

PD-ABA-393

OMANI-AMERICAN JOINT COMMISSION

FOR ECONOMIC AND TECHNICAL COOPERATION

FY 1987 ACTION PLAN

FY 1987 ACTION PLAN

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Introduction:

The Omani-American Joint Commission for Economic and Technical Cooperation was established by an agreement signed in August 1980. This agreement was part of the political/military base access agreements. The agreement established the framework under which the Commission would function to develop and strengthen relations between the two countries by promoting economic and technical cooperation. In furtherance of this understanding U. S. economic assistance is administered at pre-set levels by A.I.D. through the Joint Commission. Toward this end \$25 million in grants and \$45 million in loans have been obligated for four projects and Commission operations. To be responsive to the concerns of both Governments, the Joint Commission program is planned and implemented to be "visible" and developmentally useful. Therefore, programming and management decisions take into account these considerations and the desire to keep the size of the A.I.D. staff in country small.

Strategy Recap:

The Inter Agency review of the FY 1986 Oman Small Program Statement confirmed the Joint Commission's program strategy of concentration in water, education and agriculture (fisheries) sectors as being consistent with Agency priorities and the Bureau's strategy. The Commission's program strategy recognizes the three most critical development problems in Oman; scarcity of water, the need for non-oil sources of revenue and the extreme shortage of educated and trained Omanis.

- In water, the Joint Commission goals and objectives are to assist the Government to develop and manage the country's scarce water resources.
- In the development of non-oil resources of revenues, the Commission goals and objectives are to assist the Oman Government develop its capabilities to plan and manage the development of its vast fisheries resources.
- In education, the Commission goals and objectives are to increase the pool of Omanis with appropriate education and skills in priority development fields.

Implementation of the Commission's program strategy is guided by the management policy of maintaining a small A.I.D. staff working in the Commission. This requires a certain amount of programming discipline to obligate pre-set funding levels and also manage the implementation with a small staff. Therefore, project development focuses on designing multi-year activities and restricting the number of active projects being implemented at one time to four or five.

FY 1987 ANNUAL BUDGET SUBMISSION
 TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$000)
 Country Oman

	FY 1984	FY 1985	--FY 1986--	FY 1987	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP ESTIMATE	AAPL	1988	1989	1990	1991
ESF Total	15,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Grant	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Loan	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000

Introduction

This updates the water resources sections contained in the FY 1986 CDSS Small Program Statement update and the FY 1986 ABS dated May 1985. Since the SPS update was approved, reviewed and approved in February 1984, Joint Commission involvement in the sector has expanded, making it possible to both broaden and sharpen sector goals and objectives. During this period, the Commission has learned a great deal more about this complex sector. As a result the planning for the project being developed for financing in FY 1986 has expanded to a broader sector focus. Finally, the Government of Oman has offered the Commission the opportunity to play a larger role in the sector. This will permit the Commission to offer advice and assistance on institutional and policy issues.

Strategy

Oman is an extremely arid country, with very low and erratic rainfall. Rapid development is putting a severe strain on existing water supplies. The Capital Region is already dependent on desalination plants for its potable water supply. Along the coastal section of Northern Oman where the capital is located, unrestricted well drilling and overpumping of wells has led to saline intrusion. Outside the capital there are no organized sewage disposal systems and within the capital there is only one small overburdened treatment plant serving a very small section of the city.

Water is fundamental to development in Oman. It is also the most serious constraint on economic development. Progress in developing new water sources and conserving existing sources will affect aspects of growth in most other sectors and will strongly influence the course that development takes in the country. Continued economic expansion of the country will require careful conservation and management of this crucial resource and careful planning of investments in the sector.

The Joint Commission goals and objectives in this sector focus on assisting the Government to develop and manage the country's scarce water resources. This will be accomplished by designing and funding a sector project consisting of activities focusing on:

- increasing the pool of knowledge about the country's water resources;
- improving the quantity and quality of water delivered to end-users;
- improving the Government's institutional capability to study, develop and manage its limited water resources.

The project identification and design process is an important component of the Commission's strategy because it has become an integral part of the Government's efforts to develop its Third Five Year Development Plan. It thus provides the opportunity to: call the Government's attention to policy and institutional issues; provide technically sound advice and assistance on how to deal with these issues; and ensure that the new Five Year Plan and the Joint Commission project include the studies, training and investments required to effect positive changes in policies and institutions.

The sector project is likely to include the following components:

- A technology transfer component which focuses on the use of alternate sources of energy and appropriate technologies for providing water in small isolated communities.

