ECONOMIC ASSISTANCE

Millennium Challenge Compact

Between the
UNITED STATES OF AMERICA
and JORDAN

Signed at Washington October 25, 2010

with

Annexes

NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966 (80 Stat. 271; 1 U.S.C. 113)—

". . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof."

JORDAN

Economic Assistance

Millennium Challenge Compact
signed at Washington October 25, 2010;
Entered into force December 13, 2011.
With annexes.

MILLENNIUM CHALLENGE COMPACT

BETWEEN

THE UNITED STATES OF AMERICA
ACTING THROUGH

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE HASHEMITE KINGDOM OF JORDAN
ACTING THROUGH

THE MINISTRY OF WATER AND IRRIGATION

MILLENNIUM CHALLENGE COMPACT

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MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this "***Compact***") is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation ("***MCC***"), and the Hashemite Kingdom of Jordan ("***Jordan***" or the "***Government***"), acting through the Ministry of Water and Irrigation (individually a "***Party***" and collectively, the "***Parties***"). Capitalized terms used in this Compact will have the meanings provided in Annex V.

Recalling that the Government consulted with the private sector and civil society of Jordan to determine the priorities for the use of assistance and developed and submitted to MCC a proposal for such assistance to achieve lasting economic growth and poverty reduction; and

Recognizing that MCC wishes to help Jordan implement the program described herein to achieve the goal and objectives described herein (as such program description and objectives may be amended from time to time in accordance with the terms hereof, the "***Program***");

The Parties hereby agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Compact Goal. The goal of this Compact is to reduce poverty through economic growth in Jordan (the "***Compact Goal***").

Section 1.2 Program Objective. The objective of the Program (the "***Program Objective***") is to increase the effective supply of water available to the inhabitants of Zarqa Governorate through improvements in the efficiency of water delivery, the extent of wastewater collection and the capacity of wastewater treatment. The Program consists of the projects described in Annex I (each a "***Project***" and collectively, the "***Projects***").

Section 1.3 Project Objectives. The objectives of each of the Projects (each a "***Project Objective***" and collectively, the "***Project Objectives***") are as follows:

(a) The objectives of the Water Network Project are to (i) improve the efficiency of network water delivery and the condition of home water systems, and (ii) decrease certain costs that households in Zarqa Governorate incur to satisfy their subsistence water needs.

(b) The objectives of the Wastewater Network Project are to (i) increase access to the wastewater network, (ii) increase the volume of wastewater collected within Zarqa Governorate for treatment and reuse, and (iii) reduce the incidents of sewage overflow.

(c) The objectives of the As-Samra Expansion Project are to (i) increase the capacity to treat wastewater from Amman and Zarqa Governorates, (ii) increase the volume of treated

wastewater that is available as a substitute for freshwater for non-domestic use, and (iii) protect existing agriculture from the potential consequences of pollution from untreated wastewater.

ARTICLE 2.
FUNDING AND RESOURCES

Section 2.1 Program Funding.

Upon entry into force of this Compact in accordance with Section 7.3, MCC will grant to the Government, under the terms of this Compact, an amount not to exceed Two Hundred and Seventy Two Million Nine Hundred and Eighty Thousand United States Dollars (US$272,980,000.00) ("***Program Funding***") for use by the Government to implement the Program. The allocation of Program Funding is generally described in Annex II.

Section 2.2 Compact Implementation Funding.

(a) Upon signing of this Compact, MCC will grant to the Government, under the terms of this Compact and in addition to the Program Funding described in Section 2.1, an amount not to exceed Two Million One Hundred and Twenty Thousand United States Dollars (US$2,120,000.00) ("***Compact Implementation Funding***") under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the "***MCA Act***"), for use by the Government to facilitate implementation of the Compact, including for the following purposes:

(i) financial management and procurement activities;

(ii) administrative activities (including start-up costs such as staff salaries) and administrative support expenses such as rent, computers and other information technology or capital equipment;

(iii) monitoring and evaluation activities;

(iv) feasibility studies; and

(v) other activities to facilitate Compact implementation as approved by MCC.

The allocation of Compact Implementation Funding is generally described in Annex II.

(b) Each Disbursement of Compact Implementation Funding is subject to satisfaction of the conditions precedent to such disbursement as set forth in Annex IV.

(c) If MCC determines that the full amount of Compact Implementation Funding available under Section 2.2(a) exceeds the amount that reasonably can be utilized for the purposes set forth in Section 2.2(a), MCC, by written notice to the Government, may withdraw the excess amount, thereby reducing the amount of the Compact Implementation Funding available under Section 2.2(a) (such excess, the "***Excess CIF Amount***"). In such event, the amount of Compact Implementation Funding granted to the Government under Section 2.2(a)

will be reduced by the Excess CIF Amount, and MCC will have no further obligations with respect to such Excess CIF Amount.

(d) MCC, at its option by written notice to the Government, may elect to grant to the Government an amount equal to all or a portion of such Excess CIF Amount as an increase in the Program Funding, and such additional Program Funding will be subject to the terms and conditions of this Compact applicable to Program Funding.

Section 2.3 MCC Funding.

Program Funding and Compact Implementation Funding are collectively referred to in this Compact as "***MCC Funding***," and includes any refunds or reimbursements of Program Funding or Compact Implementation Funding paid by the Government in accordance with this Compact.

Section 2.4 Disbursement.

In accordance with this Compact and the Program Implementation Agreement, MCC will disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a "***Disbursement***"). Subject to the satisfaction of all applicable conditions precedent, the proceeds of Disbursements will be made available to the Government, at MCC's sole election, by (a) deposit to one or more bank accounts established by the Government and acceptable to MCC (each, a "***Permitted Account***") or (b) direct payment to the relevant provider of goods, works or services for the implementation of the Program. MCC Funding may be expended only for Program expenditures.

Section 2.5 Interest. The Government will pay or transfer to MCC, in accordance with the Program Implementation Agreement, any interest or other earnings that accrue on MCC Funding prior to such funding being used for a Program purpose.

Section 2.6 Government Resources; Budget.

(a) Consistent with Section 609(b)(2) of the MCA Act, the Government will make a contribution towards meeting the Program Objective and Project Objectives of this Compact. Annex II describes such contribution in more detail. In addition, the Government will provide all funds and other resources and will take all actions that are necessary to carry out the Government's responsibilities under this Compact.

(b) The Government will use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each of its fiscal years is fully accounted for in its annual budget on a multi-year basis.

(c) The Government will not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the activities contemplated under this Compact and the Program.

(d) Unless the Government discloses otherwise to MCC in writing, MCC Funding will be in addition to the resources that the Government would otherwise receive or budget for the activities contemplated under this Compact and the Program.

Section 2.7 Limitations on the Use of MCC Funding. The Government will ensure that MCC Funding is not used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified to the Government in writing or by posting from time to time on the MCC website at www.mcc.gov (the "***MCC Website***"), including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard, as further described in MCC's environmental and social assessment guidelines and any guidance documents issued in connection with the guidelines posted from time to time on the MCC Website or otherwise made available to the Government (collectively, the "***MCC Environmental Guidelines***"); or

(d) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.8 Taxes.

(a) Unless the Parties specifically agree otherwise in writing, the Government will ensure that all MCC Funding is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges (but not fees or charges for services that are generally applicable in Jordan, reasonable in amount and imposed on a non-discriminatory basis) ("***Taxes***") of or in Jordan (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Jordan). Specifically, and without limiting the generality of the foregoing, MCC Funding will be free from the payment of (i) any tariffs, customs duties, import taxes, export taxes, and other similar charges on any goods, works or services introduced into Jordan in connection with the Program; (ii) sales tax, value added tax, excise tax, property transfer tax, and other similar charges on any transactions involving goods, works or services in connection with the Program; (iii) taxes and other similar charges on ownership, possession or use of any property in connection with the Program; and (iv) taxes and other similar charges on income, profits or gross receipts attributable to work performed in connection with the Program and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program except (x) natural persons who are citizens or permanent residents of Jordan; and (y) legal persons formed under the laws of Jordan (but excluding MCA-Jordan and any other entity formed for the purpose of implementing the Government's obligations hereunder).

(b) The mechanisms that the Government will use to implement the tax exemption required by Section 2.8(a) are set forth in Annex VI. Such mechanisms may include exemptions from the payment of Taxes that have been granted in accordance with applicable law, refund or reimbursement of Taxes by the Government to MCC, MCA-Jordan or to the taxpayer, or payment by the Government to MCA-Jordan or MCC, for the benefit of the Program, of an agreed amount representing any collectible Taxes on the items described in Section 2.8(a).

(c) If a Tax has been paid contrary to the requirements of Section 2.8(a) or Annex VI, the Government will refund promptly to MCC (or to another party as designated by MCC) the amount of such Tax in United States Dollars or the currency of Jordan within thirty (30) days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or MCA-Jordan) that such Tax has been paid.

(d) No MCC Funding, proceeds thereof or Program Assets may be applied by the Government in satisfaction of its obligations under Section 2.8(c).

Section 2.9 Lower Middle Income Countries. Section 606(b) of the MCA Act restricts the amount of assistance that MCC may provide to "lower middle income countries," a term that is defined in the MCA Act and includes Jordan. To the extent that MCC determines, in MCC's reasonable discretion, that the amount of Program Funding granted to the Government in this Compact may result in a violation of Section 606(b) of the MCA Act, MCC, at any time and from time to time upon written notice to the Government, may reduce the amount of Program Funding, or withhold any Disbursement of Program Funding, to avoid or remedy such a violation.

ARTICLE 3.
IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Parties will enter into an agreement providing further detail on the implementation arrangements, fiscal accountability and disbursement and use of MCC Funding, among other matters (the "***Program Implementation Agreement***" or "***PIA***"); and the Government will implement the Program in accordance with this Compact, the PIA, any other Supplemental Agreement and any Implementation Letter.

Section 3.2 Government Responsibilities.

(a) The Government has principal responsibility for overseeing and managing the implementation of the Program.

(b) The Government hereby designates Millennium Challenge Account – Jordan Limited Liability Company as the accountable entity to implement the Program and to exercise and perform the Government's right and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and their Activities, allocating resources and managing procurements. Such entity will be referred to herein as "***MCA-Jordan***," and has the authority to bind the Government with regard to all Program activities. The designation by this Section 3.2(b) will not relieve the Government of

any obligations or responsibilities hereunder or under any related agreement, for which the Government remains fully responsible. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) The Government will ensure that any Program Assets or services funded in whole or in part (directly or indirectly) by MCC Funding are used solely in furtherance of this Compact and the Program unless MCC agrees otherwise in writing.

(d) The Government will take all necessary or appropriate steps to achieve the Program Objective and the Project Objectives during the Compact Term (including, without limiting Section 2.6(a), funding all costs that exceed MCC Funding and are required to carry out the terms hereof and achieve such objectives, unless MCC agrees otherwise in writing).

(e) The Government will fully comply with the Program Guidelines, as applicable, in its implementation of the Program.

Section 3.3 Policy Performance. In addition to undertaking the specific policy, legal and regulatory reform commitments identified in Annex I (if any), the Government will seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

Section 3.4 Accuracy of Information. The Government assures MCC that, as of the date this Compact is signed by the Government, the information provided to MCC by or on behalf of the Government in the course of reaching agreement with MCC on this Compact is true, correct and complete in all material respects.

Section 3.5 Implementation Letters. From time to time, MCC may provide guidance to the Government in writing on any matters relating to this Compact, MCC Funding or implementation of the Program (each, an "***Implementation Letter***"). The Government will use such guidance in implementing the Program. The Parties may also issue jointly agreed-upon Implementation Letters to confirm and record their mutual understanding on aspects related to the implementation of this Compact, the PIA or other related agreements.

