

PD-ABJ-869

PROJECT PAPER

298-0383

**FOSTERING RESOLUTION OF WATER RESOURCES DISPUTES
(FORWARD)**

*U.S. Agency for International Development
Bureau for Asia and the Near East*

November 1, 1964

PD-ABJ-269

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2. COUNTRY/ENTITY Asia Near East Regional		3. PROJECT NUMBER 298-0383		
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 1 0 3 1 0 0		7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY 95 B. Quarter 3 C. Final FY 98		

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total Core	2,500		2,500	9,183		9,183
(Grant)	(2,500)	()	(2,500)	(9,183)	()	(9,183)
(Loan)	()	()	()	()	()	()
Other U.S.						
1. Mission Buy-ins				6,000		6,000
2.						
Host Country						
Other Donor(s)						
TOTALS	2,500		2,500	15,183		15,183

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) \$0						2,500		9,183	
(2)									
(3)									
(4)									
TOTALS						2,500		9,183	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODES

12. SPECIAL CONDITIONS CODES (maximum 7 codes of 4 positions each)
Activity Codes: EVWR
A. Code
B. Amount 100

13. PROJECT PURPOSE (maximum 480 characters)

(i)
To assist local parties to develop, test and refine improved means for national and transboundary dispute resolution for water resources issues; and

(ii)
Establish and/or enhance indigenous capacity in dispute resolution for water resources issues.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
0 3 9 7 | | | | 0 9 9 9

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify) _____

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

17. APPROVED BY	Signature <i>Margaret Carpenter</i>	Date Signed MM DD YY 1 2 0 6 9 4	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DISTRIBUTIONS, DATE OF DISTRIBUTION MM DD YY
	Title Assistant Administrator		

PROJECT AUTHORIZATION

Name of Country: Asia and Near East Regional
Name of Project: Fostering Resolution of Water Resources Disputes
Number of Project: 295-0000

1. Pursuant to Sections 103, 104, 105, and 106 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Fostering Resolution of Water Resources Disputes Project ("FORWARD" or "the Project") for the Asia and Near East Bureau involving Nine Million Two Hundred Thousand Dollars (US \$9,200,000) to be obligated over a four-year period from the date of this authorization, subject to the availability of funds in accordance with the USAID OYB allotment process. Economic Support Funds (ESF) may be used for this project. The planned life-of project (LOP) is six years from the date of this authorization.

2. The goal of this project is to promote equitable and environmentally sustainable water management strategies, policies, and plans in selected countries in the Asia and Near East region which are facing serious water shortages and/or conflict over water. The purpose of this project is to (i) assist local parties to develop, test, and refine improved means for national and transboundary joint problem-solving and dispute resolution for environmental issues involving water resources; and (ii) establish or enhance indigenous capacity in joint problem-solving and dispute resolution for such water resource issues.

3. The agreements and contracts necessary to implement the Project may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with USAID regulations and delegations of authority together with such other terms and conditions as USAID may deem appropriate.

4. Source and Origin of Commodities; Nationality of Services. Except as USAID may otherwise agree in writing, or as otherwise provided below, commodities financed by USAID under the project shall have their source and origin in the United States. Except as USAID may otherwise agree in writing, or as otherwise provided below, supplies of commodities and suppliers of services, other than ocean shipping, financed by USAID under the Project shall have the United States as their place of nationality. Except as USAID may otherwise agree in writing, ocean shipping financed by USAID under the Project shall be only on flag vessels of the United States. Except as provided below, all locally financed procurement in Asian and Near Eastern countries assisted under this project must be covered by source/nationality waivers under Handbook 1B, Chapter 5, with the following exceptions:

A waiver of nationality for procurement of local professional services upto \$1 million per transaction is hereby approved (the waiver is Annex 6).

Locally financed procurement is authorized without waiver for:

- (a) locally available commodities of U.S. origin, which are otherwise available for financing, if the value of the transaction is estimated not to exceed the local currency equivalent of \$5,000 (exclusive of transportation costs);
- (b) commodities of geographic code 935 origin if the value of the transaction does not exceed \$5,000;
- (c) the following commodities and services which are available only locally;
 - (i) utilities, including fuel for heating and cooking, waste disposal and trash collection;
 - (ii) communications -- telephone, telex, fax, electronic mail, postal and courier services;
 - (iii) rental costs for housing and office space;
 - (iv) petroleum, oils and lubricants for operating vehicles and equipment;
 - (v) newspapers, periodicals and books published in the cooperating country; and
 - (vi) other commodities and services (and related expenses) that, by their nature or as a practical matter, can only be acquired, performed, or incurred in the cooperating country, e.g. vehicle maintenance, vehicle rental, hotel accomodations, etc.

Margaret Carpenter
Margaret Carpenter, AA/ANE

December 6, 1994
Date

Clearance:

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GLOSSARY

arbitration: a process by which parties to a dispute submit their differences to the judgement of an impartial person or group selected by mutual consent.

joint problem-solving: a planning process in which representatives of parties which are either affected by, or can either obstruct or facilitate the implementation of, medium- and long-term governmental strategies, policies, plans, projects, or actions, fully participate in the decision-making process, working constructively towards resolution of problems or issues, using a negotiating style characterized by creative collaboration (see below).

competitive negotiation: negotiation which seeks to maximize tangible resource gains for oneself or one's organization, with opponents' needs and interests only relevant when usable to maximize one's tangible resource gains; makes high opening demands and is slow to concede; uses threats, confrontation, and argumentation; manipulates people and the process; is not open to persuasion on substance; is oriented to quantitative and competitive goals (def. adapted from Murray, 1986).

conflict: a state of open discord among two or more parties.

creative collaboration: negotiation which seeks to maximize individual gains, including any joint gains available; focusses on common interests of the parties; uses non-confrontational debating techniques; is open to persuasion on substance; and is oriented to qualitative goals (a fair/wise/durable agreement, efficiently negotiated) as well as to quantitative goals (def. adapted from Murray, 1986).

dispute: a disagreement among two or more parties.

environmental dispute resolution: study and practice of resolving complex multi-party public policy disputes which involve issues pertaining to the natural environment.

inter-sectoral (allocation of water): between or among different sectors having demand for water, e.g. agricultural, urban/industrial, environmental.

intra-sectoral (allocation of water): within the same sector, e.g. head-enders and tail-enders in an irrigation scheme.

integrated water resources management: management which fully considers engineering, economic, social, political, legal, financial, environmental, health, safety, and other relevant

factors, and which includes significant input from stakeholders.

intra-country: within national political boundaries, whether accepted or disputed.

mediation: a process by which matters are settled by conferring or discussing, with the assistance of a impartial third party facilitator.

methodology: system of principles, procedures, and practices applied to a particular branch of knowledge. (In this project paper, not intended to denote a packaged, rigid, or cookbook approach).

natural resources dispute resolution: see environmental dispute resolution.

negotiation: a process by which matters are settled by conferring or discussing.

transboundary: across either international political boundaries, or international political boundaries which are in dispute.

1.0 PROJECT SUMMARY: Fostering Resolution of Water Resources Disputes (FORWARD)

Project Goal and Purpose

The goal of this project is to promote equitable and environmentally sustainable water management strategies, policies, and plans in selected countries in the ANE region which are facing serious water shortages and/or conflict over water.

The purpose of this project is to (i) assist local parties to develop, test, and refine improved means for national and transboundary joint problem-solving and dispute resolution for environmental issues involving water resources; and (ii) establish and/or enhance indigenous capacity in joint problem-solving and dispute resolution for such water resources issues.

Statement of the Problem

A key factor in water resources problems in the ANE region is the lack of effective mechanisms to manage shared water resources collaboratively, and to resolve disputes over shared water resources, whether domestic or transboundary. This results in impediments to integrated water resources management, and thus to inadequate water quantity and quality, with resultant environmental degradation. Given that current water supplies already are insufficient to supply municipal and agricultural needs, and given high population growth rates and urban migration in the region, improved water resources management is essential if water supplies are to be adequate for future needs.

Project Strategy

Geographical Focus and General Approach. The core resources of the project will be focused principally on Jordan, the West Bank and Gaza, and Egypt, although project activities in Asia are also likely. The project will build on and improve existing approaches to resolving water resources disputes by teaming U.S. experts in water resources and in environmental dispute resolution with host country experts in the same disciplines. The team(s) will develop preliminary methodology(ies) for resolving water resources disputes, and will test and refine the methodology(ies) by using it(them) to resolve three to five specific water resources disputes (current or anticipated). The project will provide small grants and sub-contracts for implementation of agreements reached; should large infrastructure investments be necessary, the project will assist the parties in obtaining funds from donors or multilateral lending institutions to implement the agreements.

Types of Water Resources Disputes to be Addressed. The initial water resources disputes

selected for resolution under this project will be disputes which are impeding progress in improving water supply or quality within countries. For example, the project may assist urban and agricultural water interests to resolve a dispute over allocation schemes, or assist a municipal government to resolve a dispute concerning siting of a new wastewater treatment plant. Subsequently, when the appropriate opportunity arises, the project will address one or more disputes which are transboundary in nature. Additionally, the project will fund transboundary activities consisting of training workshops and seminars, and short-term, focussed activities to produce a specific product (for example, joint development of a scope of work by neighboring countries for a feasibility study for shared water infrastructure). Most of these transboundary activities will be associated with the Middle East Peace Process (MEPP). All project work will contribute to resolution of transboundary water resources problems by developing knowledge on, and experience with, more effective mechanisms for water resources dispute resolution.

Involvement of Host Country Experts. The strategy relies on the primacy of host country individuals and institutions in implementing all aspects of the project. In fact, the purpose statement indicates that the project will "assist local parties to develop, test, and refine...". The experience and expertise of host country nationals is essential to understanding the strengths and weaknesses of existing dispute resolution processes, and to building from these processes new approaches which are socially, politically, and culturally appropriate. Additionally, if gains made under this project are to be sustainable, host country nationals must have ownership of the joint problem-solving process.

Leveraging USAID Resources. The project will leverage USAID resources by assisting host countries and regional parties to remove obstacles to developing sustainable, consensus-based projects, thus attracting funding from other donors and/or multilateral lending institutions. It will also use the water sector as a "proving ground" for new approaches to resolving public policy disputes. These approaches may be equally useful in addressing other environmental problems, such as hazardous waste management or occupational safety.

Interface with State. The strategy envisions close cooperation between USAID and the Department of State in cases where transboundary water issues are involved. The project will provide the resources to support creative, innovative approaches to resolving transboundary water problems when such approaches are consistent both with U.S. foreign policy objectives and with the development objectives of this project.

Project Elements

Project implementation is organized into two elements: (i) Joint Problem-Solving Process Development, and (ii) Capacity Building for Joint Problem-solving and Environmental

Dispute Resolution. A summary of the project activities that will take place under each of these elements is shown in Figure 1 (page 21a). Activities in support of peace process-related activities in the Middle East can be conducted under either project element.

Joint Problem-Solving Process Development is the nucleus of the project. Under this project element, analyses will be conducted to 1) characterize existing methods of water resources dispute resolution in host countries, and develop a preliminary methodology which blends the best from the existing methods with Western dispute resolution methods; and 2) select specific water resources disputes which are "ripe" for resolution, to address under the project. The dispute resolution methodology will then be tested and refined by using it to resolve the specific problems or "cases", and by implementing each agreement reached.

Capacity Building for Joint Problem-Solving and Environmental Dispute Resolution (Project Element 2) serves two purposes. First, it provides training to host country professionals in water and related sectors in joint problem-solving, using the approach developed under this project. Second, it provides training to host country nationals who can serve as third party impartial mediators in dispute resolution processes, to assist parties involved in a dispute to reach a mutually beneficial resolution. It will also strengthen the capabilities of existing institutions in providing dispute resolution services.

End of Project Status

This project will have achieved its purpose if sustainable environmental policies are furthered because:

- Socially, politically, and culturally appropriate approaches to resolving water resources problems collaboratively have been developed, tested, refined, and analyzed, and the information has been disseminated to interested parties;
- Individuals are trained, and institutions strengthened, to continue joint problem-solving and environmental dispute resolution;
- For three to five discrete water management problems, affected parties have produced, and begun implementation of, integrated solution(s) developed through a problem-solving process involving extensive, sustained collaboration among stakeholders;
- Resources of the donor community and/or of multilateral lending institutions are made available for implementation of agreements reached under this project;

- The body of knowledge on how to resolve transboundary water resources disputes in the ANE region, both in terms of process and in terms of substance;
- Project beneficiaries value the approaches used, and choose to use them in other contexts, within and outside of the water sector; and
- Project results are sufficient to determine whether or not a follow-on project should be undertaken, how such a project should be structured, and what applications for joint problem-solving/dispute resolution might be appropriate outside of the water sector.

Cost Estimate and Project Management

Life of Project funding is \$15.2 million, of which \$9.2 million is ANE Bureau core funds and \$6.0 million is estimated in Mission or other buy-ins or transfers. Approximately \$700,000 of core funds (not including the base salaries of short- and long-term technical assistance staff) is budgeted for activities in support of the peace process-related activities in the Middle East (workshops/training, and analytical work); the remainder is budgeted for activities related to resolution of selected water resources disputes, and implementation of agreements reached. Table 1 (page 49) provides a summary of the project budget. Additional budget tables are found in Annex 2, Section E (Financial Analysis). The project will be managed by one full-time USDH, probably located in Washington.

Contracting

The project will be a hybrid of performance-based and level-of-effort contracting. Potential respondents to the RFP will be told the results we want to achieve, and encouraged to submit their original ideas on how best to achieve these results, with key sections of this project paper attached as an example of how USAID believes these results might be achieved. Criteria for measuring performance will be developed and used in monitoring project performance but, unlike pure performance-based contracting, the contract will be based primarily on level of effort, and not on milestones towards final results. Due to the nature of conflict, it is impossible to reliably predict exactly when in the project a particular dispute will be resolved, nor when breakthroughs will occur, thus making it infeasible to tie the contract directly to resolution of disputes.

Common Questions

The twelve shaded text boxes found throughout the paper provide answers to commonly asked questions about this project.

2. PROJECT RATIONALE AND SYNOPSIS

2.1 Statement of the Problem

Transboundary water issues are major environmental concerns in the ANE region. The Levant countries of the Middle East have a long history of water disputes involving both surface water (e.g. Jordan River basin) and groundwater (e.g. aquifer underlying the West Bank). Other major trans-national concerns in the Middle East are the management of the Nile, where development is desired by upstream riparians, and the Tigris and Euphrates, where development by Turkey has affected downstream quantity and quality in Syria and Iraq.

In south Asia, major disputes involve India, Bangladesh, and Nepal over use of the Ganges and other rivers. Diversion of the Ganges in the dry season at (and upstream of) the Farakka barrage affects Bangladesh, the downstream user. In East Asia, development of the lower Mekong involves Cambodia, Laos, Vietnam, and Thailand, each of whom has differing priorities, ranging from hydropower to protection from salt water intrusion. An institutional arrangement, the Mekong Basin Commission, exists, but, despite the end of armed conflict in the region, it has not proven effective.

In virtually all ANE countries, irrigation is by far the largest water user and consumer. Existing irrigation developments in Asia are on an enormous scale. Intersectoral reallocation from agriculture to other uses would create massive political problems in many countries, not to speak of its potential impact on food security, urban/rural resettlement, and other national objectives. In the Near East, the acute shortage of water has resulted in reduced allocations to irrigation. Planners are looking seriously at wastewater reuse as the only remaining source of irrigation water. Water reuse is commonly practiced, although not regulated, and there are questions regarding the safety of inadequately treated water and the products grown with it.

Problems of water management within sectors are common throughout the region and much research has been carried out on certain of these. An example is the traditional problem in irrigation systems of overuse of water by "head-enders" at the expense of "tail-enders." In Morocco, agricultural chemicals are overused and residues are carried by irrigation return flows which recharge groundwater aquifers, with the result that these have become polluted. This problem of water borne chemical pollution, perhaps unknown to the polluters themselves, is one which may prove amenable to solution.

Other serious water resources problems in the ANE region include: the stress of meeting

human and industrial needs for water supply and wastewater in exploding urban centers; the rising costs of flood damage as economic activity expands into flood-prone areas; the approaching full economic exploitation of irrigation potential in many areas; and pollution of rivers, lakes, coastal waters and groundwaters and other (sometimes irreversible) environmental effects. Growing competition for water between economic sectors under normal runoff conditions is greatly aggravated at times of drought. Virtually all of the Near East and large portions of South and Southeast Asia already face acute water shortages, even in years of normal precipitation.

In all countries, water is embedded in complex institutional structures that tend to persist, even if the conditions have changed to such an extent that the responses are obsolete. The freedom and ability of governments to regulate and reallocate water is frequently restricted by regional political interests and other concerns.

Although water management problems persist in the ANE region, there is currently no violent conflict which is explicitly related to water. It is clear, however, particularly to many regional parties, that current approaches are not sustainable. Population growth and urbanization are the two most significant factors affecting the future adequacy of water supplies. With an average annual growth rate of 3.6 percent, the population of the countries of the Near East is expected to double between 1990 and 2010 (USAID 1993). The growth rates in South Asian countries are substantially lower now, with a doubling of the population in perhaps 50 years, but the high population densities stress available water supplies.

The population of urban areas in developing countries is expected to grow by 160 percent from 1990 to 2010 (World Bank 1992). Rural settlement is expected to level off by the year 2010 in the Near East and South Asia. Because per capita water consumption is 10 times greater in urban than in rural areas, an expansion of the urban population of this magnitude will place enormous strains on water availability, water treatment capacity, and wastewater disposal services, in a region in which supplies are already inadequate.

Water development in Asia and the Near East has supported the demographic, economic, agricultural, and industrial changes that have taken place. However, approaches to water development and use must be improved if future needs are to be satisfied. Business as usual will not provide for basic human and ecosystem needs.

A key factor in water resources problems in the ANE region -- and the factor this project will address -- is the lack of effective mechanisms to plan and manage water resources collaboratively, and to resolve disputes over water resources. Joint problem-solving mechanisms are lacking both within ANE countries, and between ANE countries and donors. Often, donors and multilateral lending institutions do not fully appreciate the bureaucratic

and political realities that impede integrated water resources management in developing countries. Usually, there are powerful vested interests that stand to lose from changes in water resources management. This leads to government inaction, or to disputes, either within Ministries and/or among Ministries, between governments and communities, between governments and particular sectors using water, or between governments and private interests.

A solution that is frequently proposed is to conduct more policy analysis, with input from host country governments and experts, and incorporate the results into development planning. The problem with this approach is that it tends to be donor-driven, i.e. the solutions arrived at ultimately represent the donor's view of what is needed. Donors tend to proceed under the false assumption that they can discern what policies need to be changed, and why. In reality, the most effective mechanism for understanding and overcoming bureaucratic and political limitations on integrated water resources management is joint research, analysis, and planning, in which donors assist the parties to themselves detect, quantify, and explain the major problems and constraints facing the country, so that they can formulate their own solutions thereto (Ross 1988). Donors and multilateral lending institutions can serve as mediators/facilitators in this process, or as parties to the discussions where donor or multilateral lending institutions funding is involved.

The FORWARD project will focus on USAID facilitation of joint problem-solving for improved water resources management. The project will assist host countries and regional parties to develop and to test a collaborative approach to analyzing and resolving water disputes; train host country personnel in the approach; and work to resolve selected disputes involving water policy which are judged to be amenable to resolution at this time. It will leverage USAID resources by enabling the development of strategies, plans, policies, or projects which have been developed by, and thus are acceptable to, the parties concerned, thereby smoothing the way for donor or multilateral bank funding. The project will work on transboundary issues, as well as intra-country issues involving inter-sectoral as well as intra-sectoral disputes.

This project arose principally from the November 1993 evaluation of USAID's Irrigation Management and Support Project (ISPAN), which identified improved means of integrated water resources planning and management in shared watersheds as essential to sustainable use of water in the region, as well as in response to the need to assist in implementing the water-related aspects of the Middle East peace process activities. Responsiveness to Presidential Decision Directive/National Security Council #16 (November 1993), which directs USG agencies to pursue opportunities for the USG to contribute to international water-related dispute resolution, is also an important consideration.

BOX 1: What advances in collaborative water resources management have been made in the U.S. in recent years, and why is this relevant to this project?

As in many parts of the world, water resources in the United States are becoming increasingly scarce. At the same time, the power to make and implement decisions regarding water development, protection, and use is increasingly dispersed among a broad range of interests and constituencies. A plethora of federal, state, and local laws give citizens standing to challenge and/or participate in water management decisions.

As more and more parties with divergent interests become involved, the number, complexity, magnitude, and intensity of water resources disputes has swelled. In an effort to avoid lengthy litigation and divisive political maneuvering, many agencies with water management responsibilities have sought to employ decision-making processes and techniques which foster collaboration among diverse parties of interest. The professional discipline which has developed to assist such collaborative efforts is the field of environmental dispute resolution.

There is no set model or method for resolving environmental disputes. However, most efforts have involved the following: pre-convening analysis to evaluate whether an issue is "ripe" for collaboration (see Box 8); obtaining agreement from representatives of all key stakeholders to participate in good faith; convening a series of meetings during which participants use problem-solving negotiation techniques to 1) identify problems and issues; 2) identify data gaps and ways to obtain necessary data; 3) develop a range of alternatives, and criteria for evaluating alternatives; 4) reach agreement on a preferred alternative (including enforcement mechanisms for the agreement); 5) vet the agreement with their respective constituency, and 6) formalize the agreement through a signature document or other instrument.

There have been several notable successes in solving difficult water resources management problems using environmental dispute resolution processes. For example, a dispute regarding port development on the Columbia River at the Washington/Oregon border, which arose due to different environmental protection requirements between the two states, was resolved through mediated negotiations among government, business, and environmental representatives on both sides of the river, resulting in an agreement on specific kinds of development that could occur at each port site, and the mitigation measures that would be required. A water allocation dispute between the Seminole Nation and the State of Florida, which had been in litigation for over 8 years, was resolved in 18 months through facilitated negotiations among the Tribe, the South Florida Water Management District, and a private water company, resulting in a major land sale, and a water rights compact. A dispute over appropriate water quality regulations for disinfected drinking water was resolved by mediated negotiations among the drinking water industry, environmental groups, representatives of low income water ratepayers, the USEPA, and state health directors, resulting in timely promulgation of regulations. Details of these, and other, examples of collaborative problem-solving in U.S. water management are contained in ISPAN Report Number 66.

Efforts have begun in the ANE region to blend existing public policy dispute resolution approaches with joint problem-solving approaches now common in the U.S. Host country government representatives have reacted very favorably to these efforts, and have strongly encouraged USAID to expand this work to water resources issues (see Annex 3).

2.2 USAID POLICY

USAID's development policy is enunciated in the document "Strategies for Sustainable Development" (March 1994). The principal areas of emphasis are environment, democracy, population and health, economic growth, and humanitarian assistance and post-crisis transitions. Human resources development is presently being incorporated into the strategy. **This project contributes primarily to the environment strategy, with a lesser contribution to the democracy strategy.**

The Agency environmental strategy encourages country- and region-specific approaches, depending on local environmental problems and priorities. Clearly, insufficient water resources and inadequate water resource management are among the most important problems (environmental or otherwise) in the Near East region and are of growing importance in Asia. In the case of the Levant countries, the potential for violent conflict over water in the next decades is real; water-related problems in some Asian countries (e.g., India, Bangladesh, Nepal, Mekong riparians) are of increasing concern (Homer-Dixon, 1993). The project will develop country- and region-specific approaches to resolving such problems through joint problem-solving.

The project supports many aspects of the Agency environmental strategy. It will help host governments to balance environmental protection with economic growth. In looking at intersectoral allocations of water within countries, the project will work with host governments to seek appropriate solutions to allocating water among competing uses. In the area of democracy, the project focusses on empowerment of citizens, involvement of women and of NGOs, and collaboration between government and citizens to develop consensus on plans and actions. The institutional and policy-development capacity of governments will be strengthened, and their responsiveness and accountability increased.

Consistent with Agency policy regarding partnership, the project relies on host country governments, institutions, experts, and NGOs for project implementation, with USAID acting as motivator and facilitator, helping the host countries to plan and carry out the project activities.

The project also leverages donor community resources through helping to resolve water resources disputes which have impeded development, by assisting host countries to prepare specific plans and projects that meet the requirements of donors and multilateral lending institutions.

The project also supports the strategic objectives and program outcomes of the ANE Bureau strategies for the Near East and the Asia regions. The Near East strategy (USAID, 1993)

contains five strategic objectives. The project supports all five program outcomes of Strategic Objective 5 (More Efficient Use and Improved Quality of Water Resources). It also supports Strategic Objective 2 (More Effective and Accountable Governance), and Strategic Objective 1 (Expanded and More Efficient Private Sector Economic Activity, particularly Program Outcome 1.2, improved infrastructure and urban services). The project also supports Regional Cooperation and Problem Solving, one of the two cross-cutting issues in the strategy.