Strategy (cont'd)

- an institution-building component which focuses on organizational studies and the development of internal training capacities. (Long and short term training are funded under the Scholarship and Training Project.)
- A water resources management study which will assist the Government in allocating water among competing users and other water resources studies which will focus on the development of hydrological data for wadis which have recharge potential.
- A water supply master plan for the Capital Region.
- One or more capital investment components which focuses on improving water supply system in the Capital Region, medium size cities and/or rural communities.

Milestones and Objectives Reached

- A pilot aquifer recharge dam in Wadi Al Khawd completed on schedule and under budget.
- A preliminary assessment of potential recharge dam sites completed as part of the Joint Commission's new project design effort. (Assessment concluded sites lacked adequate hydrologic information to determine feasibility of recharge structures.)
- A report to the Government of Oman, assessing the water resources situation in Oman, including a detailed assessment of potable water and sewerage, and recommending a program of actions and investments for the Third Five Year Development Plan completed. (This report is the basis for formulating Joint Commission's future involvement in water resources.)
- Government of Oman's preliminary endorsement of the Commission's plans to program the bulk of ESF loan funds during FY 1986 to FY 1990 (the Third Five Year Plan period) to water resources.

Prior Year Objectives and Status

Objectives

Status

Wadi al Khawd Aquifer Recharge Dam Monitoring and Evaluation System installed.

Sub-grant Agreement for the evaluation system signed and contract to install the system and implement the training program is under negotiation. The process of designing the system took longer than anticipated and an amended authorization was required before Sub-grant agreement could be executed.

Objectives (cont'd)

Objectives for FY 1986 and FY 1987

FY 1986

- Complete the installation of the Wadi Al Khawd aquifer recharge dam's monitoring and evaluation system and the training of Omani staff to analyze data from the system.
- Authorize a \$150 million, multi-element, multi-year, water resources development project - obligate the first tranche of ESF funds, a \$15 million loan for Water Resources Development Project.
- Initiate implementation of the new Water Resources Development Project.

FY 1987

- Analyze and disseminate data from the Wadi Al Khawd recharge dam monitoring and evaluating system.
- Obligate the next ESF loan and continue implementation of the Water Resources Development Project.

Narrative

A. Comment on objectives:

Until the PID is drafted, more precise objectives for the Water Resources Development Project cannot be set forth. (See NPDS).

B. Policy Dialogue:

The purpose for which the Joint Commission was established and the resources available to the Commission do not provide it with the financial leverage to initiate policy dialogues, especially in such a complex and politically important sector as water resources. However, the Commission's position within the Government of Oman affords it access to important policy makers. The Commission can, therefore, bring policy and institutional issues to the attention of these officials and offer technically sound advice on how to deal with them. The Joint Commission's effectiveness in influencing policy changes is directly dependent on the interest of the policy makers to which the Commission has access and the soundness of the technical advice given to them.

The Joint Commission is providing a report to the Government of Oman which honestly assesses institutional and policy weaknesses in water resources development, utilization and management. It sets forth detailed recommendations for actions, studies and investments in the next Five Year Plan. The Joint Commission's new Water Resources Project which will begin in FY 1986 will be based on the recommendations of this report and will, therefore, seek to provide the Government of Oman with the technical information required to more effectively develop and manage the country's water resources. Additionally, capital investments under the project will permit the Commission to initiate a dialogue on such important subjects as cost recovery, operations and maintenance and training.

Narrative (cont'd)

Schedule of Actions

FY 1986

Wadi Al Khawd Project

- Complete the one year maintenance period on the Wadi Al Khawd Dam, disburse final payments and close the project.
- Execute AID approved contract for design and supervision of installation/construction of monitoring system and for training of implementing agency staff.
- Execute AID approved contract for construction of flume to measure inflow of surface water behind the dam.
- Collect, analyze and disseminate data from monitoring and evaluation system.

Water Resources Development Project

- Prepare and submit PID - 6/85.
- Contract for consultant services to assist Joint Commission in preparation of PP - 8/85.
- Prepare and submit PP for authorization of project - 12/85.
- Negotiate and execute Project Agreement and obligate \$15 million ESF loan - 3/86.
- Initiate project implementation - 3/86.

FY 1987

- No action Wadi Al Khawd Dam.
- Actions for the Water Resources Development Project will be defined during the design of the project.

FISHERIES

Strategy

- Develop the Fisheries Sector as a non-oil source of income in the national economy through increased investment and activity of private sector entrepreneurs and traditional fishermen.
- Promote the welfare of traditional fishermen through better marketing opportunities, access to more efficient technology and equipment, higher incomes and protecting the fisheries resources.