Section 3.6 Procurement. The Government will ensure that the procurement of all goods, works and services by the Government or any Provider to implement the Program will be consistent with the "MCC Program Procurement Guidelines" posted from time to time on the MCC Website (the "***MCC Program Procurement Guidelines***"). The MCC Program Procurement Guidelines include the following requirements, among others:

(a) open, fair, and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;

(b) solicitations for goods, works, and services must be based upon a clear and accurate description of the goods, works and services to be acquired;

(c) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and

(d) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, will be paid to procure goods, works and services.

Furthermore, any person or entity on (i) the master list of Specifically Designated Nationals and Blocked Persons maintained by the U.S. Department of Treasury's Office of Foreign Assets Control, (ii) the consolidated list of individuals and entities maintained by the "1267 Committee" of the United Nations Security Council, (iii) the list maintained on www.epls.gov, or (iv) other lists specified by MCC will be ineligible to participate in an MCC-funded procurement or to receive MCC Funding.

Section 3.7 Records; Accounting; Covered Providers; Access.

(a) Government Books and Records. The Government will maintain, and will use its best efforts to ensure that all Covered Providers maintain, accounting books, records, documents and other evidence relating to the Program adequate to show, to MCC's satisfaction, the use of all MCC Funding and the implementation and results of the Program ("***Compact Records***"). In addition, the Government will furnish or cause to be furnished to MCC, upon its request, originals or copies of such Compact Records.

(b) Accounting. The Government will maintain and will use its best efforts to ensure that all Covered Providers maintain Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government's option and with MCC's prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Board or (ii) then prevailing in Jordan. Compact Records must be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any applicable legal requirements.

(c) Providers and Covered Providers. Unless the Parties agree otherwise in writing, a "***Provider***" is (i) any entity of the Government that receives or uses MCC Funding or any other Program Asset in carrying out activities in furtherance of this Compact or (ii) any third party that receives at least US$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term. A "***Covered Provider***" is (1) a non-United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US$300,000 or more of MCC Funding in any Government fiscal year or any other non-United States person or entity that receives, directly or indirectly, US$300,000 or more of MCC Funding from any Provider in such fiscal year or (2) any United States Provider that receives (other than pursuant to a direct contract or agreement with MCC) US$500,000 or more of MCC Funding in any Government fiscal year or any other United States person or entity that receives, directly or indirectly, US$500,000 or more of MCC Funding from any Provider in such fiscal year.

(d) Access. Upon MCC's request, the Government, at all reasonable times, will permit, or cause to be permitted, authorized representatives of MCC, an authorized Inspector General of MCC ("***Inspector General***"), the United States Government Accountability Office, any auditor responsible for an audit contemplated herein or otherwise conducted in furtherance

of this Compact, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities, assets and activities funded in whole or in part by MCC Funding.

Section 3.8 Audits; Reviews.

(a) Government Audits. Except as the Parties may agree otherwise in writing, the Government will, on at least a semi-annual basis, conduct, or cause to be conducted, financial audits of all disbursements of MCC Funding covering the period from signing of this Compact until the earlier of the following December 31 or June 30 and covering each six-month period thereafter ending December 31 and June 30, through the end of the Compact Term. In addition, upon MCC's request, the Government will ensure that such audits are conducted by an independent auditor approved by MCC and named on the list of local auditors approved by the Inspector General or a United States–based certified public accounting firm selected in accordance with the "Guidelines for Financial Audits Contracted by MCA" (the "***Audit Guidelines***") issued and revised from time to time by the Inspector General, which are posted on the MCC Website. Audits will be performed in accordance with the Audit Guidelines and be subject to quality assurance oversight by the Inspector General. Each audit must be completed and the audit report delivered to MCC no later than 90 days after the first period to be audited and no later than 90 days after each June 30 and December 31 thereafter, or such other period as the Parties may otherwise agree in writing.

(b) Audits of Other Entities. The Government will ensure that MCC-financed agreements between the Government or any Provider, on the one hand, and (i) a United States nonprofit organization, on the other hand, state that the United States nonprofit organization is subject to the applicable audit requirements contained in OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," issued by the United States Office of Management and Budget; (ii) a United States for-profit Covered Provider, on the other hand, state that the United States for-profit organization is subject to audit by the applicable United States Government agency, unless the Government and MCC agree otherwise in writing; and (iii) a non-US Covered Provider, on the other hand, state that the non-US Covered Provider is subject to audit in accordance with the Audit Guidelines.

(c) Corrective Actions. The Government will use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate and timely corrective actions in response to audits; (ii) considers whether the results of the Covered Provider's audit necessitates adjustment of the Government's records; and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC will have the right to arrange for audits of the Government's use of MCC Funding.

(e) Cost of Audits, Reviews or Evaluations. MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact.

ARTICLE 4.
COMMUNICATIONS

Section 4.1 Communications. Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise agreed with MCC, in English. For this purpose, the address of each Party is set forth below.

To MCC:

Millennium Challenge Corporation
Attention: Vice President, Compact Operations
(with a copy to the Vice President and General Counsel)
875 Fifteenth Street, NW
Washington, DC 20005
United States of America
Facsimile: (202) 521-3700
Telephone: (202) 521-3600
Email: VPOperations@mcc.gov (Vice President, Compact Operations)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Ministry of Planning and International Cooperation
P.O. Box 555
Amman 11118
Jordan
Tel: +962 6 4642246
Fax: +962 6 4642247

Section 4.2 Representatives. For all purposes of this Compact, the Government will be represented by the individual holding the position of, or acting as, the Minister of Planning and International Cooperation, and MCC will be represented by the individual holding the position of, or acting as, Vice President, Compact Operations (each of the foregoing, a "***Principal Representative***"). Each Party, by written notice to the other Party, may designate one or more additional representatives (each, an "***Additional Representative***") for all purposes other than signing amendments to this Compact. The Government hereby designates the Chairperson of the Board of MCA-Jordan as an Additional Representative. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 4.3 Signatures. Signatures to this Compact and to any amendment to this Compact will be original signatures appearing on the same page or in an exchange of letters or diplomatic notes. With respect to all documents arising out of this Compact (other than the Program Implementation Agreement) and amendments thereto, signatures may, as appropriate, be delivered by facsimile or electronic mail and in counterparts and will be binding on the Party delivering such signature to the same extent as an original signature would be.

ARTICLE 5.

TERMINATION; SUSPENSION; EXPIRATION

Section 5.1 Termination; Suspension.

(a) Either Party may terminate this Compact without cause in its entirety by giving the other Party thirty (30) days' prior written notice. MCC may also terminate this Compact or MCC Funding without cause in part by giving the Government thirty (30) days' prior written notice.

(b) MCC may, immediately, upon written notice to the Government, suspend or terminate this Compact or MCC Funding, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC, as a basis for suspension or termination (whether in writing to the Government or by posting on the MCC Website) has occurred, which circumstances include but are not limited to the following:

(i) the Government fails to comply with its obligations under this Compact or any other agreement or arrangement entered into by the Government in connection with this Compact or the Program;

(ii) an event or series of events has occurred that makes it probable that the Program Objective or any of the Project Objectives will not be achieved during the Compact Term or that the Government will not be able to perform its obligations under this Compact;

(iii) a use of MCC Funding or continued implementation of this Compact or the Program violates applicable law or United States Government policy, whether now or hereafter in effect;

(iv) the Government or any other person or entity receiving MCC Funding or using Program Assets is engaged in activities that are contrary to the national security interests of the United States;

(v) an act has been committed or an omission or an event has occurred that would render Jordan ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of such act or any other provision of law;

(vi) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Jordan for assistance under the MCA Act; and

(vii) the Government or another person or entity receiving MCC Funding or using Program Assets is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

Section 5.2 Consequences of Termination, Suspension or Expiration.

(a) Upon the suspension or termination, in whole or in part, of this Compact or any MCC Funding, or upon the expiration of this Compact, the provisions of Section 4.2 of the Program Implementation Agreement will govern the post-suspension, post-termination or post-expiration treatment of MCC Funding, any related Disbursements and Program Assets. Any portion of this Compact, MCC Funding, the Program Implementation Agreement or any other Supplemental Agreement that is not suspended or terminated will remain in full force and effect.

(b) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that the Government or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

Section 5.3 Refunds; Violation.

(a) If any MCC Funding, any interest or earnings thereon, or any Program Asset is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to repay to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings, or asset, plus interest within thirty (30) days after the Government's receipt of MCC's request for repayment. The Government will not use MCC Funding, proceeds thereof or Program Assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other existing agreement to the contrary, MCC's right under Section 5.3(a) for a refund will continue during the Compact Term and for a period of (i) five (5) years thereafter or (ii) one (1) year after MCC receives actual knowledge of such violation, whichever is later.

(c) In addition to Section 5.3(a), MCC will be entitled to any refund of Program Funding related to the As-Samra Expansion Project to the extent such refund is contemplated by the Program Implementation Agreement.

Section 5.4 Survival. The Government's responsibilities under Sections 2.7, 3.7, 3.8, 5.2, 5.3, 5.4, and 6.4 will survive the expiration, suspension or termination of this Compact.

ARTICLE 6.

COMPACT ANNEXES; AMENDMENTS; GOVERNING LAW

Section 6.1 Annexes. Each annex to this Compact constitutes an integral part hereof, and references to "Annex" mean an annex to this Compact unless otherwise expressly stated.

Section 6.2 Amendments.

(a) The Parties may amend this Compact only by a written agreement signed by the Principal Representatives (or such other government official designated by the relevant Principal Representative).

(b) Notwithstanding Section 6.2(a), the Parties may agree in writing, signed by the Principal Representatives (or such other government official designated by the relevant Principal Representative) or any Additional Representative, to modify any Annex to (i) suspend, terminate or modify any Project or Activity, or to create a new project; (ii) change the allocations of funds as set forth in Annex II as of the date hereof (including to allocate funds to a new project); (iii) modify the Implementation Framework described in Annex I; or (iv) add, delete or waive any condition precedent described in Annex IV; *provided that*, in each case, any such modification (1) is consistent in all material respects with the Program Objective and Project Objectives; (2) does not cause the amount of Program Funding to exceed the aggregate amount specified in Section 2.1 (as may be modified by operation of Section 2.2(d)); (3) does not cause the amount of Compact Implementation Funding to exceed the aggregate amount specified in Section 2.2(a); (4) does not reduce the Government's responsibilities or contribution of resources required under Section 2.6(a); and (5) does not extend the Compact Term.

Section 6.3 Inconsistencies. In the event of any conflict or inconsistency between:

(a) any Annex and any of Articles 1 through 7, such Articles 1 through 7, as applicable, will prevail; or

(b) this Compact and any other agreement between the Parties regarding the Program, this Compact will prevail.

Section 6.4 Governing Law. This Compact is an international agreement and as such will be governed by the principles of international law.

Section 6.5 Additional Instruments. Any reference to activities, obligations or rights undertaken or existing under or in furtherance of this Compact or similar language will include activities, obligations and rights undertaken by, or existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Website. Any reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Website will be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.

Section 6.7 References to Laws, Regulations, Policies and Guidelines. Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a law, regulation, policy, guideline or similar document will be construed as a reference to such law, regulation, policy, guideline or similar document as it may, from time to time, be amended, revised, replaced, or extended and will include any law, regulation, policy, guideline or similar document issued under or otherwise applicable or related to such law, regulation, policy, guideline or similar document.

Section 6.8 MCC Status. MCC is a United States government corporation acting on behalf of the United States Government in the implementation of this Compact. MCC and the United States Government assume no liability for any claims or loss arising out of activities or omissions under this Compact. The Government waives any and all claims against MCC or the United States Government or any current or former officer or employee of MCC or the United

States Government for all loss, damage, injury, or death arising out of activities or omissions under this Compact, and agrees that it will not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury, or death. The Government agrees that MCC and the United States Government or any current or former officer or employee of MCC or the United States Government will be immune from the jurisdiction of all courts and tribunals of Jordan for any claim or loss arising out of activities or omissions under this Compact.

