

Managing
**OUR
WATER**

2007-2011 Business Plan Summary



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Miyahuna started operation on January 2007 distributing potable water and collecting wastewater in Greater Amman with a population of 2.2 million inhabitants in an area of xxx square km. The Company is responsible for xx km of water pipes and xxx km of sewer pipes.

During 2007 until 2011, Miyahuna will invest 200 Millions JDs in three main priority areas: managing water scarcity reducing the losses and expanding the supply, improving customer services and expanding the service to serve additional customers.

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

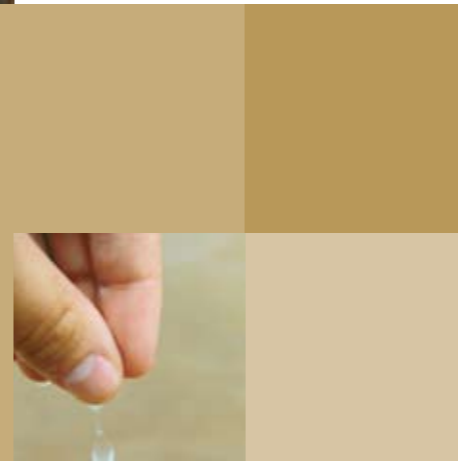
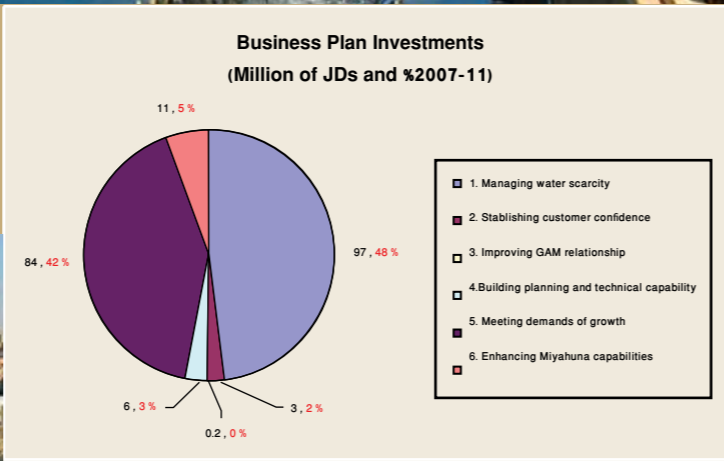


Message from the Chief Executive Officer

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. Executives and managers at Miyahuna discussed the best way to reach the objectives set by the Management Committee and proposed the projects included in this document. These projects were further developed by managers and head of sections becoming a shared commitment by all executive staff to stand behind its successful implementation. 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 improve the customer relationship like programs to help customers to reduce losses inside their households or to use water more efficiently. Specialized and better equipped crews will respond immediately to complaints. Our public works will be done more efficiently and meeting modern security standards. 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 (Picture and Signature)



Listening to the Stakeholders to Provide a Shared Vision

Miyahuna has conducted interviews and focus groups to find out what the main stakeholders want from the Company. Customers have communicated their expectations for a better service including more reliable distribution of water and a fair billing. The National goals for Jordan quoted in the National Agenda call for excellent management of scarce water resources and a better planning for the future. Based on these 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"

Mission

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 that will cover the internal as well as the external activities. 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.

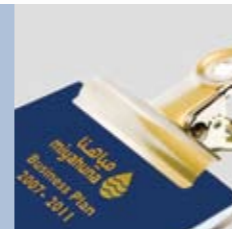
The six initiatives are listed below:

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

The strategic vision down to the Strategic Initiatives and development of projects was a fine-tuning process with customers and other stakeholders that was processed internally at the company level with the participation of key staff and executives in close interaction with the Management Committee (Board of Directors).