Milestones and Objectives Reached

- Fisheries Development Project (FDP) authorized and subactivity agreement signed with Oman Government committing \$6.6 million grant and \$10.6 million Oman Government funds.
- Host Country Contract for FDP implementing contractor (Resources Development Associates) signed and field team mobilized.
- Manpower assessment of Directorate General of Fisheries completed (RDA Report #3).

Prior Year Objectives and Status

Objectives

Status

- | | |
|--|---|
| <ul style="list-style-type: none"> -- Design extension program, recruit and train staff. -- Define requirements for management and control of Omani 200 mile economic zone. -- Design one year sample survey of fish catch and recruit and train staff. -- Develop and begin short and long-term training plans. | <p>Extension program designed (RDA Report #8). Three Omani extension agents trained. Low government salaries and shortage of educated Omanis hinder recruitment.</p> <p>Assessment completed and requirements defined (RDA Report #4). Recommendation not implemented to date.</p> <p>Sample survey designed (RDA report #2) Six survey staff recruited, trained and collecting data. Low salaries and lack of Omanis interested in extension work hinder recruitment.</p> <p>Long and short-term training plans formulated. Although plans not yet formally approved 7 long-term Omanis now enrolled in U.S. institutions. Implementation of short-term component delayed until procedures agreed to with MOEYA on handling through Joint Commission Scholarship and Training Project.</p> |
|--|---|

Objectives for FY 1986 - 1987

- Marine Science and Fisheries Center (MSFC) operational.
- Resource Assessment: Fisheries statistical system operational.
- Fisheries extension service operational.
- Directorate General of Fisheries staff enrolled/studying in degree and non-degree training programs.
- April 1985 evaluation report discussed and recommendations accepted.
- Provide advice, information and demonstrations to stimulate private investors to facilitate growth of marketing side of fisheries sector.
- Formulate recommendations for inclusions in Third Five Year Development Plan on development of fisheries.

Narrative

The Joint Commission's only activity in the fisheries sector is the Fisheries Development Project, a five year effort being implemented with \$6.6 million of U.S.G. grant and \$10.6 million Oman Government funds. This project's major policy objectives are (1) the establishment of the optimal sustainable (OYS) and enforcement of fisheries laws that will allow exploitation without depleting the resource and (2) stimulation of private sector investment in fisheries harvesting, processing and marketing. To achieve this the project development strategy is to strengthen the institutional capability of the Directorate General of Fisheries to plan and manage the development of Oman's fisheries. The accomplishment of the project's outputs will establish the technical capability in the areas of resource assessment, surveillance and enforcement, and the use and maintenance of the fisheries resources.

The resources devoted by the Joint Commission to the fisheries sector are too small to provide leverage for a policy dialogue. However, the structure of the Joint Commission, which places it within the Oman Government structure, with its special status being part Oman and U.S. Government, provides an excellent mechanism for surfacing policy issues for discussion by the concerned officials. For example, the Commission's Omani Managing Director reports directly to the Deputy Prime Minister for Financial and Economic Affairs who is also the official to whom the management of the Development Council reports. The Managing Director is also a member of the board of directors of the Fishermen Encouragement Fund.

In addition, a permanent evaluation committee consisting of the Director General of Fisheries, the Managing Director and the U.S. Representative to the Commission (AID Representative) meet periodically to discuss the issues and problems affecting the Fisheries Development Project. The Project's

Narrative (cont'd)

first formal evaluation was completed in April 1985 with the assistance of two consultants from the U.S. National Fisheries Service and the Officer-in-Charge of Oman, Jordan, Lebanon and Syria in AID/Washington. This evaluation report will be used as a basis for a dialogue concerning several major policy issues which are affecting the rational development of the fisheries sector.

Schedule of Actions (FY 1986 - 1987)

FY 1986

Training

- Two Omanis enrolled and studying in graduate programs.
- Seven Omanis enrolled and studying in undergraduate programs.
- Ten Omanis complete applied fisheries (2 year certificate program).
- Nine Omanis complete short-term training programs.
- In-country training programs for 10 Omanis completed.

Resource Assessment

- One-year statistical sample program completed and data analyzed.
- Implementation of long-term statistical program started.

Extension

- Additional extension agents recruited and trained.
- Outboard engine maintenance extension program for Omani fishermen completed.

Marine-Science and Fisheries Center (MSFC)

- Construction of MSFC completed.
- MSFC technical assistance contractor field team mobilized in country.

Marketing

- Marketing information and service program working.
- Consumer education and consumer promotion programs developed and approved.

? → 1985 Evaluation

- Problems and issues highlighted in 1985 Evaluation Report discussed with Government and solutions agreed to and implemented.