The Strategic Framework for Water in Asia (USAID 1994) for water resources recognized that urban and agricultural demands for water are increasing, while pollution is reducing access to supplies of acceptable quality. New sources of water can no longer be developed at costs to which governments are accustomed. Additionally, diversions above national boundaries have an impact on countries downstream. Therefore, the strategic framework encourages governments and other organizations to (a) establish policy, legal, regulatory and institutional arrangements for water that provide good governance, accountability and balance between the relevant interests, (b) resolve issues of competition for water, and (c) resolve water quality and other water-related health and environmental issues. The project supports these objectives.

Many ANE Mission strategies also contain water-related strategic objectives. For example, the Egypt Mission Strategic Objective 6 calls for increased access to, and reliability/efficiency of, public utilities (including water and sewer services); Jordan Strategic Objective 2 seeks improved quality and increased quantity of water; the Tunisia Mission has an objective involving increased private sector involvement in urban services; the West Bank/Gaza strategic plan has a strategic objective regarding improved water and wastewater infrastructure, and improved management of water.

In summary, this project fulfills development policy objectives of USAID/Washington, as well as strategic objectives of many ANE Missions. It is also consistent with USAID re-engineering goals, as presently conceived.

BOX 2: How is this project consistent with USAID "reinventing government" goals?

The USAID re-engineering effort is not complete, but basic principles are beginning to emerge, and this project is consistent with them:

- *The strategy of this project is to allow host countries (governments, private sector, NGOs) to drive the selection of problems to address, and how they will be addressed (with the assistance of the TA contractor); this furthers the re-engineering goal of customer-driven activities (the customers being the people of the countries in which we work). Additionally, customers have identified this type of project as a very high priority (Annex 3).*
- *The project is results-oriented, with resolution of specific problems, and implementation of specific agreements, measurable goals. It uses performance-based contracting, allowing bidders substantial latitude to be creative and to show how they would produce the desired results.*
- *The project promotes teamwork, both within and among host country governments, and between the ANE Bureau and the Global Bureau (by coordinating with Global projects involving water resources issues).*
- *The project leverages USAID resources by facilitating agreements among parties on projects which can be funded by other donors or by multilateral institutions.*
- *The project will provide an opportunity to test flexible but accountable contracting processes, by finding innovative ways to conduct the activities a host country dispute resolution team decides needs to be conducted, but which cannot possibly be identified in the project design stage.*

2.3 PROJECT STRUCTURE

2.3.1 Project Goal and Purpose

The goal of this project is to promote equitable and environmentally sustainable water management strategies, policies, and plans in selected countries in the ANE region which are facing serious water shortages and/or conflict over water.

The purpose of this project is to (i) assist local parties to develop, test, and refine improved means for national and transboundary joint problem-solving and dispute resolution for environmental issues involving water resources; and (ii) establish and/or enhance indigenous capacity in joint problem-solving and dispute resolution for such water resources issues.

2.3.2 Project Strategy

The project will focus on improving the process by which water resource management decisions are made, through field application of **locally-developed** improvements in water resources dispute resolution. The purpose of this project will be accomplished by enlisting the expertise of both U.S.-based and regional specialists in natural resources dispute resolution, and having them engage in three types of activities:

- Long-term (12 to 48 month) activities to resolve three to five specific water resources issues, problems, or disputes (one of which will be between regional parties, should appropriate opportunities arise), through collaborative processes, with substantial stakeholder involvement;
- Regional, short-term (one to eight week) activities which contribute to, and expands the knowledge base on, effective, efficient, and equitable resolution of transboundary water resources problems in the region;
- Capacity-building within local institutions to carry out joint problem-solving and dispute resolution efforts for water resources problems.

Initiation of long-term activities will be preceded by an in-depth analysis of existing approaches to water resources dispute resolution in the region, and in other parts of the world, followed by development of a framework which **builds on** existing approaches, but which incorporates salient features of joint problem-solving processes for resolving water resources disputes. The analyses and development of the framework will be performed largely by regional parties and experts, with assistance from U.S. experts.

Judicious selection of the three to five specific problems to address collaboratively is essential to the success of this project. Selection will be a joint effort among the host country governments and other stakeholders, and the regional and U.S. experts who will implement the long-term joint problem-solving efforts under this project (with approval by USAID, and by State where transboundary issues are involved). Selection of the three to five problems to address has not been done as part of the project design; rather, it is one of the first activities under the project. This will allow maximum host country input into this critical decision, will ensure continuity of judgment throughout the project, and will allow the contractor to continue with implementation immediately following analysis.

It is anticipated that in the early stages of the project, the problems selected for long-term collaboration activities will be intra-country problems. International and regional problems will be addressed if the appropriate opportunities arise (which will probably be later in the project), allowing the knowledge and experience gained under the intra-country activities to be applied to more difficult international and regional problems. The long-term international and regional activities would probably involve facilitating agreements among representatives of various line ministries, municipalities, private interests, NGOs, etc., in different nations or regional parties, and not agreements among heads of state or their immediate representatives.

Regional activities early in the project will consist of short-term activities such as workshops,

BOX 3: Why will the project address water resources problems within nations, when transboundary problems are of major concern?

Management of water resources within countries is relevant to transboundary water problems for three reasons. First, the way a country manages the water within its borders significantly affects the fundamental interests of downstream riparians, by determining both the quantity and quality of water available downstream. Second, how a country manages the water within its boundaries affects the attitude of other nations towards its claims of need for additional resources. Intra-country water management can also increase tensions across borders if, for example, a country pollutes the water source of its neighbor(s). Third, the way a country manages its domestic water resources disputes shapes how it expects to manage its transboundary problems, i.e. if domestic disputes are resolved by joint problem-solving among affected parties, transboundary disputes are more likely to be approached in that manner.

Additionally, intra-country activities under this project will develop the knowledge and experience needed to creatively and effectively address more difficult transboundary problems. It will also give host country governments experience with collaborative planning in their home culture and environment, helping them to feel more confident in collaborating cross-culturally, across national borders. This experience and confidence is particularly important where there are power imbalances between nations, because agreements which are worked out with one party feeling inferior are typically unstable. Developing intra-country approaches to resolving water conflicts under one project will also help ensure compatibility between the processes used in each nation.

training, data gathering, etc. All of the project work, however, will contribute to resolution of transboundary problems, by exploring improvements to existing approaches to water resource dispute resolution.

The strategy relies on primacy of host country individuals and institutions in implementing all aspects of the project. In fact, the purpose statement indicates that the project will "assist local parties to develop, test, and refine...". The experience and expertise of host country nationals is essential to understanding the strengths and weaknesses of existing dispute resolution processes, and to building from these processes new approaches which are appropriate socially, politically, culturally, and economically. Additionally, if gains made under this project are to be sustainable, host country nationals must have ownership of the joint problem-solving process. The experience and expertise of U.S. professionals is also valuable, however, given the rich experience with collaborative resolution of water resources disputes in the U.S.

To allow project resources to have the maximum impact, the project will focus primarily (but not necessarily exclusively) on key areas in the Middle East, namely, the Levant region (Egypt, Jordan, Israel, West Bank and Gaza, Lebanon, possibly Syria and Turkey), but it will have the flexibility to address issues in Asia. There is general agreement among many government officials and others in these areas that cooperation among various parties within the country to address intra-national issues (for example, allocation of water among competing uses), as well as with neighboring countries, is essential if sustainable solutions to water problems are to be achieved. In Egypt, Jordan, the West Bank and Gaza, various government officials involved in the water sector have had exposure to conflict resolution theory and principles, and there is broad agreement that further efforts in this area will be very fruitful (see Annex 3).

The project will leverage USAID resources by creating a forum under which host countries and regional parties can develop sustainable, consensus-based projects of which they have ownership, and which are attractive to other donors and to multilateral lending institutions.

The strategy envisions close cooperation between USAID and the Department of State where transboundary water issues (vs. intra-country issues) are involved. The project will provide the resources to support creative, innovative approaches to resolving transboundary water problems, when such approaches are consistent both with U.S. foreign policy objectives, and with the development objectives of this project.

The project will allow for Mission buy-ins for activities related to resolving intra-country water resources disputes (existing or potential), and for training activities.

The project will develop the information and experience necessary to design future projects in public policy dispute resolution. A future project could further strengthen institutional capacity to promote sustainability (e.g. build dispute resolution programs into existing institutional structures), and apply the dispute resolution approaches developed more broadly in the environment sector or to other sectors.

BOX 4: Is this project about joint problem-solving, or about water resources dispute resolution?

Both. This project involves assisting developing country governments to improve mechanisms by which to make difficult choices regarding how to protect, use, allocate, finance, and share limited water resources. The need for improved management and sharing of water resources is widely recognized within most governments of ANE countries; however, many of these governments either anticipate, or have encountered, strong resistance to change. The resistance can come from within the government (for example, competing ministries having different interests and views), among their populations (for example, unwillingness to pay for water services), or among riparian neighbors. Joint problem-solving processes bring the various stakeholders in an issue into the decision-making process, thus helping them to produce a decision which is acceptable to all concerned.

Joint planning processes involving water resources issues are almost invariably difficult and contentious. After all, a principal reason for the difficulties encountered in water management is that there are many competing demands on a resource which is both limited and vital, and when competing parties work together to improve management of the resource, disputes will arise. This project seeks to develop effective tools to resolve these disputes, and in that sense, the project entails dispute resolution.

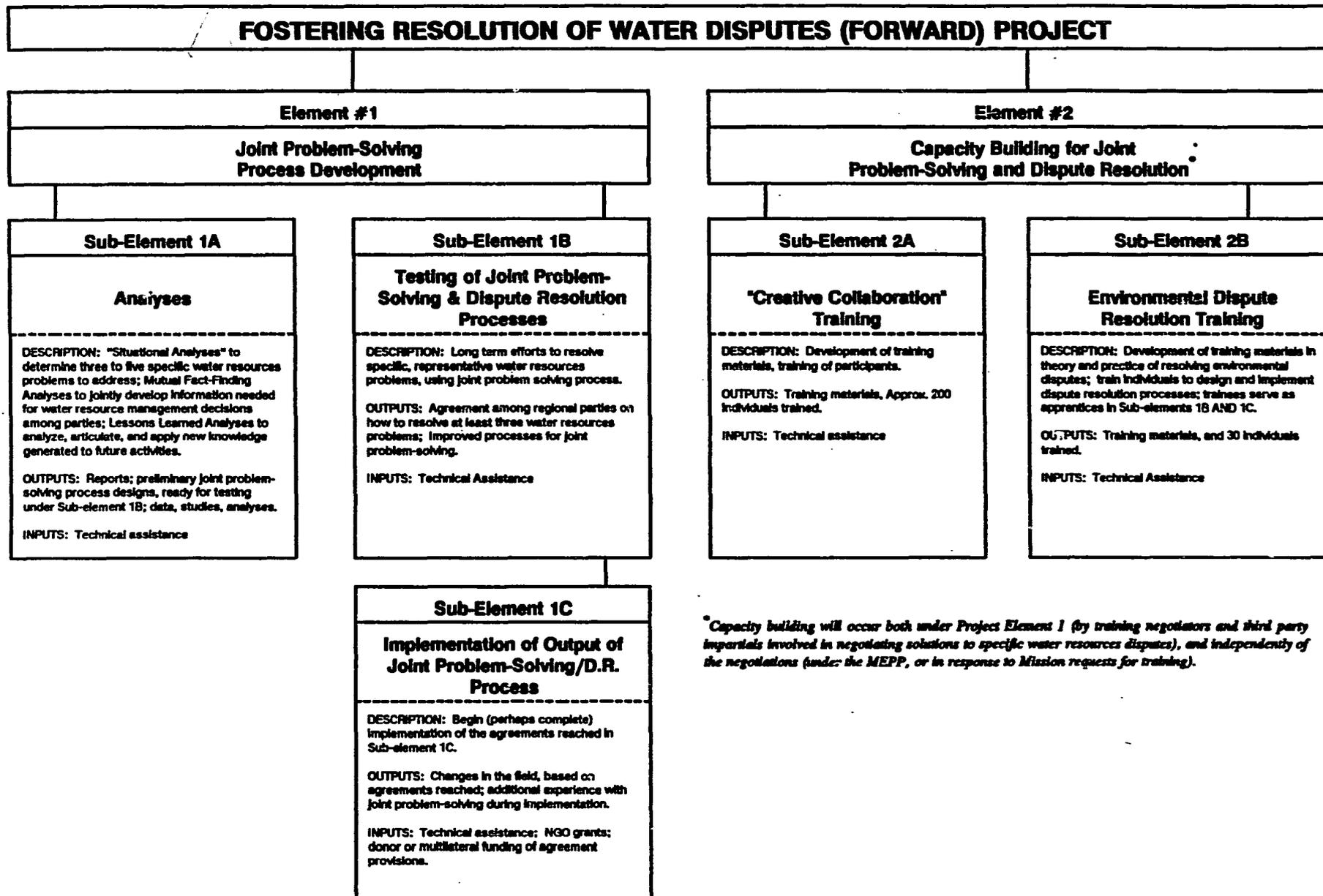
2.3.3 What This Project Will Achieve (End of Project Status)

This project will have achieved its purpose if sustainable environmental policies are furthered because:

- Socially, politically, and culturally appropriate approaches to resolving water resources problems collaboratively have been developed, tested, refined, and analyzed, and the information has been disseminated to interested parties;
- Individuals are trained, and institutions strengthened, to continue joint problem-solving and environmental dispute resolution;
- For three to five discrete water management problems, affected parties have produced, and begun implementation of, integrated solution(s) developed through a problem-solving process involving extensive, sustained collaboration among stakeholders;
- Resources of the donor community and/or of multilateral lending institutions are made available for implementation of agreements reached under this project;
- The body of knowledge on how to resolve transboundary water resources disputes in the ANE region is increased, both in terms of process and in terms of substance;
- Project beneficiaries value the approaches used, and choose to use them in other contexts, within and outside of the water sector; and
- Project results are sufficient to determine whether or not a follow-on project should be undertaken, how such a project should be structured, and what applications for joint problem-solving/dispute resolution might be appropriate outside of the water sector.

2.3.4 Project Elements, and How They Will Be Executed

Project implementation is organized into two elements: (i) Joint Problem-Solving Process Development, and (ii) Capacity Building for Joint Problem-solving and Environmental Dispute Resolution (Figure 1). These two elements are inter-related in that the development of a sustainable joint problem-solving process requires participation of indigenous individuals and institutions having detailed knowledge of dispute resolution as currently practiced in the host countries, ability to identify and help resolve water-related



** Capacity building will occur both under Project Element 1 (by training negotiators and third party impartialists involved in negotiating solutions to specific water resources disputes), and independently of the negotiations (under the MEPP, or in response to Mission requests for training).*

Figure 1.

issues at national and international level, and stature and reputation to be called upon to address such issues. Capacity-building will take place by 1) involving host country experts in all aspects of project implementation (thereby adding to their experience and capabilities); 2) training all participants in negotiations in joint problem-solving negotiation strategies; and 3) by conducting stand-alone (i.e. outside of a particular negotiation process) training in joint problem-solving and environmental dispute resolution.

Activities in support of the Middle East Peace Process, or related fora, can be conducted under one of both of these project elements.

In keeping with Bureau gender-related objectives, efforts will be made to involve women, as partners in project implementation, as participants in joint problem-solving and related activities, and as participants in training (Annex 2). The contractor will be directed to pay particular attention to ensuring that in any joint problem-solving effort regarding a problem in which women are significant users of the water, women's perspective and women's interests will be represented "at the table". Mid-term and final evaluations will address the degree to which the project has involved women.

BOX 5: Why is joint problem-solving important to water management?

Water possesses several attributes that make cooperation and collaboration critical to sustainable resource management. Water naturally crosses jurisdictional boundaries, consequently, unilateral action affects multiple parties. Water is used for a myriad of societal purposes, many of which are mutually exclusive, or at least, conflicting. Water is renewable, but available amounts fluctuate seasonally and annually. Water is subject to the "tragedy of the commons," whereby the cost to each individual waste discharger of discharging into the commons is less than the cost of purifying his wastes before releasing them, leading to pollution and degradation. Additionally, almost every human anthropological group on earth attaches profound cultural and spiritual significance to water (e.g. water as healer, cleanser, unifier, divider, creator, destroyer, originator and sustainer of all life, etc.). This creates deep-rooted, visceral feelings about water which do not engender strictly "rational" responses to engineered solutions (for example, human beings tend to want to have exclusive control over their water resources at any cost, even if that means a less reliable supply). The best way to incorporate salient cultural attitudes regarding water is to involve the affected groups in planning and management.

In addition to the special attributes of water, the way water management is organized nationally and internationally leads to a requirement for collaboration. Because water is important to almost every economic and human activity, most countries have multiple governmental bodies with some water management responsibilities, or with mandates that affect water quantity or quality. These bodies must collaborate if resource use is to be sustainable over time. Internationally, there is no single forum for decision-making where transboundary issues are involved, and no "supra-national" legal body to adjudicate competing claims, requiring the parties to resolve those claims amongst themselves in most cases.

In the Near East, involvement of women as third party neutrals presents a particular challenge. As discussed in the Social Soundness Analysis (Annex 2), the role of mediator in traditional Arab societies is always ascribed to individuals of the highest social status,

which are usually men (though some professional women do enjoy such status). Because third party neutrals must be selected by the parties if they are to be effective, and given the socio-cultural background of people in positions of authority in the Middle East, men are likely to end up being selected to be the third party neutral. Nonetheless, it is appropriate for any USAID development project to try to ensure maximum success by involving the full range of people and perspectives. In this case, this would involve striving to include both men and women in the range of project activities.

The RFP will ask respondents to indicate how they would address this issue. Their responses will be a factor in project selection. The USAID project manager will work with the USAID Women in Development regional bureau representatives to facilitate meeting USAID development goals (including empowerment of women) without jeopardizing the crucial ability of parties themselves to select a **mutually acceptable** impartial third party to assist them in settling a dispute.

2.3.4.1 *Element 1: Joint Problem-Solving Process Development*

The primary objective of Project Element 1 is to assist local parties to develop improved means for joint problem-solving for water resources problems. This objective is organized into three sub-elements: (a) analyses, (b) development, testing, and refinement of joint planning and dispute resolution processes and (c) implementation of the outcome of (b).

In this and other project activities, a U.S. contractor will work closely with host country individuals and institutions, the latter being principal implementors of the project activities. The host country institutions involved should have expertise and experience directly relevant to resolving public policy disputes, and together should be capable of implementing all aspects of the project, with guidance from the U.S. contractor. U.S. contractor guidance is anticipated to be substantial at the beginning of the project, and decreasing as the project proceeds.

Sub-element 1A: Analyses

Three types of analyses will be conducted: situational analyses, mutual fact-finding/data analyses, and analyses of lessons learned.

1. *Situational Analysis.* An analysis of which water problems in the ANE region should be tackled by this project, and in what order, will be the first activity conducted under this project. The analysis will be based on knowledge of characteristics and dynamics of water disputes, experience in judging when a dispute is "ripe" for resolution (Box 8), and an

understanding of the priorities of regional parties regarding solving water problems. The overall environmental significance of the problem will be a factor in selection. It is anticipated that the analysis will recommend addressing smaller, less contentious, intra-country problems first, allowing application of the resulting knowledge to be applied to more difficult transboundary issues as appropriate. **Disputes producing obstacles to ongoing or anticipated USAID projects will be carefully considered in this analysis.**

It is anticipated that the first step in the situational analysis will be to convene one or more workshops in each target area (Jordan, Egypt, West Bank/Gaza). At these workshops, key parties in the water sector would share information and perspective on existing water resources conflict resolution approaches, discuss with international water sector counterparts their experiences with joint problem-solving for resolving water conflicts, develop information leading to a framework for improved water resources dispute resolution, and identification of one or more specific water resources disputes (existing or potential) that they would like to address under this project. These workshops would also provide an introduction to the basics of conflict resolution in the context of water resources policy and planning.

Situational analysis is expected to take six to nine months. This analysis will include an in-depth characterization of existing water resources dispute resolution mechanisms in the region, and an analysis of the similarities and differences with joint processes in the U.S. and elsewhere in the world. The consultant team (which must rely primarily on host country professionals) will also identify a range of candidate problems for resolution, through the workshops discussed above, through literature reviews, and through additional discussions with subject matter experts. Through subsequent consultations with all relevant parties, both in the region and in the USG, the team will prioritize the candidate issues for project activity. The issues will be prioritized considering which problems are most likely to be resolved through collaboration, which are ripe for resolution at this time, and which are likely to produce the most knowledge and experience that can be used in future resolution efforts. From this prioritization (and the analysis/justification on which it is based), four to eight top candidates for long-term joint problem-solving activities will be selected, and preliminary process designs developed. The preliminary process designs will be driven by the input and participation of regional professionals, to ensure that they are socially-, politically-, and culturally-based. Final selection of 3 to 5 issues to address under this project will be made by key host country water sector institutions, in consultation with the consultant team, and with approval of USAID (and of State, if the issue is transboundary).

The situational analysis will be re-visited periodically based on changed circumstances and on the knowledge generated by project activities. Priorities will be revised as appropriate. It is expected that, of the 3 to 5 problems/issues selected to address initially, some of the efforts will fail, and substitutes will be selected based on the initial (or subsequent) analysis.

2. *Mutual Fact-Finding.* A critical feature of most collaborative problem-solving processes for natural resources issues is joint collection of data and information needed for decision-making. Decision-making regarding natural resources matters is often constrained by lack of definitive scientific information, and/or by disagreement among experts about the validity and interpretation of the information that already exists. This is not so much a problem of inadequate resources with which to conduct necessary research -- though that is indeed a problem -- rather, it is principally a problem of inadequate scientific methodology with which to overcome the variability in natural processes. For example, while additional hydrological data may improve assessments of available water resources in a drainage basin, no amount of additional study will permit certain predictions of the amount of water resources available next year, because there are too many poorly understood variables influencing the amount, nature, and timing of precipitation.

Technical complexity and scientific uncertainty make evaluating settlement options particularly difficult for water resources problems. The technical component of water resources conflicts can exacerbate controversies. Often, "battles of the experts" are waged in addition to the battles of policy makers, when what policy makers really need is to jointly devise strategies for obtaining and analyzing useful data. Often joint fact-finding can provide a common basis of information for decision. Steps useful for this task are to define the problem(s) before seeking solutions, identify what is and is not known, identify what scientific information is in dispute, articulate and discuss the underlying assumptions in the technical information, devise methods for sharing and reviewing information, and develop a strategy for how to handle decisions that must be made in spite of technical uncertainty.

Under this project, mutual fact-finding will be conducted under the long-term project activities in which joint problem-solving dispute resolution processes are developed, tested, and refined (see below), and possibly under some short-term (one to eight week) activities (e.g. under MEPP). Parties to collaborative processes will jointly determine, using mutually agreed-upon experts, what information is needed, how to get it, who should get it, how to validate/peer review the information, if and how to share the information with others outside of the process, etc. Participants must have a wide range of experts to choose from in conducting these analyses, to maximize the opportunity for utilizing experts who are trusted by all parties.

3. *Lessons Learned Analyses.* Analysis, articulation, application, and dissemination of the knowledge and experience gained under early project activities is critical to the success of this project. The first report will be submitted after the situational analysis described above. Subsequent reports will be submitted at several points throughout the project, and in no case

BOX 6: Why is it important for water resources policy-makers to collaborate on collection and analysis of scientific information, when such information is technical in nature, and could be generated independent of policy considerations?

In making predictions where natural systems are poorly understood, scientists must rely on logical assumptions. The problem with this is that available scientific methods often cannot validate such assumptions. In most cases, there is more than one plausible assumption that can approximate reality as best we understand it. When equally plausible but unverifiable assumptions must be made, as is often the case in the environmental sciences, human beings tend to select the assumptions they will use on the basis of subjective factors such as personal values and needs. This has nothing to do with scientific ethics; it is simply an unavoidable consequence of the blur between fact and value that occurs when the questions asked are beyond the predictive power of science, yet an answer must be provided.

What often happens in these cases is that scientists argue, ostensibly about the facts, but in reality they are arguing about the personal values which underlie the differing assumptions they have selected to make their predictions. This is why, for example, two equally competent and honest scientists, one employed by a chemical manufacturer and the other employed by the environmental lobby, often interpret identical data on pesticide safety differently.

