic development. The increasing water deficit poses a serious future threat that will impact on all sectors of the economy. A serious effort has to be made at all levels to balance available resources and demands. Water tariffs are currently set too low to provide for effective incentive to stimulate water savings by users or support operational cost recovery of the services.

The proposed programme is in line with the Country Strategy Paper 2007-2013 and the National Indicative Programme, which supported the provision of improved services throughout the water cycle, provision of fresh water, desalinisation, and distribution and treatment, and includes a focus on the efficient use of treated water and increasing the awareness of the population on water scarcity issues in order to encourage more efficient water usage.

The proposed programme is fully in line with the goals of the Jordan's Water Strategy 2008-2022, which premises the involvement of water users in decisions regarding a more efficient water demand management. The Strategy and its preliminary Action Plan sets goals for water demand management; water supply; institutional reforms; improvement of irrigation water management; wastewater management; and alternative water resources.

The proposed programme approach is in line with the Water Sector Reforms under implementation. Presently the Water Authority of Jordan (WAJ) and its affiliated companies as well as the Jordan Valley Authority (JVA) are responsible for all water

supply and irrigation systems respectively, but these agencies will become bulk suppliers with the management of distribution systems devolved to lower levels: for water supplies Public Water Companies at the regional level, and for irrigation the Water User Associations. However, as the increasing scarcity of water remains reality, intermittent water supply and rationing is expected to continue as means of regulating water supply.

The Yarmouk River Basin is shared between Syria and Jordan. Three quarters of the 7250 km² of the basin are situated in Syria, one quarter in Jordan in the north-west corner of the country, including the cities of Irbid and Mafraq. Although data on the Syrian part of the basin are scarce and do not allow a precise analysis, renewable groundwater resources in the basin can be estimated at roughly 230 million m³ per year.

As is the case in most of the highland and desert areas in Jordan, groundwater resources in the Yarmouk river basin are heavily overexploited. The estimated safe yield of the aquifer in the basin is approximately 40 million m³ per year, but actual extraction is close to 63 million m³ per year - of which more than 50 million m³ for irrigation. This over-abstraction leads to a severe drawdown of the groundwater table and is negatively impacting groundwater quality from the resulting salt water intrusion from deeper aquifers.

The irrigation areas in the Jordan Valley are divided in two parts; the northern part receiving fresh water from the Yarmouk River and side wadis and the southern part receiving water from King Talal Dam. In the past the Yarmouk River was delivering approximately two thirds of the fresh water resources in the years 1995-1998. The average total flow (base and flood together) in the Yarmouk River decreased from approximately 8 m³/s in the 1960s to 2 m³/s at present. In 2006 and 2007 the Yarmouk River delivered approximately 15 million m³ to the King Abdullah Canal, compared with 100 million m³ in 1995-1998. As a result, citrus harvest has suffered large losses in quantity and in quality. Since then, however, the Yarmouk flow has increased again because irrigation in the Syrian part of the basin has ceased as a result of the crisis.

As a hedge against droughts and in order to continue to provide fresh water from the Jordan Valley to Amman for municipal purposes, the Jordan Valley Authority built the Zarqa Carrier III, which enables another 4,000 ha to be irrigated with water from King Talal Dam. Fresh water and reclaimed water from King Talal Reservoir are provided on an alternating basis to the farms. However, water from the carrier contains sediments which silt up ponds on the farmers' plots and requires filtration.

2.2. Lessons learnt

The recently completed EU MEDA Water Programme has successfully worked on issues of wastewater reuse in irrigation, irrigation water efficiency, rainwater harvesting, grey water reuse at household level and water user participation. The experience demonstrates that working on both the demand and supply sides of a sector is both relevant and effective in influencing behaviour in water use. The households are very receptive to the possibilities of reducing their water demand and water costs (by accessing alternative water sources, i.e. from roof catchments).

