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PD-AAY-417

# Annual Budget Submission

FY 1990

# JORDAN

July 1988



Agency for International Development  
Washington, D.C. 20523

BEST AVAILABLE

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FY 1989 ANNUAL BUDGET SUBMISSION  
TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT  
(\$000)

	FY 1987	FY 1988	--FY 1989--	FY 1990	-----PLANNING PERIOD-----			
	ACTUAL	ESTIMATE	CP ESTIMATE	AAPL	1991	1992	1993	1994
<u>Economic Support Fund</u>								
TOTAL	111,000 <sup>1</sup>	18,175 <sup>2</sup>	18,000	31,200	32,000 <sup>4</sup>	33,000 <sup>4</sup>	34,000 <sup>4</sup>	35,000 <sup>4</sup>
Grants-East Bank	95,000	11,000	11,000	11,000	21,000	22,000	22,000	22,000
Loans- East Bank	2,000	175	-	-	-	-	-	-
Grants-West Bank	14,000	7,000	7,000	20,200 <sup>3</sup>	11,000	11,000	12,000	13,000
<u>Housing Guarantees</u>								
East Bank	10,000	25,000	25,000	-	25,000	-	-	25,000
West Bank	15,000	-	-	25,000	-	-	25,000	-
<u>Workforce (Per/Year)</u>								
USDH FTE	17.0 <sup>5</sup>	18.0 <sup>5</sup>	18.0 <sup>5</sup>	18.0 <sup>5</sup>	18.0 <sup>5</sup>	18.0 <sup>5</sup>	18.0 <sup>4</sup>	18.0 <sup>5</sup>
USDH PT	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0
USPSC	1.2	1.8	1.0	-	1.0 <sup>6</sup>	1.0 <sup>6</sup>	1.0 <sup>6</sup>	1.0 <sup>6</sup>
FNDH	14.0	14.0	13.2	13.0	13.0	13.0	13.0	13.0
FNPSC	26.0	32.7 <sup>7</sup>	31.3 <sup>8</sup>	30.0	28.0	28.0	28.0	28.0

- <sup>1</sup> FY 87 program for the East Bank consists of \$90.0 million of the FY 85 Supplemental Appropriation Act Funds and \$7.0 million Regular Program, which includes \$370,000 for the Mission's local costs (operating expense).
- <sup>2</sup> Includes a reobligation of \$175,000 from prior years funds.
- <sup>3</sup> This amount includes the remainder (\$13.2 million) of the \$23.0 million funds transfer from other USG Agencies to the Jordan West Bank/Gaza Development Program.
- <sup>4</sup> Fund allocations for the East Bank and West Bank/Gaza Programs reflect the 2:1 historical ratio the Mission has maintained based upon population figures and economic development priorities.
- <sup>5</sup> Includes three regional positions, i.e., Legal Advisor, Economist and Controller.
- <sup>6</sup> This position will be required if construction of the Unity "Maqarin" Dam is authorized.
- <sup>7</sup> Includes two Program Assistant positions in Tel Aviv and Jerusalem for the West Bank program.
- <sup>8</sup> Excluding the two Program Assistant positions (see footnote 7) in Tel Aviv and Jerusalem. AID/W needs to provide additional OE funding and FTEs for these two positions for FY 1989 and the outyears.

FY 1990 ANNUAL BUDGET SUBMISSION  
 TABLE IV - PROJECT BUDGET DATA  
 BUREAU FOR ASIA AND NEAR EAST

278 - JORDAN

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)	FY 87	FY 88	FY 89	FY 90	SPECIAL CODES
OBLIG THRU	PIPE	LINE	ITEMS	ITEMS	ITEMS	
DATE	---TOTAL COST---	OBLIG-	EXPEND-	END OF	OBLIG-	EXPEND-
LIMIT FIN AUTH PLAN	FY 87	ATIONS	ATIONS	ATIONS	ATIONS	ATIONS
<b>ECONOMIC SUPPORT FUND</b>						
278K643	Commodity Import Program	99360	0	0	30651	0
6 85	87 165549 165549	165549	0	0	30651	0
278K644	Cash Transfer	14000	0	0	0	UD
6 87	87 14000 14000	14000	0	0	0	UD
2780LCS	Local Costs Support	370	48	0	0	0
6 87	87 370 370	370	48	0	0	0
2780233	Irbid Water and Sewerage	2500	36	0	0	MA
6 80	80 2500 2500	2500	36	0	0	MA
L 80	80 21000 21000	21000	3908	0	0	MA
2780234	Zarqa Ruseifa Water and Wastewater	5000	719	0	200	MA
6 82	83 5000 5000	5000	719	0	200	MA
L 82	83 10000 10000	10000	6212	0	1131	MA
2780241	Jordan Valley Agricultural Services	6420	300	0	0	0
6 81	87 6420 6420	6420	300	0	0	0
2780243	Groundwater Resources Investigation	5000	38	0	0	MA
6 80	81 5000 5000	5000	38	0	0	MA
2780247	Income Tax Assistance	2000	37	0	0	0
6 81	84 2000 2000	2000	37	0	0	0

(TABLE IV CONTINUED)

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)												
	OBLIG DATE	INIT FIM	PLAN AUTH	TOTAL COST	THRU FY 87	PIPE LINE	EXPENDITURES	END OF FY 88	EXPENDITURES	AAAPL	SPECIAL CODES		
2780253													
Loan Guarantee Program For													
Seal Enterprise Development													
6 88	91			10000			2500	50	7500	2000	700	2000	PE
2780257													
Development Administration Training III													
6 83	84	3000	3000	3000	27	0	27	0	0	0	0	0	FY90: I NONE
2780259													
Water Systems and Services Management													
6 83	84	4000	4000	4000	1814	0	800	0	0	1214	0	0	MA
L 83	84	17000	17175	17000	3853	175	3200	0	0	828	0	0	MA
2780260													
Tech Services and Feasibility Studies IV													
6 84	86	7150	7150	7150	1634	0	1634	0	0	0	0	0	EY PVD PE
2780261													
Management Development													
6 84	84	5000	5000	5000	3888	0	1500	0	0	1300	0	0	FY90: I NONE
2780264													
Highland Agricultural Development													
6 85	90	20500	20500	14700	13498	0	6200	5800	0	6000	0	0	B0
L 85	90	7000	7000	7000	7000	0	1000	0	0	2000	0	0	FY90: I NONE
2780265													
Industrial Development													
6 86	87	9500	9500	9500	9475	0	2239	0	0	1995	0	0	PE
2780266													
Tech Services and Feasibility Studies V													
6 86	90	16000	14000	11353	9592	1000	4500	3647	1700	5000	1900	0	EY PVD PRZ

\*Extension of PACD is in process.

(TABLE IV CONTINUED)

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (1000)										SPECIAL CODES	
	OBLIG	FY 87	FY 1988	FY 1989	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995		
DATE	THRU	PIPE	OBLIG	EXPEND	END OF	OBLIG	EXPEND	AMPL				
INITIAL	FIN	AUTH	PLAN	FY 87	LINE	ATTORNS	FY 88	ATTORNS				
2700267 Development Adm. Training IV												
8 86 90	7500	7500	3100	4099	0	1200	2400	1400	1500	1000	1000	PE
2700270 Primary Health Care Nursing Development												
8 86 87	6500	6500	6500	6342	0	1240	0	0	1290	0	88	
2700271 Amen-Ma'w-Head Sea Road												
8 86 87	25000	25000	25000	23538	0	7150	0	0	8000	0		
2700272 Private Services Sector Development												
8 87 90	10000	10000	3000	3000	2500	3000	4500	1900	3000	1600	1600	PE
2700274 Agricultural Marketing Development												
8 88 90	---	5000	---	---	2500	100	2500	2500	700	0		PE
2700275 Marketing of Birth Spacing												
8 88 89	---	5000	---	---	2500	75	2500	2500	600	0		CS
2700276 School Construction III												
8 83 85	30000	30000	30000	26926	0	18342	0	0	8584	0		
2700277 Private Enterprise Tech Resources Asst I												
8 86 86	10000	10000	10000	8852	0	1470	0	0	2650	0		PE
2700283 Financial Market Improvement												
8 90 91	---	5000	0	0	0	0	0	0	0	2500		PE
2700284 Trade and Investment												
8 90 92	---	10000	0	0	0	0	0	0	0	2000		PE

(TABLE IV CONTINUED)

PROJECT NUMBER AND TITLE	ESTIMATED U.S. DOLLAR COST (\$000)									
	OBLIG	FY 87	FY 88	FY 89	FY 90	FY 87	FY 88	FY 89	FY 90	FY 90
DATE	THRU	PIPE	EXPEND	END OF	OBLIG	EXPEND	ATTORNS	ATTORNS	ATTORNS	ATTORNS
LIMIT FJM	AUTH	PLAN	FY 87	LINE	ATTORNS	ITURES	FY 88	ATTORNS	ITURES	SPECIAL CODES
278K0644A	West Bank Development									
6 88	---	7000	0	7000	0	0	0	0	0	
278K0644B	West Bank Development									
6 89	---	6000	0	0	0	6000	6000	6000	0	UD
278K0644C	West Bank Development									
6 90	---	6000	0	0	0	0	0	0	20200	UD