The importance of this to water resources planning and management is that mutual fact-finding among planners is essential if commonly agreed-upon datasets are to be used in planning. The types of data needed for management of water resources (hydrological, water quality, ecological, toxicological) clearly fall into the category of high-variability, high-uncertainty data, subject to the problem of being grounded in plausible but unverifiable assumptions. This data cannot be generated independently, and later fed into the planning process -- doing so will lead to the usual battle between scientific authorities, with each party supporting its own experts and challenging the credibility of the other parties' experts. To avoid getting bogged down in debates which do not lead to productive planning, it is necessary for parties involved in planning to mutually determine what is and is not known, identify areas of scientific agreement and areas of debate, and ultimately come to a decision about how to proceed in the face of scientific uncertainty.

less often that every 12 months. Reports will consist of a thorough analysis of lessons learned, and implications for future project activities, as well as for future USAID activities. The reports will be both practical and rigorous. The annual and the final reports will be peer-reviewed by a peer-review team, with at least half of the members being professionals from the region. The information will be disseminated in a manner which facilitates use of the information by other interested parties, both within and outside of the water sector, in the ANE region and elsewhere.

The reports will be written by the technical assistance contractor, with input from the parties participating in the various activities. An important challenge is figuring out how to communicate all relevant lessons learned about these processes, while maintaining the confidentiality which can be essential in some activities. The respondents to USAID's RFP

BOX 7: Categories and Examples of Problems to Address Under this Regional Project

Five categories of water resources problems are commonly encountered in the region:

Water Quality -- municipal, industrial, and agricultural pollution; ground water quality, wastewater reuse standards, monitoring techniques (e.g. dispute between farmers and Amman over quality of treated City wastewater used for irrigation);

Water Conservation -- loss reductions, irrigation efficiency, reuse of irrigation and industrial waste, cropping patterns, monitoring techniques (e.g. problems in developing water delivery criteria to meet needs of both head-enders and tail-enders in Bangladesh);

Water Supply -- mining of groundwater, diversions within and between countries, pumping strategies, water spreading (e.g. allocation of water between urban/industrial and agricultural uses in Egypt);

Water Pricing -- economic value of water, subsidies (e.g. development of cost recovery plans for water/wastewater infrastructure and O&M in the West Bank and Gaza);

Management of Excess Water -- flood control and management, surface and sub-surface drainage, erosion control (e.g. mixed stormwater/wastewater in Gaza City).

Which of these myriad of problems is most appropriate to address under this project will depend on country priorities and preferences, on "ripeness" for collaborative resolution, on the probability of gaining knowledge and experience which is broadly applicable to other situations, and on other such factors.

for this project will be asked to indicate how they will address this challenge.

Sub-Element 1B: Development, Testing and Refinement of Joint Problem-Solving and Dispute Resolution Processes

This sub-element is the core of this project. It is where solutions to the three to five specific problems selected under Sub-Element 1A will be developed. It allows the project to both add meaningfully to the knowledge base on how to facilitate resolution of water resources problems, and to actually resolve some problems in the process.

Joint problem-solving and dispute resolution processes will be developed by host country professionals, with the assistance of U.S. experts. The processes must be appropriate socially, politically, and culturally. These processes will be field-tested on a variety of intra-country and international water resources problems, again by host country professionals, with the assistance of U.S. experts.

Exactly what these processes will consist of, and what specific water resources problems they will address, will depend on the analyses conducted under (a) above. However, they are likely to contain some or all of the following features:

- Initial workshops and seminars to introduce conflict resolution theory;
- Identification and inclusion of representatives of all stakeholders who can affect the implementation and sustainability of the strategies, policies, plans, or projects which are developed;
- Fashioning of a mechanism by which these representatives can work together, over a period of time, to identify central and peripheral issues; describe the problem and range of solutions; determine what analyses are needed to evaluate potential solutions and how those analyses should be conducted, and by whom; develop common criteria for evaluating options; identify common concerns, shared interests, and areas where interests are mutually exclusive; articulate areas of agreement and disagreement; identify incentives and disincentives to resolution; reframe issues constructively; etc.;

BOX 8: U.S. Examples of Considerations in Determining "Ripeness" for Resolution

*Not all issues can be resolved by collaboration. Certain conditions must exist if collaboration is to be fruitful. Those conditions differ with social, political, and cultural context. This project will help determine what those conditions are in the ANE water resources context. The following questions have been found to be useful in determining ripeness in the U.S. **THEY ARE PROVIDED AS EXAMPLES ONLY**, and are not intended to apply directly to the ANE regional context.*

- * *Does each party perceive that it is likely to attain a more advantageous situation for itself by collaborating, compared to the other available alternatives (e.g. competing, avoiding the issue, pursuing the issue in court, etc.)?*
- * *Are there several ways the issue can be resolved?*
- * *Are the parties' needs mutually exclusive, or do they prioritize their needs differently, allowing for beneficial trade-offs and creation of joint gains?*
- * *Do the parties want to resolve the issue, or are there advantages to one or more of the parties in continuing to disagree?*
- * *Has the issue reached the point where the issues have been defined and joined, and the parties at interest can be identified?*
- * *Do all parties have some reason to bargain? Does each have the ability to frustrate or make prohibitively costly the unilateral action of the other(s)?*
- * *Is there some sense of urgency to resolve the issue (e.g. an impending deadline)?*
- * *Does each participating organization support, at the highest levels, collaboration to resolve the issue? Are the implications of such an effort (time investment, risks, benefits) fully understood at the highest organizational levels?*

(Adapted from Cormick, 1989)

- Execution of studies, analyses, workshops, or other activities agreed upon by the representatives which will facilitate understanding and resolution of the problem;

- Production of a strategy, policy, plan, or project which can be implemented.

Development, testing and refinement of joint planning processes will require a long-term commitment (1 to 2 years) to work with the parties on a near-continuous basis. There are a multitude of tasks which must be executed in managing these processes, from mundane but important tasks such as organizing meetings and circulating information, to tasks requiring substantial expertise and dependable intuition, such as conflict analysis, stakeholder analysis, breaking deadlocks, thoroughly characterizing and precisely articulating the essence of a difference of opinion, developing mutually-agreeable agendas, running meetings where contentious issues are being debated, etc. As much as possible, these activities will be undertaken by host country organizations/professionals, with assistance from U.S. experts.

While the majority of these activities will be long-term, some short-term activities (such as conferences, training courses) may be undertaken under this sub-element, if they can contribute to knowledge and understanding of process and/or substance regarding water resources problems in the region. Some of these short-term activities could be conducted under the auspices of the MEPP.

Sub-Element 1C: Implementation of Output of Planning/Dispute Resolution Processes

It is expected that some (ideally, all) of the processes conducted under Sub-Element 1B will reach agreement on strategies, policies, plans, and/or projects. When agreements are reached, they either will be implemented by project funds, or implementation funds will be sought from the donor community, multilateral institutions, host governments, or the private sector. Where funds are being sought from sources outside of the host government and USAID, the institution(s) which will be approached for funding are likely to be either a party "at the table" or an interested observer in the joint problem-solving effort, increasing the probability of obtaining funding. In this way, USAID resources will be effectively leveraged.

Implementation of the output of the joint planning processes is important for three reasons. First, parties to the process need to know that their work will produce results. For parties to negotiate seriously and in good faith, they must believe that their efforts mean something, something more than an academic study of negotiating processes and behavior. If this project is to achieve the maximum amount of learning about how to improve water management planning and dispute resolution, then the environment must be authentic, i.e.,

plans are developed in order to be implemented, and are not ends in themselves.

Second, through implementation of the agreement, the durability, comprehensiveness, and feasibility of the agreement can be tested. This will reveal critical information about the joint problem-solving process itself, such as whether or not all key issues were considered and adequately addressed, whether or not stakeholder analysis and inclusion was adequate, the degree to which the process for generating data about alternatives actually had the support and trust of the parties, and other such factors. The knowledge gained can be used to improve the process in future efforts under this project.

Third, implementation itself can provide an opportunity for joint problem-solving and dispute resolution. In complex, multi-faceted public policy issues (such as water resources planning), implementation of an agreement is rarely simple or straightforward, even if the process was suitable, the agreement sound, and the parties willing and able to commit to implementation. Continuing a collaborative process in implementation provides a mechanism for troubleshooting, for resolving new issues that might arise, and for continued development of trust and cooperation between parties. Additionally, the knowledge gained about collaboration processes during implementation can be used in future efforts under this project, and in future projects.

The types of plans that can be implemented with project funds are limited, due to the small project budget. Some *examples* of activities that could possibly be funded with project funds are:

- Establishment of a shared data bank for water quality information;
- Legal/political analyses and advocacy needed to pass a water resources management bill in the legislature;
- Creation of a water bill collection system for a small community.

Project funds could also be used to support joint implementation processes (e.g. committee meetings, travel costs, administrative costs, facilitator costs) where funds for the actual implementation come from another source. For example, if parties decided to address a transboundary water pollution problem by building a water reuse plant, and obtained funds from the World Bank to do so, this project could support the continued involvement of the parties in the design, construction, and operation in the facility.

Other donors are expected to play an important role in the project. As discussed in ISPAN Report No. 66 ("Resolving Water Disputes: Conflict and Cooperation in the U.S., Asia, and

the Near East"), win-win solutions to disputes often imply "expanding the pie" by applying additional financial resources. Other donors, as possible sources for funding, need to be involved at an early stage in the negotiating process. In the multilateral talks under MEPP, the World Bank, and other donors play an active and supportive role in the peace process and in vetting potential outcomes of negotiations which would be considered for bilateral or multilateral funding.

In this project the World Bank, the Asian Development Bank and other bilateral donors are likely to be involved, depending on the selection of long-term activities. For example, if one of the long-term activities involves augmentation of surface water supplies in the Levant, the World Bank would have an important role to play because of the large funding requirement for any of the alternative water importation plans. The exact modalities for involvement of other donors would have to be worked out on a case-by-case basis. In the previous example, the World Bank would probably be considered a key member of the negotiations because of the need to approve the selected solution from economic as well as other criteria. In other cases, donors might not play as predominant a role.

BOX 9: *Avoidance of long, costly legal battles is often what brings parties to the table in water resources disputes in the U.S.; in the absence of such an incentive, how can parties in the ANE region be expected to come to the table? How can agreements be enforced in the absence of a strong legal system?*

Avoidance of court battles is just that -- an incentive for parties to negotiate. Incentives are essential for bringing parties to the negotiating table. However, the incentives do not have to be grounded in a legal system. Incentives can be positive or negative, and can take the form of donor assistance, favorable loan terms, or something else that the parties want (or want to avoid, e.g. the continuation of the status quo). Internal incentives may also be present, such as the desire to avoid the future economic and/or political consequences of failure to act. The latter is particularly pertinent to Near East water disputes, where the harsh consequences of maintaining present water management policies, even in the short-term, is increasingly apparent.

Regarding enforcement, a key step in developing any water resources agreement is mutual creation of compliance mechanisms. Just as the avoidance of protracted court battles is one of a number of possible incentives for bringing parties to the table, court enforcement is one of a number of possible compliance mechanisms. Other common compliance mechanisms are step-wise implementation of agreements (so that no party has all of its needs satisfied until it does what it agrees to do), and incorporation of the agreement provisions directly into loan terms, with financial penalties for failure to perform. Lack of a strong legal system will be a challenge, but not a constraint, to effective enforcement.

BOX 10: Give an example of an intra-country water resources problem and of the collaborative problem-solving processes that might be used to resolve it under this project.

It is difficult to visualize exactly what this project entails without examples. Following is a hypothetical which is representative of the types of problems common in the ANE region, and how this project would address it; the next page contains a transboundary example. These hypotheticals are medium-difficulty problems; the project would address easier problems than this in its early stages, but more difficult problems later.

HYPOTHETICAL #1: Disagreement between farmers and city regarding appropriate quality of water from city's wastewater treatment plant which is used for irrigation water, and who should pay to attain that quality.

A large city treats its wastewater and discharges it into a reservoir which provides the bulk of the irrigation water for farmers downstream. The treatment plant does not operate properly, and the quality of the water is expected to continue to deteriorate as the design capacity of the plant is increasingly exceeded. City finances do not permit treatment plant upgrade. Large, politically powerful farming interests are pressuring the national government to require the city to improve effluent water quality.

Under this project, the ministry of water and ministry of agriculture jointly convene a team of 15 representatives from the city, agricultural interests, environmental NGOs, health officials, and ratepayers to produce a plan to upgrade the treatment plant, and for recovering the costs of the upgrade. The farmers wish to participate, believing that they are more likely to achieve a favorable outcome for themselves than if they allow the city and the national government to make the decisions alone; the city wants to participate, believing it will eventually be pressured by the national government to make necessary upgrades; the national government wants to participate, knowing implementation will be easier and more effective if consensus is reached. World Bank agrees to finance upgrades if the plan is substantially consistent with their water resources policy paper.

The specifics of the process design are developed by the participating parties, with the assistance of a regional expert in natural resources dispute resolution, together with the technical assistance contractor. The participants meet approximately once per month, for 12 months, with mediation by the regional expert (assisted by U.S. technical assistance contractor). Their first meeting consists of three days of intensive training in problem-solving negotiation. In subsequent meetings, and with intra-organizational work between meetings, the participants define the problem; generate options for solutions; determine what data is needed to evaluate the options, how it will be obtained and analyzed, and who will obtain and analyze it; develop criteria for evaluating options; and negotiate a plan, based on the new data, for plant upgrades, cost recovery, and quality assurance.

Throughout the process, there is much disagreement, and existing hard feelings between urban and rural representatives are exacerbated. Just as happens with similar efforts in the U.S., parties at various times accuse each other of everything from arrogance to idleness. The only thing they all can agree on is that USAID had no business fanning the flames of a problem for which there is no good solution, and should stick to funding infrastructure and not insert itself into other countries' domestic disputes.

Ultimately, though, with the assistance of the mediator, each party concludes that its best alternative to a negotiated agreement is highly undesirable, and that each has much to lose by failing to produce a plan. Thus they eventually produce a plan for plant upgrades which meets criteria for World Bank financing, and which involves farmers paying the city for the improved quality wastewater, thus making the upgrades financially feasible for the city. City agrees to give a representative of farming interests a permanent seat on the governing body for the treatment plant, helping to ensure protection of farming interests in the future. City agrees to meet certain effluent water quality standards, and to reduce required payments for water if quality standards not met. Farmers agree to support city efforts to obtain Bank financing by strongly supporting the cost recovery aspects of the agreement. Farmers also agree to study, together with the city and the national government, the options for, and implications of, sale of highest quality agricultural water to the city for municipal use. Enforcement mechanisms are established. The activity produces substantial knowledge and experience about joint problem-solving processes that can be applied to other ANE intra-national and international water resources issues.

BOX 11: Give an example of the type of transboundary problem that this project might address.

Where transboundary issues are concerned, at the initial stages of this project (and likely throughout), the project activities would operate within the realm of "low politics", i.e. facilitating agreements among representatives of various line ministries, municipalities, private interests, NGOs, etc. in different nations or regional parties. The project is not expected to result in agreements to be signed by heads of state or their immediate representatives.

Hypothetical #2: Two adjoining countries share a groundwater basin; Country A produces large amounts of chemical fertilizers, and small amounts of dairy products, while Country B is the primary source of dairy products in the region, with small fertilizer production. Both countries compete for market share in the fertilizer and dairy markets, so neither wants to toughen its groundwater protection laws without the other doing so, because that could put that country's industry at a competitive disadvantage; both countries realize they must act to protect the groundwater, which is the sole source of drinking water, but neither wants to "go first." A history of animosity makes initiation of cooperation difficult.

A significant increase in the incidence of "blue baby" syndrome, traced to nitrate contamination of the drinking water, has communities on both sides of the border very concerned. Several vocal opposition politicians and NGOs in both countries have successfully made this a principal focus of opposition, claiming that it demonstrates the governments' priorities (Industry before infants). The issue has received ongoing media attention in the region, and has become a source of embarrassment for both governments. Scientists at universities in each country disagree as to the origin of the nitrate contamination, some alleging that it comes from the fertilizer manufacturing activities in Country A, others claiming that runoff from large dairy farms in Country B is the primary source of contamination.

International news media coverage of the problem is beginning to affect the tourist industry on both sides of the border, a mainstay of the respective economies. Aid organizations are providing local people with bottled water for infant formula, but there is still much alarm. Both governments feel the need to act quickly and effectively, before tourism drops off significantly.

The governments agree to participate jointly with universities and environmental NGOs, and with private sector representatives in both fertilizer and dairy industries, to develop a database on nitrate contamination from various sources. Under this project, two distinguished scientists, one from each country, facilitate the process, with assistance from the TA contractor. The parties agree at the outset that the data will be a key element of national or regional groundwater protection plans, but that the plans will not necessarily be developed in this forum, unless at the end of the database development project, the parties agree to continue to work together on the plans.

The parties meet monthly, over a 6 month period, to select mutually agreed-upon experts to advise the group, to determine what information is needed, who should get it, how to get it, quality assurance guidelines, how the information will be peer-reviewed and validated, and criteria for deciding whether or not national or regional groundwater protection plans ultimately will be developed by this group. The process is as acrimonious as was the intra-country problem (see previous page), except this time USAID AND State serve together as a common target for the parties' anger and frustration!

After much frustration and hard work, the group develops monitoring plans for groundwater quality, for dairy runoff, and for seepage beneath fertilizer manufacturing and storage facilities. A subcommittee of the parties oversees collection of the data over a 12 month period. Data helps to clarify, though not with absolute certainty, the relative source contributions of nitrate. The parties decide that the database is now adequate for policy development, and they choose to develop a regional groundwater protection plan under the existing forum. USAID agrees to sponsor this additional activity under this project, as well as implementation of pollution prevention requirements that might be developed under the groundwater protection plan.

2.3.4.2 *Project Element 2 - Capacity Building for Joint Problem-Solving and Dispute Resolution*

The primary objective of Project Element 2 is to begin to institutionalize the joint planning and dispute resolution processes by training indigenous individuals the public and private sectors, and by strengthening existing institutions working in this field. This component consists of (a) "Creative Collaboration" Training, and (b) Environmental Dispute Resolution Training. Creative collaboration training and environmental dispute resolution training differ in that the former will provide the knowledge, skill, and ability to operate effectively in a problem-solving negotiation, while the latter will train individuals and strengthen institutions to actually design and implement environmental dispute resolution processes as an impartial third party.

Creative collaboration training and environmental dispute resolution training will take place both as an element of joint problem-solving processes (i.e., the negotiations to resolve three to five specific water resources problems), and independently, either in association with MEPP activities, or under Mission buy-ins. As described in more detail below and in Section 2.3.4.1, training and capacity-building associated with resolution of specific water resources problems will occur in three ways:

- the initial workshop in each participating country, described in Section 2.3.4.1, will contain a training element, in addition to a process design element, and a problem selection element;
- the first activity under each negotiation conducted under this project will be a seminar to train the participants in joint problem-solving techniques and principles of dispute resolution;
- host country nationals will be hired to serve as mediators/dispute resolution experts in each of the negotiations that takes place under this project. Some of these individuals may also take training in the U.S. or elsewhere to enhance their dispute resolution capabilities.

Training activities conducted under the MEPP or through Mission buy-ins can occur at any time within the project, in response to demand.

Sub-Element 2A: "Creative Collaboration" Training

Core funds will be used to provide training to participating individuals and institutions involved in the joint problem-solving activities for the three to five water resources problems

selected for attention under this project. Mission buy-ins may be used to train others, should Missions so desire.

The term "creative collaboration" is a term used by the Jordan Institute of Public Administration in its training workshops for joint strategic planning in government. It describes an approach to resolving differences that seeks to maximize joint gains, including any joint gains available; focusses on common interests of the parties; uses non-confrontational debating techniques; is open to persuasion on substance; and is oriented to qualitative goals (a fair/wise/durable agreement, efficiently negotiated), as well as to quantitative goals.

Training will be provided to representatives of the parties in the joint problem-solving and dispute resolution processes which are being tested under Component 1 (b), as one of the first activities under each process. Training will also be provided to other key individuals, for example, senior managers in ministries, NGOs, governorates, municipalities, etc., which have representatives "at the table." Exposing decision-makers in the institutions participating in the joint planning processes to "creative collaboration" concepts is essential. In public policy disputes, where institutions (and not individuals) are the parties, the internal process by which negotiating positions are determined is often involves significant disagreement, which must be resolved if the party is to be an effective participant. In addition, decision-makers in participating institutions need to understand the rationale behind the recommendations of the individual(s) they have appointed to represent the institution, and a common knowledge base will facilitate this.

Training may also be provided, independently of joint planning activities under Project Element 1, if Missions wish to buy-in to this project and utilize these services to meet their civil society/democracy objectives, government capacity-building objectives, etc.

Creative collaboration training will focus on relevance to water resources disputes, and will include, among other topics:

- Nature of environmental conflict
- Negotiation theory and strategy
- Acquiring and disclosing information
- Separating people from the problem
- Focussing on interests, not positions
- Inventing options for mutual gain
- Use of objective criteria in evaluating alternatives
- Advantages and disadvantages of competitive negotiating strategies vs. problem-solving negotiating strategies

- Cultural influences on negotiating behavior
- Ethical dilemmas for the negotiator
- Joint problem-solving process designs

To ensure regional relevance, training syllabi and materials will be developed largely by host country professionals, with assistance of U.S. experts. Training courses should be team-taught by U.S. and regional experts, with the latter taking the lead.

Sub-element 2B: Environmental Dispute Resolution Training

This training will be provided to host country nationals to prepare them to serve as mediators, conveners, and facilitators of water resources dispute resolution processes. This project element will also strengthen existing institutional capacity (universities departments, NGO programs, etc.) to provide these services. Development of host country dispute resolution practitioners and related institutions will increase the probability that joint problem-solving will continue to be used after completion of this project; also, the experience and insight of host country nationals is a prerequisite for a successful project.

Selection of individuals to train will be a critical element in this activity. Important considerations include, but are not limited to:

- Perceived impartiality (past and present affiliations of the individual)
- Degree to which individual is committed to joint process
- Ability of individual to see other viewpoints and be non-judgmental
- Ability of individual to treat others with respect regardless of their behavior
- Stature of individual in the community
- Ability to communicate clearly, concisely, frankly, continuously, persuasively
- Precision in oral and written communication
- Ability to see commonalities among seemingly divergent views
- Ability to be patient, flexible, imaginative, resourceful, empathetic, and non-defensive

Environmental dispute resolution training will include the creative collaboration training above, as well as training in:

- Processes of dispute resolution (negotiation, mediation, arbitration, litigation, international systems)
- Matching the problem with the process
- Common barriers to resolution of disputes, and strategies to reduce them

- **Strategies for breaking deadlocks**
- **Life cycle of conflicts**
- **U.S. and international experience in water resources dispute resolution**
- **Information sources to assist in resolving environmental disputes**

As part of the training process, host country nationals will participate as apprentices or interns in the testing and refinement of joint planning/dispute resolution processes under Project Element 1 above. Initially, few individuals will be trained (5 to 10 individuals); if joint strategic planning processes appear promising, then up to 20 additional people will be trained.

As with the creative collaboration training, training syllabi and materials will be developed by host country professionals, with substantial assistance from U.S. experts. Training courses should be team-taught by U.S. and host country experts, with the latter taking the lead.

By giving host country institutions the technical assistance they need to build on their capabilities in environmental dispute resolution, the project will assist these institutions to strengthen these capabilities. The institution(s) could be departments within universities, NGO programs, government agencies, or regional institutions.

BOX 12: Who are the beneficiaries of this project?

Because this project will result in improved approaches to resolving disputes over water resources policy and planning, it will have very positive consequences for many sectors of society. Existing or anticipated disputes over water resources policies are often impediments to improved water resources management, and to mobilizing donor resources for investment.

It is not possible to quantify the benefits at this stage, because the specific water resources problems/disputes to address will be chosen when the project begins. However, an illustrative picture of qualitative benefits can be developed from one of the hypothetical cases presented in the project paper (see page 33). Under this hypothetical, the direct beneficiaries are:

- *farmers using the higher quality treated wastewater for irrigation;*
- *residents of communities downstream of the wastewater treatment plant, who formerly suffered the health and aesthetic consequences of improperly treated wastewater (particularly women, who are the principal users of water in the household);*
- *city residents living near the wastewater treatment plant, who formerly had to live with odor and occasional treatment plant overflows;*
- *city residents paying wastewater treatment service fees, who would have saddled the entire cost of plant upgrades had an agreement not been reached with farmers;*
- *the host country mediators, and the negotiators representing the various parties at the table, who gained significant experience and reputation from resolution of this dispute.*

The indirect beneficiaries are:

- *the government Ministries involved, in demonstrating the ability to collaborate in resolving difficult and controversial issues, and which can now apply the dispute resolution methodology to other situations;*
- *participating NGOs, in increasing their involvement and stature;*
- *the multilateral lending institution, in being able to fund a sound, integrated water resources project;*
- *USAID, in having facilitated the agreement, and in having gained knowledge and experience applicable to other situations.*

The potential "losers" are:

- *Farmers for whom the poor quality wastewater was good enough to meet their needs in the short term, who now will pay more for higher quality water.*

Actual beneficiary analysis (vs. this analysis of a hypothetical) will be done for each agreement reached under this project.