ARTICLE 7.
ENTRY INTO FORCE

Section 7.1 International Agreements. The Parties understand that each of the Compact and the Project Implementation Agreement, upon its entry into force, will prevail over the domestic laws of Jordan.

Section 7.2 Conditions Precedent to Entry into Force. Before this Compact enters into force:

(a) the Program Implementation Agreement must have been signed by the parties thereto;

(b) the Government must have delivered to MCC:

(i) a letter signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, confirming that the Government has completed its domestic requirements for this Compact to enter into force and that the other conditions precedent to entry into force in this Section 7.2 have been met;

(ii) a signed legal opinion from the Minister of Justice of Jordan (or such other legal representative of the Government acceptable to MCC), in form and substance satisfactory to MCC; and

(iii) complete, certified copies of all decrees, legislation, regulations or other governmental documents relating to the Government's domestic requirements for this Compact to enter into force, which MCC may post on its website or otherwise make publicly available;

(c) MCC shall not have determined that after signature of this Compact, the Government has engaged in a pattern of actions inconsistent with the eligibility criteria for MCC Funding;

(d) the Government has delivered to MCC a plan, in form and substance satisfactory to MCC, including any necessary adjustments to wastewater tariffs in Amman and Zarqa Governorates, for fully funding the projected treatment charges payable as a result of the As-Samra Expansion Project;

(e) the Government has delivered to MCC a plan, in form and substance satisfactory to MCC, including any necessary adjustments to water and wastewater tariffs in Zarqa Governorate, to ensure projected revenues fully fund projected operations and maintenance costs of the water and wastewater network in Zarqa Governorate no later than 2015; and

(f) MCC has determined in its sole discretion, after consultation with the Government, that there has been satisfactory progress with respect to the As-Samra Expansion Project.

Section 7.3 Date of Entry into Force. This Compact will enter into force on the date of the letter from MCC to the Government in an exchange of letters confirming that MCC has completed its domestic requirements for entry into force of this Compact and that the conditions precedent to entry into force in Section 7.2 have been met.

Section 7.4 Compact Term. This Compact will remain in force for five (5) years after its entry into force, unless terminated earlier under Section 5.1 (the "***Compact Term***").

Section 7.5 Provisional Application. Upon signature of this Compact and until this Compact has entered into force in accordance with Section 7.3, the Parties will provisionally apply the terms of this Compact; *provided that*, no MCC Funding, other than Compact Implementation Funding, will be made available or disbursed before this Compact enters into force.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE

IN WITNESS WHEREOF, the undersigned, duly authorized by their respective governments, have signed this Compact.

Done at Washington, DC, this 25th day of October, 2010, in the English language only.

THE UNITED STATES OF AMERICA,
ACTING THROUGH THE MILLENNIUM
CHALLENGE CORPORATION

Name: Daniel W. Yohannes
Title: Chief Executive Officer

THE HASHEMITE KINGDOM OF JORDAN
ACTING THROUGH THE MINISTRY OF
WATER AND IRRIGATION

Name: Mohammad Najjar
Title: Minister of Water and Irrigation

ANNEX I

PROGRAM DESCRIPTION

This Annex I describes the Program that MCC Funding will support in Jordan during the Compact Term.

A. PROGRAM OVERVIEW

1. Background and Consultative Process.

Jordan is a highly urbanized Middle Eastern country with a population of approximately six million people. With limited access to surface water or naturally recharged aquifers, Jordan ranks among the world's five most water poor countries.

Jordan was deemed eligible for MCC Compact assistance in 2006. Late in 2007, the Government established the Millennium Challenge Unit (the "***MCU***") to work directly with MCC to manage the process of developing a proposed Compact program. Following a detailed constraints analysis and sector analysis, the MCU conducted a broad consultative process that garnered feedback from private sector representatives, civil society organizations, donors, and ordinary citizens through large, town-hall style meetings in each of Jordan's twelve governorates. Throughout this process, the challenge of addressing Jordan's severe water shortages emerged as a key priority.

The MCU invited key stakeholders in the water, sewer and sanitation sector to participate in a project design workshop that focused on the objective of making more water available to households and commercial users. Stakeholders emphasized the need to (a) improve water delivery systems to reduce water losses and (b) expand capacities for collecting and treating wastewater and reusing it in agriculture, wherever appropriate.

The Government has identified specific projects related to the rehabilitation of the water distribution system and expansion of the capacity for collecting and treating wastewater in Zarqa Governorate, among the poorest and most urban areas in the country, and the expansion of the capacity of an existing wastewater treatment plant that treats the majority of wastewater from Amman and Zarqa Governorates.

2. Program Objective.

The Program Objective is to increase the effective supply of water available to the inhabitants of Zarqa Governorate through improvements in the efficiency of water delivery, the extent of wastewater collection and the capacity of wastewater treatment. The Program consists of the Water Network Project, the Wastewater Network Project and the As-Samra Expansion Project, as further described in this Annex I.

3. Environmental and Social Safeguards.

All of the Projects will be implemented in compliance with the MCC Environmental Guidelines and the MCC Gender Policy, and any involuntary resettlement will be carried out in accordance with the World Bank's Operational Policy on Involuntary Resettlement in effect as of July 2007 ("***OP 4.12***") in a manner acceptable to MCC. The Government also will ensure that the Projects comply with all national environmental laws and regulations, licenses and permits, except to the extent such compliance would be inconsistent with this Compact. Specifically, the Government will (a) cooperate with or complete, as the case may be, any ongoing environmental and social impact assessments, or if necessary undertake and complete any additional environmental and social assessments, environmental and social management plans, environmental and social audits, resettlement policy frameworks, and resettlement action plans required under the laws of Jordan, the MCC Environmental Guidelines, this Compact, the Program Implementation Agreement, or any other Supplemental Agreement, or as otherwise required by MCC, each in form and substance satisfactory to MCC; (b) ensure that Project-specific environmental and social management plans are developed and all relevant measures contained in such plans are integrated into project design, the applicable procurement documents and associated finalized contracts, in each case in form and substance satisfactory to MCC; and (c) implement to MCC's satisfaction appropriate environmental and social mitigation measures identified in such assessments or plans or developed to address environmental and social issues identified during implementation. Unless MCC agrees otherwise in writing, the Government will fund all necessary costs of environmental and social mitigation measures (including, without limitation, costs of resettlement) not specifically provided for, or that exceed the MCC Funding specifically allocated for such costs, in the Detailed Financial Plan for any Project.

To maximize the positive social impacts of the Projects, address cross-cutting social and gender issues such as human trafficking, child and forced labor, and HIV/AIDS, and ensure compliance with the MCC Gender Policy, the Government will (i) develop a comprehensive social and gender integration plan which, at a minimum, incorporates the findings of a comprehensive gender analysis, identifies approaches for regular, meaningful and inclusive consultations with women and other vulnerable/underrepresented groups, consolidates the findings and recommendations of Project-specific social and gender analyses and sets forth strategies for incorporating findings of the social and gender analyses into final Project designs, as appropriate ("***Social and Gender Integration Plan***"); and (ii) ensure, through monitoring and coordination during implementation, that final Activity designs, construction tender documents, other bidding documents, and implementation plans are consistent with and incorporate the outcomes of the social and gender analyses and Social and Gender Integration Plan.

B. DESCRIPTION OF PROJECTS

Set forth below is a description of each of the Projects that the Government will implement, or cause to be implemented, using MCC Funding to advance the applicable Project Objectives. In addition, specific activities that will be undertaken within each Project (each, an "***Activity***"), including sub-activities, are also described.

1. Water Network Project.

(a) Summary of Project and Activities.

The objectives of the water network restructuring and rehabilitation project (the "***Water Network Project***") are to (1) improve the efficiency of network water delivery and the condition of home water systems, and (2) decrease certain costs that households in Zarqa Governorate incur to satisfy their subsistence water needs. The Water Network Project is designed to address high rates of water loss in the water supply network in Zarqa Governorate and provide direct assistance to poor households in improving their household water and sanitation infrastructure.

The Water Network Project is comprised of two Activities: (A) the restructuring and rehabilitation of the water supply systems in key areas of Zarqa Governorate (the "***Infrastructure Investment Activity***"); and (B) assistance to households to improve the plumbing, water storage, sewage connections, and general awareness of best practices for sanitation and water efficiency (the "***Water Smart Homes Activity***," or "***WSH Activity***").

(i) Infrastructure Investment Activity.

The Infrastructure Investment Activity is designed to restructure and rehabilitate transmission and distribution water supply systems in key areas of Zarqa Governorate. In addition to reducing physical leaks, this Activity is designed to facilitate the transition of the water supply systems from periodic distribution under high pressure to more frequent, gravity-fed distribution. The Infrastructure Investment Activity consists of the following three sub-activities:

(1) Strategic Infrastructure Works. This sub-activity is designed to install up to 65 system meters at up to 32 locations, and conduct condition assessments of the system through mapping and geographic information systems ("***GIS***").

(2) Zarqa Water Supply Area ("***WSA***") Works. This sub-activity is designed to rehabilitate, restructure, and upgrade works in the primary, secondary and tertiary water supply systems in the Zarqa WSA. Primary infrastructure works to be supported by MCC Funding include:

(A) Strategic metering in the following three distribution areas: Zarqa High, Zarqa North, and Zarqa Mid-Batrawi (other than the Al-Gweireyeh area) (collectively, the "***Zarqa Distribution Areas***");

(B) Mapping and GIS condition assessments;

(C) Construction of primary systems from Batrawi and Zarqa High Reservoirs to the Zarqa Distribution Areas;

(D) Creation of up to 63 district metering area ("***DMA***") connection points;

(E) Rehabilitation and restructuring of up to 44km of primary systems; and

(F) Upgrading the existing reservoir at Zarqa Pump Station.

Secondary infrastructure works to be supported by MCC Funding include the rehabilitation and restructuring of up to 595km of secondary network pipelines.

Tertiary infrastructure works to be supported by MCC Funding include:

(G) Rehabilitation and restructuring of up to 37km of tertiary network pipelines;

(H) Replacement of up to 23,737 customer meters; and

(I) Restructuring of up to 29,371 customer connection points.

(3) Ruseifa WSA Works. This sub-activity is designed to rehabilitate, restructure, and upgrade works in the water systems in the Ruseifa WSA. Primary infrastructure works to be supported by MCC Funding include:

(A) Strategic metering for the following distribution areas: Ruseifa High and Ruseifa Low (collectively, the "***Ruseifa Distribution Areas***");

(B) Mapping and GIS condition assessments;

(C) Creation of up to 26 DMA connection points;

(D) Construction of up to 6km of new primary network pipeline and upgrade of up to 11km of existing primary network pipeline; and

(E) Construction of new Basateen pumping station and upgrading of the existing Basateen Reservoir.

Secondary infrastructure works to be supported by MCC Funding include the rehabilitation and restructuring of up to 332km of secondary network pipelines.

Tertiary infrastructure works to be supported by MCC Funding include:

(F) Rehabilitation and restructuring of up to 219km of tertiary network pipelines;

(G) Replacement of up to 9,786 customer meters; and

(H) Restructuring of up to 15,813 customer connection points.

(ii) Water Smart Homes Activity.

The WSH Activity is designed to improve the condition of home water systems and enhance the benefits that households, particularly poor households, gain from increases in the effective supply of water in Zarqa Governorate. The WSH Activity consists of the following two sub-activities:

(1) WSH Outreach Campaign. This sub-activity is designed to disseminate information on techniques for cleaning water storage tanks and properly maintaining home water systems, along with the benefits of regular maintenance, to households in the geographic areas targeted by the Infrastructure Investment Activity (the "***WSH Outreach Campaign***"), and

(2) WSH Direct Assistance Program. This sub-activity is designed to provide technical and financial assistance to poor households in Zarqa Governorate for critical improvements in their home systems for water storage, water delivery and sanitation, in exchange for certain cost-sharing fees (the "***WSH Direct Assistance Program***"). The WSH Direct Assistance Program is expected to support replacement of water storage tanks, replacement of pipes, installation of water-saving faucets and construction of proper connections to the wastewater collection system, as needed. Eligible recipients for MCC Funding under this sub-activity must first qualify for the National Aid Fund, a Ministry of Social Development program that provides financial support to the very poor.