APPROPRIATION										
TOTAL	409989	464164	390142	248196	18175	153403	28847	18000	83343	31200
GRANT	354989	408989	335142	227223	18000	140214	28847	18000	79384	31200
LOAN	55000	55175	55000	20973	175	13189	0	0	3959	0

COUNTRY TOTAL										
TOTAL	409989	464164	390142	248196	18175	153403	28847	18000	83343	31200
GRANT	354989	408989	335142	227223	18000	140214	28847	18000	79384	31200
LOAN	55000	55175	55000	20973	175	13189	0	0	3959	0

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 1  
FORESTRY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
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NONE

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 2  
INTEGRATED RESOURCE MANAGEMENT

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
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NONE

FY 1990 ANNUAL BUDGET SUBMISSION  
 TABLE IV ATTACHMENT 3  
 BIOLOGICAL DIVERSITY

APPROPRIATION ACCOUNT PROJECT NO. TITLE	L/G	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAFL
1. 278-0264 Highland Ag. Development	G	20,500	0	0	
	L	7,000			
A. Sub Activity: Pilot Range Improvement Demonstration	G	400*	200	125	0
2. Biological Diversity Program					
A. Sub Activity Zubiya Wildlife Reserve	G	200**	25	75	100
Country Total Sub Activities	G	600	225	200	100

\* \$ 75,000 were expended during FY 87.

\*\* Centrally funded project.

FY 1990 ANNUAL BUDGET SUBMISSION  
 TABLE IV ATTACHMENT 4  
 CHILD SURVIVAL

<u>PROJ NO &amp; TITLE</u>	<u>APPN</u>	<u>LOP FUND.</u> (000)	<u>ORT</u> %	<u>IMM</u> %	<u>NUT</u> %	<u>HRB</u> %	<u>OTH/CS</u> %	<u>TOTAL CS</u> %	<u>NON-CS</u> %
MARKETING OF BIRTH SPACING NO. 278-0275									
	CS	5,000	---	---	10%	60%	20%	90%	10%
	HE								
(Africa only)	ADF								
	FN								
	ESF								

(Add continuation sheets as necessary) Health and Child Survival Reporting Schedule is not attached since project has not been authorized or obligated yet.

Definitions - See attachment b

ORT - Oral Rehydration Therapy      HRB - High Risk Birth  
IMM - Immunization                      NUT - Nutrition  
OTH/CS - Other Child Survival

Instructions - Notes

- (1) List only new projects which appear on Table IV for either FY 88, FY 89, or FY 90.
- (2) List total planned LOP funding as shown on Table IV, by functional account, even if only part of project pertains to child survival.
- (3) Percentages under Child Survival categories are percentages of total LOP funding, i.e., percentages would total 100% only if project pertains entirely to those child survival interventions. In the case of the Child Survival Fund, all funding attributions must total 100% distributed among the child survival interventions.
- (4) All new activities in FY's 88, 89, and 90 which include funding for Child Survival activities should appear on the table.
- (5) A project with funding in two functional accounts would be listed under each functional account. LOP funding would be that for the specific functional account.

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 5  
BASIC EDUCATION

APPROPRIATION ACCOUNT PROJECT NO. TITLE	LIFE OF PROJECT	FY 88 ESTIMATE	FY 89 ESTIMATE	FY 90 AAPL
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NONE

FY 1990 ANNUAL BUDGET SUBMISSION  
TABLE IV ATTACHMENT 6  
AIDS

APPROPRIATION/ACCOUNT PROJECT NO. TITLE	LIFE PROJ	FY 88 EST	FY 89 EST	FY 90 AAPL
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NONE

To date, AIDS in Jordan does not pose a major threat. Official GOJ/MOH reports indicate that there are currently only 12 cases of AIDS as a result of blood transfusions which were administered in foreign countries.

AIDS (Not included within Mission OYB)  
WHO Support

NEW PROJECT NARRATIVE

Financial Market Improvement Project (278-0283)

Project Funding: FY 1990 \$2.5 million - Grant  
Life-of-Project Cost: \$5.0 million - Grant  
Appropriation: ESF - \$5.0 million - Grant

Objectives:

The purpose of the project is to stimulate growth in the private sector by expanding the coverage and improving the efficiency and effectiveness of the financial intermediation process. The CDSS places its primary emphasis on the development of the private sector. The proposed Financial Market Improvement Project will contribute directly toward this effort by addressing a major constraint to the growth and development of the private sector - limited access to capital resources and inefficient financial services.

Problems:

The Government of Jordan (GOJ) in its Five-Year Development Plan for 1986-1990 has identified the private sector and the free play of market forces as the basis for growth in its development process. The process of financial intermediation in Jordan has been ineffective in terms of channeling funds into productive investments with the result that growth in the private sector has been stifled. Problems in the financial sector include interest rate ceilings, lack of secondary markets, an ineffective stock exchange, preferential tax treatment for government securities and lack of venture capital resources.

The project will have three major components to improve financial intermediation. First, through studies and analyses, the benefits of more appropriate policies will be set out for government review based on current economic conditions and implicit policy trade-offs. The project will thus be an important vehicle to continue the Mission's policy dialogue on financial market liberalization. Analyses may cover the impact of deregulation of interest rates on the demand and supply of loanable funds, on overall investment, and other macroeconomic variables. The second component will provide technical assistance and training to strengthen and develop secondary financial markets and Jordan's existing stock exchange. Technical assistance and training will likely be furnished in such areas as bond trading, securities registration and transfer, financial analysis and prospectus development, underwriting of new issues, and creation and marketing of mutual funds. Policy changes to reduce impediments to company sale of shares, strengthen public disclosure laws and

regulations concerning shares traded, and improve company financial statements will complement the institutional development.

The final component will be the strengthening and creating, as appropriate, mechanisms for mobilizing and allocating venture capital funds. Technical assistance and training will be provided to improve the operation and scope of the venture capital mechanisms. This assistance will complement the Trade and Investment Project capital funds and build upon the PETRA Project supported venture capital fund. Establishment of high potential growth industries, including those in the service sectors, will be greatly enhanced by new and improved venture capital mechanisms linking technologist/entrepreneur with financial investor through innovative equity participation arrangements.

The expected outputs are:

An increase in the volume and flexibility of the financing made available to the private sector, based on policy and regulatory improvements permitting the use of new financial instruments more appropriate to client needs and improve transactional efficiency of banking sector operations and local equity market;

The establishment of active secondary markets providing improved intermediation between lending institutions and investors; and

Improved disclosure laws and regulations regarding trading in securities.

Target Group:

The target group and the main beneficiaries will be individual entrepreneurs, small and medium sized enterprises which will gain increased access to funds from financial institutions and equity markets. Financial institutions and savers will also benefit from the wider range of risk/yield opportunities for investing monetary assets and financial services in structuring portfolios.

PID Approval Authority:

USAID/Jordan is a fully serviced Mission, including a Regional Economist and a Regional Legal Advisor. Thus, it has the capacity and the capability to approve this PID at post. However, given AID/W interest in the Mission's innovative portfolio of private sector projects, the Mission is not requesting AID/W to provide PID Approval Authority. Thus, PID Approval Authority will remain with AID/W.

NEW PROJECT NARRATIVE

Trade and Investment Project (278-0284)

Project Funding: FY 1990 \$2.0 million - Grant  
Life-of-Project Cost: \$10.0 million - Grant  
Appropriation: ESF \$10.0 million - Grant

Objectives:

The purpose of the project will be to assist private sector enterprises to expand trade and promote investment. The project will build upon the general private sector program which is the centerpiece of the Mission CDSS. The Agency and ANE emphasis on trade and investment promotion will be directly supported by the proposed new project. Additionally, the Mission is presently working on policy and procedural changes in the trade and investment area. Progress is expected in simplification and rationalization of business licensing, greater transparency and speed in approving investment incentives, and simplification of import/export procedures. Also, we will be working on the liberalization of interest rate policy and development of financial markets and the banking sector. Success in these policy reforms will encourage and ease investment financing of new or expanding ventures. On the other hand, the trade regime - particularly highly varied levels of tariff protection and import bans as well as tariff exemptions - will still be an important policy area that needs reform into the 1990's. Studies, evaluations and trials/tests of alternative options for trade regime reform will be included in the project. Coordination and possibly collaboration with the World Bank and the IMF will be required.

Problems:

Jordan is a small country that is dependent on trade to expand its economic activity and meet consumer and industrial demands. With only 2.7 million people, local market demand is often too small to justify even the minimum investments needed for some types of production. Also, the variety and types of items demand by Jordanians is wide. Thus, Jordan has been a strong trading nation for years. However, its balance-of-trade has always been in deficit with exports covering only a small fraction of the total import bill.