2.3.5 Project Outputs and Measurement of Results

2.3.5.1 *Outputs*

The project has ten main outputs through which the purpose will be achieved. It is these outputs that are within the manageable interest of those implementing the project. The outputs resulting from core funds will be:

- A preliminary environmental dispute resolution methodology/approach which is appropriate culturally and politically, and which is ready for testing against actual water resources disputes;
- Eight to ten situational analyses which explore, in depth, selected water resources disputes in the ANE region, including identification of the parties to the dispute, the history of the dispute, identification of each party's position and interests, determination of parties' willingness to negotiate, identification of potential options for joint gain and of each party's perceived alternative to a negotiated settlement, and other such factors;
- Eight to ten new studies, analyses, or data collection activities, conducted jointly by the parties to each dispute, and with the parties' concurrence on the results;
- At least three (possibly five or more) agreements on strategies, policies, or plans, based on consensus among all parties to each dispute, which are ready for funding (host country government funding, or donor/multilateral institution funding), and which include a mechanism for enforcement of the agreement, and for resolving disputes which may arise during implementation;
- Full or partial implementation of the consensus strategies, policies, and plans;
- Joint problem-solving/dispute resolution training materials, tailored to each host country cultural and political situation, for both training of parties participating in dispute resolution processes, and training of third party impartial;
- At least four consensus reports, analyses, databases, scopes of work, or other such products, produced by collaboration among regional parties to a transboundary dispute (most likely conducted under the MEPP, but other fora are possible);
- Annual and final "lessons learned" documentation, including how to convene dispute resolution processes, when a dispute is "ripe" for resolution, appropriate

incentives for bringing parties to the table, designing an effective dispute resolution process, how to orient and train participants, overcoming deadlocks, when to terminate a dispute resolution process, guaranteeing agreement implementation, role and access of the media, resources and logistics, etc.

- Approximately 220 individuals trained in problem-solving negotiation strategies and/or in environmental dispute resolution;
- Three or more institutions in the region have experience and expertise in conducting environmental dispute resolution efforts for water resources disputes.

It is important to note that the project does much more than resolve three to five specific disputes. In fact, resolution of specific disputes is a means to an end, and not an end in itself. As indicated in the project goal and purpose statement, the project seeks to develop, test, and refine an effective methodology for resolving water resources disputes in the region, and build regional capacity in application of this methodology to environmental disputes. It also produces concrete data, analyses, and studies, culturally-appropriate training materials, and practical, peer-reviewed annual and final reports detailing the knowledge and experience developed under the project. The project also supports the Middle East Peace Process through joint problem-solving among parties to transboundary water disputes.

2.3.5.2 *Performance-Based Contracting and Measurement of Results*

Performance-Based Contracting. The Scope of Work will ask respondents to the RFP to indicate how they will achieve certain results, rather than telling them how to achieve the results. To help respondents clearly understand what USAID is after with this project, sections of this project paper will be attached (not including the financial information), but the respondents will be free to develop their own approach. The selection committee will determine which approach is most likely to produce the desired results, within the scope of this project (some sense of the project scope will be provided through the total estimated person-months).

The results sought can be divided into two categories -- End of Project Status, and How the Results Were Achieved:

End-of-Project Status:

- Socially, politically, and culturally appropriate approaches to resolving water resources problems collaboratively have been developed, tested, refined, and analyzed, and the information has been disseminated to interested parties;
- Individuals are trained, and institutions strengthened, to continue joint problem-solving and environmental dispute resolution;
- For three to five discrete water management problems, affected parties have produced, and begun implementation of, integrated solution(s) developed through a problem-solving process involving extensive, sustained collaboration among stakeholders;
- Resources of the donor community and/or of multilateral lending institutions are made available for implementation of agreements reached under this project;
- At least four major short-term (one to eight week) analytical and/or training activities promoting collaboration among regional parties sharing water resources are conducted, and each activity makes a contribution to the body of knowledge on how to resolve transboundary water resources disputes in the ANE region, both in terms of process and in terms of substance;
- Project beneficiaries value the approaches used, and choose to use them in other contexts, within and outside of the water sector; and
- Project results are sufficient to determine whether or not a follow-on project should be undertaken, how such a project should be structured, and what applications for joint problem-solving/dispute resolution might be appropriate outside of the water sector.

How The Results Were Achieved:

- The bulk of project implementation is conducted by host country individuals, organizations, or institutions;
- Parties believe that the process was efficient, effective, and fair, and that the agreement satisfies their interests, or that their interests have been satisfied better than they would have been either under an alternative process, or by avoiding the issue;

- Working relationships with State (both Washington and Embassies) are productive and collegial, while furthering both foreign policy objectives and development objectives of this project;
- Results are produced on time and within budget;
- Contractor demonstrates an understanding both of the political sensitivities involved in this project, and of the importance of taking a long view of the benefits of such a project to the American private sector (i.e., the number of hours billable to U.S. consultants may be relatively small under this project, but the long term opportunities arising from improved water management policies in the region may be substantial);

Measurement of Results. This type of project presents unique challenges to measuring results for two reasons. First, though a well-executed project of this type will certainly produce specific results, it is not possible to say in advance exactly what those specific results will be. The decisions regarding what particular problems to address are made after the project begins, and resolution of those problems is left to the participants in the joint problem-solving processes. It is essential that the project be designed with this flexibility, because host country professionals and governments must guide these activities if the dispute resolution approaches taken are to be appropriate in the regional context, and if the users are to have ownership of the process and outcome.

Second, some of the most significant results of the project may be intangible. For example, creating an ethos of cooperation among government ministries, NGOs, and private interests in the water sector would be very valuable, but it would not be possible to directly and objectively measure the degree to which this had occurred, nor the degree to which this project (vs. other influences) was responsible for it. This is particularly true in transboundary project activities.

Nonetheless, earnest attempts to measure project results will be made. The following indicators will be used; additional indicators will be developed as the RFP is written, and possibly as the project proceeds:

- The dispute resolution approach developed proves workable, and parties stick with the process;
- Consensus is reached among relevant parties on resolution of three to five specific water resources problems, and implementation of solutions is under way;

- Donors or multilateral lending institutions choose to fund the agreements;
- Parties to the project activities (other than the contractor and host country partners) believe that the process and the outcome was superior to that which would have been achieved without project interventions;
- Parties choose to use the joint problem-solving processes to address other problems in the water sector, or in other sectors.
- People trained under this project as third party intervenors, and institutions which have been strengthened, are called upon to give their services.

Progress towards these results will be a key part of the contractor's quarterly and annual reports, and of the mid-term and final evaluation.

The question of measuring results is a common one in managing dispute resolution efforts. Respondents to the RFP will be asked to submit their ideas on other ways that results might be measured, based on their experience and expertise in this field.

2.3.6 Project Inputs

The project will have two types of input: (a) Technical Support Input, and (b) Agreement Implementation Input. The first of these inputs will be implemented by the technical assistance contractor; the second may be implemented by the contractor, or through grants to NGOs. For purposes of understanding the budget allocations for these inputs, the Technical Support Input includes Items A, B, C, and D in the budget estimate (see Annex 2, Section E); Agreement Implementation Input consists of Item E in the budget estimate.

2.3.6.1 Technical Support Input

The project will be implemented by an institutional contractor contracted specifically for this project and working under the close supervision of the USAID Project Manager. The basic function of the contractor will be to assist in the implementation of the two project elements described in Section 2.3.4 (joint problem-solving process development, and capacity-building). The contractor will:

1. Meet appropriate representatives within selected ANE countries (initially, Jordan,

Israel and West Bank/Gaza, Egypt, India, Bangladesh, Nepal) and identify priorities of water related problems/issues they would like to address during the life-of-project; also identify regional professionals willing and able to participate fully in all aspects of project implementation. Meetings would be both with individuals and in a workshop setting; in the latter setting, basic principles of conflict resolution, and discussion of how to build on existing approaches, will also be conducted.

2. Analyze the water related problems/issues and select three to five problems/issues which are amenable to joint planning, and ripe for resolution, in consultation with the parties and with regional experts; develop preliminary designs for joint processes for these issues; obtain commitment of parties to participate; write first project report.
3. Conduct training needs assessment and assist regional experts to design training programs.
4. Assist parties to carry out joint problem-solving efforts for the three to five problems selected, including joint data generation and analysis.
5. Conduct creative collaboration training (in addition to the training that will occur under the joint planning processes).
6. Conduct environmental dispute resolution training.
7. Conduct project activities related to support of the Middle East peace process.

The technical assistance contractor will also be responsible for arranging seminars/workshops and sub-contracting with U.S and local qualified organizations.

The Agency sponsors several projects which address some aspects of the project objectives. None of these projects meets the specific water resources dispute resolution objectives of this project; however, some of them could be utilized by the project when appropriate (e.g. special studies, workshops, investigations, data collection, evaluations). The following is a list of on-going USAID projects which could be utilized by this project:

- USAEP (United States - Asia Environmental Partnership) fosters sustainable development and solutions to environmental problems in Asia and the Pacific by promoting U.S. environmental experience, technology, and practice. One of the project activities involves developing cooperative networks of NGOs and businesses to address environmental issues in a collaborative manner. The project has recently

initiated an effort to provide environmental dispute resolution training in selected countries in Asia.

- **EPAT (Environmental Policy Analysis and Training Project)** aims to advance recognition among policymakers of the linkages between economic/environmental policy and sustainable development. It provides assistance in developing policies which remedy pollution, achieve sustainable use of natural resources, and ensure equitable economic development.
- **PRIDE (Project in Development and the Environment)** designs and implements programs in environment and natural resources to support a strategy of sustainable economic growth in the Near East and Eastern Europe.
- **Environmental Health Project.** This is the successor to the WASH project which will provide a continuation of the services provided by WASH dealing with potable water supply and sanitation.
- **APAP (Agriculture Policy Analysis Project)** conducts policy analyses for Missions in the agriculture sector.
- **Implementing Policy Change Project (IPC)** assists developing country organizations to use participatory approaches to policy reform. It is a Global project which is active in 30 countries, primarily in Africa and Latin America/Caribbean.
- **EP3 (Environmental Pollution Prevention Project)** specializes in pollution prevention technologies including techniques to reduce air and water pollution primarily from industries.

Mission Buy-Ins

Missions may buy-in to the services of this project, if the buy-in furthers the objectives of the project. Buy-ins may involve technical assistance, training, and/or negotiations and analysis. Buy-ins may include such activities as selecting and conducting negotiations over a water resource issue in a particular country or more general training or analytical activities such as designing and conduct a training course in environmental dispute resolution. The project will also allow transfers of funds in order to support an expansion of the project activities to new countries or to more general areas of water resource policy and planning in support of on-going peace process activities in the Middle East or elsewhere in the ANE region.

2.3.6.2 Agreement Implementation Input

Substantial assistance in implementing the agreements reached under this project will be provided. The assistance may take the form of helping to obtain donor funding and/or financing from multilateral lending institutions or other sources. It may also be provided as direct assistance, through subcontracts with organizations, firms, or NGOs capable of implementing the agreement reached. Grants to NGOs to implement agreements may also be made, should the parties to the agreement, the consultant team, and USAID concur that this would be the most effective implementation mechanism.

2.3.7 Criteria for Selection of Project Activities

As discussed in Section 2.3.2 (Project Strategy), the first project activity will be to select three to five specific water resources problems as candidates for resolution. This selection will be made after workshops and extensive discussions with host country professionals. The institutional contractor, host country partners, and host country governments, will conduct the analysis for review and approval by USAID (and State where transboundary issues are involved). The specific problems selected should meet the following criteria:

- The issue to be resolved is a common water resource problem in the ANE region;
- The issue can be at the micro level (e.g. development of a cost recovery plan for a sewerage system in a small community) or at the macro level (e.g. creation of a regional water quality data bank for the Jordan River basin), but in either case, it should be of manageable size and scope, and permit resolution and beginning of implementation of the decisions reached;
- The issue meets locally-applicable criteria for "ripeness" (see Box 8 for examples);
- Funding sources (internal, donor, multilateral) exist and are highly likely to fund implementation of an agreement;
- Principal parties to the issue consider improvement of environmental quality (or, at a minimum, its maintenance) as an interest.

The short-term activities (e.g. support for activities related to the peace process in the Middle East) should meet different criteria, as follows:

- The activity will contribute to an understanding of processes which may help enhance regional parties' management of transboundary water disputes, as well as improve the understanding of the substance of water resources problems in the region;
- The activity is expected to lead to significant further collaboration between one or more regional parties.

3.0 Cost Estimate and Financial Plan

Life of Project funding is \$15.2 million, of which \$9.2 million is ANE Bureau core funds and \$6.0 million is estimated in Mission or other buy-ins or transfers. Approximately \$700,000 of core funds (not including the base salaries of short and long-term technical assistance staff) is budgeted for activities in support of the peace process-related activities in the Middle East (workshops/training, and analytical work); the remainder is budgeted for activities related to resolution of three to five water resources problems, and implementation of agreements reached. Table 1 provides a summary of the project budget. Additional budget tables are found in Annex 2, Section E.

Table 1: Summary Project Budget

Item	AID/W Core	Buy-in	Total
Technical Assistance	4,846	2,100	6,946
Equipment	67		67
Training	1,414	1,575	2,989
Negotiations and Analysis	1,099	1,575	2,674
Project Implementation Activities	525		525
Evaluation	157		157
Audits	118		118
Contract Administration	957	750	1,707
Total	9,183.00	6,000.00	15,183

Table 2 shows expected project obligations and expenditures over the life of the project both for core and buyin funds.

Table 2. Cash Flow Analysis.

	FY 95	FY 96	FY 97	FY 98	FY 99	Total
Balance	0	1500	1500	2500	2000	
Core Obligation	2500	2000	1500	2000	1183	9183
Buyin Obligation		1000	3500	1500		6000
Core Expenditure	1000	2500	2000	2000	1683	9183
Buyin Expenditure		500	2000	2000	1500	6000

Mission Buy-ins

Based on discussions with key Missions (Egypt, West Bank/Gaza and Jordan) there is reason to believe that there will be modest buy-ins and transfers to this project. These buy-ins are expected to commence in the second year of the project. A number of Missions have identified areas of water conflicts which the project may address. The number and funding level of buy-ins will depend on the performance and perception of success of the collaborative problem solving approach, particularly in the early years. The project may also accept transfers from other ANE Bureau funding sources, such as the Middle East Peace Process (MEPP). Transfers for training or for other specific activities to support the peace process are possible. Buy-ins are expected to include short-term as well as long-term activities and are likely to include support for local organizations involved in the joint problem solving process as well as expatriate technical assistance.

4.0 Project Implementation

4.1 Relationships and responsibilities

4.1.1 Role of USAID ANE Bureau This Regional project will be managed by a full-time Project Officer in the ANE Bureau Regional Initiatives Office. The Project Officer may be assisted by a Science, Engineering, and Diplomacy Fellow from the American Association for the Advancement of Science (AAAS), provided for by project funds. The ANE Office of Regional Initiatives reports directly to the Office of the ANE Assistant Administrator. The Project Officer will be responsible for preparation of all pre-contract documents; USAID management of the contractor; official communications with USAID field offices, embassies, State Department and other USG offices, and host governments; project budgeting and planning; collaboration and cofinancing/buy-ins of relevant activities with other USAID projects and offices; project review and reporting; and arranging for evaluations and audits. Two important aspects of the Project Officers responsibilities are: coordinating with the State Department when an intervention is transnational, and coordinating with USAID field missions in implementing project activities, and to ensure that project interventions are included in multi-year Country Strategic Plans, Country Annual Reports and Country Action Plans as appropriate.

4.1.2 Role of ANE Missions All ANE field missions and offices are responsible for developing the overall Country Strategic Plans covering a multi-year period which provide the strategic framework for budgeting and monitoring progress of all USAID funded interventions in that country, including all activities financed by USAID Washington central and regional projects. Once approved after a review process managed by the ANE Bureau, these country strategies form a "covenant" between the Mission and USAID/W for the purpose of measuring progress against objectives. The field missions submit Annual Reports on program performance against strategic objectives and outcomes. The field missions are also responsible for submitting an Annual Action Plan which constitutes the Mission's request for funds each year, including financing from central and regional projects, and gives specific benchmarks for accomplishment during the upcoming year. The ANE Bureau also manages the review of the Annual Reports and the Action Plans, to which other USAID/W Bureaus and Offices are invited as appropriate.

ANE Missions can devote as much time to this project as they wish, considering their priorities. The project envisions the majority of the implementation burden resting with host country partners in the areas in which project activities are under way, supported by the institutional contractor and the AID/W Project Officer. Nonetheless, Missions may have an interest in participating, since all of the countries which are primary target areas for this project (Egypt, Jordan, West Bank/Gaza) have water-related objectives. The project may offer valuable services to those Missions experiencing difficulties in implementing the results of their policy dialogues, and in other situations where Missions and host country governments disagree, should Missions wish such assistance.

4.1.3 Role of Department of State USAID will seek policy guidance and

background information from the Department of State (DOS) on project interventions which involve international water issues. The DOS will advise USAID and the project contractor on the political setting; ongoing USG diplomatic, political or strategic policies and initiatives; and objectives or initiatives of other third party governments. This guidance will be solicited within the framework of an initial strategy planning process managed by the USAID Project Officer which will occur prior to USAID making formal program proposals to the governments and parties involved in transnational water issues. This initial strategy will consist of a list of possible transboundary interventions, with background on each, and the rationale for prioritization. The State Department Bureau of Near East Affairs and the Bureau of Oceans & International Environmental & Scientific Affairs will be the two principal State Departments liaison offices for this project. The USAID Project Officer will also seek DOS policy guidance at key decision points during project implementation, where transboundary issues are involved.

4.1.4 The USAID Project Committee The USAID Project Committee plays an important implementation support role to the USAID Project Officer. The Committee clears and provides constructive suggestions for improving major budgetary and procurement documentation such as scopes of work and budgets for major contracting for technical assistance, procurement of equipment, the annual workplan and budget, evaluations and audits, and major modifications to project elements which would change the project purpose. The USAID Project Committee will be chaired and convened by the Project Officer and will have representatives from the ANE Bureau Offices of Operations and Resource Allocation (ORA), Strategic Analysis & Results Monitoring (SARM), and the geographic affairs offices as appropriate, and representatives of the Global Bureau. In many cases for routine clearance, documentation will simply be circulated for committee clearance without calling the committee together for a meeting.

4.1.5 The Contractor The Contractor works under the direction of the Project Officer and is responsible to him/her for successful completion of contract obligations and work products. The Contractor has a direct implementation role, using budget, personpower and other resources within the contract to implement the project interventions and activities in cooperating countries and in the United States. It is the contractor who will prepare, with extensive input from the Project Officer, the initial document recommending which three to five problems to address, for review and approval by State (if transboundary work is recommended) and USAID. The contractor also prepares the annual workplan and budget, quarterly and comprehensive annual reports on implementation progress and problems, and other work products which are required under the contract. Because of the potential for sensitive political issues to arise under this project, USAID Project Officer participation and oversight will be close in all aspects of project activities.

4.1.6 Host Country Ownership Success and sustainability of a process of dispute resolution in a project of this nature requires that host governments and project

beneficiaries have ownership of the joint problem-solving process. They must embrace the process whole-heartedly as their own initiative and see clear benefits from their own points of view in order for project assisted solutions to endure the test of time. Success and impact from this project will ultimately be measured by the durability of agreements reached with project assistance.

4.2 Illustrative Implementation Schedule Set forth below is an illustrative outline of tasks and events which will take place over the life of the project. The material is divided into two parts: the first six to eight months which will focus on organizing and preparing for full implementation; and the full implementation stage which will cover the remaining life of project. Beyond these two broad time periods, no attempt has been made to prepare a detailed calendar of events since the process and timing of implementation actions is not possible to predict with any reliability for more than a few months at the beginning of the project. Figure 2 depicts the illustrative implementation schedule.

The First Six to Nine Months

The first six to nine months of the project will be consumed primarily with the process of USAID contracting, orientation of the contractor, and initial workplan preparation. First year activities will begin following an expected October 1994 authorization.

- Project Authorization
- Preparation and submission of contracting documents
- CBD advertisement of Request for Proposals
- Prebidding conference (optional)
- Receipt and evaluation of proposals
- Best and final negotiations and contract award
- Orientation of contractor
- Initial strategy planning process (USAID/STATE/Contractor)
- Preparation and approval of project annual workplan

Full Implementation

- Identify host country organizations (both governmental and non-governmental, including the private sector) who are willing and able to participate in all aspects of

project implementation (including all steps listed below);

- Conduct one or more workshops in each target country (Egypt, Jordan, West Bank/Gaza) which provides significant exposure to dispute resolution theory, allows participants to discuss existing dispute resolution mechanisms used in the water sector, shares experiences with international colleagues on joint problem-solving approaches to resolving water disputes, and identifies candidate problems to address under this project through joint problem-solving approaches;
- Identify and analyze candidate problems to address via joint problem-solving processes;
- (Concurrent with above), develop and pilot test training materials for strengthening of problem-solving negotiation skills;
- Narrow the universe of candidate problems to three to five problems for immediate attention, with a list of second-priority problems for later attention;
- Develop, test, and refine a joint problem-solving process for each of the problems selected (including training of all participants in creative collaboration strategies, and of some host country professionals in how to serve as a impartial third party);
- Implementation of the outcome of the joint planning processes tested, including continued collaboration in the implementation stage, further refinement of the processes based on what is learned in implementation, and analysis of lessons learned;
- Production of a detailed, practically-oriented, rigorous report;
- Mid-term and final evaluations;
- Reports no less frequently than every 12 months.

A representative implementation schedule is found in Figure 2.

FORWARD Project Implementation Schedule

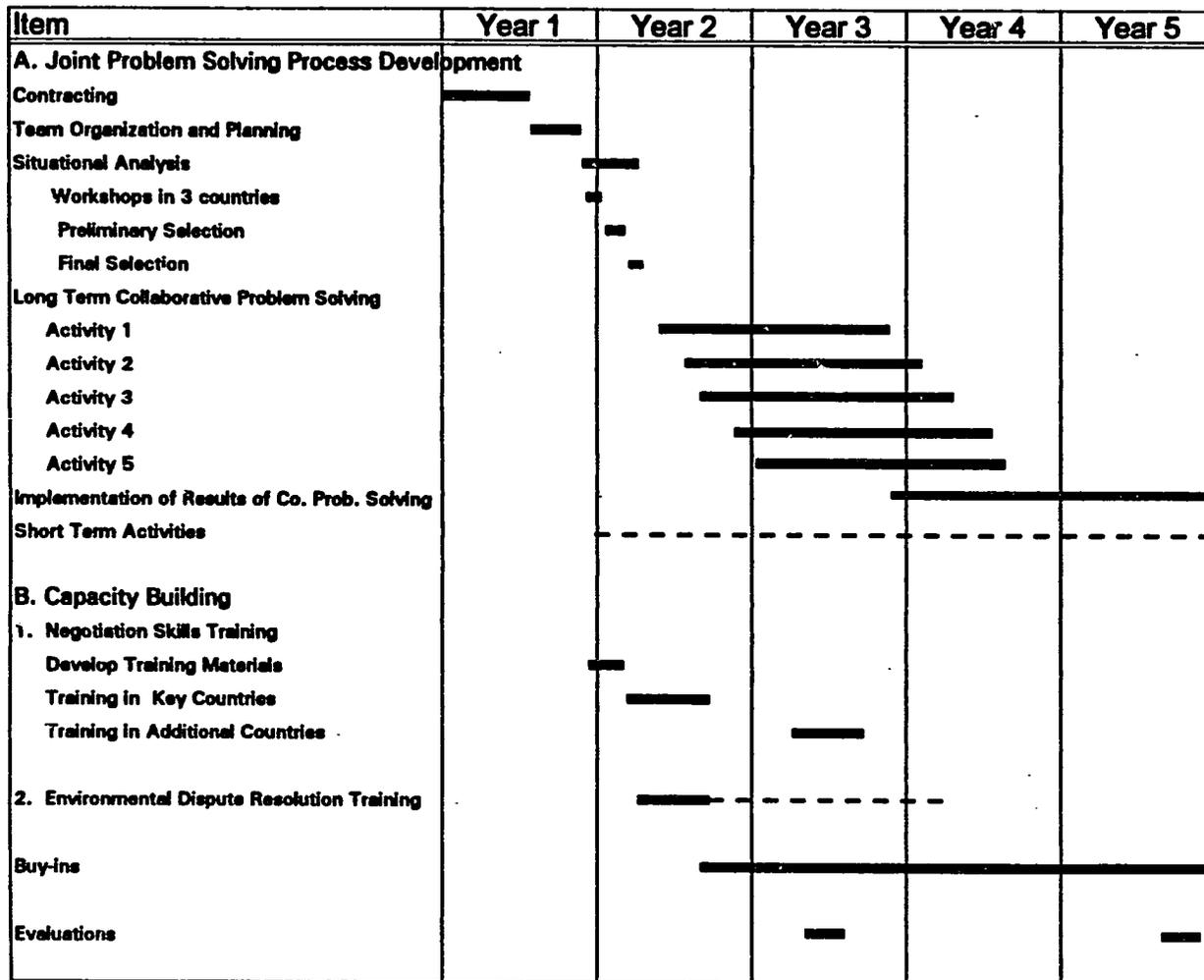


FIGURE 2.