Miyahuna was formed a- accountable, technically proficient and having a long- term view



Vision, Mission, Values

Strategic Initiatives

Specific Projects



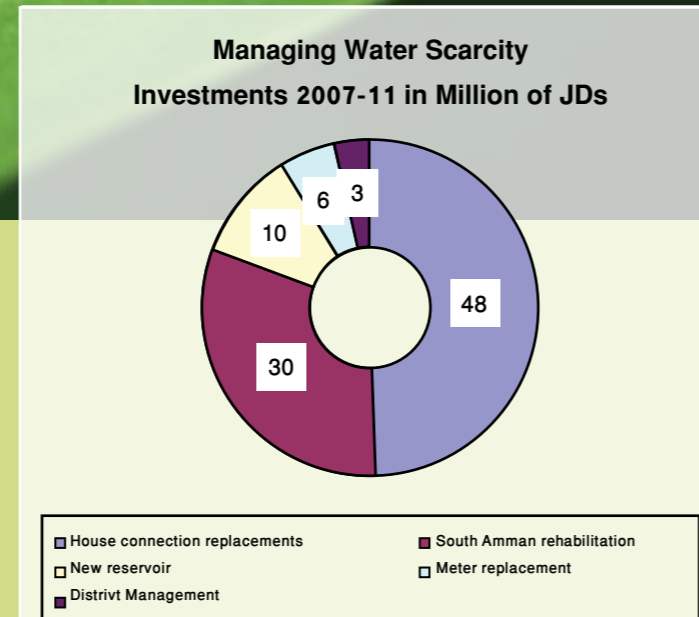
Managing Water Scarcity: Our Main Priority

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

Most of water losses occur in the network closest to the households. Miyahuna will replace this part 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 in Zara Mee'n will provide additional water to the city.

With 97 Million JDs invested by Miyahuna by 2011, water losses will be reduced from 43% to at least 32% and half of the city of Amman will be operated under continuous supply.



44 Distribution Zones in Amman will be fully established with independent meters and a central control room. Once completed the isolation of distribution zones and installed the SCADA system, a live control of water management and losses control will be established with a detailed knowledge on how and where the water is lost in Amman so Miyahuna can react immediately.

The profitable business of investing in water losses reduction program.

The most profitable investments options for Miyahuna are on the reduction of water losses. With varying degrees of activities and locations, Miyahun has a great potential to improve its finances if it allocates resources to activities that will lower the NRW.

For example an investment of JD 68.7 million in water losses reduction through 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 will conduct an intensive program of two way communications 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. More places will be made available to facilitate payments of bills and to respond customer's requests. A centralized customer contact center will be able to deal with most of customers requests facilitating the communications and simplifying the effort made by customers to contact the Company.



Two-Way Communications with Customers

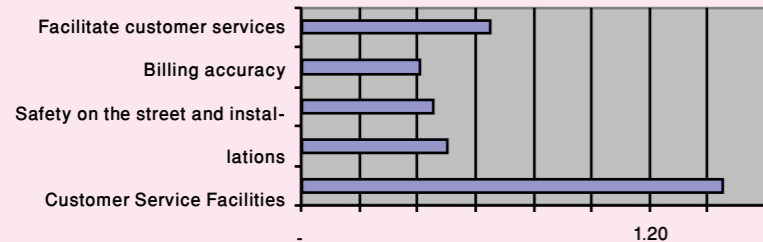
Almost 1.5 million JDs will be invested during the next 5 years to provide a better customer service based on a more intense two-way communication between the Company and its clients. A detailed survey covering the whole city will be conducted during the initial three years to update the customer data 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 and Easier Ways to Pay

Miyahuna will implement new technologies to have more accurate readings and will implement a monthly billing system. 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 Improve-



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 for Growth

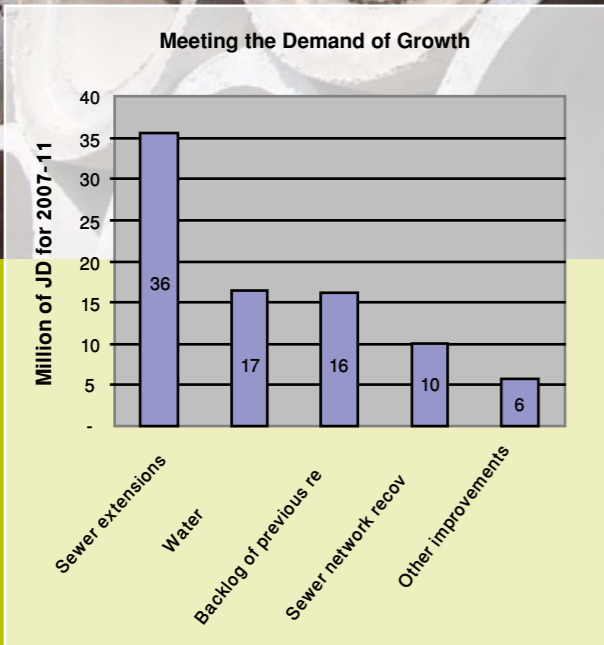
Greater Amman is experiencing a cycle of unprecedented urban and economic growth. Miyahuna needs to work with WAJ and developers to find acceptable ways to timely respond to this growing demand and enhance the effectiveness of capital investment programs reducing the time to incorporate new infrastructure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