These trade imbalances (including a \$200-250 million yearly deficit with the U.S.) have been balanced by worker remittances and large donor, primarily Arab, contributions. Recent trends and future outlook for these two sources of foreign exchange are poor, given the current economic downturn in the Gulf States resulting from depressed oil prices. Further, world prices for phosphates and potash, Jordan's only significant natural resources, remain at historically low levels despite

some increase in the past few months. The outlook for higher prices and demand over the medium term is poor. No other natural resources exist in Jordan.

The role the Government of Jordan (GOJ) plays in promoting trade is passive at best and in many instances discourages exports. Protectionist policies have produced a manufacturing sector which relies more on trade barriers than on producing internationally competitive products. While there is a customs drawback system, few exporters make use of it because of its overly complicated and time consuming procedures. The GOJ export promotion agencies are ineffective and concentrate primarily on countertrade and barter deals with other protected markets most of which suffer from the same problems as Jordan.

At the firm level, there is a lack of export orientation and skills which range from a fear of outside markets to a lack of marketing skills such as product design and packaging, product promotion, knowledge of export procedures, inability to identify and exploit market niches among others. With the drop in demand of many traditional markets in the region, Jordanian companies, which have been relatively successful in "selling" to these traditional markets in the past, are now faced with the need to become more internationally oriented marketers or to look increasingly inward and rely on the protection in Jordan's small market economy. To be successful there must be a significant reorientation of the way Jordanian businessmen and women approach trade.

Information useful for defining trade and investment opportunities is sparse. There is no effective mechanism to assist in identifying market opportunities to assist Jordanian firms who are interested in exporting or to provide advice on how to export to different markets. Jordan's embassies have neither the capabilities nor interest to conduct market research on behalf of Jordanian industry. The Ministry of Industry and Trade is poorly organized for such assistance, and private market research firms are too poorly developed to provide it. The Chambers of Commerce and Industry are not equipped to help exporters. While USAID is providing seed capital to help establish a Trade Council, it is not yet functioning. Export finance is similarly weak. There is no agency in Jordan to provide export insurance to cover country risk, and banks participate only minimally in Central Bank export credit schemes because of the low level of interest allowed and limited rediscount facilities.

Recognition of investment opportunities in Jordan is expanding as the banking system is exposed to project lending based on cash flow and earnings. Venture capital type institutions are being formed and promotion of foreign joint ventures is being strongly encouraged by USAID and other donors. However, there is a need to increase investment and commercialize appropriate technologies in order to expand production and trade.

The objective of the project, then, is to expand trade in the manufacturing and services sector and to increase local and foreign investment so that the capacity of the two sectors can be expanded.

Project Interventions:

The Mission is currently assisting in the establishment of a Trade Council with some 35 manufacturing firms as charter members. GATT's International Trade Center is planning to assist the Ministry of International Trade and Industry's Commercial Centers Corporation in establishing a basic trade information and export opportunities data base. The project will build upon these efforts and expand access to and availability of international market information networks through such possible means as further support to the Trade Council, assistance to the Chambers of Industry and Commerce on how to furnish advise on exporting, pilot development of a commercial attache network for Jordanian embassies, assistance on exporting to the contractors and consulting engineers' association, and other means.

Complementary to this network activity, we will finance the continuation and expansion of the business brokering and international linkage services that will be established as an outcome of the Trade and Investment Mission to the U.S. in May, 1988. Together these two activities should greatly increase information available to Jordanians on trade and investment opportunities.

Policy constraints, primarily in the trade regime, will remain. Studies and seminars on possible reforms will be conducted. Some technical assistance on a new tariff drawback system or in the implementation of an incremental change in the trade regime may also be financed. Other technical assistance for the implementation of the simplification and rationalization of business registration, incentives and custom procedures may also be required.

Three interventions will directly address the investment side of the project purpose. First, and again building upon what will be an ongoing activity (the emerging venture capital funds), the project will provide seed capital to improve, establish or expand commercialization of technology financing. Second, a trade financing program will be established for U.S. capital goods. This activity will operate through commercial channels and like the others build upon an existing activity, i.e. the PRE financed import support facility. Finally, the business brokering activities mentioned above will complement the commercialization of technology and trade programs as well as promote joint venture/licensing arrangements and franchising.

Target Group:

The target group and primary beneficiaries will be Jordanian and U.S. private sector firms that are seeking trade and investment opportunities.

PID Approval Authority:

USAID/Jordan is a fully serviced Mission, including a Regional Economist and a Regional Legal Advisor. Thus, it has the capacity and the capability to approve this PID at post. However, given AID/W interest in the Mission's innovative portfolio of private sector projects, the Mission is not requesting AID/W to provide PID Approval Authority. Thus, PID Approval Authority will remain with AID/W.

AID PROGRAM IN FY 1990  
 ANNUAL BUDGET SUBMISSION  
 TABLE V - PROPOSED PROGRAM RANKING  
 (\$000)

RANK	PROJECT	TITLE	NEW/ CONT	PROGRAM FUNDING (\$000)		
				APPROP	INCR	CUM
1.	278-0272	Private Services Sector Development	O	ESF	1,600	1,600
2.	278-0255	Loan Guarantee Program for Small Enterprise Development	O	ESF	2,000	3,600
3.	278-0283	Financial Market Improvement	N	ESF	2,500	6,100
4.	278-0284	Trade and Investment	N	ESF	2,000	8,100
5.	278-0266	Technical Services and Feasibility Studies V	O	ESF	1,900	10,000
6.	278-0267	Development Administration Training	O	ESF	1,000	11,000
7.	278-K0644	West Bank/Gaza Development Program	O	ESF	20,200	31,200
8.	278-HG005	Low Cost Housing Finance West Bank	O		(25,000)	-

LOCAL CURRENCY USE PLAN

In FY 1988 a formal consulting mechanism was established with the GOJ, through the Ministry of Planning, to negotiate uses of the ESF Commodity Import Program (CIP) local currency generations. A schedule of disbursements was formally agreed to for CYs 1987 and 1988. This schedule coincides with the GOJ fiscal year and will be in force for U.S. FY 1988 and the first quarter of FY 1989.

During the negotiating phase, USAID realized that there was a possibility that counterpart funds might not be budgeted for USAID supported projects given GOJ budget stringencies. Of the \$90 million of local currency programmed, USAID-supported projects are allocated over \$40 million. USAID will continue to negotiate similar agreements for future year generations to assure sufficient counterpart funds remain available.

Table VI shows actual expenditures for CY 1987, amounts approved for CY 1988, and preliminary plans for 1989/1990. Specific allocations are set aside for Trust Fund expenditures to assist in financing USAID Operating Expense costs. Table VI shows the unexpended balances for each year. These balances represent Trust Fund amounts that will be used to supplement Operating Expense Costs in the following year. All local currency generations other than Trust Fund deposits are programmed and expended in the same year in which they were generated.

As part of USAID's effort to coordinate and support other donor activities at the GOJ's request, the Mission explored the possibility of funding local costs of other donor projects with CIP local currency generations. Discussions were held with UNDP, the Federal Republic of Germany, France, Italy, Sweden, Japan and the UK. While these contacts did not result in specific local currency programming during initial negotiations, USAID will maintain contact with bilateral donors on this issue.

Initial programming of local currency does support IBRD activities in water and sewerage, health education and training. USAID and the GOJ have agreed to assess progress of IBRD activities in these areas during reviews of the disbursement of local currency generations.

The impact of local currency support for all currently approved projects will be assessed before additional disbursements are made under any new local currency programs. Based on the joint USAID/GOJ impact reviews, negotiation of amounts planned for expenditure in CYs 1989 and 1990 will be held in late CY 1988.

FY 1990 Annual Budget Submission

Table VI: Expenditures of Local Currency Generations  
(All in the U.S. dollar equivalents, and in \$ millions)

<u>SOURCE/PURPOSES</u>	Calendar Years			
	1987 Actual	1988 Est.	1989 Planned	1990 Prop.
<b>I. <u>Economic Support Fund</u></b>				
<b>A. Public Dev. Activities</b>				
1. Ag. Research/Extension	-	3.0	6.4	7.8
2. Water Systems/Sewage	8.4	23.4	5.0	-
3. Transportation Infrastructure	-	6.0	11.0	11.0
4. Health	-	4.5	1.7	1.7
5. School Construction	0.6	6.0	-	-
6. Education/Training	6.0	33.9	-	-
<b>B. Private Sector Programs</b>				
1. Training	-	-	0.5	0.5
2. Small/Micro Enterprise	-	-	1.5	1.5
<b>C. Other</b>				
1. (GOJ Studies and Education)	-	6.0	-	-
<b>D. AID Operating Expenses (Trust Fund)</b>	<u>1.138</u>	<u>2.077</u>	<u>2.064</u>	<u>1.670</u>
<b>TOTAL ESF LC EXPENDITURES</b>	16.138	84.877	28.164	24.175
<b>UNEXPENDED BALANCE</b>	.937	1.484	1.670	-0-

Note: Planned/Proposed amounts subject to GOJ/USAID formal negotiation and availability of LC deposits to Special Account.