Schedule of Actions (cont'd.)

FY 1987

Training

- Seven Omanis enrolled and studying in undergraduate programs.
- Ten Omanis studying Applied Fisheries (2 year certificate program).
- Four office directors complete directors training.

Resource Assessment

- On-board observer program functioning.

Extension

- Safety and new gear extension program completed.

Marine-Science and Fisheries Center (MSFC)

- Research programs started.
- MSFC support staff recruited.

Marketing

- Marketing information and service program working.
- Quality control (freezing/packing, etc.) program being implemented.
- Consumer education and consumer promotion programs developed and approved.
- Program to liaison with the private sector in the commercial fisheries developed.

EDUCATION AND TRAINING

Strategy

Oman is handicapped by an extreme shortage of educated and trained people. This shortage permeates almost all segments of the economy and necessitates the use of expatriates. The Government of Oman has made remarkable progress in establishing a basic education system while sending large numbers of Omanis to study abroad. However, rapid economic growth is exacerbating the situation.

The Joint Commission strategy in this sector is to support Oman Government efforts to increase the pool of educated and trained Omanis by financing activities which will:

- enhance educational opportunities in Oman.
- expand opportunities for training in the U. S. in developmentally important fields.

In support of the first sector goal, the Joint Commission is providing financial support to an Oman Government program to construct modern primary and intermediate schools. In support of the second goal, the Joint Commission is financing both long term academic education at the graduate and undergraduate level and short term training abroad in selected high priority development fields. The Commission is also financing institutional development which will improve the Oman Government's ability to manage its massive scholarship program and centralized management of short term training.

Milestones and Objectives Reached

School Construction for 50 Schools

- Engineering firms selected for all schools.
- Designs completed and approved by AID for all schools.
- Construction contracts let for all schools.

Scholarship and Training

- Technical assistance contractor selected and field team mobilized.

Prior Year Objectives and Status

Objectives

Status

School Construction

- | | |
|--|--|
| -- Construction started for 50 schools. | Construction of 45 schools underway. Construction of remaining 5 will begin in third quarter of FY 1985. Delay due to longer design period, land acquisition problems and three month freeze on issuance of construction tenders. |
| -- Amend loan agreement to expand program and obligate \$15 million for 29 additional schools. | Formal request for expansion of program received and informal agreement reached on schools to be added. Project paper amendment submitted to AID/W. Loan Agreement amendment will be signed third quarter of FY 1985. Delay due to lack of staff time to prepare PP amendment. |

Scholarship and Training

- | | |
|--|--|
| -- Short term training plans for selected ministries in high priority sectors initiated. for selected ministries | Three priority areas selected and preparation of training plan for education sector in progress. Consultant for water resources sector selected. |
| -- Data based management information system designed. | Procurement of computer equipment in process. System design consultant selected. Technically inappropriate response to tenders necessitated revision and re-issue of tender. |
| -- Participants selected for degree training. | Thirty-four undergraduates and three graduates are in training in the U. S. second group of 50 and 15 will be selected shortly. The Ministry of Education is experiencing problems in identifying participants interested in eligible priority development fields. |

FY 1986

School Construction

- Construction of all 79 schools underway.
- 44 schools completed and in operation.
- Approximately 80% of funds disbursed.

Scholarship and Training

- Short term training plans for three priority sectors completed and training programs implemented.
- Two additional sectors selected, training needs assessed, short term training programs formulated and being implemented.
- Data-based, computerized, management information system for scholarship program designed and installed and operational with trained Omani staff.
- 50 new undergraduate and 22 new graduate students studying in the U. S.
- 100 Omanis completed short-term training programs in Oman and 30 in the U. S. and third countries.

FY 1987

School Construction

- Construction of remaining 35 schools completed.
- All FAR disbursements completed.
- Project evaluation completed.

Scholarship and Training

- 66 new undergraduate and 25 new graduate students studying in the U. S.
- 100 Omanis completed short-term training programs in Oman and 30 in the U. S. and third countries.

Narrative

School Construction

The reassessment of the project which took place in preparation for the drafting of the PP amendment for expansion of the program confirmed that, after a slow start, it is proceeding smoothly. This reassessment also reconfirmed that the Oman Government is proceeding with the expansion of its primary school system, including Omanization of the teaching staff and teacher training, in a rational and effective manner. Finally, current data validates the assumptions made at the beginning of the project

Narrative cont'd

regarding the need for the schools. School enrollment is running approximately 30 percent ahead of World Bank projections prepared in 1980. Since the AID contribution to school construction represents only a small percentage of the total investment and since there are no major policy issues connected with the project, no policy dialogue is anticipated.