5.0 MONITORING PROJECT PERFORMANCE

The Logframe lists objectively verifiable indicators, and means of verification. Performance against the indicators can be determined without substantial additional data gathering.

5.1 Ongoing Evaluations

The USAID project manager will continually discuss and evaluate the progress of the project with the participants involved in the project activities, to assess their satisfaction with the project. The USAID project manager will also consult with others who have interest and/or involvement in the project, such as the Department of State, multilateral institutions, donors, other government officials within participating governments who are not directly involved in project activities, and regional experts.

A "lessons learned" report will be prepared no less often than every 12 months. This report should address the issues which will be addressed in the mid-cycle and final project evaluations (see below), to the degree possible in an interim report.

5.2 Mid-Cycle and Final Evaluations

Thorough project evaluations will be conducted at approximately 3 years into the project, and at project completion. The evaluations will be conducted by individuals or a firm not involved in the project, possibly under an IQC. At least one member of the evaluation team should be from each country in which project activities are under way. The Logframe, and the performance criteria, will be the principle benchmarks for the evaluation.

The single most important criterion for evaluating the project is the amount and quality of information which is obtained pertaining to how to better resolve water resources disputes in the region. The information obtained must be expressed in a form that permits ready application to future activities to resolve such problems.

The quality and durability of the solutions to the three or more specific water resources problems that this project will address is also extremely important in evaluating this project. Criteria for evaluating quality and durability include (but are not limited to):

- solutions developed seriously consider (if not adopt) modern concepts of integrated water resources management such as environmental protection, water conservation, water reuse, NGO and private sector participation, pricing, social impacts, cost recovery, gender issues, etc.;

- parties believe that the agreement satisfies their interests, or that their interests have been satisfied better than they would have been either under an alternative process, or by avoiding the issue;

- **implementation of agreements is under way;**
- **parties feel that the process was efficient, effective, and fair;**
- **fair and effective "carrots and sticks" to ensure compliance with the agreement are developed and instituted by the parties.**

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LOGFRAME
FORWARD Project

Narrative Summary	Objectively Verifiable Indicators	Means of Verification	Important Assumptions
<p>Goal: Promote equitable and environmentally sustainable water management strategies, policies, and plans in countries in the ANE region facing serious water shortages and/or conflict over water.</p>	<ul style="list-style-type: none"> * Progress towards equitable use and sharing of water resources is made in target areas of the region. * Well-founded expectations for eventual lessening of tensions over water resources in the region exist. 	<ul style="list-style-type: none"> * Analyses of impartial third parties (multilateral lending institutions, United Nations). * Public and private statements by regional parties. 	<ul style="list-style-type: none"> * Key regional parties view resolution of domestic and international water conflicts as essential, and are willing to try new approaches, in good faith, to achieve this.
<p>Purpose A: Assist local parties to develop, test, and refine improved means for national and international joint problem-solving and dispute resolution for environmental issues involving water resources.</p>	<p><u>End of Project Status (EOPS):</u></p> <ul style="list-style-type: none"> * Socially, politically, and culturally appropriate approaches to resolving water resources problems collaboratively have been developed, tested, refined, and analyzed, and the information has been disseminated to interested parties; * For three to five discrete water management problems, affected parties have produced, and begun implementation of, integrated solution(s) developed through a problem-solving process involving extensive, sustained collaboration among stakeholders; * Resources of the donor community and/or of multilateral lending institutions are made available for implementation of agreements reached under this project; * The body of knowledge on how to resolve transboundary water resources disputes in the ANE region is increased, both in terms of process and in terms of substance; * Project beneficiaries value the approaches used, and choose to use them in other contexts, within and outside of the water sector; and * Project results are sufficient to determine whether or not a follow-on project should be undertaken, how such a project should be structured, and what applications for joint problem-solving/dispute resolution might be appropriate outside of the water sector. 	<ul style="list-style-type: none"> * Planning processes/protocols * Fora for collaboration * Host government resources invested in joint problem-solving * Evaluations of impartial, knowledgeable parties (donors, multilateral institutions, foreign affairs experts) 	<ul style="list-style-type: none"> * Governments/regional parties willing to invest resources in, and take novel approaches to, water resources management and planning. * Regional parties willing to cooperate, and political situation permits it. * Effective incentives needed to overcome barriers to inter-sectoral and international cooperation can be identified and provided.

<p>Output A1: Preliminary environmental dispute resolution methodology which builds on existing approaches, and which is appropriate culturally and politically, is ready for testing against actual water resources disputes.</p>	<ul style="list-style-type: none"> * Peer-review of preliminary methodology is favorable. * Extensive participation of and consultation with host country experts is evident. 	<ul style="list-style-type: none"> * Reports and peer-reviews. * Discussions with host country experts. 	<ul style="list-style-type: none"> * See Assumptions for Purpose A
<p>Output A2: Eight to ten situational analyses which explore, in depth, selected water resources disputes in the ANE region, including identification of the parties to the dispute, the history of the dispute, identification of each party's position and interests, determination of parties' willingness to negotiate, identification of potential options for joint gain, and of each party's perceived alternative(s) to a negotiated settlement, and other such factors.</p>	<ul style="list-style-type: none"> * Situational analysis clearly points to disputes which are ripe for resolution. * Three to five of these disputes are successfully resolved by the completion of this project. * For the remaining disputes which are not successfully resolved, the dispute resolution efforts are terminated amicably among all or most of the parties. 	<ul style="list-style-type: none"> * Reports/databases * Outcome of dispute resolution processes * Discussions with government representatives 	<ul style="list-style-type: none"> * See Assumptions for Purpose A * There exist disputes in the ANE region which are ripe for collaborative resolution.
<p>Output A3: Approximately ten new studies, analyses, or data collection activities are conducted by the parties to each dispute, and the parties concur on the results.</p>	<ul style="list-style-type: none"> * Studies/analyses/data collection completed. * Parties say that they support the joint fact-finding process, and concur on the results. * Results are used in the negotiations. 	<ul style="list-style-type: none"> * Reports * Discussions with participants in negotiations 	<ul style="list-style-type: none"> * See Assumptions for Purpose A
<p>Output A4: At least three (possibly five or more) agreements on strategies, policies, or plans are reached, based on consensus among all parties to each dispute, ready for funding (host country government funding, or donor/multilateral funding), and which include a mechanism for enforcement of the agreement, and for resolving disputes which arise during implementation.</p>	<ul style="list-style-type: none"> * Strategies, policies, plans. * Discussions with parties. * Funding obtained for implementation. * Parties each meet their obligations under the agreements. * Disputes arising during implementation successfully resolved. 	<ul style="list-style-type: none"> * Reports * Discussions with parties 	<ul style="list-style-type: none"> * Parties negotiate in good faith. * It is possible to identify effective mechanisms for enforcing agreements.
<p>Output A5: Strategies/policies/plans are fully or partially implemented.</p>	<ul style="list-style-type: none"> * Changes in the field. 	<ul style="list-style-type: none"> * Reports * Construction * Government policies 	<ul style="list-style-type: none"> * Donors and multilateral institutions are willing to fund environmentally sound, consensus-based water resources strategies, policies, plans, projects.

Output A6: At least four reports, analyses, databases, scopes of work, or other such products are produced by collaboration among regional parties to a transboundary dispute (most likely conducted under the MEPP, but other fora are possible).	<ul style="list-style-type: none"> * Reports, analyses, databases, scopes of work. * Work products add significantly to body of knowledge and experience on creative ways of resolving transboundary water resources disputes. 	* Same	<ul style="list-style-type: none"> * Conditions are right for such transboundary collaboration. * All relevant governments are willing to try a new approach.
Output A7: Annual and final "lessons learned" documentation, detailing: how to convene dispute resolution processes; when a dispute is "ripe" for resolution; appropriate incentives for bringing parties to the table; how to orient and train participants; overcoming deadlocks; when to terminate a dispute resolution process; guaranteeing agreement implementation; role and access of the media; resources and logistics; etc.	<ul style="list-style-type: none"> * Peer-review of annual and final reports is favorable. * Reports are used by others in the USG and elsewhere in similar activities. 	<ul style="list-style-type: none"> * Peer-review. * Discussions with colleagues in development and in host countries. 	* None
PURPOSE B: Establish and/or enhance indigenous capacity in joint problem-solving and environmental dispute resolution for environmental issues involving water resources.	<p>EOPS:</p> <ul style="list-style-type: none"> * Individuals are trained, and institutions strengthened, to continue joint problem-solving and environmental dispute resolution. 	<ul style="list-style-type: none"> * Professional listings * Discussions with environmental dispute resolution professionals in the region. 	<ul style="list-style-type: none"> * Governments/regional parties support impartial third party involvement in water issues. * Market develops for services.
Output B1: Joint problem-solving and dispute resolution training materials, tailored to host country cultural and political situation, for training of parties participating in dispute resolution processes, and of third party impartial.	<ul style="list-style-type: none"> * Training materials are effective and user-friendly. 	<ul style="list-style-type: none"> * Peer-reviews of training materials. * Discussions with participants in training. 	* None
Output B2: Approximately 220 individuals trained in problem-solving negotiation strategies, and/or in environmental dispute resolution.	<ul style="list-style-type: none"> * Individuals participate effectively in dispute resolution processes, as negotiators and as third party impartial. 	<ul style="list-style-type: none"> * Discussions with participants. * Annual reports. 	* None
Output B3: Three or more institutions in the region have experience and expertise in conducting environmental dispute resolution efforts for water resources disputes.	<ul style="list-style-type: none"> * Institutions have participated in training and in negotiations as third party impartial. 	<ul style="list-style-type: none"> * Reports. * Meeting minutes. * Discussions with participants. 	<ul style="list-style-type: none"> * Institutions in the region are interested in participating in the project.

Inputs (Core Project)		Implementation Target		Means of Verification of Inputs	Aseumptions for Providing Inputs
	(\$000)				
Technical Assistance	4615	Technical Assistance (Expat)	180 pm	* Project Management Information System	* Regional parties/governments will participate
Equipment	64	(Local)	144 pm	* Project Records	* Contracting institutions and/or existing USAID projects available and will participate
Training	1347	Equipment	misc	* Mission Records	* High-quality multi-disciplinary services are available
Implementation Activities	1547	Training	220 prts.	* Project Evaluations	
Evaluations	150	Implementation Activities	5 cases	* Project Audits	
Audits, Cont., Contract Admin	1460	Evaluations	2		
		Audits, Cont. Contract Admin.	n/a		

(November 1, 1994)

ANALYSES

A. TECHNICAL ANALYSIS

The technical analysis is largely embodied in the project paper in that the background and justification for the project approach is described throughout. Additionally, a background report by the Irrigation Support and Management Project for Asia and the Near East (ISPAN) discusses, in detail, dispute resolution theory, application to water resources disputes in the United States, international water disputes and how they were resolved, and potential for application of water resources dispute resolution concepts in the ANE region. The report is entitled "Resolving Water Disputes: Conflict and Cooperation in the U.S., Asia, and the Near East" (ISPAN Report Number 66). It is clear from the report that dispute resolution approaches that involve joint problem-solving among parties at interest have the potential to make a significant contribution to improving water resources management in the Asia/Near East region.

B. SOCIAL SOUNDNESS ANALYSIS

The guidance in Handbook 3 lists three aspects of a USAID Social Soundness Analysis: (1) the compatibility of the project with the sociocultural environment in which it is to be introduced (its sociocultural feasibility); (2) the likelihood that the new practices or institutions introduced among the initial project target population will be diffused among other groups (i.e. the spread effect); and (3) the social impact or distribution of benefits and burdens among different groups, both within the initial project population and beyond. In this social soundness analysis, a Gender Analysis is also included.

This analysis focusses primarily on the Near East, since the bulk of the project core resources are anticipated to be used there.

Sociocultural Feasibility

Evidence for sociocultural feasibility of this project (specifically, blending of Western water resources dispute resolution approaches with existing approaches in the region) can be found in the traditions of the ANE region, in case studies presented in ISPAN Report No. 66, and in the input received from Middle Eastern water managers on the project design field trip (Annex 3).

Traditions in ANE Region Related to Dispute Resolution.

For centuries, mediation on the tribal and village level has been the traditional method of settling disputes, particularly in the Near East and in parts of Asia. In China, there are over 6 million state-sanctioned mediators, and only 10,000 lawyers (Cloke, 1987). In recent times,

mediation has frequently been employed in attempting to settle political and military issues within and between Arabic-speaking states. "Conferencing," or attempting to preempt or settle issues in large working groups, is also common, both among modern governments in Arabic-speaking countries, and in traditional settings.

Mediation in the Near East. In tribal and village societies, mediation is a common and crucial form of conflict resolution. The role of mediator is often assigned to members of special descent groups, who have a high ascribed status, such as (in Moslem societies) presumed descendants of the Prophet Mohammed, or to men (almost always men) of wealth, education, power, and status in the community.

The role of the mediator is similar, but not identical, to the role of mediator in Western conflict resolution. Like Western mediators, the traditional Near Eastern mediator does not arbitrate or judge, but leads parties towards reconciliation. Initial meetings are often separate, with the mediator meeting with each party separately, but eventually culminating in joint sessions attended by both parties, along with kinsmen and other supporters. Unlike the Western model, however, the traditional Near Eastern mediator may use persuasion to influence parties towards one action or another, with particular reference to the need to maintain group cohesion. Thus the greater the prestige of and respect for the mediator, the better the chances that his efforts at mediating a dispute will be successful.

Mediation is also a fundamental part of political consciousness in Arabic-speaking societies, particularly in international political settings. As in the traditional village context, the mediator must be someone who is not directly involved in the conflict (preferably an Arab) who carries prestige and influence, and he frequently uses persuasion, with particular reference to the need to maintain Arab unity.

An event which suggests the persistent reliance on mediation is found in the struggle between the Jordanian government and Palestinian partisans in the mid- to late-1960s. From Patai (1983):

During this period an identical pattern was repeated with minor variations over and over again: (1) Clashes between the two sides prompted Arab leaders outside Jordan to engage in mediation. (2) As a result of mediation, an agreement was reached between the Jordanian army and the commandos to stop fighting. (3) Conditions were agreed upon under which the commandos could remain in certain delineated parts of Jordan. (4) The agreement was violated, according to each side by the opposite party. (5) Renewed fighting broke out which, in turn, led back to point (1), etc. Many times the whole series of events, from (1) through (5), took place within as

short a time as two or three days. Despite the repeated failure of mediation to bring about a settlement, both sides again and again were ready to meet with mediators and agree to settlements proposed by them. Such willingness to go through the procedures of mediation again and again can only be understood as a conditioned reflex based on the reliance on mediation for countless generations.

The last statement regarding conditioned responses is intriguing. Though other plausible explanations for persistent reliance on mediation could be put forward, even if that statement were partially true, the implications for blending of Western conflict resolution approaches (which frequently use mediation) would be important.

Conferencing in the Near East. Another common technique in both Western and traditional Near Eastern approaches to conflict resolution is convening of bodies in conference to seek solutions. In the Arab context, this is an outgrowth of the tradition of deliberation in council, among elders or adult males in a community. An interesting feature of these deliberations is that the council never votes; it deliberates and discusses. When the village leader feels that a consensus view is emerging, or that a definite majority holds a certain view, he will summarize that view, and it is understood that the decision is made.

In the political context, conferences frequently do not end in decisions or agreement. Typically, this is not seen as a failure, but an indication that another conference is necessary. This implies that the act of deliberating is highly valued. It may also suggest that relatively minor changes to the structure of the conference (e.g. caucusing, structured means for creating and evaluating options, as is done in Western conflict resolution efforts) may lead to more concrete outcomes (assuming the parties concur that this is desirable).

Strategy and Style of Deliberations. Whether in the context of mediation or of conferencing, the strategy and style of deliberations among parties seeking to resolve differences is consistent with collaborative approaches, at least in terms of what is said and believed should be done (vs. what is actually done). According to one author, the Koran demands the following style of the negotiator:

...understanding and sympathy, mildness and moderation, love and understanding, as opposed to force and compulsion, arrogance and conceit, intimidation and coercion. It indicates persuasion as against the display of strength and severity. The other qualities...are patience and perseverance. One must proceed slowly and cautiously, one must show tolerance and possess a readiness to understand the point of view of one's opponent; one

must aim at winning over his heart (Ikle 1964).

As is always the case with all religious teachings, these directives are not always adhered to. Yet the fact that these directives exist in societies where religion is inseparable from daily life, and often from the political system, is significant.

In terms of strategy, Arab negotiators are known as among the best negotiators in the world. In the business context, this always implies negotiating for joint gain, at least where ongoing relationships are desirable, and where power imbalances are not extreme. Decisions in negotiations are often made by reference to broader goals, e.g., "do it for the sake of your father", or "do it for preservation of Arab unity". Additionally, preservation of relationships is highly valued in most negotiating settings. These three concepts -- negotiating for joint gain, achievement of qualitative goals (in addition to quantitative goals), and preservation of relationships (in many settings) are fundamental to Western conflict resolution methodologies.

While there are distinct similarities between Western and traditional approaches to dispute resolution in the Middle East, it is also clear that Western approaches will need to undergo considerable cultural adaptation if they are to be successfully applied in other contexts. The most logical way to ensure development of appropriate approaches is to allow host country nationals to build on existing approaches, with assistance as needed from their Western colleagues. Salem (1993) has outlined some of the cultural differences which will need to be considered with respect to the Near East:

View Towards Peace vs. Struggle. Paul Salem argues that the West currently enjoys a dominant position in the world, and thus has an inherent interest in peace, because it reinforces a status quo that is favorable to the West. In his view, conflict is essential in building dominance, but peace and conflict resolution are clearly useful for its maintenance. As described by Salem:

The West...may see nothing major that it still needs to struggle intensely to secure. From the West's perspective, what is, in a broad sense, is good, and should be preserved. Outside the context of struggle...conflict is an overwhelmingly negative phenomenon, notable only for its harmful side-effects of violence, suffering, and general discomfiture. If the macro picture is indeed positive, as described earlier with regard to the West, then conflicts are, in a sense, troublesome brush fires that need to be put out rather than incipient struggles that need to be fanned. Obviously, from the outside -- for example, Arab -- perspective, wherein major and, perhaps, revolutionary change seems, to many, necessary at the level of political, economic, and social affairs, the

side effects of conflict are not nearly as significant as the value of the struggle itself if it succeeds...struggle, and the conflict that comes with it...is regarded in some cases as a progressive, invigorating, and purifying process.

The difference in worldview towards peace vs. struggle is particularly stark where negotiation is between haves and have-nots. Western conflict resolution is based on the assumption that all parties to a conflict have something to lose, something to preserve, and something to gain. Negotiation will be problematic if one party has no chips, and believes that the only alternative is to seize other parties' chips. (One way to address this is through donor assistance to "expand the pie", with fair distribution of the benefits, as discussed in the ISPAN report on water resources conflict resolution, Report No. 66.)

Beliefs About "Rationality" of Conflict. In keeping with the Western "scientific" worldview, the prevailing Western view of conflict is that it is caused by discrete and independent forces which can be analyzed, understood and resolved, neutrally and "objectively". Other worldviews differ. For example, a religious worldview may see conflict as the result of the struggle between the forces of good and evil; a superstitious worldview may see conflict as a result of capricious, unknowable forces. Westerners tend to approach conflicts with confidence that they can be managed and ultimately resolved, whereas others often regard conflict as intrinsically unmanageable, and see efforts to subject conflict to rational analysis and resolution as naive.

"There is only one 'right' answer" vs. "I'm OK, you're OK". Salem points out that the Western conflict resolution premise that people holding different opinions can both be "right", is foreign to most Arabic-speaking societies. Acceptance of moral relativism, whereby what is considered right or wrong vary depending on the vantage point of the individual, is common in Western cultures. This is not the case in cultures which adhere to stricter, religion-based codes of right and wrong, where many issues are viewed as black and white. A worldview in which the degree to which one party is right is in direct proportion to the degree to which the other party is wrong is not conducive to finding middle ground.

Problem of Enforcing Agreements. In a political environment in which governmental authority is unstable, reaching an agreement may not seem to enable adequate protection from failure on the part of opponents to meet the terms of the agreement. In the absence of an enforcer, it may seem safer to maintain a predictable (albeit conflictual) situation, rather than create a less conflictual, but less predictable situation.

To be successful, these, and other, cultural differences must be considered in project design and implementation. This project proposes to do this by having the bulk of project implementation carried out by host country experts, with participation of their American

counterparts absolutely critical, but smaller than in most donor assistance projects. As indicated in Annex 3 (project design field trip report), such expertise is available, at least in the Near Eastern countries in which this project will have activities.

Case Studies Suggesting Sociocultural Feasibility

Annex B contains six case studies of international water resources disputes, all of which are in the ANE region. While the dispute resolution approach(es) envisioned in the Fostering Resolution of Water Resources Disputes (FORWARD) project were not explicitly employed in any of these cases, some form of joint problem-solving was attempted in each. For example, in the Multilateral Working Group on Water under the Middle East Peace Process, delegates from Israel, the Occupied Territories, and many Arab nations, have been working together to address scientific/technical problems relevant to water supply in the region. In the dispute between India and Bangladesh over Indus River water, mediation was explicitly established as a means of resolving future disputes. Clearly there is precedent for approaching water resources problems through joint problem-solving processes in the Near East and Asia.

Input From Project Design Field Trip

ISPAN Report No. 66 details the results of discussions with host country government officials, with USAID Missions, and with dispute resolution specialists in Egypt, Jordan, and the Occupied Territories. There have been several workshops, seminars, and training sessions in joint problem-solving for complex multi-party public policy issues over the last 12 months (two in Egypt, two in Jordan, and two in the Occupied Territories), all of them conducted by host country institutions in collaboration with a U.S. NGO or with U.N. organizations. Several managers from the water sector in each country have attended. These activities, and the concepts presented in them, have been very well received by government representatives in the water sector, and many of them have asked for more such training, and are looking for opportunities to employ the concepts (see Annex 3). This project, which moves from training to "cases" involving joint problem-solving for actual water resources disputes, is the logical next step.

Diffusion of Innovation

The knowledge, experience, and innovation developed under this project will be diffused in two ways. First, an important requirement of the project is analysis, articulation, and dissemination of lessons learned. The Scope of Work specifies that these analyses shall be both practical and rigorous, and shall be peer-reviewed by experts from the U.S. and from the region. The SOW also specifies that the information must be presented and disseminated in a manner which facilitates use of the information by other interested parties,

both within and outside of the water sector, in the ANE region and elsewhere.

Second, the project will create a cadre of trained professionals in the ANE region capable of using the dispute resolution approaches developed to help parties resolve disputes in other situations, both within and outside of the water sector. It should also produce notable successes with application of these approaches, stimulating interest among host country governments, donors, and multilateral institutions in applying these approaches in other situations, within and outside of the water sector.

Social Consequences and Benefit Incidence

Because this project will result in improved approaches to resolving disputes over water resources policy and planning, it will have very positive consequences for many sectors of society. Existing or anticipated disputes over water resources policies are often impediments to improved water resources management, and to mobilizing donor resources for investment.

As discussed in the project paper, and in the Economic Analysis below, it is not possible to quantify the benefits at this stage, because the specific water resources problems/disputes to address will be chosen when the project begins. However, an illustrative picture of qualitative benefits can be developed from one of the hypothetical cases presented in the project paper (see page 33). Under this hypothetical, the direct beneficiaries are:

- farmers using the higher quality treated wastewater for irrigation;
- residents of communities downstream of the wastewater treatment plant, who formerly suffered the health and aesthetic consequences of improperly treated wastewater (particularly women, who are the principal users of water in the household);
- city residents living near the wastewater treatment plant, who formerly had to live with odor and occasional treatment plant overflows;
- city residents paying wastewater treatment service fees, who would have saddled the entire cost of plant upgrades had an agreement not been reached with farmers;
- the host country mediators, and the negotiators representing the various parties at the table, who gained significant experience and reputation from resolution of this dispute.