(b) Beneficiaries.

The Water Network Project is expected to benefit approximately 302,000 households, for a total of 1,600,000 individuals, over twenty years. This figure represents the projected total population of Zarqa Governorate who may benefit from the efficiency gains anticipated in the water supply network. This figure includes an estimated 110,000 households, for a total of 600,000 people, who will benefit directly from changes in domestic expenditure or higher consumption of water provided through the water supply network. An estimated four percent of beneficiaries will be among those living on less than US$2.00 per day on a purchasing power parity basis, with those living on US$2.00 - US$4.00 per day representing another quarter of the total beneficiaries.

This figure also includes 3,500 poor households, for a total of almost 19,000 individuals, who will benefit from direct assistance to rehabilitate their household water and sanitation systems.

(c) Environmental and Social Mitigation Measures.

Consultants responsible for the feasibility study of the Infrastructure Investment Activity completed a preliminary environmental and social impact assessment ("***PESIA***") in May 2010. In the PESIA provided to the Ministry of Water and Irrigation ("***MWI***"), the consultants recommended a Category B classification under the MCC Environmental Guidelines and a Category 2 classification under Jordanian regulations. MWI will submit this recommendation, along with a project overview and a copy of the PESIA, to the Ministry of Environment ("***MOE***") for its evaluation of the classification under Jordanian law. MOE has yet to issue its determination of the project category. Depending on the final categorization by MOE and MCC's assessment of the final resettlement requirements, a detailed Environmental and Social

Impact Assessment ("***ESIA***") may be required. Discussions among MCC, MWI and MOE have defined a process for the detailed ESIA that meets mutual requirements for evaluating environmental and social impacts, conducting transparent and inclusive public consultations, developing detailed management plans and meeting expectations for social analysis, including gender and social issues and resettlement concerns consistent with OP 4.12. Estimates for mitigations resulting from the ESIA have been included in the Multi-Year Financial Plan Summary.

2. Wastewater Network Project.

(a) Summary of Project and Activities.

The objectives of the wastewater network reinforcement and expansion project (the "***Wastewater Network Project***") are to (1) increase access to the wastewater network, (2) increase the volume of wastewater collected within Zarqa Governorate for treatment and reuse, and (3) reduce the incidents of sewage overflow. The Wastewater Network Project is designed to increase the carrying capacity of impaired sewer main lines, reduce periodic overflows in the wastewater collection network, and extend lateral sewer lines to urban neighborhoods in which populations are not currently connected to the wastewater collection network.

The Wastewater Network Project is comprised of two Activities: (A) the reinforcement of existing networks and rehabilitation of existing sewer main lines in West Zarqa (the "***West Zarqa Pumping Station Zone Activity***"), and (B) the reinforcement of existing networks and rehabilitation of existing sewer main lines in East Zarqa (the "***East Zarqa Pumping Station Zone Activity***").

(i) West Zarqa Pumping Station Zone Activity. In the West Zarqa zone, MCC Funding will support:

(1) Expanding the lateral sewers by up to 102km of pipe for collection systems and house connections;

(2) Reinforcing the network by replacing up to 10km of main trunk lines and constructing up to 3km of new main trunk lines; and

(3) Rehabilitating existing sewer main lines by replacing up to 7km of blocked sewers.

(ii) East Zarqa Pumping Station Zone Activity. In the East Zarqa zone, MCC Funding will support:

(1) Expanding the lateral sewers by up to 38km of pipe for collection systems and house connections;

(2) Reinforcing the network by replacing up to 4km of main trunk lines; and

(3) Rehabilitating existing sewer main lines by replacing up to 8km of blocked sewers.

(b) Beneficiaries.

The Wastewater Network Project will provide direct benefits to the residents of East Zarqa and West Zarqa, where up to 19,000 households, for a total of approximately 100,000 people, will have opportunities to connect to new lateral sewer lines over the next twenty years and forego the installation, maintenance and potential health risks associated with the use of cesspits in an urban environment.

(c) Environmental and Social Mitigation Measures.

The consultant responsible for the feasibility study of the Wastewater Network Project completed a PESIA in May 2010. In the PESIA provided to MWI, the consultants recommended a Category B classification under the MCC Environmental Guidelines and a Category 2 classification under Jordanian regulations. MWI submitted this recommendation, along with a project overview and a copy of the PESIA, to MOE for its evaluation of the classification under Jordanian law. Based on the findings from the PESIA, MOE assigned the Project a Category 1 classification under Jordanian regulations. A full, detailed ESIA is currently underway. Discussions among MCC, MWI and MOE have defined a process for the detailed ESIA that meets mutual requirements for evaluating environmental and social impacts, conducting transparent and inclusive public consultations, developing detailed management plans and meeting expectations for social analysis, including gender and social issues and resettlement concerns consistent with OP 4.12. Estimates for mitigations resulting from the ESIA have been included in the Multi-Year Financial Plan Summary.

3. As-Samra Expansion Project.

(a) Summary of Project and Activities.

The objectives of the As-Samra Wastewater Treatment Plant expansion project (the "***As-Samra Expansion Project***") are to (i) increase the capacity to treat wastewater from Amman and Zarqa Governorates, (ii) increase the volume of treated wastewater that is available as a substitute for freshwater for non-domestic use, and (iii) protect existing agriculture from the potential consequences of pollution from untreated wastewater.

MCC Funding for the As-Samra Expansion Project will support a portion of the cost associated with the construction of the expansion of the existing As-Samra Wastewater Treatment Plant. MCC Funding will also support technical assistance for the management and supervision of the construction.

The expansion is designed to increase the hydraulic capacity of the existing treatment plant and its ability to handle suspended solids and biological materials, among other critical treatment requirements. The expanded plant will use activated-sludge technology with several important characteristics: (1) primary settling, (2) biological treatment and clarification, (3) disinfection by chlorination, (4) energy recovery from treated water, (5) primary and biological sludge thickening, (6) sludge digestion and biogas energy recovery, (7) digested sludge storage, (8)

ventilation and odor control, and (9) a mechanical dewatering process that is designed to accelerate decomposition and reduce volumes of sludge. The average daily hydraulic capacity of the plant is expected to increase from 267,000 cubic meters per day to 364,800 cubic meters per day; the capacity for treating total suspended solids ("***TSS***") is expected to increase from 147,000 kilograms per day to 236,800 kilograms per day; and the biological oxygen demand ("***BOD_5***") capacity is expected to increase from 174,000 kilograms per day to 232,200 kilograms per day. The treatment, storage and disposal of sludge and the quality of the final effluent are required to comply at all times with (A) the applicable Jordanian standards for sludge and for water discharged to wadis and catchment areas, and (B) the minimum technical requirements under the As-Samra Project Agreement. The expansion is expected to meet the region's wastewater treatment needs through 2025.

(b) Beneficiaries.

Together with the Wastewater Network Project, the As-Samra Expansion Project will benefit approximately 375,000 households, for a total of 2,020,000 people, in Amman and Zarqa Governorates. These households will benefit from additional supplies of freshwater that can be transferred to these areas as these Projects make larger volumes of treated wastewater available for substitution in agricultural applications in the Jordan Valley. This includes approximately 8,500 households in the Jordan Valley, for a total of 46,000 people that are expected to benefit from consistent supplies of high-quality treated wastewater that can be used in irrigation.

(c) Environmental and Social Mitigation Measures.

The As-Samra Wastewater Treatment Plant is located on land that is owned by MWI and located approximately 2km from the nearest town, Khirbet As-Samra, and far from other large population centers, including Amman and Zarqa municipalities. Under the As-Samra Expansion Project, the plant operator will develop a detailed ESIA that will build upon the 2003 Environmental Assessment for construction of the existing plant. MCC, MWI and the plant operator will design an approach to the ESIA that meets the requirements of the MCC Environmental Guidelines, the International Finance Corporation's Performance Standards on Social & Environmental Sustainability, dated April 30, 2006 ("***IFC Performance Standards***"), and applicable Jordanian environmental protection laws.

The ESIA will define any necessary augmentations to current practices in place for monitoring odor, noise, water quality, heavy metal accumulation and disease vectors, especially those induced by sludge, as required under the existing environmental management plan.

The ESIA will also define an effective plan that clearly sets forth the roles, responsibilities and costs associated with the management and disposal of large volumes of sludge in order to improve the current practice of storing sludge in stabilization ponds that are present on the project site. These stabilization ponds are expected to be filled within eight to ten years. The sludge treatment, storage and disposal plan will accord with Jordanian law (including applicable Jordanian standards) and the MCC Environmental Guidelines.

The project site includes sufficient unused adjacent land for the proposed expansion. For this reason, there are no issues of land acquisition or resettlement and only limited social impacts associated with the construction and operation of the plant.

4. Donor Coordination.

In relation to the Water Network Project, the Government and MCC coordinated closely with Germany's Deutsche Gesellschaft für Technische Zusammenarbeit ("***GTZ***") and Kreditanstalt für Wiederaufbau ("***KfW***"). MCC leveraged the ongoing work of KfW and GTZ in Zarqa, particularly in two principal areas of Compact development: (a) scoping and detailing specific works in Zarqa based on their experiences, and (b) undertaking preliminary financial analysis of Zarqa water and wastewater operations. KfW and GTZ are currently active in meter replacement and network rehabilitation in Al-Gweireyeh and also have a major project to develop detailed GIS tools for operations and management of the water systems in Zarqa Governorate. Early outputs from this GIS system served as useful inputs to the feasibility study for the Water Network Project.

The Program will complement other current and potential work by other donors including but not limited to (i) the Japan International Cooperation Agency's project to improving the water supply for the Zarqa WSA, which includes restructuring of the primary and secondary water supply and distribution system in the areas of Zarqa, Ruseifa, Hashmeya, Sukhna and Awajan through construction of new storage and distribution reservoirs, transmission pipelines, pumping stations and rising mains, and disinfection facilities; (ii) China's project to replace water networks within the Ruseifa Low distribution area; and (iii) the European Union's project to improve the water supply network in the areas of Zarqa, Al-Gweireyeh, Awajan, Ruseifa, Bani Hashem and Dogara.

In relation to the As-Samra Expansion Project, the Swedish International Development Agency provided technical assistance to MWI to structure and tender the financial arrangements for the original As-Samra Wastewater Treatment Plant, as well as loans and grants to assist MWI in supervising the construction of the existing plant and its initial operations period through February 2010. The Project benefits from the lessons learned in financing and constructing the existing plant.

5. USAID.

The United States Agency for International Development ("***USAID***") has been active in the water sector in Jordan for many years and has funded and executed projects throughout the country. MCC has collaborated and coordinated closely with USAID on sector policy, particularly with respect to Jordan's National Water Strategy and tariff scenarios. USAID is funding a project to develop a comprehensive water and wastewater infrastructure master plan, and to support studies related to wastewater infrastructure improvements in several areas in Jordan, including Zarqa Governorate. MCC will continue to liaise with USAID.

For the As-Samra Expansion Project, USAID provided a grant for the construction of the existing As-Samra Wastewater Treatment Plant.

6. Sustainability.

The Water Authority of Jordan ("*WAJ*"), through its Zarqa administrative unit, is currently responsible for the operation and maintenance of water supply and wastewater collection infrastructure in Zarqa Governorate. The Water Network Project is expected to provide additional operating revenues within the Zarqa administrative unit of WAJ by increasing collections as a result of reduced water losses and thus delivery of higher volumes of water to end-users. The Wastewater Network Project is expected to increase the number of households that subscribe to WAJ wastewater collection services, thereby increasing collection of service fees.