GiZ has carried out extensive field studies on the political economy of water demand. This fieldwork indicates that there are deep divides in water and sanitation provision between the poor households and the more wealthy households. Low income groups suffer from water scarcity during the summer months when the piped network delivers water irregularly, whereas the wealthier households can afford to install adequate

storage capacity and purchase water delivered by privately-owned water tankers and safe bottled water for drinking purposes. The costs of these supplementary water supplies can amount to more than ten times the monthly bills of piped water from WAJ and this has a high impact on the amount of water used and the associated health risks to low income families.

Many attempts have been made by the government to reduce groundwater abstraction by introducing limiting measures such as a moratorium on the drilling of wells, instating abstraction limits and enforcement by metering, and pricing mechanisms (the last two through the new groundwater bylaw of 2002). However, all these measures have had little effect; at best groundwater abstraction has remained constant over the last 7-8 years. Licensing and limiting groundwater abstraction by force has not been applied with enough vigour and various studies report that the negative financial incentive, to be effective should be at least 10 times higher, which would put small farmers out of business and completely change the agro-socioeconomic structure of the region (and is therefore politically not a viable option). The solution for the over-abstraction may lay therefore in a combination of enforcement by the Government as clearly mentioned in the 2009 Water Strategy and at the same time an appreciation of the farmers that “business as usual” will destroy their livelihoods.

Attempts were made by the Government in the past to establish groundwater models for the aquifers of the basin. None of the models are operational and are not well documented either. Despite that, it is believed that modelling can play an important role in the management of groundwater resources as it can make what -if scenarios visible for water users and decision-makers alike and contribute to consensus. However, in order to do this, more modern modelling approaches with integrated surface water-groundwater models using decision support tools need to be developed.

As models built for the Jordanian part of the Yarmouk basin can be relatively easy extended for the Syrian part as well, the modelling exercise would in the long run enable an integrated management of water resources as required among others by Integrated Water Resource Management (IWRM) principles and the European Union Water Framework Directive (WFD). With expected upcoming urbanisation and industrial development and the complex administrative situation of a shared international river basin, WFD principles perfectly apply to the Yarmouk basin and could be introduced in any actions.

The main lesson learned for the improvement of irrigation water management is that it needs a holistic approach in which all aspects of farming, irrigation management, marketing, cropping pattern, cultivation methods, fertigation, financing are considered.

USAID has been working in the mid 2000's on setting-up an Irrigation Advisory Service for the Jordan Valley. The programme focused on the improvement of marketing and financing issues and the transfer of technology to the farmers. It will launch in 2014 a 3-year USD 13 million programme that aims at allocating and using water resources more efficiently in the Jordan Valley. France has also financed interventions aiming at improving irrigation management in the Jordan Valley.

GiZ implemented projects in the Jordan Valley, which led to increased know-how of the farmers on using marginal water resources particularly in the southern part of the Jordan Valley.

KfW has appraised a project for Adaptation to Climate Change in the Water Sector that aims at reducing the vulnerability of farming communities in the Jordan Valley to the

impact of climate change, such as increasingly frequent and severe heat waves and reduced freshwater availability. The project will support the reconstruction of irrigation infrastructure in the 18km extension of the King Abdullah Canal in the Southern Jordan Valley. It will also strengthen the capacity of three water user associations in the area of the 18km extension that are in charge of operating the infrastructure and are expected to take over additional tasks in the future, as mentioned further above.

In the framework of the MEDA Water Programme, the Improvement of Irrigation Water Programme (IRWA) worked on improvement of water quality and on-farm integrated water and fertilisation management. It was proven that even in farms with drip irrigation and greenhouses, water savings are possible between 20 and 30%. However, despite all efforts in the past, inadequate irrigation advisory services makes scaling up of such results difficult. Another useful lesson of IRWA is that working in irrigation areas where water user associations have been formed eases the communication with the farmers.

2.3. Complementary actions

Yarmouk River basin: GiZ and AFD have supported the establishment of the Highland Water Forum, which has enabled dialogue between the different water users on the Highlands (which extend also to the Yarmouk basin area) and the water authorities that are responsible for resources management. Those actions can be complemented by the EU with activities that are specifically directed towards the particular situation in that basin, but fully integrated in the actions of GiZ.