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 inside the city to accommodate the significant Amman growth as one of the main centers for the Middle East.

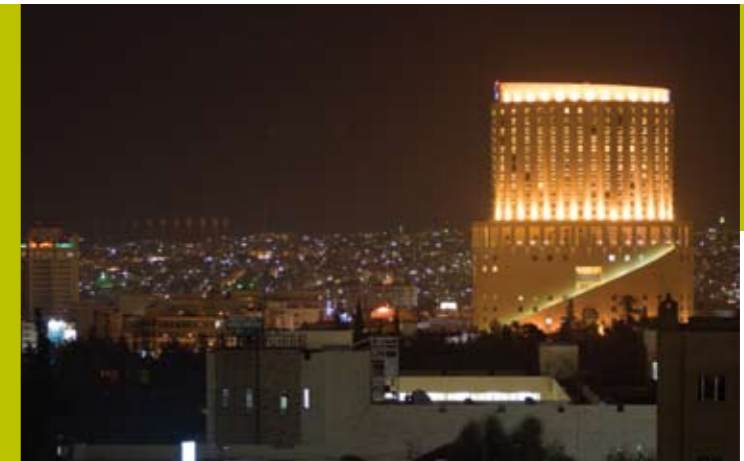
Partnering with Developers

The significant 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 execute programs that will speed-up the provision of services in such areas as well as develop cost effective schemes so final users are reasonably charged through long term payment plans.



84 million JDs are needed to meet adequately the demand of new customers of water and sewer in Greater Amman. Coverage in the area will be enhanced from 96% in 2006 up to 99% in 2011 and from 78% up to 85% in sewer.

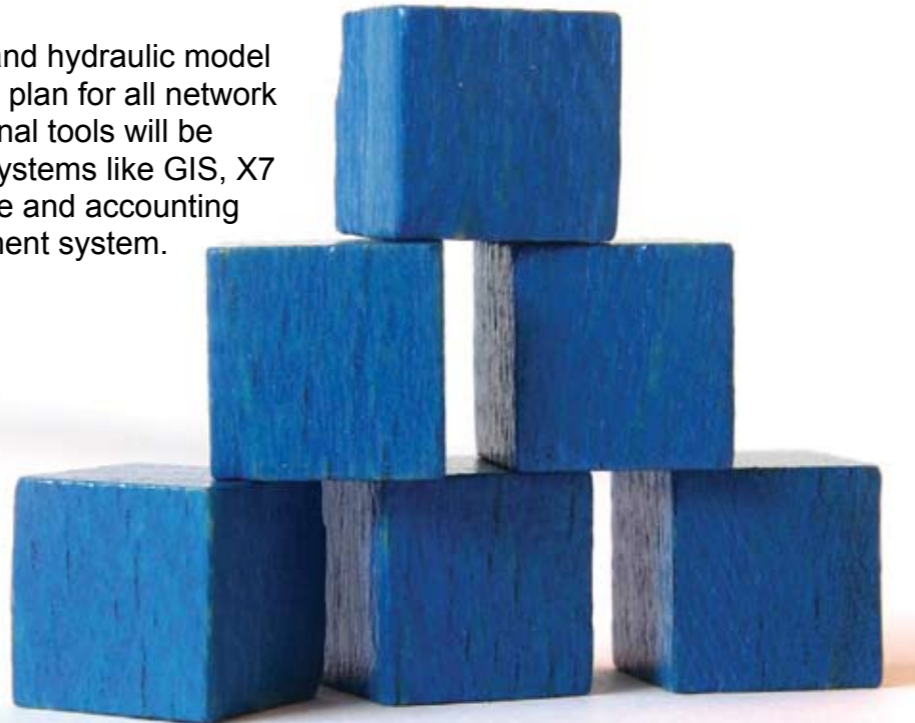
Pending requests of water and sewer installations will be completed in the first few years and will require 16 million JDs. Also damaged segments of the sewer network due to new roads construction will require additional funds.