In addition, WAJ plans to reorganize the Zarqa administrative unit of WAJ. This is expected to increase the efficiency of operations and further improve the financial situation for the Zarqa administrative unit.

When MWI becomes responsible for additional treatment charges payable under the As-Samra Expansion Project, the burden of these treatment charges may worsen the financial position of the water companies in Amman and Zarqa Governorates, collections from which will support the payment of the treatment charges. The Government has agreed to deliver plans to (a) fully fund these treatment charges, and (b) ensure projected revenues fully fund projected operations and maintenance costs of the water and wastewater network in Zarqa Governorate no later than 2015.

C. IMPLEMENTATION FRAMEWORK

1. Overview.

The implementation framework and the plan for ensuring adequate governance, oversight, management, monitoring and evaluation, and fiscal accountability for the use of MCC Funding are summarized below. MCC and the Government will enter into the Program Implementation Agreement, and any other agreements in furtherance of this Compact, all of which, together with this Compact, set out certain rights, responsibilities, duties and other terms relating to the implementation of the Program.

2. MCC.

MCC will take all appropriate actions to carry out its responsibilities in connection with this Compact and the Program Implementation Agreement, including the exercise of its approval rights in connection with the implementation of the Program.

3. MCA-Jordan.

MCA-Jordan was established by the Government as the accountable entity. It is a limited liability company wholly owned by the Government and was registered on June 29, 2010, as the Millennium Challenge Account – Jordan Limited Liability Company, in accordance with the Jordanian Companies Law. This arrangement allows MCA-Jordan the independence to enter into contracts, manage its own finances, and hire staff outside of the standard civil service system. In accordance with Section 3.2(b) of this Compact and Section 1.3(a) of the Program Implementation Agreement, MCA-Jordan will act on the Government's behalf to implement the

Program and to exercise and perform the Government's rights and responsibilities with respect to the oversight, management, monitoring and evaluation, and implementation of the Program, including, without limitation, managing the implementation of Projects and their Activities, allocating resources, and managing procurements. The Government will ensure that MCA-Jordan takes all appropriate actions to implement the Program, including the exercise and performance of the rights and responsibilities designated to it by the Government pursuant to this Compact and the Program Implementation Agreement. Without limiting the foregoing, the Government will also ensure that MCA-Jordan has full decision-making autonomy, including, *inter alia*, the ability, without consultation with, or the consent or approval of, any other party, to (i) enter into contracts in its own name; (ii) sue and be sued; (iii) establish an account in a financial institution in the name of MCA-Jordan and hold MCC Funding in that account; (iv) expend MCC Funding; (v) engage a fiscal agent who will act on behalf of MCA-Jordan on terms acceptable to MCC; (vi) engage a procurement agent who will act on behalf of MCA-Jordan, on terms acceptable to MCC, to manage the acquisition of the goods, works, and services required by MCA-Jordan to implement the activities funded by this Compact; and (vii) competitively engage one or more auditors to conduct audits of its accounts. The Government will take the necessary actions to manage and operate MCA-Jordan, in accordance with the applicable conditions precedent to the disbursement of Compact Implementation Funding set forth in Annex IV to this Compact.

In accordance with Articles of Association and Memorandum of Association of MCA-Jordan, (the "***Bylaws***"), MCA-Jordan will consist of the following bodies (1) a board of directors (the "***Board***"), (2) a management team (the "***Management Unit***"), (3) a stakeholders committee (the "***Stakeholders Committee***"), and (4) the general shareholders assembly (the "***General Assembly***"). The governance of MCA-Jordan is set forth in more detail in the Program Implementation Agreement and the Bylaws, which will, collectively, set forth the responsibilities of the Board, Management Unit and Stakeholders Committee. The Bylaws were developed and adopted in accordance with the Governance Guidelines.

(a) Board.

(i) *Composition*. The Board is initially comprised of the following seven members, including four Government members and three representatives from civil society and private sector organizations: (1) Secretary General, Ministry of Planning and International Cooperation; (2) Secretary General, WAJ; (3) Secretary General, MOE; (4) Secretary General, Ministry of Municipalities; (5) a nominee from the General Federation of Jordanian Women; (6) a nominee from the Jordanian Hashemite Fund for Human Development; and (7) a nominee from the Zarqa Chamber of Commerce. The Chief Executive Officer (the "***CEO***") of MCA-Jordan and an MCC representative will serve as non-voting observers.

(ii) *Roles and Responsibilities*. The Board is responsible for the oversight, direction, and decisions of MCA-Jordan, as well as the overall implementation of the Program. The Board will hold regular meetings, at a minimum once per quarter.

(b) Management Unit.

(i) *Composition*. The Management Unit will initially include eleven key officers, as follows: (1) CEO, (2) Deputy CEO for Administration, (3) Deputy CEO for Project Management, (4) Finance Director, (5) Procurement Director, (6) Legal Director, (7) Environment and Social Assessment Director, (8) Monitoring and Evaluation Director, (9) Director for the Water Network Project, (10) Director for the Wastewater Network Project, and (11) Director for the As-Samra Expansion Project. These key officers will be supported by appropriate additional staff to enable the Management Unit to execute its roles and responsibilities.

(ii) *Roles and Responsibilities*. With oversight from the Board, the Management Unit will have the principal responsibility for the day-to-day management of the Program, including those roles and responsibilities specifically set forth in the Program Implementation Agreement and the Bylaws. The Management Unit will serve as the principal link between MCC and the Government, and will be accountable for the successful execution of the Program, each Project, and each Activity. MCA-Jordan will be subject to the audit requirements under Jordanian Companies Law. As a recipient of MCC Funding, MCA-Jordan will also be subject to MCC audit requirements.

(c) Stakeholders Committee.

(i) *Composition*. The Stakeholders Committee will provide input to the Board and the Management Unit on matters that relate to the Program, promoting transparency and ongoing consultation. The size, composition, and manner of selection of members of the Stakeholders Committee are subject to ongoing discussions between the Government and MCC, and will be dictated by the project areas of the Program. Membership will at least reflect the NGOs, private sector, civil society, and local and regional governments that were consulted by the Government in developing its proposal for the Compact.

(ii) *Roles and Responsibilities*. Consistent with the Governance Guidelines, the Stakeholders Committee will continue the consultative process throughout implementation of the Program. While the Stakeholders Committee will not have any decision-making authority, it will, among other things, review, at the request of the Board or the Management Unit, certain reports, agreements, and documents related to the implementation of the Program in order to provide input to MCA-Jordan regarding the implementation of the Program.

(d) General Assembly.

(i) *Composition*. The General Assembly of MCA-Jordan will be comprised of all shareholders of MCA-Jordan. The Government is the sole shareholder of MCA-Jordan.

(ii) *Roles and Responsibilities*. The General Assembly will hold one annual meeting during the first four months of MCA-Jordan's fiscal year and fulfill all obligations under applicable Jordanian law.

4. Implementing Entities.

Subject to the terms and conditions of this Compact, the Program Implementation Agreement, and any other related agreement entered into in connection with this Compact, the Government, through MCA-Jordan, may engage one or more entities of the Government to implement and carry out any Project or Activity (or a component thereof) in furtherance of this Compact (each, an "***Implementing Entity***"). The appointment of any Implementing Entity will be subject to review and approval by MCC. The Government will ensure that the roles and responsibilities of each Implementing Entity and other appropriate terms are set forth in an agreement, in form and substance satisfactory to MCC (each an "***Implementing Entity Agreement***").

5. Fiscal Agent.

The Government, through MCA-Jordan, will appoint a fiscal agent (a "***Fiscal Agent***") which will be responsible for assisting the Government with its fiscal management and assuring appropriate fiscal accountability of MCC Funding, and whose duties will include those set forth in the Program Implementation Agreement and such agreement as MCA-Jordan enters into with the Fiscal Agent, which agreement will be in form and substance satisfactory to MCC.

6. Procurement Agent.

The Government, through MCA-Jordan, will appoint a procurement agent (the "***Procurement Agent***") to carry out and certify specified procurement activities in furtherance of this Compact. The roles and responsibilities of the Procurement Agent will be set forth in the Program Implementation Agreement or such agreement as the Government enters into with the Procurement Agent, which agreement will be in form and substance satisfactory to MCC. The Procurement Agent will adhere to the procurement standards set forth in the MCC Program Procurement Guidelines and ensure procurements are consistent with the procurement plan adopted by the Government pursuant to the Program Implementation Agreement, unless MCC agrees otherwise in writing.

ANNEX II

MULTI-YEAR FINANCIAL PLAN SUMMARY

This Annex II summarizes the Multi-Year Financial Plan for the Program.

1. General.

A multi-year financial plan summary ("***Multi-Year Financial Plan Summary***") is attached hereto as Exhibit A to this Annex II. By such time as specified in the Program Implementation Agreement, the Government will adopt, subject to MCC approval, a multi-year financial plan that includes, in addition to the multi-year summary of estimated MCC Funding and the Government's contribution of funds and resources, the annual and quarterly funding requirements for the Program (including administrative costs) and for each Project, projected both on a commitment and cash requirement basis.

2. Government LMIC Contribution.

During the Compact Term, the Government will make contributions, relative to its national budget and taking into account prevailing economic conditions, as are necessary to carry out the Government's responsibilities under Section 2.6(a) of this Compact. These contributions may include in-kind and financial contributions (including obligations of Jordan on any debt incurred toward meeting these contribution obligations). In connection with this obligation the Government has developed a budget over the Compact Term to complement MCC Funding through budget allocations to water and wastewater projects, management contracts and institutional support in Zarqa Governorate. The Government anticipates making contributions from its national budget of approximately US$73,700,000 over the Compact Term. Such contribution will be in addition to the Government's spending allocated toward such Project Objectives in its budget for the year immediately preceding the establishment of this Compact. The Government's contribution will be subject to any legal requirements in Jordan for the budgeting and appropriation of such contribution, including approval of the Government's annual budget by its legislature. The Parties may set forth in appropriate supplemental agreements certain requirements regarding this Government contribution, which requirements may be conditions precedent to the Disbursement of MCC Funding.

EXHIBIT A

MULTI-YEAR FINANCIAL PLAN SUMMARY

MULTI-YEAR FINANCIAL PLAN SUMMARY (US$ millions)							
Project	**CIF**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Total**
1. Water Network Project							
Infrastructure Activity							
Water Smart Homes Activity							
Sub-Total	0	13.09	28.52	36.04	20.76	4.16	102.57
2. Wastewater Network Project							
Sub-Total	0	6.70	16.20	20.67	12.82	1.83	58.22
3. As-Samra Expansion Project							
Sub-Total	0.63	17.92	45.28	26.00	3.20	0.00	93.03
4. Monitoring and Evaluation (M&E)							
Monitoring and Evaluation							
Sub-Total	0.03	0.69	0.04	0.72	0.52	0.81	2.81
5. Program Administration and Audit							
MCA-Jordan							
Fiscal Agent							
Procurement Agent							
Audit							
Sub-Total	1.46	3.39	3.40	3.40	3.41	3.41	18.47
Grand Total	2.12	41.79	93.44	86.83	40.71	10.21	275.10

ANNEX III

DESCRIPTION OF MONITORING AND EVALUATION PLAN

This Annex III generally describes the components of the monitoring and evaluation plan ("***M&E Plan***") for the Program. The actual content and form of the M&E Plan will be agreed to by MCC and the Government in accordance with MCC's Policy for Monitoring and Evaluation of Compacts and Threshold Programs posted from time to time on the MCC Website (the "***MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs***"). The M&E Plan may be modified from time to time with MCC approval without requiring an amendment to this Annex III.