Moreover, CIM/GiZ is supporting the Ministry of Water and Irrigation (MoWI) in putting in place integrated Water Evaluation Planning System (WEAP) decision support systems and MODFLOW groundwater modelling for the Zarqa and Yarmouk basins. However, the work in the Yarmouk basin has only just started and remains limited because of lack of funds. It does not couple surface and groundwater models and does not include a socioeconomic modelling component. The EU contribution can greatly enhance the foreseen modelling in the Yarmouk Basin.

Furthermore, the proposed EU programme intends to complement the above mentioned activities by practical implementation of water conservation measures at the farm level.

Irrigation water: GTZ has two projects in the Jordan Valley which are extensions of projects that exist for a longer time, the Marginal Water Project and the Water User Association Project. Both projects are limited in size and comprise only a restricted number of field activities at the moment, but the expertise collected can be used.

Water reuse: KfW finances the expansion of two wastewater treatment plants and has financed the construction of a third plant, all located in Irbid Governorate. After filtration and disinfection the reclaimed water from these plants flows through a pipeline to the Northern Jordan Valley. There most of the reclaimed water will be mixed with freshwater before it will be provided to farmers. However, a portion of the reclaimed water will be lost to the Jordan River during winter because there is low irrigation water demand in the northernmost part of the Jordan Valley during winter and seasonal storage at the sites available would be prohibitively costly. In addition, KfW provides grant funding for activities to enhance the acceptance and awareness of reclaimed water among farmers in the Northern Jordan Valley.

2.4. Donor coordination

Policy orientations of the Government to address the pressing issues of the water sector have received a strong support from the donor community. Key donors in the sector include the US (USAID, MCC), Germany (GiZ, KfW and BGR), the EU, Japan (JICA), Korea, with other donors such as France (AFD and PROPARCO), China or Spain (AECID) more recently implied or expressing interest.

The need for reinforced coordination within the donor community and with the Government has been acknowledged. An informal donor group on water and sanitation is chaired quarterly by the German cooperation.

The proposed programme requires coordination with different donors. Drinking water supply for poor communities requires coordination with KfW, JICA, MMC and GiZ, groundwater management in the Yarmouk basin requires coordination with IFAD, BGR and GiZ, wastewater reuse in the Northern Jordan Valley requires coordination with AFD and GiZ.

3. DESCRIPTION

3.1. Objectives

The Overall Objective of the programme is to contribute to improved water resources security for drinking water supply and irrigation, in particular for low income urban and rural communities in Jordan.

The Programme intends to assist the water sector stakeholders to enhance adaptation to the increasing water scarcity in Jordan, which according to climate projections is expected to be aggravated as a result of climate change. It aims to support effective co-operation of water users in executing strategic government's objectives related to efficient management and conservation of water resources.

The Specific Objectives of the Programme Components are:

- (a) Household water users in selected low income areas where piped supplies are irregular and /or do not exist have enhanced security for their supplies;
- (b) Sustainable tools and methodology have been developed for the Government of Jordan and local water users that can be used to reduce over-extraction of groundwater resources in the Yarmouk river basin; and
- (c) Farmers in the Northern Jordan Valley safely and effectively use reclaimed water.

3.2. Expected results and main activities

The general strategy of the Programme is to bring together public institutions and the water users to plan and implement strategic actions related to use of alternative water resources and water saving technologies. The Programme is expected to achieve the following results and activities:

Component A:

Result 1.1: A programme has been established for the improvement of water supply in selected pilot areas: select up to three pilot WAJ piped networks and at least one pilot non piped served area in small, low income areas that are representative of water security issues in the urban and rural sectors.

Result 1.2: Participatory management has been established in the pilot areas: establish cooperation procedures between local WAJ and user-groups.

Result 1.3: Rehabilitate and complement piped supply with alternative measures to improve water supply: rehabilitation of the existing piped networks and for a non served area inside selected pilot areas;

Result 1.4: Stakeholders in the pilot areas are better informed about the ways to improve efficient water use through communication and user association approaches to ensure sustainability: prepare and implement a communication and visibility plan involving water awareness unit in WAJ.