Organization: USAID/Jordan

TABLE VIII(a)  
Narrative

1. Reasons for Increase - FY 89 to FY 90

All trust funds generated from the CIP Agreement are expected to be fully expended during FY 1990 leaving a shortfall of \$472,000, given the AID/W provided FY 1990 OE funding level of \$875,000. As it is unlikely that the Mission will be able to negotiate another trust agreement to finance OE costs without a follow-on CIP program, the Mission believes that the FY 90 OE level will have to be increased. In addition, the entire FY 1991 OE budget will have to be AID/W funded.

The total OE budget, function code 000, for FY 1990 reflects a \$78,000 (or 2.7%) increase over 1989. This is mainly due to a projected cost of \$175,000 associated with USAID's move to the new Embassy compound. The above also accounts for a major portion of the increase in function code 500 costs of \$191,200, (or 27%) over the 1989 level. The function code 100 costs reflect an increase of \$41,200 (or 8%) over the 1989 level due to the increase in education units from 26 to 32, based on the assumption that the average family will have two children attending school.

2. Funding Shortages in FY 1988 and/or FY 1989

USAID does not anticipate any OE funding shortages in either FY 1988 or FY 1989.

3. a. Management Improvements

During the fiscal year, USAID completed the installation of MACS. This resulted in the elimination of one 'accountant' position while providing expanded accounting services to the Mission as well as the 'client' Missions USAIDs, Lebanon and Oman. The automation of the accounting system has enabled the Controller's Office to provide more timely information to Missions management and project officers, thereby facilitating project review and implementation. USAID also plans to automate additional reports to further meet the specific needs of project officers and Mission management during the next fiscal year.

USAID has also been able to improve overall Mission management by implementing automation programs such as paytrack, payroll, datel and personnel. Paytrack has enabled the Mission to track all vouchers to ensure

that they comply with the Prompt Payment Act, while datel has reduced voucher processing by up to ten days. The implementation of the FSN/PSC automated payroll system has reduced the time needed to process this bi-weekly payroll by upto 10 person hours. USAID plans to implement an expendable property program during FY 1989 along with procedures to promote efficiency and reduce waste.

The personnel, travel and procurement (other than supplies) functions (provided under FAAS in FY 1986) which the mission absorbed in FY 1987 have been working smoothly. The procurement and travel functions have been expanded to provide services to projects when necessary facilitating project implementation and saving costs. In March 1988, the Mission gave notice to the Embassy that it will procure its own office supplies beginning October 1, 1988.

In April 1988, the Mission deleted the Deputy Controller position and created an Executive Officer position. This we believe will provide the Mission with the management skills necessary to facilitate the Mission's move to the new Embassy building scheduled to be finished and occupied during FY 1990. Furthermore, the Executive Officer will review and analyze the FAAS budget and the functions provided under same in depth, to ascertain if different ways of conducting business could result in cost savings to USAID.

3. b. Workforce and Program Levels

The projected program and workforce levels are shown in Table I. The OE budget is based on the workforce levels provided by AID/W with the exception of one FNDH position which will be eliminated during FY 1989. The Mission anticipates that the Commodity Import Program (CIP) will be successfully completed during FY 1989 and the related positions (1 American DH, 1 FSN/DH [see above] and 2 FSN/PSCs will be phased out by the end of FY 1989. While the workforce levels for FY 1989 can be reasonably approximated, the workforce levels for FY 1990 and the outyears FY 1991 through 1994 at this stage cannot, given the current uncertainty of program funding levels and the possibility of AID funding for the Maqarin Dam Project and Middle East Peace Negotiations.

We have been unable thus far to fill one USDH position during 1988. Accordingly, our FTEs are approximately the same as that of FY 1987. As the vacant position

is expected to be filled in late FY 1988, we expect an increase in the FY 1989 FTE level. The USDH/PT ceilings were provided by AID/W. While the Mission was informed that the USDH PT FTE for FY 1988 was 2.5 and for FY 1989 and the outyears 3.0, this has now been reduced to 2.0 for all years. USAID will exceed the 2.0 limit for FY 1988 but will make every attempt to meet the FYs 1989 and 1990 allocations. We strongly urge AID/W to increase our allocation for USDH PT FTE to 2.4 for FY 1989.

4. Trust Funds

On May 28, 1986 the Government of Jordan (GOJ) and USAID entered into a Trust Account Agreement providing for Jordanian Dinar deposits into a Special Trust Fund Account, subject to the availability of deposits, established under the Commodity Import Grant Agreement dated September 17, 1985. This agreement was amended on May 21, 1987, and December 24, 1987, respectively.

Based on the aforementioned agreement as amended the GOJ, has deposited a total of JD 1,025,062 (equivalent \$2,998,665) as of March 31, 1988 and is scheduled to deposit a total of JD 1,340,000 (equivalent \$4,000,000) on the dates and in the amounts shown below.

<u>Date</u>	<u>J.D.</u>	<u>\$ Equivalent</u>
April 1, 1988	335,000	1,000,000
July 1, 1988	251,250	750,000
October 1, 1988	251,250	750,000
January 1, 1989	251,250	750,000
April 1, 1989	251,250	750,000
TOTAL	1,340,000	4,000,000
	=====	=====

(Exchange rate for \$ to J.D. is .335)

The total amount of trust funds expected to be received was \$7,125 million. The actual, however, will be \$6,999 million as the "tied-AID credit" of \$3.8 million did not generate equivalent Dinars to the Special Account.

The "Trust Agreement" negotiated in conjunction with the CIP agreement will terminate in FY 1989. Subsequent to this termination, the Mission does not expect to be able to negotiate a trust fund agreement with the Government of Jordan to pay for operating expense costs. The trust fund generations under the CIP agreement are expected to be fully expended during FY 1990.

Organization USAID/JORDAN  
 Budget Plan Code a/

**TABLE VIII - FY 1987 ACTUAL**  
**(\$000)**

<u>Expense Category</u>	<u>Func. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>243.9</u>	<u>0</u>	<u>243.9</u>	<u>74.0</u>	
Other Mission Funded Code 11	U105					
* Education Allowances	U106	84.3		84.3		13.0
Cost of Living Allowances	U108	22.6		22.6		
Other Mission Funded Code 12	U110	1.8		1.8		
* Post Assignment Travel	U111	31.4		31.4	13.2	7.0
* Post Assignment Freight	U112	53.0		53.0	21.2	7.0
* Home Leave Travel	U113	13.0		13.0	9.1	4.0
* Home Leave Freight	U114	10.5		10.5	7.4	4.0
* Education Travel	U115	3.0		3.0		1.0
* R & R Travel	U116	24.3		24.3	23.1	20.0
* Other Code 215 Travel	U117					
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>252.3</u>	<u>170.6</u>	<u>422.9</u>	<u>422.9</u>	
* F.N. Basic Pay	U201	204.7	170.6	375.3	375.3	14.0
* Overtime/Holiday Pay	U202	6.8		6.8	6.8	0.9
All Other Code 11 - F.N.	U203	2.4		2.4	2.4	
All Other Code 12 - F.N.	U204	38.4		38.4	38.4	
Benefits - Former F.N. Pers.	U205					
<u>Contract Personnel</u>	<u>U300</u>	<u>99.0</u>	<u>451.2</u>	<u>550.2</u>	<u>451.2</u>	
* PASA Technicians	U301					
* U.S. PSC Salaries/Benefits	U302	99.0		99.0		1.2
All Other U.S. PSC Costs	U303					
* F.N. PSC Salaries/Benefits	U304		451.2	451.2	451.2	26.0
All Other F.N. PSC Costs	U305					
* Manpower Contracts	U306					
<u>Housing</u>	<u>U400</u>	<u>94.9</u>	<u>276.0</u>	<u>370.9</u>	<u>368.9</u>	
* Residential Rent	U401		256.7	256.7	256.7	16.0
Residential Utilities	U402	62.5	14.4	76.9	76.9	
Maintenance & Renovation	U403	5.8	1.5	7.3	7.3	
* Quarters Allowances	U404					
Residential Furniture/Equip	U405	24.6	3.4	28.0	28.0	
Trans/Freight - Code 311	U406					
* Security Guard Services	U407					
Official Residence Allowance	U408					
Representation Allowance	U409	2.0		2.0		

\* Unit data must be provided.