The indirect beneficiaries are:

- the government Ministries involved, in demonstrating the ability to collaborate in resolving difficult and controversial issues, and which now can apply the dispute resolution methodology to other situations;
- participating NGOs, in increasing their involvement and stature;
- the multilateral lending institution, in being able to fund a sound, integrated water resources project;
- USAID, in having facilitated the agreement, and in having gained knowledge and experience applicable to other situations.

The potential "losers" are:

- Farmers for whom the poor quality wastewater was good enough to meet their needs in the short term, who now will pay more for higher quality water.

Actual beneficiary analysis (vs. this analysis of a hypothetical) will be done for each agreement reached under this project.

Gender Analysis

In the ANE region, as in other parts of the developing world, women are usually the principal managers of natural resources in the home, and often in rural communities as a whole. This is particularly true with respect to water. In most developing countries, women do all of the cooking and cleaning within the home; they also often are water managers and decision-makers in agriculture. Women are thus stakeholders, often the principal stakeholders, in water supply and wastewater management. Additionally, in their role as primary caregivers, women are the transmitters of cultural values in most societies, including attitudes towards protection and use of natural resources. Transmission of values of water resources protection and conservation have a significant impact on how individuals manage water in their daily lives, and on what level of water quality protection they are willing to pay for.

Clearly, then, this project will impact women, and women can impact this project. The agreements reached under this project will impact the quantity and quality of water available to women in providing water for their families. The project also provides an opportunity to involve women in decision-making, through encouraging their participation in resolution of the water resources issues, and through providing training in negotiation and dispute

resolution.

As is the case with the Economic Analysis below, at this stage in the project, it is not possible to quantify the impacts on women, or to identify specifically how women will be involved. Those decisions will need to be made during selection of the specific disputes/problems to be addressed under this project. However, women will be integrated into the project, through the following:

- the contractor will be directed to pay particular attention to ensuring that in any joint problem-solving effort regarding a problem where women are significant users of the water, women's perspective and interests will be represented "at the table";
- women will be given the opportunity to participate both in "creative collaboration" training, and in environmental dispute resolution training, under the project;
- mid-term and final evaluations will address the degree to which the project has involved women.

In the Near East, involvement of women as third party neutrals presents a particular challenge. As discussed above, the role of mediator in traditional Arab societies is always ascribed to individuals of the highest social status, which are usually men (though some professional women do enjoy such status). Because third party neutrals must be selected by the parties if they are to be effective, and given the socio-cultural background of people in positions of authority in the Middle East, men are likely to end up being selected to be the third party neutral. Nonetheless, it is appropriate for any USAID development project to try to ensure maximum success by involving the full range of people and perspectives. In this case, this would involve striving to include both men and women in the range of project activities.

The RFP will ask respondents to indicate how they would address this issue. Their responses will be a factor in project selection. The USAID project manager will work with the USAID Women in Development regional bureau representatives to facilitate meeting USAID development goals (including empowerment of women) without jeopardizing the crucial ability of parties to a dispute to themselves select a mutually acceptable third party impartial.

It must be recognized that the role of women as third party impartial in conflict resolution processes is a deep socio-cultural issue, that should not be resolved by American project designers in Washington. It is entirely possible, even likely, that host country experts will have sound ideas on how to resolve this. Host country experts may even be able to identify

and target women in the region with the expertise and social stature, as well as the interest, to serve as third party impartial, making this issue moot.

References for Social Soundness Analysis

(The reference selected are representative of the material available on this subject; this is not a comprehensive listing.)

Patai, P. 1983. The Arab Mind. NY: Macmillan Publishing Company.

Salem, P. 1993. *A critique of western conflict resolution from a non-western perspective*. **Negotiation Journal**, October 1993, pp. 361-369.

Cloke, K. 1987. *Politics and values in mediation: the Chinese experience*. **Mediation Journal** 17:69.

C. ADMINISTRATIVE ANALYSIS

The purpose of the Administrative Analysis is to (1) assess the administrative capabilities of the beneficiary government's Implementing Agency in the areas relevant for the execution of the project; and (2) to determine whether a specific implementation plan is likely to be workable considering the beneficiary governments' capabilities.

In this project, the Implementing Agency will be selected for each of the three to five water resources dispute resolution "cases", at the time when the case selection is made. Participants in the negotiations are expected to include both government and non-government agencies. Considerations of the capabilities of potential Implementing Agencies will be a factor in case selection. The following is a discussion of potential agencies with which the project will likely work, for additional details see Trip Report (Annex 3).

As a regional project the implementation will primarily be the responsibility of a U.S. based contractor with participation by a number of agencies and organizations in host countries. It is expected that each case will involve at least one government agency, most likely one of the agencies responsible for water resources. In Egypt the project may work with the Ministry of Public Works and Irrigation or other water related ministry or agency. In Jordan the project would most likely work with the Ministry of Water and Irrigation. In West Bank/Gaza the project may work with municipalities or with the Palestinian Water Authority which is still in the formative stage. In Egypt and Jordan USAID has successfully worked with these agencies for a number of years and they are unquestionably capable of participating in the implementation of the project. In the Occupied Territories, USAID has successfully worked with a number of municipalities and with the Jerusalem Water Undertaking through PVOs and other intermediaries. In each case the project will need to coordinate closely with bilateral mission staff regarding on-going policy dialogue and other issues.

In addition to government agencies, the project is also likely to work with local non-government organizations, particularly those that have worked in the field of conflict resolution and those who may represent water users or environmental interests in a negotiation. In Egypt, the National Center for Middle East Studies and the American University of Cairo both have programs in conflict resolution. In Jordan, the Jordan Institute for Public Administration and the Royal Scientific Society also have programs in this area. Environmental NGOs, though in an early stage in Egypt, are quite active in Jordan. For example, the Jordanian Environment Society conducts various environmental awareness and action programs including a series of seminars held throughout the country on local and national environmental concerns. Additionally, various universities in both countries are active in water policy issues. In West Bank/Gaza a number of universities

including Bir Zeit and An Najah University work in the water sector. A number of NGOs are also active in the water sector, including the Palestinian Hydrology Group, the Applied Research Institute of Jerusalem and the Arab Scientific Institute for Research and Transfer of Technology.

In conclusion, the project will work with numerous organizations, many of whom have worked with USAID projects in the past. There are no apparent administrative constraints to working with the organizations envisaged.

D. ECONOMIC ANALYSIS

The purpose of the economic analysis is to determine whether the project is a worthwhile investment, i.e. whether the outputs from a project are sufficiently valuable as to warrant the expenditure of scarce USAID resources. Economic analysis also allows project designers to select the least-cost design from among options.

It is not possible to quantify the economic benefits of this project since some of the activities will have unquantifiable benefits and other activities are not specified at this time. Since the activities which may result in quantifiable benefits are not specified at this time, any calculation of benefits would be purely hypothetical. Rather, this section (1) discusses the cost effectiveness of the approach for achieving the project outcomes which are not quantifiable, and (2) provides an illustration, in qualitative terms, of some of the types of benefits that will accrue from the activities of this project.

The project is expected to develop appropriate approaches to resolving water resource problems in the ANE region and to train a core group of professionals in this methodology. Although the benefits of these activities are not quantifiable, the outcomes are to be achieved in a cost effective manner. Minimal levels of expatriate technical assistance staff is envisaged. Training is to be conducted in host countries making use of local expertise to the maximum extent feasible. In Egypt, Jordan and West Bank/Gaza, key individuals have been trained in conflict resolution who can be used as resource people and as trainers for mediators and others who will be involved in project activities. Conducting most activities in-country is expected to be more cost effective than bringing participants to the U.S., although the RFP will leave open to contractors to propose alternate, cost effective solutions to project implementation.

The process of negotiation itself, it could be argued, is a least cost solution to conflict. Getting parties to agree to sit at a table even though the outcome is not assured, is a much less costly alternative, than, for example, the alternative of armed conflict, or of the

alternative of "doing nothing" which results in the continuation of unsustainable water use practices. The project costs of the negotiation itself are very modest. These costs, as detailed in the project budget, include the cost of the mediator, the costs of data collection and analysis to support the process, the costs of the U.S. contractor to monitor the activity, and the rental of facilities and other administrative and miscellaneous costs.

The project is expected to resolve three to five water management problems and produce implementation agreements. The specific cases to address will not be selected until the project is underway. However, the following points are clear:

- Some of these agreements are likely be funded by other donor and multilateral lending institutions. This mobilization of donor resources to implement agreements will significantly leverage USAID project resources;
- The economic, social and environmental costs of many current water management practices in the ANE region make such practices unsustainable. A project which is likely to break roadblocks and lead towards the solution of such problems at reasonable cost is worthwhile;
- Working to change unsustainable policies has proven to be more effective than continued investments in infrastructure solutions to individual problems alone;
- Particularly in the transnational case, working pro-actively to resolve manageable conflicts at an early stage may result in the avoidance of much greater costs at a later date. The provision of relief or other assistance required resulting from an armed conflict is much more costly than the interventions proposed in this project.

The following example illustrates the types of benefits which may accrue as a result of this project:

Industries in northern Cairo discharge pollutants into waterways subsequently used for irrigation, water supply and environmental purposes. This unsustainable practice results, potentially, in health hazards to residents downstream, to loss of production to farmers and loss of habitat for downstream aquatic species and loss of income to fishermen. The economic analysis for a wastewater treatment plant would be expected to quantify the costs of the treatment plant and the expected benefits. However, before the treatment plant is designed, agreement must be reached by a number of parties concerning a number of factors, such as location of the plant, quality of wastewater effluent to be achieved, how costs will be recovered, etc. Disputes regarding any one of these factors could impede the project funding for

months or years. This project is expected to result in the resolution of a conflict over an issue such as the siting of a waste treatment plant, thus allowing a major project, expected to have positive economic and environmental impacts, to proceed.

In conclusion, the project is expected to develop appropriate approaches to resolving water resource problems in the ANE region and to train a core group of professionals in this methodology in a least cost manner. Further, it will resolve at least three to five water resources problems in the ANE region, whose benefits, although unspecified at the present time, are likely to be significant.

E. ENVIRONMENTAL ANALYSIS

A categorical exclusion has been made for this project (Attachment 1). Any agreements reached under this project which will be implemented using USAID funds, are subject to the requirements of Regulation 216.

F. FINANCIAL ANALYSIS

A detailed financial analysis is contained in Attachment 2. Summary information is contained both in the Logframe, and in Section 3.0 of the Project Paper.

**THRESHOLD DECISION BASED ON
INITIAL ENVIRONMENTAL EXAMINATION**

- (A) Project Location: Asia/Near East Region
- (B) Project Title/ID: Water Resources Policy Project (298-0383)
- (C) Funding: \$7.25 million
- (D) Period of Funding: FY 94-96
- (E) IEE Prepared by: Marjorie Shovin, ANE/NE/DR/ENR
Water Resources Specialist
Signature *M. Shovin* Date: April 25, 1994
- (F) Environmental Action Recommended: Categorical Exclusion per
22 CFR 216.2(c)(1)(i) and
(c)(2)(i), (ii), and (xiv)

Decision of the ANE Assistant Administrator:

Approved: *[Signature]*

Date: May 1994

Decision of the ANE/NE Environmental Coordinator:

Approved: *[Signature]*

Date: 4/25/94

Clearance:

ANE/NE/ENA: FMiller *[Signature]* Date 5-3-94
ANE/NE/ME: FMachmer *[Signature]* Date 5-4-94
ANE/GC: KHansen *[Signature]* Date 5/4

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INITIAL ENVIRONMENTAL EXAMINATION

1. Project Location: Asia/Near East Region
2. Project Title/ID: Water Resources Policy Project (298-0383)
3. Funding (Fiscal Year/Amount): FY94-96: \$7.25 million
4. IEE Prepared by: Marjorie G. Shovlin Date: April 25, 1994
5. Action Recommended: Categorical Exclusion per 22 CFR 216.2(c)(1)(i) and 216.2(c)(2)(i), (iii), and (xiv)

PROJECT DESCRIPTION

The goal of this project is to promote equitable and sustainable water management strategies, policies, and plans in selected countries in the Asia/Near East (ANE) region which are facing serious water shortages and/or conflict over water.

The purpose of the project is to: A) develop, test, and refine water resources strategic planning processes which are equitable, collaborative, and comprehensive; and B) create indigenous individual and institutional capacity in environmental dispute resolution.

Development, testing, and refinement of innovative processes for comprehensive water resources strategic planning in water-short areas is a central focus of the project. Key features of contemporary processes for resolving competition over water resources in the U.S. include: participation of key stakeholders; inclusion of all arms of government which play a role in managing the resource; joint definition of the problem, of the planning objectives, and of alternatives; collaborative data collection and analysis among parties; transparent decision-making process; and assistance of a neutral third party in facilitating/mediating the planning effort. This project will examine processes currently used in the U.S. and elsewhere for their potential applicability to selected inter-sectoral and international water resource conflicts in the ANE region, and will modify and test the usefulness of such processes in developing comprehensive, collaborative strategic plans.

The interventions will be of three types. *Strategic planning interventions* will assist

and long-range water management planning. Emphasis will be on planning that contributes to the resolution of transnational disputes over water. A major focus of strategic planning interventions will be to develop indigenous capacity for strategic planning, including conflict resolution.

Policy-related interventions will assist countries and regional parties to align national policies with strategic planning processes that are developed. This will include analysis of existing policies and assistance with developing and passing new laws and regulations. It may also help develop and/or strengthen new or existing institutions to create and carry out strategic planning. Technical assistance, training, study tours, etc. will be conducted to support this policy work.

Special studies will provide the information on which to base policy interventions and strategic planning interventions. Areas for particular focus in special studies will be developing collaborative methods of data generation and analysis, as well as examining what water management policies and strategies are most appropriate under various circumstances.

RECOMMENDED ENVIRONMENTAL ACTION

Considering the project description above, a CATEGORICAL EXCLUSION from further USAID environmental procedures is recommended, as the project meets the following criteria for a categorical exclusion:

216.2(c)(1)(i): "The action does not have an effect on the natural or physical environment";

216.2(c)(2)(i): "Education, technical assistance, or training programs, except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.);"

216.2(c)(2)(iii): "Analyses, studies, academic or research workshops and meetings";
and

216.2(c)(2)(xiv): "Studies, projects, or programs intended to develop the capability of recipient countries to engage in development planning, except to the extent designed to result in activities directly affecting the environment (such as construction of facilities, etc.)".

ENVIRONMENTAL IMPACT IDENTIFICATION AND EVALUATION FORM**
(see next page)

ENVIRONMENTAL IMPACT INDICATOR AREAS

A. LAND USE

- 1. Changing the character of the land through:
 - a. Land clearing
 - b. Construction (roads, buildings)
 - c. Extraction of minerals
 - d. Creation of Deposits for Unwanted Materials
- 2. Alteration of Natural Barriers (dunes, marshes)
- 3. Foreclosing Important Future Uses
- 4. Potential for Endangering Populated Areas
- 5. Other Factors

N
N
N
N
N
N
N

B. SURFACE AND GROUND WATER

- 1. Effects on Quality
 - a. Introduction of industrial pollutants
 - b. Introduction of agricultural pollutants
 - c. Introduction of urban/sewage wastes
 - d. Introduction of or important wastes
 - e. Potential for Transnational Impacts
- 2. Effects on Quantity
 - a. Changes in Water Flow Rates
 - b. Increasing probability of floods
 - c. Potential for changing Demand/Supply Relation
 - d. Potential for Transnational Impacts

N
N
N
N
N
N
N
N
N
N

C. AIR

- 1. Potential for increased NO_x, SO_x, HC, CO₂/CO emissions
- 2. Potential for increased Particulate emissions
- 3. Potential increase of noxious Odors, Vapors
- 4. Noise pollution
- 5. Other factors

N
N
N
N
N

D. ENERGY

- 1. Potential for Increased Energy Demand
- 2. Use of Renewable Energy Sources
- 3. Plans for Energy Efficiency/Conservation
- 4. Other Factors

N
N
N
N

B

E. COASTAL AND MARINE RESOURCES

- 1. Introduction of Biological/Chemical Pollutants
- 2. Introduction of Agricultural Runoff
- 3. Mineral Extractions
- 4. Impacts on Fish/Shellfish Harvest
- 5. Impacts to Existing Biota by new Introduced Species
- 6. Potential for Algal Blooms
- 6. Others

N
N
N
N
N
N
N

F. BIOTA

- 1. Introduction of Exotic Organisms
- 2. Destruction/Alteration of Critical Habitat
- 3. Potential for Impact to Endangered Species

N
N
N

G. ANTIQUITIES PROTECTION

- 1. Potential for Harm to Historic Sites
- 2. Increased Access/Use of Historic Sites

N
N

H. PESTICIDE USE (Required by 22 CFR 216)

- 1. Will Pesticides be used?
 - a. Are they USEPA registered?
 - b. Are they "Restricted-Use", Cancelled on under "Special Review"?
 - c. Are complete plans in place to train and fully protect applicators?

N

- 2. Impacts on wildlife & aquatic organisms*

N

Formed Prepared by

Marjorie Shovlin

Date _____

Marjorie Shovlin
Water Resources Specialist
ANE/NE/DR/ENR

Project Location: Middle East Region

Project Title/ID: *Water Resources Policy Project / 298-0383*

Fill the blanks with the following

- ** N- NO perceived environmental impact
- U- UNKNOWN environmental impact (substantiate).
- L- LITTLE environmental impact (briefly describe).
- M- MODERATE environmental impact (substantiate with cost/benefit analysis).
- H- HIGH environmental impact (substantiate and present possible mitigative actions)
- N/A- Not applicable; YES; or NO.

FORWARD Project
Financial Analysis

Sheet A

BUDGET ESTIMATES BY YEAR
(US \$)

CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL CORE	TOTAL BUY-IN	TOTAL LOP
	1.00	1.06	1.10	1.16	1.22			
A. TECHNICAL ASSISTANCE								
1. LONG-TERM TA								
TEAM LEADER/WATER RES. SPEC* 54 person months @ \$86,000	43,000	80,300	84,600	89,760	104,920	432,580		432,580
NEGOTIATION SPECIALIST 42 person months @ \$86,000	43,000	80,300	84,600	89,760		327,660		327,660
TRAINING SPECIALIST 24 person months @ \$70,000	36,000	36,750	38,500	40,800		150,850		150,850
LOCAL PROF. STAFF 3 pers. x 4 yrs. @ \$2000/mon	36,000	75,600	79,200	83,620	43,920	318,240		318,240
ADMIN. ASSISTANCE	27,000	28,350	29,700	31,320	16,470	132,840		132,840
SUBTOTAL LT TA	184,000	321,300	336,600	354,960	165,310	1,382,170		1,382,170
2. SHORT-TERM TA								
WATER & CONFLICT RES. SPECIALISTS 60 pm @ \$8600/mon	62,800	103,850	108,900	113,950	56,384	435,864		435,864
SUBTOTAL SALARIES (ST & LT)	236,800	425,250	445,500	468,910	221,694	1,798,034		1,798,034
3. FRINGE 30% of salaries	71,040	127,575	133,650	140,843	66,502	539,410		539,410
4. OVERHEAD 60% of salaries and fringe	184,704	331,695	347,490	365,872	172,906	1,402,467		1,402,467
5. TRAVEL & PER DIEM see details Sheet B	67,760	144,637	151,734	160,010	68,845	613,206		613,206
6. OTHER DIRECT COSTS see details Sheet C	33,836	66,708	62,651	65,635	39,508	261,639		261,639
7. BUY-IN TECHNICAL ASSISTANCE		500,000	1,500,000				2,000,000	2,000,000
SUBTOTAL TECHNICAL ASSISTANCE	614,280	1,569,065	2,640,825	1,201,071	669,435	4,614,755	2,000,000	6,614,755

B. EQUIPMENT see details Sheet C	64,000				64,000			64,000
C. TRAINING								
START-UP WORKSHOPS 3 @ \$115,000 (see Sheet B)	345,000				345,000			345,000
NEGOTIATION SKILLS WORKSHOPS 5 @ \$115,000 (see Sheet B)		362,250	126,500	132,825		621,575		621,575
REGIONAL COOPERATION TRAINING 3 @ \$115,000		120,750	126,767	133,127		380,664		380,664
BUY-IN TRAINING		500,000	1,000,000				1,500,000	1,500,000
SUBTOTAL TRAINING	345,000	983,000	1,253,288	265,952	0	1,347,239	1,500,000	2,847,239
D. NEGOTIATIONS AND ANALYSIS								
NEGOTIATION MEETINGS 5 @ \$26,600 (see Sheet B)		124,740	67,120			211,860		211,860
MUTUAL FACT FINDING 5 @ \$100,000 (see Sheet B)		315,000	220,000			535,000		535,000
PEACE PROCESS ANALYTICAL WORK BUY-IN NEGOTIATIONS & ANALYSIS		100,000	100,000	100,000		300,000	1,500,000	300,000
				1,500,000				1,500,000
SUBTOTAL NEGOTIATIONS & ANALYSIS	0	539,740	407,120	1,600,000	0	1,046,860	1,500,000	2,546,860
E. PROJECT IMP. ACTIVITIES 5 @ \$100,000		500,000	500,000			500,000		500,000
F. EVALUATION		75,000		75,000		150,000		150,000
G. AUDIT		12,000	25,000	25,000	25,000	112,000		112,000
H. PROJECT SUBTOTAL	1,030,280	3,411,808	4,628,333	3,167,022	564,435	7,834,855	5,000,000	12,834,855
I. CONTRACT SUBTOTAL	1,023,280	3,111,808	4,301,333	3,067,022	569,435	7,072,855	5,000,000	12,072,855
J. GEN'L & ADMINISTRATION 5% of contract cost	51,163	155,590	215,067	153,361	28,472	353,043	250,000	603,843
K. FIXED FEE (7.5% TOTAL CONTRACT)	80,582	245,056	338,730	241,528	44,843	566,967	383,750	660,737
L. CONTRACT GRAND TOTAL	1,155,005	3,512,450	4,955,129	3,461,902	642,749	7,993,485	5,643,750	13,627,235
M. PROJECT TOTAL	1,167,005	3,612,450	5,180,129	3,561,902	667,749	8,745,485	5,843,750	14,389,235
N. CONTINGENCY	58,360	180,822	259,008	178,065	33,357	437,274	368,250	719,462
O. PROJECT GRAND TOTAL	1,225,365	4,003,072	5,439,138	3,739,967	701,137	9,122,759	6,000,000	15,108,697

Note: All figures include escalation of 5% per year

* Either the water resource specialist or the negotiation specialist may serve as team leader.