Scholarship and Training

The project is running somewhat behind schedule because it took longer than anticipated to contract for consultant services. With the consultant's field team fully mobilized, most of the project's activities are proceeding in accordance with revised time tables.

The major problem affecting project implementation of the U. S. undergraduate training component of the project is the difficulty in identifying qualified students interested in studying in fields which have a development impact (e.g. health, education, water resources, agriculture/fisheries). Students who wish to study in these fields tend to go to countries other than the U. S. The students who do go to the U. S. want to study in fields which are not eligible (e.g., petroleum, electronics and computer engineering). The Ministry for Education does little to relate the scholarships it offers to a projection of future manpower needs.

The Joint Commission has used the project as a means of opening a dialogue with ministry officials on the broader issue of using long term training to meet long term manpower needs. As a first step, a project consultant completed a preliminary manpower assessment and reassessed the fields identified as developmentally important in the project. This will provide the basis for further discussions with the Ministry.

Schedule of Actions

FY 1986

School Construction

- Conduct inspections of schools as construction progress reaches the stage at which reimbursement of funds can take place.
- Complete construction of 44 schools.
- Disburse approximately 80% of project funds.

Scholarship and Training

- Procure computer hardware and software for the management information system.
- Design and install the system, and train ministry staff to operate system.
- Complete the training needs assessment in the three high priority sectors; design and implement short term training programs.

Scholarship and Training cont'd

- Identify two more high priority sectors, conduct training needs assessments, and implement short term training programs.
- Conduct mid-project progress evaluation to determine whether project is likely to succeed in achieving project purposes and redesign project as necessary.
- Select 50 undergraduate and 22 graduate students for long term training in the U. S.
- Assist the Government to develop changes in policy and procedures which will relate scholarships issued to projections of manpower needs including incentives to encourage students to study in high priority fields.

FY 1987

School Construction

- Complete construction of all schools.
- Disburse all project funds.
- ? -- Complete project evaluation.

Scholarship and Training

- Select 66 undergraduates and 25 graduates for long term training in the U. S.
- Continue to identify short term training needs and implement short term training programs.

AID PROGRAM IN FY 1987
ANNUAL BUDGET SUBMISSION
TABLE V - PROPOSED PROGRAM RANKING

DISION UNIT

RANK	PROJECT	TITLE	NEW/ CONT	LOAN/ GRANT	PROGRAM FUNDING (\$000)		CUM
					APPROP	INCR	
1.	Omani-American	Joint Commission	0	G	ESF	5,000	35,000
2.	Water Resources	Development	0	L	ESF	<u>15,000</u>	30,000
		TOTAL				20,000	

EVALUATION PLAN

Because the Joint Commission has an agreed initial life span of 10 years with its program being developed and managed using jointly agreed management guidelines, evaluations are more project than program focussed. Since Joint Commission projects have been designed to utilize implementation tools that are not staff intensive (e.g. FAR, limited amount reimbursement, host country contracting, etc.) evaluations necessarily focus on assessing the success of a particular mode of implementation along with determining whether the project is achieving or has achieved its objectives. Problems and issues highlighted in evaluating some projects will provide an excellent opportunity for the Commission to influence development policies, especially in evaluations of fisheries and water resources projects.

To date, the Joint Commission has conducted one project evaluation. With the assistance of two technical experts and an AID/W officer, the first evaluation of the Fisheries Development Project was completed in the third quarter of FY 1985 instead of the third quarter of FY 1986 as planned in the FY 1986 ABS. As a result, policy issues which are affecting the implementation of the project and development efforts in the fisheries sector were identified. Additionally, the mix of inputs being provided by the TA contractor will be adjusted. A similar evaluation of the Scholarship and Training Project is planned for the first quarter of FY 1986. An end of project evaluation of the Wadi al-Khawd Aquifer Recharge Dam Project will assess the implementation methodology in the second quarter of FY 1986. The evaluation of the School Construction Project in the first quarter of 1987 will assess utilization of the FAR methodology as well as the success of the project in meeting the goals and purposes of the project.

WORK FORCE CHANGES

There are no major work force issues to be address. The ceiling of six direct hire employees will continue though FY 1986 and FY 1987. There will, however, be one transfer and replacement of an AID/DH project officer. Since the replacement's job description will include both program (Backstop Code 02) and project management (Backstop Codes 12/94) responsibilities recruitment for this position will not be able to follow the normal personnel advertising procedures. Because the Commission has a small staff all of the AID/DH positions require persons with skills that normally come from more than one backstop code.