a/ Dollars: COEA-87-27278-U000  
 CDPA-87-27278-U000  
 CES7-87-27278-U000

TRUST FUNDS: 72 FT 800

Organization USAID/JORDAN  
 Budget Plan Code \_\_\_\_\_

**TABLE VIII - FY 1987 ACTUAL**  
Continued  
 (\$000)

<u>Expense Category</u>	<u>Finc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Unit</u>
<u>Office Operations</u>	<u>U500</u>	<u>478.2</u>	<u>239.7</u>	<u>717.9</u>	<u>642.2</u>	
Office Rent	U501		79.3	79.3	79.3	
Office Utilities	U502	29.5	9.3	38.8	38.8	
Building Maint/Renovation	U503	9.4	10.6	10.0	10.0	
Office Furniture/Equipment	U504	35.3	18.3	53.6	53.6	
Vehicles	U505					
Other Equipment	U506	27.2		27.2	27.2	
Transportation/Freight	U507	3.5	0.5	4.0		
Furn/Equip/Veh Repair/Maint	U508	36.4	26.6	63.0	63.0	
Communications	U509	43.4	26.8	70.2	70.2	
* Security Guard Services	U510	44.6	39.5	84.1	84.1	0.4
Printing	U511	3.2		3.2	3.2	
* Site Visits - Mission	U513	28.5	0.6	29.1	29.1	36.0
* Site Visits - AID/W	U514	55.7		55.7		16.0
* Information Meetings	U515	9.5		9.5	6.0	6.0
* Training Attendance	U516	32.1		32.1	25.0	17.0
* Conference Attendance	U517	12.4		12.4	7.0	7.0
* Other Operational Travel	U518					
Supplies & Materials	U519	60.8	13.9	74.7	74.7	
* Contract Consulting Services	U521					
* Contract Mgt/Prof. Services	U522					
* Special Studies/Analyses	U523					
* All Other Code 25	U524	46.7	24.3	71.0	71.0	3.0
<b>TOTAL OPERATING EXPENSE BUDGET</b>		<u>1168.3</u>	<u>1137.5</u>	<u>2305.8</u>	<u>1959.2</u>	
636(c) Requirements	U601					
<b>TOTAL ALLOWANCE REQUIREMENTS</b>	<b>U000</b>	<u>1168.3</u>	<u>1137.5</u>	<u>2305.8</u>	<u>1959.2</u>	

OTHER INFORMATION

Exchange Rate Used in Calculations 0.348  
 Estimated Inflation Rate - 0 -

U.S. Direct Hire workforce levels: Positions 18  
 Workyears 17

\* Unit data must be provided.

Organization USAID/JORDAN  
 Budget Plan Code COEA-88-27278-U000

TABLE VIII - FY 1988 ESTIMATE  
 (\$000)

<u>Expense Category</u>	<u>Punc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>394.3</u>	<u>0</u>	<u>394.3</u>	<u>77.3</u>	
Other Mission Funded Code 11	U105					
* Education Allowances	U106	146.6		146.6		23.0
Cost of Living Allowances	U108	65.1		65.1		
Other Mission Funded Code 12	U110	2.1		2.1		
* Post Assignment Travel	U111	21.0		21.0	4.2	5.0
* Post Assignment Freight	U112	60.0		60.0	12.0	5.0
* Home Leave Travel	U113	31.5		31.5	15.8	8.0
* Home Leave Freight	U114	27.5		27.5	13.7	8.0
* Education Travel	U115	2.5		2.5		1.0
* R & R Travel	U116	28.0		28.0	26.6	24.0
* Other Code 215 Travel	U117	10.0		10.0	5.0	2.0
<u>Foreign National Direct Hire</u>	<u>U200</u>		<u>430.6</u>	<u>430.6</u>	<u>430.6</u>	
* F.N. Basic Pay	U201		387.5	387.5	387.5	14.0
* Overtime/Holiday Pay	U202		2.0	2.0	2.0	0.5
All Other Code 11 - F.N.	U203					
All Other Code 12 - F.N.	U204		41.1	41.1	41.1	
Benefits - Former F.N. Pers.	U205					
<u>Contract Personnel</u>	<u>U300</u>	<u>206.8</u>	<u>587.1</u>	<u>793.9</u>	<u>587.1</u>	
* PASA Technicians	U301					
* U.S. PSC Salaries/Benefits	U302	175.3		175.3		1.8
All Other U.S. PSC Costs	U303					
* F.N. PSC Salaries/Benefits	U304	30.0	583.1	613.1	583.1	32.7
All Other F.N. PSC Costs	U305	1.5	4.0	5.5	4.0	
* Manpower Contracts	U306					
<u>Housing</u>	<u>U400</u>	<u>62.3</u>	<u>470.6</u>	<u>532.9</u>	<u>483.7</u>	
* Residential Rent	U401		323.3	323.3	323.3	19.0
Residential Utilities	U402		97.7	97.7	97.7	
Maintenance & Renovation	U403		28.6	28.6	28.6	
* Quarters Allowances	U404					
Residential Furniture/Equip	U405	35.1	21.0	56.1	34.1	
Trans/Freight - Code 311	U406	24.0		24.0		
* Security Guard Services	U407					
Official Residence Allowance	U408	1.0		1.0		
Representation Allowance	U409	2.2		2.2		

\* Unit data must be provided.

Organization USAID/JORDAN  
 Budget Plan Code COEA-88-27278-U000

**TABLE VIII - FY 1988 ESTIMATE**  
Continued  
 (\$000)

<u>Expense Category</u>	<u>Pinc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>Office Operations</u>	U500	223.1	588.9	812.0	660.1	
Office Rent	U501		80.6	80.6	80.6	
Office Utilities	U502		47.4	47.4	47.4	
Building Maint/Renovation	U503		8.0	6.0	6.0	
Office Furniture/Equipment	U504	6.1	76.0	82.1	76.0	
Vehicles	U505	36.0		36.0		
Other Equipment	U506		3.0	3.0	3.0	
Transportation/Freight	U507	6.0		6.0		
Furn/Equip/Veh Repair/Maint	U508		60.5	60.5	60.5	
Communications	U509		71.6	71.6	71.6	
* Security Guard Services	U510		132.1	132.1	132.1	6.0
Printing	U511	2.5		2.5	2.5	
* Site Visits - Mission	U513	12.9		12.9	12.9	37.0
* Site Visits - AID/W	U514	20.0		20.0		5.0
* Information Meetings	U515	14.0		14.0	7.0	4.0
* Training Attendance	U516	59.0	23.5	82.5	36.3	33.0
* Conference Attendance	U517	33.6		33.6	19.5	13.0
* Other Operational Travel	U518	28.5		28.5	16.5	53.0
Supplies & Materials	U519	4.5	64.0	68.5	64.0	
* Contract Consulting Services	U521					
* Contract Mgt/Prof. Services	U522					
* Special Studies/Analyses	U523					
* All Other Code 25	U524		24.2	24.2	24.2	-1.0 -
<b>TOTAL OPERATING EXPENSE BUDGET</b>		<u>886.5</u>	<u>2,077.2</u>	<u>2,963.7</u>	<u>2,238.8</u>	
636(c) Requirements	U601					
<b>TOTAL ALLOWANCE REQUIREMENTS</b>	U000	<u>886.5</u>	<u>2,077.2</u>	<u>2,963.7</u>	<u>2,238.8</u>	

OTHER INFORMATION

Exchange Rate Used in Calculations \$ 1.00 = J.D. 0.335  
 Estimated Inflation Rate 2%

U.S. Direct Hire workforce levels: Positions 19  
 Workyears 18

\* Unit data must be provided.

Organization USAID/JORDAN  
 Budget Plan Code \_\_\_\_\_

**TABLE VIII - FY 1989 ESTIMATE**  
 (\$000)

<u>Expense Category</u>	<u>Punc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>U.S. Direct Hire</u>	<u>U100</u>	<u>524.6</u>	<u>0</u>	<u>524.6</u>	<u>93.2</u>	
Other Mission Funded Code 11	U105					
* Education Allowances	U106	185.7		185.7		26.0
Cost of Living Allowances	U108	79.9		79.9		
Other Mission Funded Code 12	U110	3.5		3.5		
* Post Assignment Travel	U111	48.0		48.0	9.6	11.0
* Post Assignment Freight	U112	130.0		130.0	26.0	11.0
* Home Leave Travel	U113	11.0		11.0	5.5	3.0
* Home Leave Freight	U114	9.5		9.5	4.8	3.0
* Education Travel	U115	2.5		2.5		1.0
* R & R Travel	U116	44.5		44.5	42.3	38.0
* Other Code 215 Travel	U117	10.0		10.0	5.0	2.0
<u>Foreign National Direct Hire</u>	<u>U200</u>	<u>0</u>	<u>486.7</u>	<u>486.7</u>	<u>486.7</u>	
* F.N. Basic Pay	U201		378.6	378.6	378.6	13.2
* Overtime/Holiday Pay	U202		2.0	2.0	2.0	0.5
All Other Code 11 - F.N.	U203					
All Other Code 12 - F.N.	U204		40.1	40.1	40.1	
Benefits - Former F.N. Pers.	U205		66.0	66.0	66.0	
<u>Contract Personnel</u>	<u>U300</u>	<u>83.1</u>	<u>605.8</u>	<u>688.9</u>	<u>605.8</u>	
* PASA Technicians	U301					
* U.S. PSC Salaries/Benefits	U302	83.1		83.1		1.0
All Other U.S. PSC Costs	U303					
* F.N. PSC Salaries/Benefits	U304		601.8	601.8	601.8	31.3
All Other F.N. PSC Costs	U305		4.0	4.0	4.0	
* Manpower Contracts	U306					
<u>Housing</u>	<u>U400</u>	<u>84.8</u>	<u>449.1</u>	<u>533.9</u>	<u>476.6</u>	
* Residential Rent	U401		305.4	305.4	305.4	18.0
Residential Utilities	U402		99.6	99.6	99.6	
Maintenance & Renovation	U403		32.7	32.7	32.7	
* Quarters Allowances	U404					
Residential Furniture/Equip	U405	57.6	11.4	69.0	38.9	
Trans/Freight - Code 311	U406	24.0		24.0		
* Security Guard Services	U407					
Official Residence Allowance	U408	1.0		1.0		
Representation Allowance	U409	2.2		2.2		

\* Unit data must be provided.