1. Overview.

MCC and the Government will formulate and agree to, and the Government will implement or cause to be implemented, an M&E Plan that specifies (a) how progress toward the Compact Goal, Program Objective and Project Objectives will be monitored, ("***Monitoring Component***"); (b) a process and timeline for the monitoring of planned, ongoing, or completed Activities to determine their efficiency and effectiveness; and (c) a methodology for assessment and rigorous evaluation of the outcomes and impact of the Program ("***Evaluation Component***"). Information regarding the Program's performance, including the M&E Plan, and any amendments or modifications thereto, as well as progress and other reports, will be made publicly available on the website of MCA-Jordan and elsewhere.

2. Program Logic.

The M&E Plan will be built on a logic model which illustrates how the Program, Projects and Activities contribute to the Compact Goal, the Program Objective and the Project Objectives.

3. Monitoring Component.

To monitor progress toward the achievement of the impact and outcomes, the Monitoring Component of the M&E Plan will identify (i) the Indicators (as defined below), (ii) the definitions of the Indicators, (iii) the sources and methods for data collection, (iv) the frequency for data collection, (v) the party or parties responsible, and (vi) the timeline for reporting on each Indicator to MCC.

Further, the Monitoring Component will track changes in the selected Indicators for measuring progress towards the achievement of the objectives during the Compact Term. The M&E Plan will establish baselines which measure the situation prior to a development intervention, against which progress can be assessed or comparisons made (each a, "***Baseline***"). The Government will collect Baselines on the selected Indicators or verify already collected Baselines where applicable and as set forth in the M&E Plan.

(a) Indicators. The M&E Plan will measure the results of the Program using quantitative, objective and reliable data ("***Indicators***"). Each Indicator will have benchmarks that specify the expected value and the expected time by which that result will be achieved

("***Target***"). All Indicators will be disaggregated by gender, income level and age, and beneficiary types to the extent practicable. Subject to prior written approval from MCC, the Government may add Indicators or refine the definitions and Targets of existing Indicators.

(i) Compact Indicators.

(1) Goal. The M&E Plan will contain the following Indicators related to the Compact Goal and based on national statistics. The Program will contribute to progress against poverty nationwide by contributing to a reduction of the poverty rate in Zarqa Governorate, but the results are attributable to many factors in the economy:

(A) Official poverty rate nationwide: 13.3 percent in 2008; and

(B) Official poverty rate in Zarqa Governorate: 11.2 percent in 2008.[1]

(2) Objective and Outcome Indicators. The M&E Plan will contain the Indicators listed in the following tables.

Table 1: Compact Program Objective Indicators

Result	Indicator	Definition	Baseline Value	Year 5
Program Objective Level: Cross-cutting Results				
Effective supply of water increased through improvement in water delivery, extension of waste-water collection, and expansion in waste-water treatment	Network water consumption per capita (residential and non-residential)	For Zarqa Governorate: [Annual billed residential and non-residential (in m3)]/[population of governorate] * 1000/365 (l/c/d)	65	96
	Total residential water consumption	Billed residential network water consumption + tankers, treatment shops, and bottled water (l/c/d)	62	89

[1] Poverty Baselines are from the Department of Statistics "The Status Report of Poverty in Jordan: Based on Household Income and Expenditure Survey 2008" (Arabic); July 12, 2010. As of July 2010, Jordan did not have a current poverty target using its official poverty rate.

Table 2: Water Network Project Objective and Outcome Indicators				
Result	**Indicator**	**Definition**	**Baseline Value**	**Year 5**
Objective Level				
Decrease cost to households of meeting subsistence water needs	Use of tanker water	Annual average quantity of tanker water consumed per person (l/c/d) in Water Network Project areas[2]	4.7	1.2
	Use of treatment shop water	Annual average quantity of treatment shop water consumed per person (l/c/d) in Water Network Project areas[3]	0.4	0.2
	Prevalence of waterborne disease	Percent of children under age five who had diarrhea in the two weeks preceding the survey[4]	9%	7%
Improve efficiency of network water delivery	Dissatisfaction with supply service	Percent of water utility customers "very dissatisfied" or "quite dissatisfied" with frequency, duration, and pressure of supply (average of the three dimensions) in Water Network Project areas[5]	34%	26%
	Dissatisfaction with water quality	Percent of water utility customers "very dissatisfied" or "quite dissatisfied" with potability of network water in Water Network Project areas[6]	60%	40%
Outcome Level				
Improve efficiency of network water delivery	Non-revenue water as % of Governorate system input	Difference between water supplied including water imported and water sold including exported (*i.e.*, volume of water "lost") expressed as a percentage of water supplied including water imported. [(Production + Imports) - (Exports + Accounted Water)]/(Production + Imports)	47%	35%
	Continuity of supply time	Hours of supply/week (during the summer)[7]	36	70
Condition of household water systems improved	Households cleaning their water storage facilities	Percent of households cleaning their domestic water storage facilities in Water Smart Homes Activity area[8]	56%	65%

[2] The baseline figure refers to all of urban Zarqa. The target will be measured only against areas planned for assistance under the Compact. If the update to the baseline survey reveals a significant difference between the figure for all of urban Zarqa and the areas planned for assistance under the Compact, an adjustment to the baseline and target will be noted in the M&E Plan ensuring that the magnitude of the improvement by Year 5 remains consistent with that of the Compact.

[3] *Ibid.*

[4] In order to conform to MCC's Common Indicators, this indicator will be supplemented after the next baseline study with "Average number of days of work lost by adult household members in last 2 weeks due to a water borne illness + Average number of days of school lost by school-age children in past 2 weeks due to water borne illness."

[5] The baseline figure refers to all of urban Zarqa. The target will be measured only against areas planned for assistance under the Compact. If the update to the baseline survey reveals a significant difference between the figure for all of urban Zarqa and the areas planned for assistance under the Compact, an adjustment to the baseline and target will be noted in the M&E Plan ensuring that the magnitude of the improvement by Year 5 remains consistent with that of the Compact.

[6] *Ibid.*

[7] *Ibid.*

[8] *Ibid.*

Table 3: Wastewater Network Project Objective and Outcome Indicators				
Result	**Indicator**	**Definition**	**Baseline Value**	**Year 5**
Objective Level				
Incidents of sewage overflow reduced	Sewer blockage events	Annual number of blockages that occurred in sewers network (pumping station blockages shall not be included)[9]	8,500	2,000
Outcome Level				
Quantity of wastewater collected from Zarqa Governorate increased	Volume of wastewater collected	Total volume of wastewater collected through the sewer system and pumped via West Zarqa and East Zarqa pumping stations (million cubic meters/year)	24	31
Access to wastewater network increased	Residential population connected to the sewer system	Zarqa Governorate wastewater subscribers as a percent of water subscribers	72%	82%

Table 4: The As-Samra Expansion Project Objective and Outcome Indicators				
Result	**Indicator**	**Definition**	**Baseline Value**	**Year 5**
Objective Level				
Substitution of freshwater for treated wastewater increased	Treated wastewater used in agriculture	Treated wastewater[10] used for irrigation in Northern and Middle Jordan Valley as a percent of all water used for irrigation in Northern and Middle Jordan Valley	61	70
Outcome Level				
Existing agriculture protected from untreated wastewater	Quality of As-Samra effluent meets standard	Number of days during the past quarter when effluent does not meet the applicable standard set out in the As-Samra Project Agreement	0	0
Quantity of treated wastewater for agriculture use and substitution increased	Volume of waste water effluent discharged from the As-Samra plant	Annual volume of wastewater treated to at least secondary level (measured as annual volume of wastewater effluent discharged from the As-Samra plant, million cubic meters per year)	65	99
	Agriculture use of treated wastewater	Agriculture land in the Middle and Northern Jordan Valley using treated wastewater for at least part of their irrigation water (1,000 hectares)	13.7	15.9

(b) Data Collection and Reporting. The M&E Plan will establish guidelines for data collection and reporting, and identify the responsible parties. Compliance with data collection and reporting timelines will be conditions for Disbursements for the relevant Activities as set

[9] If during the Compact Term sewage blockages become part of the GIS database, this indicator should be updated to better measure blockages by type and location.

[10] "Treated wastewater" includes rainwater runoff mixed with treated wastewater in King Talal Dam reservoir.

forth in the Program Implementation Agreement. The M&E Plan will specify the data collection methodologies, procedures, and analysis required for reporting on results at all levels. The M&E Plan will describe any interim MCC approvals for data collection, analysis, and reporting plans.

(c) Data Quality Reviews. As determined in the M&E Plan or as otherwise requested by MCC, the quality of the data gathered through the M&E Plan will be reviewed to ensure that data reported are as valid, reliable, and timely as resources will allow. The objective of any data quality review will be to verify the quality and the consistency of performance data across different implementation units and reporting institutions. Such data quality reviews also will serve to identify where those levels of quality are not possible, given the realities of data collection.

(d) Management Information System. The M&E Plan will describe the information system that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is at all times accessible and useful to those who wish to use it. The system development will take into consideration the requirement and data needs of the components of the Program, and will be aligned with existing MCC systems, other service providers, and ministries.

(e) Role of MCA-Jordan. The monitoring and evaluation of this Compact spans three Projects and will involve a variety of governmental, nongovernmental, and private sector institutions. In accordance with the designation contemplated by Section 3.2(b) of this Compact, MCA-Jordan is responsible for implementation of the M&E Plan. MCA-Jordan will oversee all Compact-related monitoring and evaluation activities conducted for each of the Projects, ensuring that data from all implementing entities is consistent, accurately reported and aggregated into regular Compact performance reports as described in the M&E Plan.

4. Evaluation Component.

The Evaluation Component of the M&E Plan will contain three types of evaluations: (i) impact evaluations, (ii) project performance evaluations, and (iii) special studies. The Evaluation Component of the M&E Plan will describe the purpose of the evaluation, methodology, timeline, required MCC approvals, and the process for collection and analysis of data for each evaluation. The results of all evaluations will be made publicly available in accordance with MCC's Policy for Monitoring and Evaluation of Compacts and Threshold Programs.

(a) Impact Evaluation. The M&E Plan will include a description of the methods to be used for impact evaluations and plans for integrating the evaluation method into Project design. Based on in-country consultation with stakeholders, the strategies outlined below were jointly determined as having the strongest potential for rigorous impact evaluation. The M&E Plan will further outline in detail these methodologies. Final impact evaluation strategies are to be included in the M&E Plan. The following is a summary of the potential impact evaluation methodologies:

(i) Water Network Project/Infrastructure Investment Activity. The evaluation will focus on determining both household level impacts as well as benefits to the water utility.

The household level impacts of interest include reduced expenditures on water scarcity coping mechanisms such as use of tanker and treatment shop water. Health outcomes will also be examined. The impact is expected to be determined through quasi-experimental techniques comparing the beneficiary households to households in similar circumstances outside the project areas. The institutional level impacts such as reduced operating costs may be determined through financial and operations modeling of with and without project scenarios. The without project assumptions would be drawn from utility performance prior to the intervention as well as concurrent performance of other comparable water utilities in Jordan.

(ii) Water Network Project/WSH Activity. The evaluation will look at the changes in (1) maintenance/cleaning of home water systems, (2) the impact on household use of expensive alternative sources of water, and (3) the incidence of certain waterborne diseases. The primary methodology expected is propensity score matching. In the case of over-subscription to the sub-component of household water system rehabilitation, an element of randomized award of benefits among eligible beneficiaries will be considered.

(iii) Wastewater Network Project. The evaluation will include an analysis of the health benefits achieved, particularly reduction in waterborne disease. The methodology is expected to employ quasi-experimental techniques comparing beneficiary households (those near rehabilitated mains or newly connected to the network) with non-beneficiary households.

(b) Final Evaluation. The M&E Plan will make provision for final Project level evaluations ("***Final Evaluations***"). With the prior written approval of MCC, the Government will engage independent evaluators to conduct the Final Evaluations at the end of each Project. The Final Evaluations will review progress during Compact implementation and provide a qualitative context for interpreting monitoring data and impact evaluation findings. They must at a minimum (1) evaluate the efficiency and effectiveness of the Activities; (2) determine if and analyze the reasons why the Compact Goal, Program Objective and Project Objective(s), outcome(s) and output(s) were or were not achieved; (3) identify positive and negative unintended results of the Program; (4) provide lessons learned that may be applied to similar projects; and (5) assess the likelihood that results will be sustained over time.