The training of the Omani staff will continue in FY 1986 and FY 1987. The two project officers that have worked in the Commission for the past two years will begin graduate training in the U.S. in September 1985. One will obtain an MBA and return to the Commission in the fall of 1986. The other project officer will do graduate studies in manpower planning and return to the Commission in approximately two years. Two assistant project officers have been identified and are expected to begin work in June/July 1985.

Omani-American Joint Commission
for Economic and Technical Cooperation

Staffing Pattern

<u>Job Title/Position Description</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1987</u>	<u>FY 1988</u>
<u>Oman Government Direct Hire</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Managing Director <u>1/</u>	x	x	x	x
<u>U.S. Direct Hire</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
U.S. Representative (AID Rep)	x	x	x	x
Assistant U.S. Representative (Project Officer)	x	x	x	x
Financial/Administrative Officer (Acct Fin Analyst)	x	x	x	x
Program/Project Officer	x	x	x	x
Project Officer/Engineer	x	x	x	x
Secretary	x	x	x	x
<u>Host Country PSCs</u>	<u>10</u>	<u>12</u>	<u>12</u>	<u>12</u>
Project Officer (Capital Proj.) <u>2/</u>	x	x	x	x
Asst Project Officer (Capital Proj.) <u>3/</u>	x	x	x	x
Asst Proj Officer (T.A. proj) <u>4/</u>	x	x	x	x
Asst Proj. Officer(T.A. Proj) <u>3/</u>	x	x	x	x
Assistant Fin & Admin Officer <u>5/</u>	x	x	x	x
Accountant <u>5/</u>	x	x	x	x
Secretary <u>6/</u>	x	x	x	x
Secretary <u>6/</u>	x	x	x	x
Eng/Arabic Sec'y (Trainee) <u>5/</u>		x	x	x
Receptionist (For Security)		x	x	x
Driver <u>5/</u>	x	x	x	x
Janitorial (TCN)	x	x	x	x
TOTAL	<u>17</u>	<u>19</u>	<u>19</u>	<u>19</u>

- 1/ Director General of GCC Affairs and Economic Matters, Deputy PM's Office
2/ Omani National (During Fy 86 Graduate Studies in U.S.)
3/ Omani National new hire last quarter FY 85
4/ Omani National (During FY 86/87 U.S. Graduate Studies in manpower planning.
5/ Omani National
6/ U.S. Local hire

Note: Omani Co-Chairman (Undersecretary of Foreign Affairs) and U.S. Co-Chairman (American Ambassador) not included.

NEW PROJECT DESCRIPTION

PROJECT NUMBER 272-0104

PROJECT TITLE Water Resources Development

PROJECT DOCUMENT SUBMISSION DATES

PID June 30, 1985
 PP December 31, 1985

FUNDING DATA

Source of Funds ESF
 LOP Funding \$75,000,000
 Planned Obligations .

	<u>FY 86</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	<u>FY 90</u>
AID	15,000	15,000	15,000	15,000	15,000
Oman Gov.	15,000	15,000	15,000	15,000	15,000

POTENTIAL IMPLEMENTING AGENCIES

- Public Authority for Water Resources
- Ministry of Electricity and Water
- Ministry of Agriculture and Fisheries
- Water Resources Council
- Development Council

POTENTIAL PROBLEM BEING ADDRESSED

The Sultanate of Oman has experienced very rapid development since 1970. Such rapid development in an arid climate inevitably places strains on the country's crucial and limited resources. The most rapid development has occurred in Northern Oman (which includes the Capital Area) and has resulted in water demands which far exceed the capacity of aquifers serving the region. The increasing and largely uncontrolled extraction of water by pumping mainly for agricultural use has resulted in a situation in which the amount pumped exceeds natural recharge. This has led to a deterioration of water quality, the depletion of aquifers and saline intrusion. The constraints caused by the country's limited natural water resources and the rapid growth in demand are compounded by a lack of coherent planning for the development and use of this crucial resource. At present there is no single agency responsible for the overall coordination of water resources management in the Sultanate. To provide immediate relief, the Government has turned to the expensive alternative of desalination of sea water to provide municipal and industrial water supplies.

New Project Description

Water Resources Development

As water use has increased, the need for improved disposal of wastewater and sewerage has grown. At the moment only the Capital Region has a sufficient number of house connections to warrant a full scale sewerage system. The responsible Oman Government organizations have recently begun developing plans for providing such a system. Little is being done or planned outside the Capital. While the concept of effluent recycling has been accepted by the Government for limited use, there is no coordination between the organizations responsible for sewerage and water.