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Workshops, Meetings and Analysis

Assumptions:

- (1) workshop duration is 10 days with 20 participants
- (2) negotiations meetings take place over a one year period
- (3) mutually agreed upon data collection/analysis

Item	Amount
A. Workshop .	
2 expatriate consultants salary for 1 month each (fully burdened)	
1 mon x 20,000 x 2	40,000
2 local consultants salary for 1 month each	
1 mon x 3,500 x 2	7,000
2 expatriates intl. travel	
2 trips x 2,500	5,000
2 expatriates intl per diem for 2 weeks	
14 days x 160 x 2	4,480
2 expatriates per diem in Wash. for 1 week	
14 days x 151 x 2	4,228
Workshop site room rent for 10 days	
10 days x 200 /day	2,000
Participant expenses for 10 days (per diem)	
10 days x 160 x 20	32,000
Miscellaneous Travel Costs (insurance, local travel costs, visas, etc.)	10,000
Miscellaneous Workshop Costs (materials, supplies, communication, etc)	10,000
Subtotal	114,708
Say	115,000
B. Meetings (assumes 6 meetings per case)	
Meeting site room rental	
3 days x 200 x 6	3,600
Mediator (1/2 time for 1 year)	
6 mons. x 4,000	24,000
Miscellaneous costs	
2,000 x 6	12,000
Monitoring (salaries, travel and per diem included under TA budget)	
Subtotal	39,600
C. MUTUAL FACT FINDING	
Data collection, data analysis, studies	100,000

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Other Direct Costs and Commodities/Equipment

A. OTHER DIRECT COSTS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
	1.00	1.05	1.10	1.16	1.22	
1. DBA INSURANCE \$2.76 per \$100 of field earnings assumes 30% of time in field						
LONG-TERM						
WATER SPECIALIST	360	756	792	835	876	3621
NEGOTIATION SPECIALIST	360	756	792	835	0	2743
TRAINING SPECIALIST	293	308	322	340	0	1263
SHORT-TERM	1473	2900	3038	3176	1573	12161
SUBTOTAL DBA	2466	4719	4944	5186	2451	19766
2. SOS \$40/month x number of trips	560	924	968	1021	439	3912
3. PASSPORT/VISAS \$50/int'l trip	700	1155	1210	1276	549	4890
4. MEDICAL \$100/int'l trip	1400	2310	2420	2552	1098	9780
5. INOCULATIONS \$25/int'l. trip	350	578	605	638	275	2445
6. COMMUNICATIONS \$800/month	4800	10080	10560	11136	5856	42432
7. REPRODUCTION \$300/month	6000	6300	6600	6960	7320	33180
8. U.S. TRAVEL \$20/month	240	252	264	276	293	1327
9. OFFICE SPACE \$800/month/office x 3 offices x 48 mo	14400	30240	31680	33408	17568	127296
10. EDIT/TRANSLATE/CLERICAL \$250/month x 60 months	3000	3150	3300	3480	3660	16590
SUBTOTAL OTHER DIRECT COSTS	33936	59708	62551	65935	39508	261639
B. EQUIPMENT/COMMODITIES						
COMPUTERS & SOFTWARE (10 X \$400)	40000					40000
FAXES (4 X \$1500)	6000					6000
PRINTER (1 X \$3000)	3000					3000
OFFICE FURNITURE	15000					15000
SUBTOTAL EQUIP/COMM	64000					64000

TRAVEL ANALYSIS

NUMBER OF TRIPS PER YEAR	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
LONG-TERM						
WATER SPECIALIST	2	4	4	4	2	16
NEGOTIATION SPECIALIST	2	4	4	4		14
TRAINING SPECIALIST	2	2	2	2		8
						0
SHORT-TERM	8	12	12	12	7	51
						0
TOTAL	14	22	22	22	9	89

TRAVEL AND PER DIEM Assumes 21 day average per trip (Non inflated)	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Airfare @\$2410 Based on average for 5 cities	33740	53020	53020	53020	21690	214490
Per Diem @\$180 Based on average for 5 cities	47040	73920	73920	73920	30240	299040
Miscellaneous Costs Average \$500/trip	7000	11000	11000	11000	4500	44500
Total Travel and Per Diem	87780	137940	137940	137940	56430	558030

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**DESIGN OF THE PROPOSED ASIA/NEAR EAST BUREAU
WATER RESOURCES POLICY PROJECT: REPORT ON INPUT FROM THE FIELD**

September 30, 1994

PURPOSE OF FIELD VISIT

The purpose of the field visit was to present the proposed Water Resources Policy Project to Missions, host country government institutions, and NGOs; to solicit input on the project design; to determine potential Mission involvement in the project; and to identify governmental and non-governmental organizations which could serve as counterparts in the project.

ORGANIZATION OF THIS REPORT

This report consists of separate sections for each country or territory visited, in the order in which they were visited (Egypt, Jordan, West Bank, and Gaza). Each section discusses Mission involvement in the water sector; priority water policy issues involving disputes, as identified by the Missions and by host country representatives; potential counterpart organizations for project implementation; reactions of Missions and host country representatives to the proposed project; and country-specific design considerations. The report concludes with general observations and recommendations related to project design.

EGYPT

The team (Herb Blank and Marjorie Shovlin, both of ANE/RI/G) visited Egypt from August 20 to 23 and held discussions with the Mission, the Minister of Public Works and Irrigation, other ministry officials (see attached list of contacts) and non-government organizations (NGOs).

Mission Involvement in the Water Sector in Egypt

With a portfolio of over \$2.5 billion in irrigation, wastewater, water supply and water related environmental projects, the Mission is heavily involved in the sector as well as with water issues and policy dialogue. Major policy issues involve irrigation service fees and related legislation involving water user organizations, increased tariffs for water and wastewater, and autonomy for water and wastewater organizations. Additionally, the issue of standards for wastewater reuse for irrigation and the technology to meet those standards have not yet been addressed. The team was particularly impressed with the apparent success of Mission

efforts to strengthen the farmer organizations, and the potential for farmers to be responsible for repaying the capital costs of mesqa (tertiary) level irrigation improvements, as well as paying the full cost of operation and maintenance of tertiary level pumps and related operation and maintenance (O&M) costs.

Priority Water Policy Issues Involving Existing or Potential Disputes in Egypt

Dr. Mahmoud Abu Zeid, the head of the Egyptian Water Resources Research Center, mentioned the following as the important water policy issues involving existing or potential disputes: low quality water and adverse impacts on agricultural and urban users; water scarcity and anticipated future difficulties in allocation; operation of the irrigation system now that the GOE has lifted restrictions on farmers' cropping decisions; cost recovery; water charges to industry; and wastewater treatment standards for irrigation reuse.

Engineer Hussein Elwan (Director of Water Distribution) discussed several problems facing his department which involve water allocation among directorates within the Ministry. There is often conflict between several of the Ministry's nine geographical directorates, representing neighboring governorates. Disputes arise over seasonal allocations of water to neighboring governorates, which the central ministry must mediate. Disputes also arise between directorates and the central Ministry regarding the accuracy of the predicted water needs in the directorates. The disputes are complicated by the lack of accurate data on water requirements (water duty) for the planned crops in the region, and by the lack of calibration of measuring structures, resulting in uncertainty in the actual amounts of water delivered to the districts.

Dr. Abu Zeid discussed the Higher Commission on the Nile, which is composed of representatives by various ministries involved in water resources and chaired by the Ministry of Irrigation. Under this commission there are a number of ad hoc groups involved in investigating policy issues. The Higher Commission may be a good avenue for introducing the concept of conflict resolution and nominating participants to attend seminars on the topic.

Potential Governmental and Non-Governmental Counterparts in Egypt

There are at least two NGOs currently working in the area of conflict resolution, the National Center for Middle East Studies, and the American University of Cairo. There may be others. Additionally, there are several environmental NGOs interested in the use of dispute resolution techniques to resolve environmental problems. The team met with the National Center for Middle East Studies, and had an extended telephone conversation with a representative of a coordinating committee for all Egyptian environmental NGOs.

National Center for Middle East Studies. The team met with the Director of Programs (Mr. Maher Khalifa), the Assistant Director of the Center, and several Center staff. The Center is a non-profit NGO established in 1989, dedicated to the study of social and political issues in the region. Their Board of Directors is comprised of prominent individuals in universities, in the private sector, and former government officials.

They have developed a framework for conflict resolution in Egypt, based on a blending of traditional and Western approaches. They have done this through a series of workshops and seminars in conflict resolution theory and practice, and opportunities for and constraints on the use of Western approaches in the Egyptian context, with participation from a cross-section of prominent Egyptians. Their U.S. counterpart is Search for Common Ground.

The Center conducted an initial seminar in Fayoum in November 1993, attended by twenty-seven individuals representing nine Egyptian institutes and ministries. The participants explored the possibilities of blending Western and traditional conflict resolution approaches, and application to Egyptian problems. Based on this seminar, the Center developed a framework for conflict resolution in the Egyptian context. They went on to conduct a subsequent "train the trainers" workshop in May 1994, and are scheduled to hold a follow-up workshop on September 29 - 30. Many participants have encouraged the Center to create a center for conflict resolution in Egypt.

Environmental NGOs. Egypt has an active environmental NGO community. They recently held elections for a pan-NGO steering committee to coordinate the activities in the environmental sector. The team spoke with Dr. Nimi Taher, a member of the steering committee. She was extremely supportive of the project concept. She suggested that the project could be a good avenue to strengthen NGO input into government activities in the water sector, even if the only NGO role acceptable to the government at this time is as observers. She indicated that the GOE and environmental NGOs generally have excellent relationships, and this type of project could continue to foster those relationships, and help avoid the adversarial stage that US environmental NGOs went through vis a vis the US government.

American University of Cairo. Dr. John Murray, the coordinator of AUC activities in the area of conflict resolution, was in the U.S. during the team's Cairo visit. However, we did have the opportunity to meet with him just before leaving Washington. Many of his ideas were confirmed by the Egyptians we met -- particularly the idea that any project activity would need to be preceded by seminars/workshops which explore conflict resolution concepts in detail, and in which water sector counterparts from other countries describe their experiences with using conflict resolution, before the Egyptians will consider using the project to address specific problems, even on a pilot scale. Murray also stressed the need

to study existing Egyptian conflict resolution approaches before undertaking activities to try new approaches.

Reactions to the Proposed Project Design in Egypt

Government Representatives. Although the Minister of Public Works and Water Resources (Mr. Hadi Radi) was quite skeptical of the project as initially presented, believing that they do not have any conflicts (they have one river, one agency responsible for it, so no disagreements), he sought the advice of Dr. Abu Zied and Mr. Nassr. Both men indicated that they are very interested in conflict resolution and in investigating the application of the concept to water resource issues. They said that things are changing, and if there has been little dispute in the past, the future will be quite different. They recommended that conflict resolution be introduced in a seminar or series of seminars which would "demystify" the concept, and would allow Egyptian water managers to hear from their counterparts in other countries about their experiences with this approach. The Minister was favorable towards this approach.

Dr. Abu Zeid mentioned that the maximum time for such a seminar would be one week for senior officials and 10 days for middle level officials, and that it should be held outside of Cairo, to ensure that the workshop has the participants' full attention. The workshop could build on the conflict resolution framework already developed by the Center for Middle East Studies, and select potential specific problems on which to try out the blended approach¹.

Egyptian NGOs. The response of the Egyptian NGOs with whom we met was very positive, as discussed in the immediately preceding section. They expressed no reservations about the project.

USAID Mission. The Agricultural Office (Clem Weber and staff) seemed most interested in the project, although the Environment Office (Rick Rhoda and staff) and the Secondary Cities program (Al Newman) are also interested. The Ag Office, which manages the irrigation portfolio for the Mission, has encountered many roadblocks to effecting policy reform in the sector. They are not prepared to commit to specific buy-ins at this time, but they anticipate that such opportunities will arise, particularly if the Egyptians favor the

¹ Because of the high level of interest expressed by Dr. Mahmoud Abu-Zied and Dr. Nassr, the team requested that they, as well as the Minister of Public Works and Water Resources, be invited to the September 29 - 30 workshop, and the Center agreed. Wadie Fahim of the Cairo Mission is also interested in attending, and the team will pursue that possibility with Search for Common Ground.

concept following the initial workshops.

Country-Specific Design Considerations for Egypt

The original project concept envisioned developing an appropriate dispute resolution approach through application to a specific water resources problem, thus "learning by doing." This appears to be the optimal approach, though GOE representatives indicated that they need initial workshops and seminars to familiarize them with the concepts, and to share experiences with international counterparts, before committing to using dispute resolution approaches on specific water resources problems. It may be possible to conduct such workshops prior to full project implementation. The advantages and disadvantages of this need further exploration.

Dr. Abu Zied also showed interest in training a small cadre of people within the Ministry in mediation skills. The original project concept envisioned third party impartial from outside of the organizations involved in disputes; however, this is not a prerequisite for successful mediation, particularly for intra-agency disputes, and Dr. Abu Zied's idea should be seriously considered.

JORDAN

The team visited Jordan on August 24 and 25, and held discussions with the Mission, the Secretary General of the Ministry of Water and Irrigation, the Secretary General of the Jordan Valley Authority, the Head of the Water Protection Section of the Ministry of Rural Affairs and the Environment, other government officials (see attached list of contacts) and four semi-governmental or non-governmental organizations.

Mission Involvement in the Water Sector in Jordan

The Mission's principal involvement in the water sector is the Water Quality Improvement Project. This project is still in its early implementation phases (the long term consultant team was fielded in February of 1994). This project is designed to work comprehensively on major issues in the water sector, particularly wastewater treatment and reuse issues facing the Amman municipal area and downstream irrigators in the Jordan valley.

In addition to improvements in the As Samra wastewater treatment plant and work in related water quality areas including pollution prevention and water conservation, the Mission has recently completed a PP amendment which includes additional components.

The project will fund design and construction of a wastewater treatment and reuse system for the town of Wadi Mousa, which is the center of tourism for Petra, and will fund studies, possibly involving a masterplan for additional wastewater treatment facilities for Amman.

In the area of water policy, the project will develop a policy agenda which will serve as a basis for a policy process with the GOJ. The policy agenda will be developed by the consultants in coordination with GTZ which is developing a reorganization plan for the Ministry of Water and Irrigation. By spring of 1995, the consultants expect to prepare background papers on policies which may involve recommended legislation, as well as prioritize policy areas and reach agreement on donor assistance in the policy area.

Ed Stains, the head of the consultant team, has not yet fully thought through the "process" by which consensus will be achieved on the policy agenda and on its implementation. The WRPP could work closely with the Water Quality project to develop such a process, which would engage the various parties who must be on board if the policy agenda is to be fulfilled, and in developing the process by which consensus on difficult and controversial policy changes can be achieved. Ed was supportive of this idea.

Priority Water Policy Issues Involving Existing or Potential Disputes in Jordan

A number of water resource policy issues are or will be addressed by the Mission's Water Quality and Conservation project. Additionally, GTZ, which has recently signed a memorandum of understanding with the USAID project, is working on institutional issues. The types of issues mentioned by Mr. Beni Hani (Secretary General of the Ministry of Water and Irrigation) and others in the mission include: coordination of activities within the Ministry, the Water Authority of Jordan, and the Jordan Valley Authority; water quality including wastewater treatment and reuse; public awareness including education of farmers concerning irrigating with low quality water; efforts to update the water master plan; the value of water in agriculture in relation to other uses; regulations for use of private groundwater wells; municipal water supply issues such as unaccounted for water and water rates; and the growing possibility of direct cooperation with the Israelis.

Potential Semi-Governmental and Non-Governmental Counterparts in Jordan

Two Jordanian institutions are currently cooperating in conducting conflict resolution training for government ministries (Jordan Institute of Public Administration, a quasi-governmental body, and the Royal Scientific Society Department for Disarmament and Security Studies). Two NGOs (the University of Jordan Water Research Center and the Jordanian Environment Society) are heavily involved in the water sector, and interested in participating in the project.

Jordan Institute for Public Administration/Royal Scientific Society. The Jordan Institute for Public Administration and the Royal Scientific Society, in conjunction with US-based Search for Common Ground, have conducted one seminar on strategic management, with a focus on conflict resolution. Undersecretaries/General Directors of twenty-two ministries attended the 5 day workshop in May 1994. This workshop presented conflict resolution theory and principles in the context of strategic planning for public administration, with particular emphasis on communication skills needed for development of common vision. At the request of the GOJ, a second seminar is scheduled for the end of August and Dr. Kayed, the head of JIPA, indicated that he would invite Undersecretary of the Ministry of Water, Mr. Beni Hani, to attend (due to his participation in the Middle East Peace Process, Mr. Beni Hani had not attended the earlier seminar).

The team met with the directors of the JIPA and of the Department for Disarmament and Security Studies of the Royal Scientific Society (Major General (ret.) Mohammad Shiyab). Both were clearly highly capable of acting as counterparts in this project, and were very interested in doing so.

University of Jordan. The team met with Dr. Mohammad Shatenawi and Dr. Fayad of the Water Resources Institute. They were particularly interested in the role of data collection and interpretation in dispute resolution processes. Their organization could provide technical support to policy dialog under this project, and could possibly serve as third party impartial. We were also told by JIPA that the U. of Jordan has two professors specializing in dispute resolution, but we did not meet with them.

Jordanian Environment Society (JES). JES has an ongoing program of public involvement and awareness regarding water issues, funded under the Water Quality and Conservation Project. They are a credible institution with the public, and they work constructively with the government. They initially indicated an interest in playing a role of mediator in this project, but later concluded that this role would eliminate their ability to advocate particular policy changes or approaches. They are interested in participating in the project, and have a particular strength in the area of soliciting community-based input and information.

Reactions to the Proposed Project Design in Jordan

Government Representatives. Undersecretary Beni Hani was initially skeptical of the concept, as was the Minister of Public Works and Water Resources in Egypt. Though he indicated that he is dealing with many conflicts, most of them seem to be intra-agency, and he did not initially view this as fertile ground for the project. Additionally, public participation (e.g. involvement of NGOs in Ministry activities) is already proceeding quite well. However, following additional discussion, and specific examples of potential uses of dispute resolution,

the Undersecretary indicated that he would like to know more. (Subsequent to our meeting, Mr. Beni Hani attended a strategic management/conflict resolution training conducted by JIPA/RSS and Search for Common Ground. We have been informed by the conference organizers that Mr. Beni Hani found the workshop very beneficial, and is seeking ways to have it repeated at the Ministry, at the earliest feasible opportunity.)

The input of the Secretary General of JVA (Dr. Abdel Aziz Weshah) was useful, given that he had attended the first JIPA/RSS/Search for Common Ground workshop, and thus has been exposed to conflict resolution training. He was very positive about the workshop, particularly the joint development of vision statements by the various ministries. He did not relate to it as conflict resolution training, but as strategic planning -- which is the tack explicitly chosen by the workshop organizers, given that people sometimes react negatively to conflict resolution training as such.

The Director of the Water Protection Unit at the Ministry of Rural Affairs and the Environment (Mr. Ahmad Khattab) indicated that the Ministry does not have a large role in water policy -- they are more involved in industrial pollution standard-setting and monitoring -- but he asked us to be sure that his ministry is included in project activities. At present, the Ministry rarely has disagreements with the industries they regulate.

Jordanian Semi-Governmental and Non-Governmental Organizations. The four semi- and NGOs we met with were very supportive of the project design. This is not surprising, given that three of the four are involved in either conflict resolution training, or public participation in general.

USAID Mission. Of the three USAID Missions, the Jordan Mission seemed to have the greatest reservations about the project. They are interested to see how the project does in other countries, and in seeing how the Jordanian water sector reacts to the seminars/workshops, before committing to the project.

Country-Specific Design Considerations in Jordan

The Jordan Mission already has a strong project dealing with water policy reform. Any activities conducted under the new project should be done in coordination with the Mission's Water Quality and Conservation Project.

WEST BANK/GAZA STRIP

Mission Involvement in the Water Sector

The Mission is currently funding a number of activities in the water supply and wastewater areas through grants to PVOs and UNDP. Assistance is being supplied through UNDP and Save the Children to carry out rehabilitation of water supply systems for village systems as well as larger towns such as Nablus and Rafah. Anera has previously assisted the Gaza Municipality through a stormwater collection project and presently has a grant to design the rehabilitation and expansion of the Ramallah wastewater treatment plant as well as design a wastewater reuse system for irrigation. Anera is expected to submit a proposal for construction funding for this project.

Since the signing of the Declaration of Principles and the movement toward autonomy, a number of donors have expanded their involvement in the water sector. In addition to work on infrastructure, the Dutch, Canadians and UNPD are providing assistance for the Water Resources Action Plan (WRAP) which is intended to lay the groundwork for a Palestinian Water Authority. The two year project is being implemented by a steering committee consisting of seven key Palestinians working in the sector. The first activity of the project is to prepare a sector review which will be completed for the next steering committee meeting in September. The committee has identified a number of activities to be conducted under WRAP including a Gaza water resources assessment, a program of community participation, development of a groundwater management model, etc.

Priority Water Policy Issues Involving Existing or Potential Disputes in the West Bank and Gaza

As reiterated in a number of meetings, it may be difficult for the project to identify "internal" water resource issue areas. Even such areas as municipal water distribution and pricing are "international" issues in the sense that Israeli settlers receive water from Palestinian municipal systems, Palestinian villages and municipalities receive water from Israeli controlled wells, settlers are charged subsidized rates for water and various other complex and very localized albeit "transnational" issues. Even if a negotiated agreement is reached over Palestinian water rights, these localized problems are likely to continue for some time. Depending on conditions at the time, and subject to concurrence by USAID and State management, the project may consider addressing some of these types of issues.

The team met with PECDAR representatives and explored several issue areas where the project may be useful. These were limited to issues not involving Israel, and included the areas of appropriate wastewater treatment technologies, quality standards for wastewater reuse for various applications, alternative institutional structures for a Palestinian water authority and improved management of municipal water systems, including programs for reducing unaccounted for water and improving collections of water charges. PECDAR officials indicated interest in the project and wanted to be kept informed as the planning for the project progresses.

The Jerusalem Water Undertaking (JWU) identified regionalization of water and wastewater services as a priority concern, and one where consensus development is an important but difficult factor. The Palestinian Hydrology Group (PHG) expressed a need for a joint Palestinian/Israeli/Jordanian NGO public awareness campaign on the need for regional water management (this may be a transboundary effort which is feasible under this project -- it would be NGO-based, so it would not involve governments, but it might be an interesting and potentially fruitful exercise in developing a common understanding and articulation of the trilateral water issue -- though it would need much clearer purpose and definition than it has at this stage.)

In Gaza the team met with Mr. Hazem Tarazi, the Gaza City engineer, and discussed particular problems of the Gaza strip. Gaza City and neighboring communities have particular problems with separation of sewerage and stormwater, as well as with wastewater treatment facilities. UNRWA has a large office of environmental health which is working on immediate concerns as well as on longer range plans for improving the wastewater and stormwater situation. Mr. Tarazi also discussed the problem of collection of fees as a potential area in which the project could work. The fee collection program in Gaza and elsewhere has been impeded since the intifada but is expected to be addressed by a newly appointed city council. The team also discussed with Mr. Tarazi the need to monitor salinity intrusion and regulate groundwater drilling in the Gaza Strip. This function appears may be taken over by Mr. Ali Wahidi, who the team was unable to meet, of the former Agriculture Department under CIVAD.

Potential Governmental and Non-Governmental Counterparts

The team identified the principal individuals and organizations involved in the water sector and met with the many of them (see attached list). These individuals are represented for the most part on the WRAP steering committee. The proposed Water Resources Policy Project should work with and coordinate project activities with WRAP.

Several of the organizations represented on the WRAP Steering Committee could provide

services to this project. However, they would also likely be parties to many of the issues this project could address. Identifying counterparts which are seen as impartial by all parties will be challenging. It may be preferable to subcontract with an organization not involved in the water sector, but which has experience in the conflict resolution area. For example, the Palestinian Center for Research and Studies (headed by Dr. Khalil Shikaki) does not work in water resources, but is involved in facilitating policy dialog on issues of economic development and democratization, as well as in public opinion polling.

The team met with Dr. E. Sarraj, Director of the Gaza Mental Health Center. Although his main interest and experience is with conflict resolution with families and in traditional tribal matters, he spoke openly about corruption in local government and that corrupt individuals will need to be removed, and transparent accounting of municipal funds instituted, before local citizens trust and financially support the municipal sector.

Reactions to the Proposed Project Design in the West Bank and Gaza

Palestinian Representatives. The initial reaction of most Palestinians was that the root of their water problems is tied to Israeli water policies, and those issues must be addressed if the Palestinian water crisis is to be resolved. However, upon further discussion, most Palestinian representatives indicated that this project could be very helpful in resolving the problems they do have control over, e.g. illegal hook-ups in distribution systems, and setting and collecting water charges. The only exception was the wastewater engineer for the Hebron municipality, who felt that without addressing the problems with the Israeli settlements upstream of Hebron, the municipality could not make progress in improving the water situation. He did, however, ask that Hebron be included in initial project activities, hoping that their situation will have changed enough by that time to make the project approach worthwhile.

USAID Mission. Both the Jerusalem and the Tel Aviv offices were very supportive of the project. They provided substantial assistance in arranging and attending meetings, and had many thoughtful comments on the project design.

Country-Specific Design Considerations

The term "collaborative" needs to be changed, as it has an extremely negative implication in the West Bank and Gaza. "Cooperative" or "participative" are potential alternatives.

There are complicated and changing relationships among individuals and organizations in the Occupied Territories. The project design needs to be flexible enough to accommodate

changing political situations over the life of the project.

Conflict resolution as a concept has already been introduced to many Palestinians in the environment sector, via a seminar sponsored by UNITAR (the training/human resources development arm of the UN) and UNDP, conducted in February 1993. The seminar was intended to expose potential Palestinian negotiators to the concept, and included sections on environmental dispute resolution, communication theory, and role playing exercises in conflict resolution. A number of participants dropped out of the seminar, largely because they felt that it did not consider political sensitivities, but others who attended the full session were very positive about the concepts. The UNDP program manager, who attended all of the sessions, thought that a seminar on conflict resolution would be worthwhile, but introducing the topic through communication theory would be a good approach. Even participants who did not attend the entire seminar, such as Dr. Riyad El-Khoudari, President of Al Azhar University, recognized the value of the concept of conflict resolution, although they were critical of the manner in which the seminar was presented (i.e. examples were not drawn from the region). The UN experience illustrates the importance of designing and conducting project activities with substantial assistance from local individuals and organizations with expertise in conflict resolution.

In West Bank and Gaza there is a particular need to coordinate project activities with a number of Palestinian parties. In addition to PECDAR, the project will need to work closely with individuals on the WRAP steering committee as well as others in the water sector, to assure that the activities selected are appropriate and not duplicative of other activities.