(i) Special Studies. The M&E Plan will include a description of the methods to be used for special studies, as necessary, funded through this Compact or by MCC. Plans for conducting the special studies will be determined jointly between the Government and MCC before the approval of the M&E Plan. The M&E Plan will identify and make provision for any other special studies, *ad hoc* evaluations, and research that may be needed as part of the monitoring and evaluating of this Compact. Either MCC or the Government may request special studies or *ad hoc* evaluations of Projects, Activities, or the Program as a whole prior to the expiration of the Compact Term. When the Government engages an evaluator, the engagement will be subject to the prior written approval of MCC. Contract terms must ensure non-biased results and the publication of results.

(c) Request for Ad Hoc Evaluation or Special Study. If the Government requires an *ad hoc* independent evaluation or special study at the request of the Government for any reason, including for the purpose of contesting an MCC determination with respect to a Project or

Activity or to seek funding from other donors, no MCC Funding resources may be applied to such evaluation or special study without MCC's prior written approval.

5. Other Components of the M&E Plan.

In addition to the monitoring and evaluation components, the M&E Plan will include the following components for the Program, Projects and Activities, including, where appropriate, roles and responsibilities of the relevant parties and providers:

(a) Costs. A detailed cost estimate for all components of the M&E Plan; and

(b) Assumptions and Risks. Any assumption or risk external to the Program that underlies the accomplishment of the Program Objective, Project Objectives and Activity outcomes and outputs. However, such assumptions and risks will not excuse any Party's performance unless otherwise expressly agreed to in writing by the other Party.

6. Approval and Implementation of the M&E Plan.

The approval and implementation of the M&E Plan, as amended from time to time, will be in accordance with the Program Implementation Agreement, any other relevant Supplemental Agreement and the MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs.

ANNEX IV

CONDITIONS PRECEDENT

TO DISBURSEMENT OF COMPACT IMPLEMENTATION FUNDING

This Annex IV sets forth the conditions precedent applicable to Disbursements of Compact Implementation Funding (each a "***CIF Disbursement***"). Capitalized terms used in this Annex IV and not defined in this Compact will have the respective meanings assigned thereto in the Program Implementation Agreement. Upon execution of the Program Implementation Agreement, each CIF Disbursement will be subject to the terms of the Program Implementation Agreement.

1. Conditions Precedent to Initial CIF Disbursement.

Each of the following must have occurred or been satisfied prior to the initial CIF Disbursement:

(a) The Government (or MCA-Jordan) has delivered to MCC:

(i) an interim fiscal accountability plan acceptable to MCC; and

(ii) a CIF procurement plan acceptable to MCC.

2. Conditions Precedent to all CIF Disbursements (Including Initial CIF Disbursement).

Each of the following must have occurred or been satisfied prior to each CIF Disbursement:

(a) The Government (or MCA-Jordan) has delivered to MCC the following documents, in form and substance satisfactory to MCC:

(i) a completed Disbursement Request, together with the applicable Periodic Reports, for the applicable Disbursement Period, all in accordance with the Reporting Guidelines;

(ii) a certificate of MCA-Jordan, dated as of the date of the CIF Disbursement Request, in such form as provided by MCC;

(iii) if a Fiscal Agent has been engaged, a Fiscal Agent Disbursement Certificate; and

(iv) if a Procurement Agent has been engaged, a Procurement Agent Disbursement Certificate.

(b) If any proceeds of the CIF Disbursement are to be deposited in a bank account, MCC has received satisfactory evidence that (i) the Bank Agreement has been executed, and (ii) the Permitted Accounts have been established.

(c) Appointment of an entity or individual to provide fiscal agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of a Fiscal Agent Agreement, duly executed and in full force and effect, and the Fiscal Agent engaged thereby is mobilized.

(d) Appointment of an entity or individual to provide procurement agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of the Procurement Agent Agreement, duly executed and in full force and effect, and the Procurement Agent engaged thereby is mobilized.

(e) MCC is satisfied, in its sole discretion, that (i) the activities being funded with such CIF Disbursement are necessary, advisable or otherwise consistent with the goal of facilitating the implementation of the Compact and will not violate any applicable law or regulation; (ii) no material default or breach of any covenant, obligation or responsibility by the Government, MCA-Jordan or any Government entity has occurred and is continuing under this Compact or any other Supplemental Agreement; (iii) there has been no violation of, and the use of requested funds for the purposes requested will not violate, the limitations on use or treatment of MCC Funding set forth in Section 2.7 of this Compact or in any applicable law or regulation; (iv) any Taxes paid with MCC Funding through the date 90 days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8(c) of this Compact; and (v) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments or other obligations, and contributed all resources required from it, under this Compact and any other Supplemental Agreement.

(f) For any CIF Disbursement occurring after this Compact has entered into force in accordance with Article 7: MCC is satisfied, in its sole discretion, that (i) MCC has received copies of any reports due from any technical consultants (including environmental auditors engaged by MCA-Jordan) for any Activity since the previous Disbursement Request, and all such reports are in form and substance satisfactory to MCC; (ii) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan for any relevant Projects or Activities related to such CIF Disbursement; (iii) there has been progress satisfactory to MCC on the M&E Plan and Social and Gender Integration Plan for the Program or relevant Project or Activity and substantial compliance with the requirements of the M&E Plan and Social and Gender Integration Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period); (iv) there has been no material negative finding in any financial audit report delivered in accordance with this Compact and the Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require); (v) MCC does not have grounds for concluding that any matter certified to it in the related MCA Disbursement Certificate, the Fiscal Agent Disbursement Certificate or the Procurement Agent Disbursement Certificate is not as certified; and (vi) if any of the officers or key staff of MCA-Jordan have been removed or resigned and the position remains vacant, MCA-Jordan is actively engaged in recruiting a replacement.

(g) MCC has not determined, in its sole discretion, that an act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, the Compact or MCC Funding in accordance with Section 5.1 of this Compact.

ANNEX V
DEFINITIONS

Activity *has the meaning provided in Part B of Annex I.*

Additional Representative *has the meaning provided in Section 4.2.*

As-Samra Expansion Project *has the meaning provided in paragraph 3(a) of Part B of Annex I.*

As-Samra Project Agreement *means the Project Agreement between the Government, represented by MWI, and Samra Wastewater Treatment Plant Company Limited dated 28 July 2002 (as amended and restated on 10 December 2003, as further amended on June 29, 2006, November 5, 2008 and April 8, 2010, and as amended and restated after the date hereof).*

Audit Guidelines *has the meaning provided in Section 3.8(a).*

Baseline *has the meaning provided in paragraph 3 of Annex III.*

Board *has the meaning provided in paragraph 3 of Part C of Annex I.*

BOD_5 *has the meaning provided in paragraph 3(a) of Part B of Annex I.*

Bylaws *has the meaning provided in paragraph 3 of Part C of Annex I.*

Cabinet Resolution *has the meaning provided in Annex VI.*

CEO *has the meaning provided in paragraph 3(a)(i) of Part C of Annex I.*

Certificate *has the meaning provided in Schedule E to Annex VI.*

CIF Disbursement *has the meaning provided in Annex IV.*

Compact *has the meaning provided in the Preamble.*

Compact Contract *has the meaning provided in Schedule A to Annex VI.*

Compact Goal *has the meaning provided in Section 1.1.*

Compact Implementation Funding *has the meaning provided in Section 2.2(a).*

Compact Records *has the meaning provided in Section 3.7(a).*

Compact Term *has the meaning provided in Section 7.4.*

Covered Provider *has the meaning provided in Section 3.7(c).*

Disbursement *has the meaning provided in Section 2.4.*

DMA *has the meaning provided in paragraph 1(a)(i)(2)(D) of Part B of Annex I.*

East Zarqa Pumping Station Zone Activity *has the meaning provided in paragraph 2(a) of Part B of Annex I.*

Eligible Entities *has the meaning provided in Annex VI.*

Eligible Individuals *has the meaning provided in Annex VI.*

ESIA *has the meaning provided in paragraph 1(c) of Part B of Annex I.*

Evaluation Component *has the meaning provided in paragraph 1 of Annex III.*

Excess CIF Amount *has the meaning provided in Section 2.2(c).*

Final Evaluations *has the meaning provided in paragraph 4(b) of Annex III.*

Fiscal Agent *has the meaning provided in paragraph 5 of Part C of Annex I.*

General Assembly *has the meaning provided in paragraph 3 of Part C of Annex I.*

GIS *has the meaning provided in paragraph 1(a)(i)(1) of Part B of Annex I.*

Governance Guidelines *means MCC's Guidelines for Accountable Entities and Implementation Structures, as such may be posted on MCC's Website from time to time.*

Government *has the meaning provided in the Preamble.*

GTZ *has the meaning provided in paragraph 4 of Part B of Annex I.*

IFC Performance Standards *has the meaning provided in paragraph 3(c) of Part B of Annex I.*

Implementation Letter *has the meaning provided in Section 3.5.*

Implementing Entity *has the meaning provided in paragraph 4 of Part C of Annex I.*

Implementing Entity Agreement *has the meaning provided in paragraph 4 of Part C of Annex I.*

Indicators *has the meaning provided in paragraph 3(a) of Annex III.*

Infrastructure Investment Activity *has the meaning provided in paragraph 1(a) of Part B of Annex I.*

Inspector General *has the meaning provided in Section 3.7(d).*

ISTD *has the meaning provided in Schedule A to Annex VI.*

Jordan *has the meaning provided in the Preamble.*

KfW *has the meaning provided in paragraph 4 of Part B of Annex I.*

M&E Plan *has the meaning provided in Annex III.*

Management Unit *has the meaning provided in paragraph 3 of Part C of Annex I.*

MCA Act *has the meaning provided in Section 2.2(a).*

MCA-Jordan *has the meaning provided in Section 3.2(b).*

MCC *has the meaning provided in the Preamble.*

MCC Environmental Guidelines *has the meaning provided in Section 2.7(c).*

MCC Funding *has the meaning provided in Section 2.3.*

MCC Gender Policy *means the MCC Gender Policy (including any guidance documents issued in connection with the guidelines) posted from time to time on the MCC Website or otherwise made available to the Government.*

MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs *has the meaning provided in Annex III.*

MCC Program Procurement Guidelines *has the meaning provided in Section 3.6.*

MCC Website *has the meaning provided in Section 2.7.*

MCU *has the meaning provided in paragraph 1 of Part A of Annex I.*

MOE *has the meaning provided in paragraph 1(c) of Part B of Annex I.*

MOF *has the meaning provided in Annex VI.*

Monitoring Component *has the meaning provided in paragraph 1 of Annex III.*

MOPIC *has the meaning provided in Annex VI.*

Multi-Year Financial Plan Summary *has the meaning provided in paragraph 1 of Annex II.*

MWI *has the meaning provided in paragraph 1(c) of Part B of Annex I.*

OP 4.12 *has the meaning provided in paragraph 3 of Part A of Annex I.*

Party *and* ***Parties*** *have the meaning provided in the Preamble.*

PEISA *has the meaning provided in paragraph 1(c) of Part B of Annex I.*

Permitted Account *has the meaning provided in Section 2.4.*

Principal Representative *has the meaning provided in Section 4.2.*

Procurement Agent *has the meaning provided in paragraph 6 of Part C of Annex I.*

Program *has the meaning provided in the Preamble.*

Program Assets *means any assets, goods or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.*