The Second Five Year Development Plan is nearing completion with mixed results in the water resources area. Little was done during the Plan in sewerage and little was accomplished in rural and small city water supplies. A major expansion of the Capital Region's desalination plant was started during the plan period and will be completed within a year. Some expansion and improvement in the Capital Region's transmission and distribution system was accomplished. The Joint Commission's aquifer recharge project was also started and completed during the plan period. The Government of Oman is becoming increasingly aware of the growing pressure on the country's water resources. Additionally, declining oil prices have forced the Government to borrow to finance a portion of the Second Five Year Plan. This has made the Government more aware of the need for carefully planning the use of the country's financial resources.

The Government of Oman is developing its Third Five Year Plan which is scheduled to begin in January 1986. The various ministries are reviewing the needs of the sectors or portions thereof within their purview and are beginning to develop investment programs. While no formal guidelines have been issued as yet, water resources and sewerage-related activities will receive a very high priority. It is obviously an opportune time for the Joint Commission to plan a major project in the water resources sector. There is much to do in the next plan period and, therefore, much to choose from. Also segments of the Omani Government are becoming aware of the need for policy and institutional changes which provides the opening needed for the Joint Commission to provide advice and assistance on crucial issues.

RELATIONSHIP OF PROJECT TO AID POLICIES AND SPA STRATEGY

The AID Policy Paper, "Domestic Water Supply and Sanitation," makes it clear that an adequate supply of safe drinking water is a basic human need. The paper also states: "Safe, convenient water supply and adequate sanitation is a fundamental component of a broad based economic growth strategy." It is a sector to which AID has given priority over the years in many countries of the world. In the Near East Region the development of water resources has been a central theme in all the countries of the region. The Bureau's current portfolio of projects in the water/wastewater sector now exceeds \$1 billion.

The Omani-American Joint Commission was established in 1980 as part of the political/military base access agreements to administer a jointly funded economic assistance program to which AID contributes loan and grant funds at a preset level. To be responsive to the concerns of both governments,

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the Joint Commission's program is planned and implemented to be "visible" and developmentally useful. A prime consideration in programming is the transfer of appropriate technologies and the application of U.S. expertise to Oman's development problems. Another governing principal is the desire to keep the AID in-country staff small in size. To meet the above criteria, the Joint Commission program has been concentrated in a small number of projects in three high priority development sectors - education, fisheries and water resources. This strategy recognizes the three most critical development problems facing Oman: water scarcity, the need for non-oil revenue sources and the extreme shortage of educated and trained Omanis.

The proposed project concentrates the Joint Commission's resources and U.S. expertise on one of Oman's highest priority development sectors. The Deputy Prime Minister for Economic and Financial Affairs has indicated that he would like the Joint Commission to focus its attention on this area. The project will replace the Joint Commission's other water resources related activity, the Wadi al-Khawd Aquifer Recharge Dam, which will terminate in FY 1986, keeping the number of active projects at the same level. With a heavy front-end project design effort and incremental funding over five years, the Joint Commission's limited staff will be free to focus on program implementation during this period.

The raison d'etre for the existence of the Joint Commission and the magnitude of the resources available through the Commission provide little inherent leverage for a policy dialogue. However, the structure of the Commission, which places it within the Government of Oman, provides the opportunity to call critical issues to the attention of senior level policy makers. The Joint Commission can, therefore, stimulate policy and institutional changes by engaging the attention of these officials and providing them with sound technical advice and assistance. As noted above, there is a growing awareness within the Government of Oman of the need for rational planning, conservation of water resources and institutional changes to support these objectives. The proposed project will be designed to both stimulate consideration of policy and institutional issues and provide the necessary technical advice and assistance on which change can be based.

PROJECT DESCRIPTION

Background

The Joint Commission initiated the search for a project in the water sector over a year ago. The focus of attention was on the concept of aquifer recharge as a means of increasing ground water supplies. To this end, the Commission collaborated with the Public Authority for Water Resources (PAWR) in contracting for a reconnaissance study of eight wadis which appeared to be suitable for recharge structures. The study concluded that a great deal of data collection was required before the feasibility of recharge structures at any of the sites could be determined. The study highlighted the region's urgent need for an enlarged and more secure water supply. The Joint Commission remains committed to supporting the data collection and studies required to determine whether recharge structures

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will be a feasible means of enhancing waters supplies. The monitoring system being installed at the Wadi al-Khawd dam will, over a period of five to ten years, provide needed information on the performance of recharge facilities. Because the development of a recharge project will be a time consuming process and because there are many other investments which must be made to meet the regions's immediate needs for water, the Commission decided to consider a broader project which will address short-term as well as long-term needs.