Organization USAID/JORDAN  
 Budget Plan Code \_\_\_\_\_

**TABLE VIII - FY 1989 ESTIMATE**  
Continued  
 (\$000)

<u>Expense Category</u>	<u>Punc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<u>Office Operations</u>	<u>U500</u>	<u>182.5</u>	<u>522.1</u>	<u>704.6</u>	<u>588.0</u>	
Office Rent	U501		80.6	80.6	80.6	
Office Utilities	U502		48.3	48.3	48.3	
Building Maint/Renovation	U503		6.6	6.6	6.6	
Office Furniture/Equipment	U504		18.0	18.0	11.0	
Vehicles	U505	18.0		18.0		
Other Equipment	U506		3.0	3.0	3.0	
Transportation/Freight	U507	3.0		3.0		
Furn/Equip/Veh Repair/Maint	U508		67.3	67.3	67.3	
Communications	U509	2.3	70.8	73.1	73.1	
* Security Guard Services	U510		134.7	134.7	134.7	6.0
Printing	U511	2.5		2.5	2.5	
* Site Visits - Mission	U513	13.2		13.2	10.6	38.0
* Site Visits - AID/W	U514	24.0		24.0		6.0
* Information Meetings	U515	15.0		15.0	7.5	5.0
* Training Attendance	U516	27.0		27.0	13.5	9.0
* Conference Attendance	U517	60.5		60.5	19.5	20.0
* Other Operational Travel	U518	13.5		13.5	13.5	50.0
Supplies & Materials	U519	3.5	68.6	72.1	72.1	
* Contract Consulting Services	U521					
* Contract Mgt/Prof. Services	U522					
* Special Studies/Analyses	U523					
* All Other Code 25	U524		24.2	24.2	24.2	0.1
<b>TOTAL OPERATING EXPENSE BUDGET</b>		<u>875.0</u>	<u>2063.7</u>	<u>2938.7</u>	<u>2250.3</u>	
636(c) Requirements	U601					
<b>TOTAL ALLOWANCE REQUIREMENTS</b>	<b>U000</b>	<u>875.0</u>	<u>2063.7</u>	<u>2938.7</u>	<u>2250.3</u>	

OTHER INFORMATION

Exchange Rate Used in Calculations  
 Estimated Inflation Rate

\$ 1.00 = JD 0.335  
2 %

U.S. Direct Hire workforce levels:

Positions 19  
 Workyears 18

\* Unit data must be provided.

Organization USAID/JORDAN  
 Budget Plan Code \_\_\_\_\_

**TABLE VIII - FY 1990 REQUEST**  
 (\$000)

<u>Expense Category</u>	<u>Punc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<b>U.S. Direct Hire</b>	<b>U100</b>	<b>565.8</b>		<b>565.8</b>	<b>83.3</b>	
Other Mission Funded Code 11	U105					
* Education Allowances	U106	226.4		226.4		32
Cost of Living Allowances	U108	78.7		78.7		
Other Mission Funded Code 12	U110	4.2		4.2		
* Post Assignment Travel	U111	48.5		48.5	9.7	12.0
* Post Assignment Freight	U112	140.0		140.0	28.0	12.0
* Home Leave Travel	U113	15.0		15.0	7.5	3.0
* Home Leave Freight	U114	12.0		12.0	6.0	3.0
* Education Travel	U115	2.5		2.5		1.0
* R & R Travel	U116	28.5		28.5	27.1	25.0
* Other Code 215 Travel	U117	10.0		10.0	5.0	2.0
<b>Foreign National Direct Hire</b>	<b>U200</b>	<b>421.3</b>	<b>0</b>	<b>421.3</b>	<b>421.3</b>	
* F.N. Basic Pay	U201	378.8	0	378.8	378.8	13.0
* Overtime/Holiday Pay	U202	2.0	0	2.0	2.0	0.5
All Other Code 11 - F.N.	U203					
All Other Code 12 - F.N.	U204	40.5		40.5	40.5	
Benefits - Former F.N. Pers.	U205					
<b>Contract Personnel</b>	<b>U300</b>	<b>50.1</b>	<b>544.0</b>	<b>594.1</b>	<b>594.1</b>	
* PASA Technicians	U301					
* U.S. PSC Salaries/Benefits	U302					
All Other U.S. PSC Costs	U303					
* F.N. PSC Salaries/Benefits	U304	50.1	540.0	590.1	590.1	30.0
All Other F.N. PSC Costs	U305		4.0	4.0	4.0	
* Manpower Contracts	U306					
<b>Housing</b>	<b>U400</b>	<b>96.9</b>	<b>442.8</b>	<b>539.7</b>	<b>482.5</b>	
* Residential Rent	U401		305.4	305.4	305.4	18.0
Residential Utilities	U402		101.6	101.6	101.6	
Maintenance & Renovation	U403		35.8	35.8	35.8	
* Quarters Allowances	U404					
Residential Furniture/Equip	U405	69.7		69.7	39.7	
Trans/Freight - Code 311	U406	24.0		24.0		
* Security Guard Services	U407					
Official Residence Allowance	U408	1.0		1.0		
Representation Allowance	U409	2.2		2.2		

\* Unit data must be provided.

Organization USAID/JORDAN  
 Budget Plan Code \_\_\_\_\_

**TABLE VIII - FY 1990 REQUEST**

Continued  
 (\$000)

<u>Expense Category</u>	<u>Punc. Code</u>	<u>Dollars</u>	<u>Trust Funds</u>	<u>Total</u>	<u>Local Currency Estimate</u>	<u>Units</u>
<b>Office Operations</b>	<b>U500</b>	<b>212.3</b>	<b>683.5</b>	<b>895.8</b>	<b>787.3</b>	
Office Rent	U501		80.6	80.6	80.6	
Office Utilities	U502		51.3	51.3	51.3	
Building Maint/Renovation	U503		180.3	180.3	180.3	
Office Furniture/Equipment	U504	4.3	15.4	19.7	19.7	
Vehicles	U505	18.0		18.0		
Other Equipment	U506		3.0	3.0	3.0	
Transportation/Freight	U507	3.0		3.0		
Furn/Equip/Veh Repair/Maint	U508	27.5	53.5	81.0	81.0	
Communications	U509		74.5	74.5	74.5	
* Security Guard Services	U510		137.4	137.4	137.4	6.0
Printing	U511		2.5	2.5	2.5	
* Site Visits - Mission	U513	15.0		15.0	15.0	38.0
* Site Visits - AID/W	U514	28.0		28.0		7.0
* Information Meetings	U515	18.0		18.0	9.0	6.0
* Training Attendance	U516	32.0		32.0	15.0	10.0
* Conference Attendance	U517	26.0		26.0	13.5	9.0
* Other Operational Travel	U518	15.0		15.0	15.0	50.0
Supplies & Materials	U519	21.0	65.0	86.0	65.0	
* Contract Consulting Services	U521					
* Contract Mgt/Prof. Services	U522					
* Special Studies/Analyses	U523					
* All Other Code 25	U524	4.5	20.0	24.5	24.5	1.0
<b>TOTAL OPERATING EXPENSE BUDGET</b>		<b>1346.4</b>	<b>1670.3</b>	<b>3016.7</b>	<b>2368.5</b>	
636(c) Requirements	0601					
<b>TOTAL ALLOWANCE REQUIREMENTS</b>	<b>0000</b>	<b>1346.4</b>	<b>1670.3</b>	<b>3016.7</b>	<b>2368.5</b>	

OTHER INFORMATION

Exchange Rate Used in Calculations  
 Estimated Inflation Rate

\$ 1.00 - JD 0.335  
2 %

U.S. Direct Hire workforce levels:

Positions 18  
 Workyears 18

\* Unit data must be provided.