Program Funding *has the meaning provided in Section 2.1.*

Program Guidelines *means collectively the Audit Guidelines, the MCC Environmental Guidelines, the MCC Gender Policy, the Governance Guidelines, the MCC Program Procurement Guidelines, the Reporting Guidelines, the MCC Policy for Monitoring and Evaluation of Compacts and Threshold Programs, the MCC Cost Principles for Government Affiliates Involved in Compact Implementation (including any successor to any of the foregoing) and any other guidelines, policies or guidance papers relating to the administration of MCC-funded compact programs and as from time to time published on the MCC Website.*

Program Implementation Agreement *and* ***PIA*** *have the meaning provided in Section 3.1.*

Program Objective *has the meaning provided in Section 1.2.*

Project(s) *has the meaning provided in Section 1.2.*

Project Objective(s) *has the meaning provided in Section 1.3.*

Provider *has the meaning provided in Section 3.7(c).*

Reporting Guidelines *means the MCC "Guidance on Quarterly MCA Disbursement Request and Reporting Package" posted by MCC on the MCC Website or otherwise publicly made available.*

Ruseifa Distribution Areas *has the meaning provided in paragraph 1(a)(i)(3)(A) of Part B of Annex I.*

Social and Gender Integration Plan *has the meaning provided in paragraph 3 of Part A of Annex I.*

Stakeholders Committee *has the meaning provided in paragraph 3 of Part C of Annex I.*

Supplemental Agreement *means any agreement between (a) the Government (or any Government affiliate, including MCA-Jordan) and MCC (including, but not limited to, the PIA) or (b) MCC and/or the Government (or any Government affiliate, including MCA-Jordan), on the one hand, and any third party, on the other hand, including any of the Providers, in each case, setting forth the details of any funding, implementing or other arrangements in furtherance of this Compact.*

Target *has the meaning provided in paragraph 3(a) of Annex III.*

Taxes *has the meaning provided in Section 2.8(a).*

TSS *has the meaning provided in paragraph 3(a) of Part B of Annex I.*

United States Dollars or US$ *means the lawful currency of the United States of America.*

USAID *has the meaning provided in paragraph 5 of Part B of Annex I.*

VAT *has the meaning provided in Schedule A to Annex VI.*

WAJ *has the meaning provided in paragraph 6 of Part B of Annex I.*

Wastewater Network Project *has the meaning provided in paragraph 2(a) of Part B of Annex I.*

Water Network Project *has the meaning provided in paragraph 1(a) of Part B of Annex I.*

Water Smart Homes Activity *or* ***WSH Activity*** *has the meaning provided in paragraph 1(a) of Part B of Annex I.*

West Zarqa Pumping Station Zone Activity *has the meaning provided in paragraph 2(a) of Part B of Annex I.*

WSA *has the meaning provided in paragraph 1(a)(i)(2) of Part B of Annex I.*

WSH Direct Assistance Program *has the meaning provided in paragraph 1(a)(ii)(2) of Part B of Annex I.*

WSH Outreach Campaign *has the meaning provided in paragraph 1(a)(ii)(1) of Part B of Annex I.*

Zarqa Distribution Areas *has the meaning provided in paragraph 1(a)(i)(2)(A) of Part B of Annex I.*

ANNEX VI

TAX SCHEDULES

Introduction.

The Government will ensure that MCA-Jordan and all contractors (prime contractors and subcontractors), consultants, and other entities and individuals that receive MCC Funding directly or indirectly (the "***Eligible Entities***" or "***Eligible Individuals***," as appropriate) are exempt from Taxes in accordance with Section 2.8.

The mechanism that the Government will use to implement the exemption is as follows:

1. The Ministry of Planning and International Cooperation ("***MOPIC***"), the Ministry of Finance ("***MOF***") and MCA-Jordan will cooperate in drafting a resolution to be presented to the Council of Ministers for approval. The draft resolution will be subject to MCC approval before being presented to the Council of Ministers.

2. The draft resolution will, at a minimum, specify:

   (a) The Projects that will benefit from the exemption;

   (b) The expected timeframe of each Project;

   (c) The expected cost of each Project; and

   (d) A complete list of Taxes that will be exempted.

3. The Council of Ministers approves the blanket exemption for all Project and Activities (the "***Cabinet Resolution***").

4. The following schedules describe the basic procedures that an Eligible Entity or Eligible Individual should follow to ensure the proper implementation of the exemption.

SCHEDULE A

VALUE ADDED TAX (VAT)[11]

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. Any MCC-funded contract or agreement with an Eligible Entity or Eligible Individual (each, a "***Compact Contract***") will explicitly state that such Eligible Entity or Eligible Individual is entitled to complete exemption from Taxes in accordance with the Cabinet Resolution. In the event a Compact Contract is a contract with a subcontractor, such contract will (a) explicitly state that the subcontractor is entitled to the complete exemption from Taxes in accordance with the Cabinet Resolution, and (b) attach the contract between the prime contractor and MCA-Jordan.

3. When the Eligible Entity or Eligible Individual needs to purchase goods or services, it will provide MCA-Jordan with the following:

   (a) For goods: A list of the goods needed to be purchased on a tax-exempt basis, including the total needed and the approximate cost. MCA-Jordan will indicate its approval on the list provided by the Eligible Entity or Eligible Individual. The Eligible Entity or Eligible Individual takes the MCA-Jordan approved list of goods to be purchased and a copy of the Compact Contract to the Income and Sales Tax Department ("***ISTD***"), which provides its approval for the purchase on a tax-exempt basis. The Eligible Entity or Eligible Individual provides the vendor with the above-mentioned documentation and purchases the goods net of VAT.

   (b) For services: The same procedure in paragraph 3(a) above is followed. Instead of a list of items to be purchased, however, the Eligible Entity or Eligible Individual provides a description of the services needed, the approximate cost of such services and the period of performance of such services.

4. MCA-Jordan follows the same procedures for its own purchases of goods and services related to the Projects.

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[11] To the extent that VAT is imposed at the port of entry on imported goods, together with custom duties, the applicable tax exemption procedures are described in Schedule B below.

SCHEDULE B
CUSTOMS DUTIES

Procedures.

Purchases of Imported Goods

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. When MCA-Jordan signs a Compact Contract, MCA-Jordan sends to Jordan Customs an exemption request with the list of materials the Eligible Entity or Eligible Individual intends to purchase for use on the relevant Project. The letter must state the name of the Project and the Eligible Entity or Eligible Individual, and the Cabinet Resolution must be attached.

3. The Compact Contract will explicitly state that the Eligible Entity or Eligible Individual is exempt from paying customs duties in accordance with the Cabinet Resolution.

4. When the imported goods arrive, Jordan Customs compares what is in the shipment against the list it maintains and then releases them to the customs broker working for the Eligible Entity or Eligible Individual. All Eligible Entities and Eligible Individuals are required to use the services of a customs broker.

5. At the end of the Project, the MCA-Jordan construction manager performs a reconciliation between goods imported for use on the Project and goods actually used on the Project. Any goods imported for use on the Project not actually used on the Project (for example, more goods imported than used) may be subject to customs duties. Therefore, if an Eligible Entity or Eligible Individual knows that more goods will be needed than originally proposed, it must work with MCA-Jordan to ensure that Jordan Customs has been provided with a list of the additional materials.

6. The procedures set forth above also apply to MCA-Jordan except that MCA-Jordan will work directly with Jordan Customs.

Temporary Admission of Equipment, Vehicles and Household Goods, by Eligible Entities and Eligible Individuals

1. The procedures outlined in paragraphs 1, 2, and 3 above will be followed except that MCA-Jordan must specifically request that an Eligible Entity or Eligible Individual performing work for the Project be permitted to bring in, on a temporary basis, equipment for use on the Project and vehicles and household goods of such Eligible Individual or Eligible Entity's employees working on the Project.

2. Once the Cabinet Resolution has been issued, MCA-Jordan sends the exemption request to Jordan Customs with the Cabinet Resolution attached.

3. When the items to receive temporary admission arrive, the goods are released to the customs broker working for the Eligible Individual or Eligible Entity.

4. The temporary admission request must be renewed annually until the earlier of (a) the completion of the applicable contract, (b) the end of the Compact-related work, and (c) the expiration or termination of the Compact.

SCHEDULE C
CORPORATE INCOME TAX

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. Any Eligible Entity earning income only from MCC Funding in Jordan in any given tax year will be exempt from Tax on such income and as such will not be required to withhold Taxes on income earned during the tax year. At the end of the tax year, the Eligible Entity files a tax return indicating that the income earned on the MCC-funded Projects is not subject to Tax in accordance with the Cabinet Resolution and the Compact Contract.

3. Any Eligible Entity earning only a portion of its income from MCC Funding in any given fiscal year will:

   (a) Maintain its books and records to segregate the financial activity related to the Projects from those financial activities that are not related to the Compact.

   (b) At the end of any such fiscal year, file its Tax return on income that is not related to the Compact, as applicable, providing the documentation required in paragraph 2 above.

SCHEDULE D

INDIVIDUAL INCOME TAX

Procedures.

1. The Council of Ministers issues a Cabinet Resolution, as described in the Introduction.

2. Any Eligible Individual earning income only from MCC Funding in Jordan in any given tax year will be exempt from withholding any such income Taxes during the tax year and from paying any Tax on income earned during the tax year. At the end of the tax year, the individual files a tax return indicating that the income earned on the MCC-funded Projects is not subject to Tax in accordance with the Cabinet Resolution and the Compact Contract.

3. Any Eligible Individual earning income paid with MCC Funding and non-Compact-related income in any given fiscal year will be permitted to exclude the gross amount of such Compact-related personal income for the purposes of filing his/her year-end individual income Taxes in Jordan for any such fiscal year.

SCHEDULE E

FUEL TAX

VAT is the only Tax included in petroleum products.

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. The Government will issue a certificate, or other documentary evidence (the "***Certificate***"), to the Eligible Entity or Eligible Individual that allows the holder of such Certificate to be exempt from VAT at the point of purchase for fuel or other petroleum products.

3. Purchases of fuel and other petroleum products will be purchased through approved wholesalers upon presentation of the Certificate.

SCHEDULE F

SOCIAL SECURITY TAX

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. The Cabinet Resolution will state the following:

   (a) Eligible Individuals are exempted from paying the employee portion of social security Tax to the Government.

   (b) Employers of Eligible Individuals are exempted from paying the employer portion of social security Tax to the Government.

3. Neither the Eligible Individuals nor their employers will be required to file any paperwork or returns with regard to social security Taxes.

SCHEDULE G

TAX ON FOREIGN IMPORT SERVICES

(*I.E.*, FOREIGN CONSULTANT SERVICES)

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. The Cabinet Resolution will state that MCA-Jordan will not be required to withhold VAT on each invoice submitted by any foreign consultant that is an Eligible Entity or Eligible Individual.

3. Any foreign consultant that is an Eligible Entity or Eligible Individual will not charge VAT on invoices submitted to MCA-Jordan.

4. MCA-Jordan will not be required to withhold VAT on any invoice submitted by a foreign consultant that is an Eligible Entity or Eligible Individual.

SCHEDULE H

COMPANY REGISTRATION FEE

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. The Cabinet Resolution will state that Eligible Entities that are required to register in Jordan to perform Compact-related work will be exempt from paying the company registration fee imposed by the Ministry of Trade and Industry.

3. At the time of registering in Jordan to perform Compact-related work, the Eligible Entity will provide copies of (a) the Cabinet Resolution, and (b) its Compact Contract to the Ministry of Trade and Industry.

SCHEDULE I

WORK PERMIT FEE

Procedures.

1. The Council of Ministers issues the Cabinet Resolution, as described in the Introduction.

2. The Cabinet Resolution will state that Eligible Individuals who are required to obtain a work permit to perform Compact-related work will be exempt from paying the work permit fee imposed by the Ministry of Labor.

3. At the time of obtaining a work permit to perform Compact-related work, the Eligible Individual will provide copies of (a) the Cabinet Resolution, and (b) its Compact Contract to the Ministry of Labor.