Building Planning and Technical Capability

To manage efficiently its capital investment program, Miyahuna requires strengthening its technical and project management and operational 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.

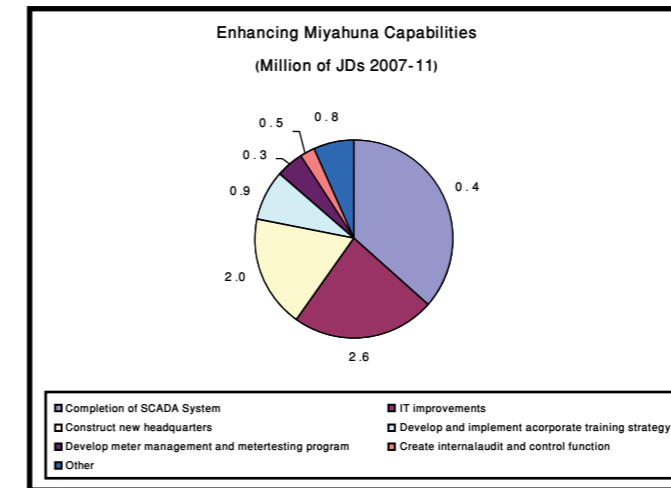
To avoid blockages in the sewer system, Miyahuna is investing in 3 more Jetta vehicles that are able to flush sewer valued at JD 1.2 million.

The new Master Plan will allow the Company manage water distribution in a complex city as Amman with 7 main hills and variations of xxx meters of altitude in certain areas. The hydraulic model will be able to 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 the ability of the organization to provide services. There are many areas, however, that require further development and strengthening. Information technology, human resources, financial management and maintenance of infrastructure require immediate attention. Therefore, Miyahuna needs to strengthen these areas in order to build the foundation for steady growth in the future.

Miyahuna will count with a complete SCADA system that will be able to control the bulk water distribution and to measure and control remotely valves at the district level.

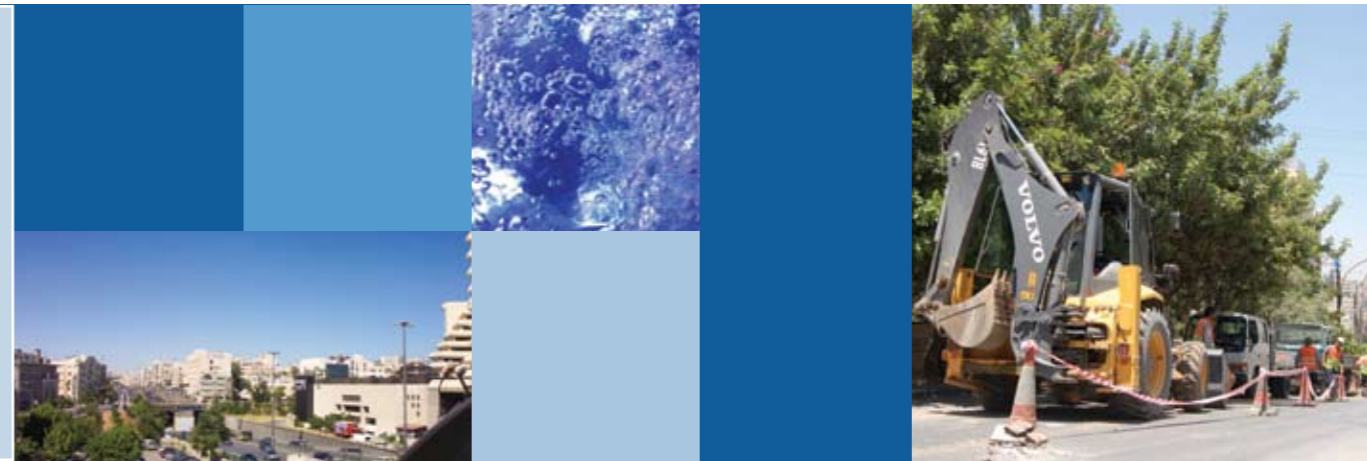
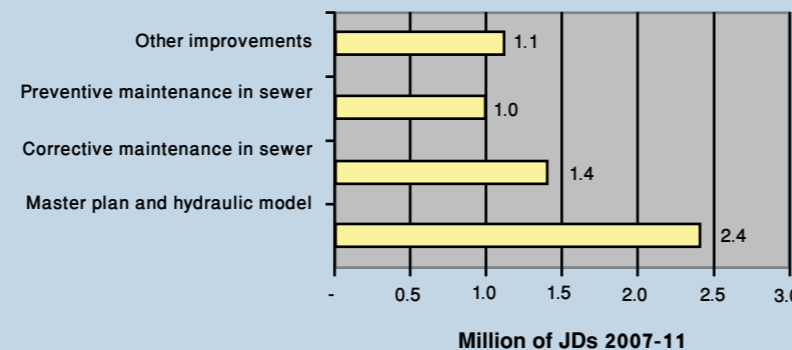