Component B

Result 2.1: A decision support tool based on a combination of WEAP and MODFLOW simulation models has been developed, including water management, agricultural management and socio-economic modules : set-up and calibrate a combined WEAP and MODFLOW decision support model for the Yarmouk basin, including studying options for coupling the model to the Syrian part of the catchment.

Result 2.2: A river basin council with representation of all water users has been set-up and its actions have been integrated with the Highland Water Forum: set-up a River Basin Management Committee, build its capacity and integrate in the activities of the Highland Water Forum, enabling a joint learning process.

Component C

Result 3.1: Safe and effective use of reclaimed water from the Irbid area in the predominantly vegetable-growing areas of the Northern Jordan Valley (winter crops) south of Turnout 24 of the King Abdullah Canal.

Result 3.2: Safe and effective use of reclaimed water from the Amman-Zarqa area in the predominantly citrus-growing areas of the Northern Jordan Valley (summer crops) north of the current end point of the Zarqa Carrier III.

3.3. Risks and assumptions

Safe drinking water supplies to low income areas: Water sector pilot projects in other countries have shown that initiatives involving communities work well when there has been adequate social preparation and time to build trust between people. The main risk lies therefore in the relatively short time frame of the intervention and it is necessary to plan and implement adequate follow up measures for the period after the present intervention.

Yarmouk Basin: To have a lasting success from the proposed measures, the key assumption is that water users understand how over-exploitation will negatively affect their own resources and are willing to associate with fellow-farmers to pursue common interest. The project will need to work intensively with the water users to enhance this understanding and involve them frequently in other project activities (modelling, etc.) as well.

Moreover, it is important that farmers are willing to change agricultural practices. The complete agricultural extension process of action research, demonstration and dissemination of good practices plays a very important role in this acceptance and should be implemented with all possible vigour. Socio-economic factors (economic incentives) are crucial as well and should be sufficiently taken into account.

Another risk is that MoWI does not sufficiently involve farmers in authoritative exercises as modelling and does not sufficiently share the results of this exercise with the water users. From the start of the programme, a networking system needs to be set up that enhances stakeholders communication in the basin.

Irrigation water: The main risk is that not sufficient water resources are available for irrigation at all, as was the case in 2007 and 2008. Even though this risk is partly mitigated by the increased availability of treated wastewater, it cannot be completely excluded. In case it happens, the project needs to adapt its activities to this situation and make best use from it as a special case drought scenario to be investigated.

Water reuse: There is a risk that farmers in the citrus-growing area will not accept treated wastewater, mainly because they fear yield reductions for citrus trees that are salt-sensitive. It appears that there has been little impact on citrus yields in the Middle Jordan Valley at the low levels of salinity contained in the reclaimed water, but the issue will require further study. The acceptance risks in the vegetable-growing areas are accepted to be lower, since reclaimed water is being used extensively for the irrigation of vegetables in the Southern Jordan Valley. Nevertheless, farmers in the Northern Jordan Valley need to be made aware of the safe reuse practices in the Southern Jordan Valley and the measure undertaken to ensure the quality of reclaimed water in the North to increase their acceptance. These risks will be mitigated by the awareness building measures supported by KfW under a separate grant.

The experienced gained from the EU-funded “Sustainable water integrated management” (SWIM) programme can also help to mitigate identified risks.

3.4. Crosscutting Issues

Poverty reduction: The aim of the pilot projects in Component A is to ensure that the restructured and rehabilitated water resource systems address the health and social needs of the poor and do not burden them financially.

Climate Change: Model projections in Jordan are unequivocal with a 2 degree increase in temperature expected for 2050, although in the Jordan valley increased aerosols may temper temperature increases somewhat. For rainfall, predictions are also unequivocal; and predict a decrease in rainfall.

Gender: The Programme promotes gender equity as it deals with issues that affect particularly girls and women, of families without access to adequate and safe water - an issue which directly burdens women by the increase in the volume of domestic tasks and their ability to have time for rest and child care, which causes loss of opportunities to engage in income generation activities.