Organization USAID/JORDAN

TABLE VIII(b)  
Information on P.N. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
- ADM-TRANS SPEC. TRUST FUND	22.7 10/1/86 TO 9/30/87	23.7 10/1/87 TO 9/30/88	24.2 10/1/88 TO 9/30/89	24.5 10/1/89 TO 9/30/90
- CHAUFFEUR TRUST FUND	10.1 10/1/86 TO 9/30/87	11.3 10/1/87 TO 9/30/88	11.7 10/1/88 TO 9/30/89	12.1 10/1/89 TO 9/30/90
- MAIL CLERK MES. TRUST FUND	13.4 10/1/86 TO 9/30/87	14.6 10/1/87 TO 9/30/88	15.2 10/1/88 TO 9/30/89	15.6 10/1/89 TO 9/30/90
- BUDGET ANALYST TRUST FUND	21.8 10/1/86 TO 9/30/87	21.0 10/1/87 TO 9/30/88	21.8 10/1/88 TO 9/30/89	22.6 10/1/89 TO 9/30/90
- SECRETARY/CONT TRUST FUND	12.1 10/1/86 TO 9/30/87	6.3 10/1/87 TO 3/30/88		
- PROGRAM SPEC.-CIP TRUST FUND	19.6 10/1/86 TO 9/30/87	20.9 10/1/87 TO 9/30/88	21.8 10/1/88 TO 9/30/89	
- PROGRAM SPEC.-CIP TRUST FUND	33.3 10/1/86 TO 9/30/87	35.6 10/1/87 TO 9/30/88	9.2 10/1/88 TO 12/30/88	
- PARTIC. TRG. ASST TRUST FUND	12.8 10/1/86 TO 9/30/87	14.5 10/1/87 TO 9/30/88	15.1 10/1/88 TO 9/30/89	15.7 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND	11.0 10/1/86 TO 9/30/87	11.5 10/1/87 TO 9/30/88	12.1 10/1/88 TO 9/30/89	12.6 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND	12.9 10/1/86 TO 9/30/87	13.6 10/1/87 TO 9/30/88	14.2 10/1/88 TO 9/30/89	14.7 10/1/89 TO 9/30/90

Organization USAID/JORDAN

TABLE VIII(b)  
Information on P.N. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
- VOUCHER EXAMINER TRUST FUND	17.1 10/1/86 TO 9/30/87	16.1 10/1/87 TO 9/30/88	16.7 10/1/88 TO 9/30/89	17.3 10/1/89 TO 9/30/90
- A.D.P. SPEC. TRUST FUND	22.3 10/1/86 TO 9/30/87	27.4 10/1/87 TO 9/30/88	28.6 10/1/88 TO 9/30/89	29.9 10/1/89 TO 9/30/90
- PROG. ADM. SPEC. TRUST FUND	26.5 10/1/86 TO 9/30/87	27.3 10/1/87 TO 9/30/88	28.5 10/1/88 TO 9/30/89	29.8 10/1/89 TO 9/30/90
- SEC/C&R TRUST FUND	11.3 10/1/86 TO 9/30/87	12.3 10/1/87 TO 9/30/88	12.7 10/1/88 TO 9/30/89	13.4 10/1/89 TO 9/30/90
- PROG. ASST. TRUST FUND	6.0 6/1/87 TO 9/30/87	17.9 10/1/87 TO 9/30/88	18.5 10/1/88 TO 9/30/89	19.3 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND	9.9 10/1/86 TO 9/30/87	11.5 10/1/87 TO 9/30/88	12.0 10/1/88 TO 9/30/89	12.5 10/1/89 TO 9/30/90
- ADMIN. ASST. TRUST FUND	9.9 10/1/86 TO 9/30/87	10.4 10/1/87 TO 9/30/88	10.8 10/1/88 TO 9/30/89	11.3 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND	9.3 10/1/86 TO 9/30/87	9.6 10/1/87 TO 9/30/88	12.3 10/1/88 TO 9/30/89	12.8 10/1/89 TO 9/30/90
- ADMIN SEC. TRUST FUND	10.0 10/1/86 TO 9/30/87	12.0 10/1/87 TO 9/30/88	13.2 10/1/88 TO 9/30/89	13.7 10/1/89 TO 9/30/90
- VOUCHER EXAMINER TRUST FUND		7.9 4/1/88 9/30/88	19.0 10/1/88 TO 9/30/89	19.7 10/1/89 TO 9/30/90

Organization USAID/JORDAN

TABLE VIII(b)  
Information on P.N. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
- FIN ADVISOR TRUST FUND	32.6 10/1/86 TO 9/30/87	33.8 10/1/87 TO 9/30/88	35.4 10/1/88 TO 9/30/89	36.6 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND	9.9 10/1/86 TO 9/30/87	9.3 10/1/87 TO 9/30/88	11.7 10/1/88 TO 9/30/89	12.2 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND	9.5 10/1/86 TO 9/30/87	9.7 10/1/87 TO 9/30/88	11.7 10/1/88 TO 9/30/89	12.2 10/1/89 TO 9/30/90
- ECONOMIST TRUST FUND	20.3 2/10/87 TO 9/30/87	31.9 10/1/87 TO 9/30/88	34.1 10/1/88 TO 9/30/89	34.9 10/1/89 TO 9/30/90
- ASST. ADP SPEC. TRUST FUND	10.1 2/08/87 TO 9/20/87	16.7 10/1/87 TO 9/30/88	17.4 10/1/88 TO 9/30/89	18.0 10/1/89 TO 9/30/90
- PROG. SPEC. TRUST FUND	21.1 10/1/86 TO 9/30/87	19.5 10/1/87 TO 9/30/88	20.4 10/1/88 TO 9/30/89	21.2 10/1/89 TO 9/30/90
- ENT. DEV. ADV. TRUST FUND	24.7 3/15/87 TO 9/30/87	48.5 10/1/87 TO 9/30/88	50.0 10/1/88 TO 9/30/89	50.6 10/1/89 TO 9/30/90
- FINANCIAL ANALYST TRUST FUND	8.1 7/5/87 TO 9/30/87	34.9 10/1/87 TO 9/30/88	36.2 10/1/88 TO 9/30/89	37.4 10/1/89 TO 9/30/90
- AGRONOMIST TRUST FUND	12.5 4/12/87 TO 9/30/87	28.4 10/1/87 TO 9/30/88	29.1 10/1/88 TO 9/30/89	29.9 10/1/89 TO 9/30/90
- JANITOR/MES. TRUST FUND		8.1 10/11/87 TO 9/30/88	8.9 10/1/88 TO 9/30/89	9.2 10/1/89 TO 9/30/90
- SECRETARY TRUST FUND		6.1 1/26/88 TO 9/30/88	10.2 10/1/88 TO 9/30/89	10.6 10/1/89 TO 9/30/90

Organization USAID/JORDAN

TABLE VIII(b)  
Information on P.N. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
- CHAUFFEUR TRUST FUND		6.1 1/31/88 TO 9/30/88	10.6 10/1/88 TO 9/30/89	11.0 10/1/89 TO 9/30/90
- CLERK TYPIST TRUST FUND		4.7 2/14/88 TO 9/30/88	8.5 10/1/88 TO 9/30/89	8.9 10/1/89 TO 9/30/90
- PROG. SEC. TRUST FUND	10.4 10/1/86 TO 6/01/87			
- PRG. ASST. TELAVIV DOLLARS		15.0 3/01/88 TO 3/01/89		
- PRG. ASST. JERUSALEM DOLLARS		15.0 3/01/88 TO 3/01/89		
	<u>451.2</u> =====	<u>613.1</u> =====	<u>601.8</u> =====	<u>590.2</u> =====

Organization USAID/JORDAN

TABLE VIII(b)  
Information on U.S. PSC Costs

<u>Job Title/Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
ADMIN SECR. DOLLARS	6.5 6/1/87 7/30/87	16.3 1/31/88 9/30/88	8.1 10/1/88 1/30/89	- - -
PRIVATE SEC ADVISOR DOLLARS	60.0 5/1/87 TO 9/30/87	150.0 10/1/87 TO 9/30/88	75.0 10/1/88 TO 06/1/89	- - -
FINANCIAL & ADMIN OFF. DOLLARS	25.2 5/4/87 8/20/87	9.0 6/25/88 7/25/88	-	-
PROG SPEC./PUB RELATION DOLLARS	7.3 1/18/87 TO 4/30/87	-	-	-

Organization USAID/JORDAN

TABLE VIII(c)  
Manpower Contract Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
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(NOT APPLICABLE )

NO FUNDS ARE BUDGETED FOR FUNCTION CODE U-306

Organization USAID/JORDAN

TABLE VIII(d)  
All Other Code 25 Detail

<u>Description</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
OFFICE BUILD. CLEANING AND JANITORIAL SERV. (ELECTROLUX) TRUST FUND	24.7 10/1/86 9/30/87	- 0 -	- 0 -	- 0 -
VALUE OF ALL OTHER ITEMS (BELOW \$ 10,000) ARE FOR VARIOUS PURCHASE ORDERS AND CONTRACTUAL SERVICES IDENTIFIED BY UNITS ON ESTIMATE BASIS. DOLLARS.	46.3 10/1/86 9/30/87	24.2 10/1/87 9/30/88	24.2 10/1/88 9/30/89	24.5 10/1/89 9/30/90
	<u>71.0</u>	<u>24.2</u>	<u>24.2</u>	<u>24.5</u>