General Conclusions and Observations Related to Project Design

- There is a need to "demystify" the concept of conflict resolution, prior to attempting to address specific problems. In some instances this has taken place through including conflict resolution in a training seminar on public administration or communication. The general consensus is that the introduction of conflict resolution needs to take place in a workshop or seminar setting, possibly involving broader topics and held with water resources policy specialists in each country.
- The "cases" that the project will work on could come out of the workshops/seminars. One unit of the seminars should include a brainstorming session in which the participants identify, prioritize and select a "case" for negotiation under the project.

- There will be a role for local organizations (subcontractors) from the onset of the project. The US contractor will need local consultant organizations to assist in conceptualizing, arranging, motivating, etc. the initial rounds of training and workshops which have the objective of conveying the concept of conflict resolution and selecting the "cases" to be undertaken, as well as identifying parties to the selected conflict and selecting the impartial mediator. The mediator need not be the local subcontractor, rather the mediator should be selected by the parties and then the contractor should recommend to USAID the appropriate means of obtaining the services of that individual.
- There is a need to continue to emphasize that the project "cases" at the early stages of the project probably will deal with domestic issues (unless an appropriate opportunity for transboundary work arises early in the project). In the case of West Bank/Gaza this is particularly difficult due to the fact that Israelis, particularly settlers, are closely connected with Palestinians in terms of domestic water supply and other water issues. There is a need to clarify whether or not the project could be involved in resolving "localized" water distribution issues with Israelis.
- There may be opportunities to work with ongoing USAID-funded projects, should the Missions so desire. In the case of Jordan, there appears to be a good fit between the upcoming policy work under the Water Quality Project and the proposed project. In the case of Egypt, where there is substantial ongoing policy related work, it is less clear how, if at all, the WRPP would interact with the Mission projects. In West Bank/Gaza it is possible that this project may serve as a lead-in to a planned bilateral project.
- Several changes in terminology may be needed. In the West Bank and Gaza, the term "collaboration" is used exclusively to mean cooperation with Israelis at the expense of Palestinians, and thus carries a very negative connotation. In Egypt and Jordan, many people felt that the term "policy", when translated into Arabic, does not reflect what the project will do, because the Arabic translation implies only high-level national policy, and not local or organizational policy.

CONTACTS

EGYPT

USAID

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WEST BANK/GAZA

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M. Shoulin

ANNEX 4

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INFORMATION

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, BUREAU FOR ASIA
AND THE NEAR EAST**

K. Prussner

FROM: Ken Prussner, Acting Director, ANE/NE/DR

SUBJECT: Water Resources Policy Project New Activity Description

ACTION REQUESTED: Approval of the attached New Activity Description (NAD) for the Water Resources Policy Project, authorization to proceed with Project Paper development, and authorization to obligate \$15,000 of PD&S funds for Project Paper development.

BACKGROUND: The ANE Bureau strategies for NE and for Asia call for regional cooperation and problem-solving with respect to water resources issues. With the impending completion of the Irrigation Support Project for Asia and Near East (ISPAN); there is no longer a project or mechanism in the ANE Bureau, nor in Global Bureau, under which to conduct regional cooperation activities in the water sector.

At the same time, with new possibilities for peace in the Middle East, there is an increased need to promote regional collaboration in the water sector, given the transboundary nature of the resource. Additionally, there are several regional water resource conflicts in Asia which may be amenable to resolution before becoming major problems. Therefore, ANE staff is proposing a new regional project which will allow the Bureau to contribute to strategic planning/dispute resolution for this geopolitical resource, both inter-sectorally (competition among urban, agricultural, and environmental water interests within a country) and regionally among countries).

The Congressional Notification is attached. It specifies \$7.25 million of Development Assistance Funds, with an intended FY 1994 obligation of \$500,000, and project completion in FY 1999. The expectation is that the \$7.25 million will be core funds, with additional funds to come from Mission buy-ins, and possibly from buy-ins from Middle East Peace Process (MEPP) funds. (Buy-in potential will be quantified during project paper development).

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PROJECT SUMMARY: The goal of the project is to promote equitable and sustainable water management strategies, policies, and plans in selected countries in the ANE region which are facing serious water shortages and/or conflict over water. The purpose is twofold: 1) to develop, test, and refine processes for water resources strategic planning which are equitable, collaborative, and comprehensive; and 2) to create indigenous individual and institutional capacity in environmental dispute resolution and collaborative strategic planning.

The project will examine several processes for joint water resources problem-solving among competing water users which are currently used in the U.S. and elsewhere, consider their potential applicability to both inter-sectoral and international water resource conflicts in the ANE region, and test the usefulness of such processes in developing comprehensive, collaborative strategic plans (domestic and multi-country).

While significant progress in the creation of comprehensive strategic plans, and in implementation of necessary policy reforms, is expected, finalization of regional strategic plans, and resolution of water resource disputes, is extremely unlikely within the 5 year LOP and \$7.25 million core budget. However, development of collaborative water management/strategic planning processes will, in the long term, make a major contribution to equitable and durable resolution of both inter-sectoral and transboundary water resource conflicts in the region.

The project will develop local capacity for collaborative strategic planning and environmental dispute resolution, which will help ensure sustainability. Strategic planning interventions, policy-related interventions, and special studies will be the primary types of interventions.

Consistent with the purpose, the project will support the U.S. role in the Middle East Peace Process (MEPP), and possibly other activities, for example, the interagency task force on water security (Presidential Decision Directive/NSC-16). State is the USG agency responsible for matters involving international relations; this project will provide a means to support creative, innovative approaches to resolving transboundary water problems (in addition to addressing intersectoral competition over water resources within countries).

DESIGN GUIDANCE: Substantial design guidance is provided in the attached New Activity Description. Particular attention is called to the following:

Pilot nature of project: The project is a pilot project in the sense that it will apply innovative approaches to resolving long-standing and complex problems. The purpose is to determine what existing collaborative strategic planning methods, if any, can be adapted and applied to problems of the region. Project success

should be judged largely by the degree to which the state-of-the-art in collaborative strategic planning in the region is advanced, not by whether or not new plans were completed and implemented. Nonetheless, the project should be working diligently towards the goal of plan development and implementation.

Project management: The Project Review Committee has elected to manage this project via an institutional contractor. However, it may be possible to implement parts of some activities via buy-ins to existing Global Bureau projects which have some relevance to this area.

Relationship to bilateral programs: Informal discussions with several Missions regarding this project have been conducted. Early indications are that several Missions which have bilateral water programs will want to buy-in to the services of this project. This will be encouraged. Significant input into project paper development from interested Missions is anticipated. An estimate of buy-in capacity will be made during project paper development.

Level of guidance to project contractor: The project paper should identify implementation issues which may be unique to this project, and identify any constraints on resolving them, but it should not instruct the contractor on how to proceed. To do so would defeat the purpose of developing and testing new methodologies. For example, the project paper should point out that the task of determining legitimate stakeholders may be more difficult than in other settings, and that USG relationships with the various parties will need to be considered; but it should not tell the contractor how legitimate stakeholders should be determined.

Criteria for selecting project activities: The USAID design team should develop criteria for what types of activities meet the goal and purpose of this project. Where transboundary resource issues (vs. intersectoral issues) are concerned, the design team should work with State to jointly identify such criteria.

Geographical focus: The primary geographical focus of the project is the Levant countries of the Middle East (Jordan, West Bank, Gaza, Israel, Lebanon, and possibly Syria and Turkey). Selected areas in India, Bangladesh, Nepal, and Mekong riparians, possibly will be addressed. Other areas in Asia and the Near East may be addressed if opportunities for achieving project objectives appear particularly fruitful. It is anticipated that the majority of project resources will be devoted to the Near East..

PROJECT APPROVAL AUTHORITY: The attached New Activity Description (NAD) substitutes for a Project Identification Document (PID), in accordance with USAID Interim ANE Project Design Guidance (1/14/94). NAD and Project Paper approval authority should rest with the Assistant Administrator for Asia/Near East, Margaret Carpenter, because this project involves both Asia and the Near East. (The Assistant Administrator has this authority pursuant to

Interim Reorganization Delegation of Authority No. 1, dated October 1, 1993.)

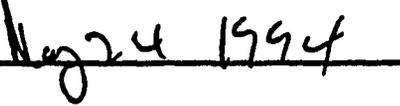
RECOMMENDATION: That you approve the attached New Activity Description for the Water Resources Policy Project, authorize staff to proceed with Project Paper development, and authorize obligation of \$15,000 of PD&S funds for Project Paper development.

Approved: _____

A handwritten signature in black ink, appearing to be "Paul L. L.", written over a horizontal line.

Disapproved: _____

Date: _____

The handwritten date "Aug 24 1994" written in black ink over a horizontal line.

Cleared:

AA/ANE: GLaudato.....	Date.....
AA/ANE: LMorse.....	Date..5/17/94
ANE/NE/ME: RMachmer..... <i>E-mail</i>	Date..5/3/94
ANE/NE/NA: FMiller..... <i>E-mail</i>	Date..5/3/94
ANE/NE/DR/MENA: HBlank.....	Date..5/19/94
ANE/NE/DR: KPrussner.....	Date..5/11/94
ANE/NE/DR/MENA: ZHahn..... <i>E-mail</i>	Date..5/3/94
ANE/NE/DP: TO'Keefe..... <i>E-mail</i>	Date..5/5/94
ANE/NE/DR/ENR GJackson.....	Date..5/11/94
ANE/GC: KHanson..... <i>R. Sacher E-mail</i>	Date..5/6/94
ANE/ASIA/DR/TR TAtwood..... <i>E-mail T. Atwood</i>	Date..5/6/94
ANE/ASIA/DR/TR TMiller..... <i>E-mail</i>	Date..5/5/94
ANE/ASIA/DR/TR KAJones..... <i>KJ</i>	Date..5/11/94
ANE/ASIA/DR/PD CStrickland..... <i>E-mail</i>	Date..5/5/94
ANE/ASIA/DR/PD JDempsey..... <i>E-mail</i>	Date..5/5/94
ANE/ASIA/SA SChernenkoff..... <i>T. S. E-mail</i>	Date..5/6/94
ANE/ASIA/EA JGilmore..... <i>Ross E-mail</i>	Date..5/10/94
ANE/NE/DR/MENA MShovlin..... <i>M</i>	Date..5/10/94

cc: John Wilson, G/R&D/ENR
Jonathan Margolis, State, OES
Charles Lawson, State, NEA

ME
draft HBlank/MCShovlin 4/94

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USAID STATUTORY CHECKLIST

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?
See attached note regarding country eligibility.

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

The Fostering Resolution of Water Resources Disputes (FORWARD) Project is designed to develop, test and refine methods for reducing conflicts over water in the ANE region. Many of these conflicts involve water users and groups of users. An expected outcome of the project is that water users groups be strengthened through participating in the conflict resolution process.

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). n/a

3. Congressional Notification

a. General requirement (FY 1995 Appropriations Act Sec. 515; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to

Congress, has Congress been properly notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)?

n/a

b. Special notification requirement (FY 1995 Appropriations Act Sec. 520): Are all activities proposed for obligation subject to prior congressional notification?

yes

c. Notice of account transfer (FY 1995 Appropriations Act Sec. 509): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

n/a

c. Cash transfers and nonproject sector assistance (FY 1995 Appropriations Act Sec. 536(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

n/a

4. Engineering and Financial Plans (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

n/a

5. Legislative Action (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

n/a

6. Water Resources (FAA Sec. 611(b)): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)?

n/a

7. Cash Transfer/Nonproject Sector Assistance Requirements (FY 1995 Appropriations Act Sec. 536). If assistance is in the form of a cash transfer or nonproject sector assistance:

a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)? n/a

b. **Local currencies:** If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account? n/a

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government? n/a

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? n/a

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government? n/a

8. **Capital Assistance (FAA Sec. 611(e)):** If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively? n/a

9. **Multiple Country Objectives (FAA Sec. 601(a)):** Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e)

improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

See A.1 above.

10. **U.S. Private Trade (FAA Sec. 601(b)):** Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). n/a

11. Local Currencies

a. **Recipient Contributions (FAA Secs. 612(b), 636(h)):** Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. n/a

b. **U.S.-Owned Currency (FAA Sec. 612(d)):** Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? n/a

12. Trade Restrictions

a. **Surplus Commodities (FY 1995 Appropriations Act Sec. 513(a)):** If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? n/a

b. **Textiles (Lautenberg Amendment) (FY 1995 Appropriations Act Sec. 513(c)):** Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel? no

13. **Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3) (as referenced in section 532(d) of the FY 1993 Appropriations Act):** Will funds be used for any program,

project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas? no

14. PVO Assistance

a. Auditing and registration (FY 1995 Appropriations Act Sec. 560): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.? n/a

b. Funding sources (FY 1995 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government? n/a

15. Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision). n/a

16. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage? n/a

17. Abortions (FAA Sec. 104(f); FY 1995

Appropriations Act, Title II, under heading "Population, DA," and Sec. 518):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? (Note that the term "motivate" does not include the provision, consistent with local law, of information or counseling about all pregnancy options including abortion.)

no

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations?

no

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

no

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? (As a legal matter, DA only.)

n/a

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? (As a legal matter, DA only.)

n/a

f. Are any of the funds to be used 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?

no

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

no

18. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

See A.1 above.

19. U.S.-Owned Foreign Currencies

a. **Use of currencies (FAA Secs. 612(b), 636(h); FY 1995 Appropriations Act Secs. 503, 505):** Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.
n/a

b. **Release of currencies (FAA Sec. 612(d)):** Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? n/a

20. Procurement

a. **Small business (FAA Sec. 602(a)):** Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?
yes

b. **U.S. procurement (FAA Sec. 604(a)):** Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section?
yes

c. **Marine insurance (FAA Sec. 604(d)):** If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?
n/a

d. **Non-U.S. agricultural procurement (FAA Sec. 604(e)):** If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)
n/a

e. **Construction or engineering services (FAA Sec. 604(g)):** Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)
n/a

f. **Cargo preference shipping (FAA Sec. 603):** Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry

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cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

n/a

g. Technical assistance (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable?

yes

Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

yes

h. U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

yes

i. Consulting services (FY 1995 Appropriations Act Sec. 559): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

yes

j. Metric conversion (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

n/a

k. Competitive Selection Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

yes

1. **Notice Requirement (FY 1995 Appropriations Act Sec. 568):** Will project agreements or contracts contain notice consistent with FAA section 604(a) and with the sense of Congress that to the greatest extent practicable equipment and products purchased with appropriated funds should be American-made? **yes**

21. Construction

a. **Capital project (FAA Sec. 601(d)):** If capital (e.g., construction) project, will U.S. engineering and professional services be used? **n/a**

b. **Construction contract (FAA Sec. 611(c)):** If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? **n/a**

c. **Large projects, Congressional approval (FAA Sec. 620(k)):** If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress? **n/a**

22. **U.S. Audit Rights (FAA Sec. 301(d)):** If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? **n/a**

23. **Communist Assistance (FAA Sec. 620(h)).** Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? **n/a**

24. Narcotics

a. **Cash reimbursements (FAA Sec. 483):** Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? **n/a**

b. **Assistance to narcotics traffickers (FAA Sec. 487):** Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or

(2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?
n/a

25. Expropriation and Land Reform (FAA Sec. 620(g)): Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? n/a

26. Police and Prisons (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? n/a

27. CIA Activities (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? n/a

28. Motor Vehicles (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? yes

29. Export of Nuclear Resources (FY 1995 Appropriations Act Sec. 506): Will assistance preclude use of financing to finance--except for purposes of nuclear safety--the export of nuclear equipment, fuel, or technology? n/a

30. Publicity or Propaganda (FY 1995 Appropriations Act Sec. 554): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? no

31. Marine Insurance (FY 1995 Appropriations Act Sec. 531): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate? yes

32. Exchange for Prohibited Act (FY 1995 Appropriations Act Sec. 533): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or

employee, expressly prohibited by a provision of United States law? **no**

33. **Commitment of Funds (FAA Sec. 635(h)):** Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? **no**

34. **Impact on U.S. Jobs (FY 1995 Appropriations Act, Sec. 545):**

a. Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business? **no**

b. Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.? **no**

c. Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, or will assistance be for the informal sector, micro or small-scale enterprise, or smallholder agriculture? **no**

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. **Agricultural Exports (Bumpers Amendment) (FY 1995 Appropriations Act Sec. 513(b), as interpreted by conference report for original enactment):** If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers? **n/a**

2. **Tied Aid Credits (FY 1995 Appropriations Act, Title II, under heading "Economic Support Fund"):**
Will DA funds be used for tied aid credits? **no**

3. **Appropriate Technology (FAA Sec. 107):** Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)? **n/a**

4. **Indigenous Needs and Resources (FAA Sec. 281(b)):** Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The Fostering Resolution of Water Resources Disputes (FORWARD) project will substantially involve local parties in resolution of disputes involving water resources. The project will provide training to selected individuals involved in dispute resolution processes.

5. **Economic Development (FAA Sec. 101(a)):** Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?
yes

6. **Special Development Emphases (FAA Secs. 102(b), 113, 281(a)):** Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

The project will promote democratic institutions through participation in dispute resolution processes. The project will also encourage regional cooperation, particularly in the Middle East, under the auspices of various fora including the Multilateral Working Group on Water Resources, one of the five working groups of

the Middle East Peace Process (MEPP), the intergovernmental process for handling the ongoing series of peace talks between Israel and other Arab countries.

7. Recipient Country Contribution (FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)? n/a

8. Benefit to Poor Majority (FAA Sec. 128(b)): If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

The project is designed so that the ultimate beneficiaries are water users, including the poor majority. The project will monitor and document any impacts on these groups.

9. Contract Awards (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? yes

10. Disadvantaged Enterprises (FY 1995 Appropriations Act Sec. 555): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

The Agency target for set-asides is 10% of the value of the contract. This project will meet or exceed that target.

11. Biological Diversity (FAA Sec. 119(g)): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or

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similar protected areas or introduce exotic plants or animals into such areas? n/a

12. Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

a. A.I.D. Regulation 16: Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? yes

b. Conservation: Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity? n/a

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development? no

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry? n/a

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment? yes

13. Energy (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases? n/a

14. Debt-for-Nature Exchange (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public

commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management. n/a

15. Deobligation/Reobligation (FY 1995 Appropriations Act Sec. 510): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified? n/a

16. Loans

a. Repayment capacity (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest. n/a

b. Long-range plans (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities? n/a

c. Interest rate (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? n/a

d. Exports to United States (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest? n/a

17. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national

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economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

See A.1 above.

18. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. **Rural poor and small farmers:** If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made. n/a

b. **Nutrition:** Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people. n/a

c. **Food security:** Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution. n/a

19. Population and Health (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach. n/a

20. Education and Human Resources Development (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource

development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities. n/a

21. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment; n/a

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations; n/a

c. research into, and evaluation of, economic development processes and techniques;
The project will develop conflict resolution techniques in water resources. The project will thereby contribute to economic development through the resolution of conflicts over water resources in the ANE region.

d. reconstruction after natural or manmade disaster and programs of disaster preparedness; n/a

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance; n/a

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development. n/a

22. Capital Projects (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital project, is the project developmentally sound and

will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level? n/a

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. Economic and Political Stability (FAA Sec. 531(a)):
Will this assistance promote economic and political stability? n/a

To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? n/a

2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? n/a

3. Commodity Grants/Separate Accounts (FAA Sec. 609):
If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1995, this provision is superseded by the separate account requirements of FY 1995 Appropriations Act Sec. 536(a), see Sec. 536(a)(5).) n/a

4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1995, this provision is superseded by the separate account requirements of FY 1995 Appropriations Act Sec. 536(a), see Sec. 536(a)(5).) n/a

5. Capital Projects (Jobs Through Exports Act of 1992, Sec. 306): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act. Note, as well, that although a comparable provision does not appear in the FY 94 Appropriations Act, the FY 93 provision applies to, among other things, 2-year ESF funds which could be obligated in FY 94.) n/a

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ATTACHMENT

**Fostering Resolution of Water Resources Disputes Project
(FORWARD Project)****Country Participation**

As a regional project the FORWARD Project will serve the Asia Near East region. The primary missions that are expected to participate in the project are Egypt, Jordan and West Bank/Gaza. Other countries in the ANE region may participate subject to availability of funds and other factors. These include Nepal, Bangladesh and Sri Lanka. The project is not expected to work in those countries not having on-going USAID programs.

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Annex 6

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

**ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR
FOR ASIA AND THE NEAR EAST**

FROM: ANE/ORR, Frank Young *F. J. Young*

SUBJECT: Nationality Waiver for Project Procurement of Local Professional Services

DATE:

Problem: Your approval is required to authorize a nationality waiver from Code 000 (the U.S.) to Code 935 (Special Free World) for the procurement of local professional services exceeding \$250,000 per transaction. The total estimated amount of procurement for local professional services is \$5,300,000.

- (a) Cooperating Country: Asia Regional
- (b) Project Name and Number: Fostering Resolution of Water Resources Disputes (FORWARD) 298-0838
- (c) Nature of Funding: DA
- (d) Description of Services: analyses necessary to build on existing conflict resolution mechanisms and enhance the collaborative problem-solving aspects; socially-, politically-, and culturally-appropriate mediation of water resources disputes; development of effective training materials in native language; other tasks requiring innate knowledge and experience of conflict and conflict resolution in host country cultures.
- (e) Estimated Value of Services: \$5,300,000
- (f) Source: Code 935

Discussion: A nationality waiver is being sought for the procurement of professional services from Code 935 countries in excess of the procurement limit of \$250,000 per transaction. The purpose of the FORWARD project is to (i) assist local parties to

develop, test and refine improved means for national and transboundary joint problem-solving and dispute resolution for environmental issues involving water resources; and (ii) establish and/or enhance indigenous capacity in joint problem-solving and dispute resolution for such water resources issues. The FORWARD project is comprised of two elements: (1) joint problem-solving process development and (2) capacity building for joint problem-solving and dispute resolution.

Extensive local contracting and/or subcontracting for professional services will be required under this project because project success hinges on the ability to build on existing conflict resolution approaches in host countries, and to create improved approaches which are culturally-based, effective, and appropriate. The knowledge and experience necessary to accomplish this for a topic as culture-specific as conflict and conflict resolution generally resides in host country nationals, and rarely in outsiders. Thus, the main U.S. technical assistance contractor (very possibly a joint venture which could involve many possible combinations of firms, universities, NGOs) will need to subcontract or contract with local firms, universities and individuals (there are many possible combinations of local sources) to provide the services that will be required for successful implementation of this project. This will also significantly enhance the capacity-building objectives of this project. Additionally, there is a possibility that for some water resources disputes, parties in conflict may view Free World mediators as more neutral than Americans or host country nationals; this waiver would allow access to such services.

The professional services which are most effectively provided by host country experts include (but are not limited to): analysis of individual and societal attitudes towards conflict and conflict resolution; detailed characterization of past and present approaches to water resources conflict resolution in the region; understanding religious and cultural world-views and traditions which would support or obstruct introduction of collaborative mechanisms for resolving water conflicts; discerning incentives and disincentives on both the individual and institutional level with respect to joint problem-solving; anticipation of positive and negative reactions to proposed changes in conflict resolution approaches; designing socially-, politically-, and culturally-appropriate conflict resolution principles, procedures, and protocols; effective mediation of water resources disputes; development of appropriate and effective training materials, delivered in the native language; etc.

Given the range and importance of these tasks, the project designers anticipate that the main technical assistance contractor will need to establish long-term contractual or subcontractual relationships over the five year project period with one or more local institutions in several countries which would exceed the \$250,000 per transaction limit on procurement of

local professional services. This waiver will be presented for signature together with the project authorization. At this stage, before the issuance of the RFP and receipt of proposals, it is difficult to estimate the likely multi-year funding that would be required to maintain a contractual relationship with a medium to large local firm providing a range of services. However, given the nature of this project with the extensive local expertise, this project could not be successfully implemented within the standing limit of \$250,000 per transaction for local professional services.

Justification and Authority: Pursuant to Handbook 1, Supplement B, Section 5B4a, a waiver of nationality from Code 000 to Code 935 is justified when "procurement in the cooperating country would best promote the objectives of the foreign assistance program". The waiver of nationality is justified for the reasons cited above.

Under Delegation of Authority number 405, you have the authority to waive nationality requirements.

Recommendation: Based upon the justification presented above, it is recommended that you approve the suggested source waiver from AID Geographic code 000 to AID geographic Code 935 for the procurement of professional services. By your approval of this waiver you will be certifying that "Exclusion of procurement from Free World countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program".

Approved: Margaret Carpenter
Margaret Carpenter

Disapproved: _____
Margaret Carpenter

Date: December 6, 1994

Clearances:

GC/ANE:RSarkar
OP/B:GFuller 11/9/94
HNF