A central control room with GIS technology will display information of the network and will have critical indicators to locate the water losses accurately.

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.

Planning and Technical Capability



Business Plan Financing

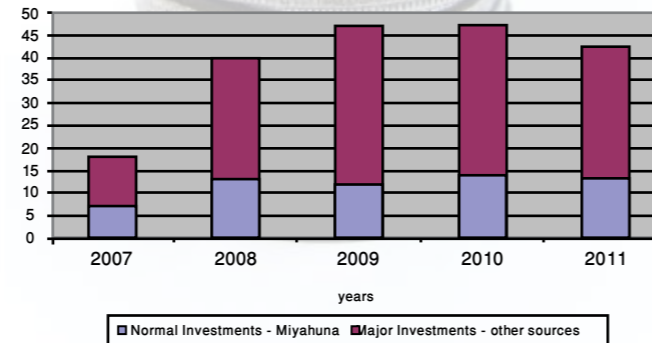
Miyahuna is projected to be able to finance approximately JD 50.9 million of the JD 201.3 million of Business Plan projects. Additional sources of financing will be needed to fund the remaining JD 150.4 million.

Miyahuna's will be able to pay for increased expenses in wastewater treatment with the new As Samra plant as well as more expensive water sources with the Sara Mee'n desalination plant. Likewise, 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, the water and sewer service provided in Amman has accumulated problems created by many years of underinvestment in maintenance and expansion; most of these projects are defined as "Major Investments" totaling approximately JD 130 million to be financed by outside sources.



Miyahuna Capital Investment Programs



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 fifteen 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-Base	Industry Norm	2011 Goal	ADA KPI
Operations						
1	Population served with water	Percentage	96%	100%	99%	✓
2	Population served with wastewater	Percentage	75%	100%	85%	✓
3	Non Revenue Water	Percentage	42	<20	32	
4	Pipe breaks per year in	#/100 kms	750	<20	300	
5	Sewerage blockages per year in collection network distribution system	#/100 kms	900	<10	300	
6	Average unit energy consumption per m3 of water produced	Kw-hr/m3	3.87	n.a.	3	✓
Customer Focused						
7	Service accounts with continuous service	Percentage	13%	100	50%	✓
8	Water samples in compliance with health standards	Percentage	100%	100%	100%	✓
9	Service complaints per year per water subscriber	Percentage	30%	<2	10%	
10	Average annual bill as a% of estimated family incomes	Percentage	<2%	2% - 5%	2%	
11	Billing complaints as a% of total water customers	Percentage	6%	n.a.	3%	✓
12	Average monthly water use per customer	m3/month	13	n.a.	18	
Financial						
13	Operating ratio	Percentage	122%	150%+	150%	
14	Collection ratio	Percentage	97%	98%	98%	
15	Total employees per 1000 water subscribers		3.17	<2.00	2.7	✓

_ Rounded and annualized at the end of the year

_ key performance indicators in the Assignment and Development

n.a.: Notavailable

Major Investments will be financed depending on the type of investment by any or various of the listed forms:

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