The initial stages of the project identification phase center on providing assistance to the Government in preparing portions of the Third Five Year Development Plan which involve water resources. A team of consultants has been provided under the WASH Project to: assist the Ministry of Electricity and Water to develop its five year plan proposal; review the sewerage situation and Government plans for investment in this area; and take a close look at the management of Oman's water resources. The report is now in its final draft and will be presented to the Government of Oman in the near future.

As a related element of the five year plan preparation and project design, the Joint Commission plans to provide the services of consultants to the Ministry of Electricity and Water to develop a computer model of the Capital Region's water distribution system. The model will be used to determine the location and sizes of new storage facilities, transmission lines and distribution networks. This data will be used to refine the Ministry's five year investment program and can be used in the development of a Project Paper if the project includes financing for the distribution and storage components of the Capital Region's water system.

The Joint Commission has asked WASH to provide one of the team members and AID/W to provide a project officer to assist in drafting a PID. The draft will provide the basis for a dialogue with the Government of Oman on the specific components to be included in the proposed project. Once agreement has been reached, the PID will be prepared in final form and submitted to Washington for review and approval.

The Project

The project will consist of a number of discrete activities including investments in the construction of potable water systems and a program of studies to increase the Government's ability to develop and manage the country's water resources. Specific activities will be selected from the Third Five Year Plan which is now being developed for implementation beginning in January 1986. Examples of activities likely to be included in the project are:

Preparation of a water supply master plan for the Capital Region.

Design and construction of storage, transmission and distribution infrastructures in the Capital Region.

Feasibility studies, design and construction of water and sewerage systems in medium size towns.

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Design and construction of small water systems and related improvements in sewage disposal in rural towns.

Preparation of national water resources management plan.

Detailed hydrogeologic studies of the wadis which have the potential to supply water for the Batinah Coast, including a study of the possibility of using recharge structures at specific sites.

Training and management assistance for water resources institutions.

A pilot project to test and demonstrate alternate energy sources and appropriate technologies for providing water to isolated communities.

Project Goals

To improve the quality of life generally and health specifically of the people in Northern Oman and the Capital Region.

To transfer appropriate U.S. technologies to Oman.

To demonstrate to the people of Oman the economic benefits to be derived from their country's closer association with the U.S.

Purpose

To assist the Government of Oman to develop, expand and improve potable water supplies and to develop and manage the country's scarce water resources.

Outputs

Improved water resources utilization policies.

Strengthen water resources institutions.

Improved and expanded water distribution systems.

Improved use of existing sources of water and expanded knowledge of water resources.

Inputs

- a. Water Resources Policies - Studies and technical assistance to permit the Omani Government to improve policies and laws which will conserve water and assure its availability to all segments of the population at an affordable cost. This would encompass such areas as water rates, the allocation of water resources among competing uses, the control of pollution in catchment areas, etc.

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Inputs (cont'd.)

- b. Strengthened Institutions - Management and technical assistance, and long and short-term training to strengthen the Omani institutions responsible for locating, producing and delivering water.
- c. Improved and Expanded Water Distribution Systems - Feasibility studies, engineering design and construction services for new or upgraded water storage and distribution facilities. Technical assistance, training, and equipment to improve operations and maintenance.
- d. Improved Use of Existing Water Sources and Expanded Knowledge of Water Resources - Technical assistance, training, studies, the construction of test wells and well fields to increase production of water from existing sources and add to new sources.

PROJECT DESIGN EXPERTISE

The Joint Commission is adequately staffed to manage the design process. A water resources project committee has been formed consisting of the Assistant U.S. Representative, who is also the Commission's Senior Project Officer, the Chief Engineer and an Omani Project Officer with several years' experience and an engineering background. The Commission will require a variety of technical specialists and a resident consultant with broad experience in water resources to assist in the process of designing the various components of the project. To obtain these services the Commission is contemplating a competitively let contract with a consulting firm.

RESOURCE REQUIREMENTS

The Joint Commission proposes to loan to the Government of Oman the \$15 million from ESF it expects to receive each year from FY 1986 to 1990. The Government of Oman, in accordance with its agreement with the U.S. which established the Commission, must at least match the amount obligated by AID. The preliminary estimate of costs for water/wastewater and water resources activities in the next five year plan prepared by the WASH Team totals more than \$500 million. This does not include water related activities of the Ministry of Agriculture and Fisheries. It should not, therefore, be difficult to select activities from the recommended plan investments which meet AID/Omani Government and Joint Commission programming criteria for funding under the project.

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