3.5. Stakeholders

The main formal Beneficiaries will be farmers in the Jordan Valley. Other key stakeholders are the Ministry of Water and Irrigation and the Jordan Valley Authority, who, through the implementation of the Programme, will be able to contribute to goals mentioned in the 2009 Water Strategy. Other stakeholders include: Water Authority of Jordan will be enabled to better serve the low-income population with adequate drinking water supply.

Except for aforementioned stakeholders, the Programme plans to involve local partners such as local public organizations (for pilot actions and irrigation advisory services) and local NGOs (for social pilot actions in drinking water supply and irrigation). Their implication in the Programme will enhance their capacity to implement similar tasks in

future and improve sustainability of closer links between the top government and bottom community levels.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The MWI has been identified as appropriate leading entity, sharing the steering function of the programme with the sector operational agencies (JVA and WAJ). The Programme intends to address operational level issues which are important for effective implementation of the water strategy and foresees activities using *action research* methods that are for important parts outside of the normal scope of activities of MoWI and WAJ.

Indirect implementation procedures:

– the component A and B will be assigned by the EU to the GTZ through a separate delegated cooperation agreement with the EU. This will include the implementation of the Service tasks of Component A, and smaller parts of Components B and C (as specified in the budget table below). The delegation to GTZ will create an optimal situation in which the activities of the Programme will be fully integrated with ongoing GTZ activities, the relevant capacities of the GTZ already employed in Jordan will be utilised, and the experience of GTZ will flow fully into the implementation of the Programme. This will avoid inefficient expenditure of EU and Member States funding and is in line with the EU Code of Conduct on Division of Labour in Development Policy. The rules and procedures of GTZ have been assessed under Article 56(1) of the Financial Regulation.

– the component C will be implemented in indirect management with Kreditanstalt Für Wiederaufbau (KfW) in accordance with Article 58(1)(c) of Regulation n.966/2012. 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; (iii) KfW is currently preparing with the Government of Jordan a EUR 18 million package in the area of water supply in the Jordan Valley.

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

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

Organisation: A Steering Committee (SC) of max 7 persons will be established for overseeing the implementation of the components A and B. The Ministry of Planning and International Co-operation, the Ministry of Water and Irrigation (chair), the Water Authority of Jordan, the Jordan Valley Authority, the National Center for Agriculture Research and Extension and the EU Delegation in Jordan will be members of the SC. The GiZ will provide Secretariat to the SC.

4.2. Procurement and grant award procedures

The Commission will sign delegation agreements with GiZ a and with KfW as indicated in section 4.1 above. The procurement and contracting rules of these entities will apply for the implementation of those parts of the project delegated to them.

Contracts for monitoring, evaluation and audit will be implemented in direct management, in accordance with the standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

4.3. Budget and calendar

The operational implementation period of this programme is estimated at 84 months.

Indicative Budget Breakdown (in EUR)

Indicative Total Budget	10,000,000
I. Component A and B: Indirect management (by GiZ)	3,600,000
II. Component C: Indirect management (by the KfW)	6,325,000
III. Monitoring, External Evaluation and Audit	75,000

4.4. Performance monitoring

Day-to-day technical and financial monitoring will be a continuous process as part of the responsibilities of the technical support services. Three monthly progress reporting is required. Where tasks are assigned to partners, those partners will report in the same way to the technical support services.

Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external monitoring according to the ROM system.

The implementation of the Programme will be subject to field supervision and follow-up by the EU Delegation.

4.5. Evaluation and audit

The European Commission will carry out a final evaluation of the programme. The European Commission may also carry out a mid-term evaluation if deemed necessary. Both evaluations will be carried out by independent consultants recruited directly by the Commission under specific Terms of Reference.

4.6. Communication and visibility

A communication strategy and specific activities will be developed and implemented by GiZ and KfW in accordance with the “Communication and visibility manual for EU external actions”. 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 GiZ and KfW and by institutions holding or benefitting from service or supply contracts.