Organization USAID/JORDAN

**TABLE VIII(e)**  
**Obligations for Acquisition, Operation**  
**and Use of Information Technology Systems**

<u>Item and Explanation</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
<b>1. Capital Investment:</b>				
<b>A. Purchase of Hardware</b>				
7 WANG WORKSTATION				
2 WANG DOT MATRIX PRINTERS	26.3			
1 HP PLOTTER				
1 WANG PC-1 WORKSTATION		6.0	5.0	
<b>B. Purchase of Software</b>				
VS/PC FILE SHARER				
VS DATA BASE PROGRAM	0			
MIRAGE GRAPHICS		10.0		5.0
<b>C. Site Facility</b>				
COMPUTER SIGHT PREPARATION	14.0			
UPS SYSTEM		25.0		
MOVING TO NEW EMB. BLDG				25.0
SUBTOTAL Section 1	<u>40.3</u>	<u>41.0</u>	<u>5.0</u>	<u>30.0</u>
<b>2. Personnel:</b>				
<b>A. Compensation, Benefits, and Travel</b>				
	33.0	37.0	48.0	35.0
<b>B. Workyears</b>				
	2.0	2.0	2.0	2.0
<b>3. Equipment Rental, Space and Other Operating Costs:</b>				
<b>A. Lease of Equipment</b>				
	0	0	0	0
<b>B. Space</b>				
	4.0	4.0	4.0	8.0
<b>C. Supplies and Materials</b>				
	14.9	10.0	15.0	20.0
	0	0	0	0
<b>D. Non-Commercial Training</b>				
	18.9	14.0	19.0	28.0
SUBTOTAL Section 3	<u>18.9</u>	<u>14.0</u>	<u>19.0</u>	<u>28.0</u>

Organization USAID/JORDAN

TABLE VIII(e)  
(Continued)

<u>Item and Explanation</u>	<u>FY 1987</u>	<u>FY 1988</u>	<u>FY 1989</u>	<u>FY 1990</u>
<b>4. Commercial Services:</b>				
A. Computer Time				
B. Leased Telecommunications Services				
C. Operations and Maintenance				
(1) Operations				
(2) Maintenance:				
Other than WANG				
WANG (local funding)	40.0	48.0	54.0	65.9
WANG (A.I.D./W funding)				
D. Systems Analysis and Programming				
E. Systems Design and Engineering				
F. Studies and Other				
SUBTOTAL Section 4	<u>40.0</u>	<u>48.0</u>	<u>54.0</u>	<u>65.0</u>
<b>5. TOTAL DOLLARS</b>	<u>132.2</u>	<u>140.0</u>	<u>126.0</u>	<u>178.0</u>
<b>TOTAL WORKYEARS (from item 2A)</b>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
<b>6. Mission Allowance Levels:</b>				
A. Existing Systems (2A, 3 AND 4)	91.9	99.0	121.0	158.0
B. New/Expanded Systems	132.2	140.0	126.0	178.0
(1, 2 A, 3 AND 4)				

NARRATIVE ON INFORMATION TECHNOLOGY SYSTEMS

A. Computer Usage in Priority Order

1. MACS (Mission Accounting Control System)
2. Word Processing.
3. Pipeline Analysis (MACS)
4. Project Monitoring & Budgeting (MACS).
5. PayTrack (Voucher Payment Tracking).
6. Datel
7. Spread Sheeting (Lotus 1-2-3).
8. CDSS (Country Development Strategy Statement).
9. ABS Report (All Offices).
10. Payroll PSC, FSN (DBase III Plus, Lotus, 1-2-3)
11. Quarterly Project Implementation Status Reports (WP).
12. Commodity Import Program (CIP) (WP, MACS, and Lotus 1-2-3)
13. C&R Library Indexing (DATA Base).
14. PP (WP).
15. PID (WP).
16. Accounting for Commodity Loans and Recuperation of Claims (Lotus).
17. PTMS (DBase III Plus).
18. TSFS Activity "Data Base System" (Wang VS-100 Cobol)

B. ADP Responsibilities

Since the installation of the Wang VS-90 and several Accounting Programs on it such as MACS, Datel, and Paytrack in March of 1987, users' needs have increased, and therefore it has become the responsibility of the ADP Specialist to understand these programs in order to support the accounting staff with the automated side of accounting, and on the use of the new computer system. The ADP Specialist has also added to his tasks the responsibility of modifying already existing programs to suit Mission's needs, and writing new programs as needed.

The ADP Specialist's role in projects involving Computer Elements has decreased a great deal. Due to the decrease in automation elements in existing, and new projects, however he still assumes the role of automation Advisor/support to all projects officers, TDY'ers, and Host Government, wherever automation issues are involved.

In March of 1987 the mission hired a new FSN Employee to assume the role of Assistant to Support the ADP Specialist in this automation responsibilities. The Assistant ADP Specialist was to be hired on temporary basis to assist with the installation of MACS (Mission Accounting Control System) and stay on for a one year term. However, the increasing needs for automation within all offices, specially accounting has encouraged the mission to extend the A/ADP Specialist's Employment Contract.

C. Training.

All mission employees have been trained to use the computer, and the software packages that are used in their day to day activities.

The accounting staff has been trained on the use of the Wang-VS system, MACS, Datel, Accounting System, and Paytrack. The training process is conducted whenever the mission either develops, or receives new application Software.

D. ADP Linkage to the Implementing Strategy

USAID has followed a policy of connectivity around the Wang-VS System. Furthermore, the Mission has reserved a policy of determining if other USAID's have developed similar software before it has embarked on any programming effort. The VS system offered the Mission a more efficient information system which improved the progress of all mission activities, thus allowing for better analysis and management.

E. Mission Acquisition Plan for Automation Equipment

From a Hardware point of view one can confidently say that the mission is fully automated. All aspects within the mission that can be automated have been. Hardware needed within FY 87 has all been procured.

Within FY 88 one UPS system is planned to be purchased in order to secure Mission's Data. Also 1 (one) Wang PC will be purchased for the project office, and one VS workstation for the newly hired FSN voucher examiner.

On the Software Side - none of the Software packages planned for FY 87 procurement were procured. Therefore, within FY 88 the following list of Software for the VS and PC Systems will be procured.

1. VS/PC file sharer.
2. A data Base Program ( i.e. oracle).
3. Mirage-A Software Capable of plotting graphs made by VS applications Programs.

The criteria which the mission has used to evaluate its automation program has not been pre-set, however the mission has, and will continue to use the following measures as criteria:

1. Increased efficiency of available personnel, and other available resources;

2. Availability of timely information when needed;
3. Efficient and timely accounting system;
4. Achieving a better level of productivity by allowing office managers to manage more activities effectively and with less effort.

#### Services (Personnel)

With the mission's major hardware procurement plans completed, the mission's computer staff will direct most of their attention to the maintenance of existing software, and the development of new Programs as the needs within the mission expand. Users' support will also continue to be an on-going responsibility.

#### Equipment Services

From the beginning of the Mission's automation, the Mission has had a maintenance contract with the local Wang dealer (Comcent), which includes parts and labor. Since the cost of the local maintenance contract continues to be competitive with State/Wang contract, and the service received satisfactory, the Mission will continue its contract locally.

#### User to PC/Workstation Ratio

With the increase of programs used within the Mission, such as MACS, Datel, expendable supplies inventory, and paytrack on one side, and the procurement of additional workstations on the other, the Mission continues to hold the ratio of users to workstation at 3.5:1.

PRIVATIZATION PLAN NARRATIVE

A. Progress in Privatization Activities

1. Royal Jordanian Airline (RJA)

In line with the AID financed company evaluation of RJA and the follow-on privatization plan (both prepared by the Center For Privatization), Royal Jordanian is planning a public stock offering in early 1989. Although there was some initial concern over the attractiveness of a share offering, a plan has been developed for privatization. The plan calls for an initial sale of approximately 10% of the airline stock to the public as well as a private placement of another 10 to 15% of the stock through local banks. Five to ten percent will also be distributed through an employee stock option program. Additional public sales will be made based on reaction to the initial offering. Requests for Proposals are going out to international investment banks to prepare the prospectus and a marketing plan for the public offering. AID will finance part of the cost for the banking assistance as well as the technical assistance from the Center For Privatization to help them in the review and selection of the bank.

2. Public Transportation Corporation (PTC)

Since July 1986 USAID has provided \$330,000 of expert consultancy to help in the process of privatization of the public transport sector including the PTC (The Amman Bus Company) and achieve major financial and service improvements in this sector. The studies not only provided recommendations on how to privatize the PTC, but also on how to improve the entire public transport system in the area. The latter was an important prerequisite of the GOJ. The study concluded that major improvements in public transport and the effective privatization of the PTC could only take place if (1) current routes were restructured to offer an attractive package for private investors, and (2) a new public transit authority were created to regulate the PTC and other private sector operators. The study proposed that privatization of the PTC take place once the new routes and transit authority were in place, a process which was estimated to take 6 months from the completion of route changes.

The study and plan have been well-received by all concerned Jordanian government agencies. In particular the Ministry of Transport, the Ministry of the Interior, the Police, the Municipality and the Amman Governorate, agreed in August 1987 to accept and implement the principal recommendations.

To date, the Prime Ministers Office has drafted a new law to set the legal structure to enable the PTC to become a public share holding company. On the financial side, PTC has improved slightly over 1986 due to the partial acceptance of operational improvements recommended by the USAID-sponsored consultants. However, the corporation still suffers from deficient management, the lack of commercial and operational knowledge and an inappropriate structure. PTC losses for 1987 were cut in half to approximately \$1.5 million.

AID assistance for the plan is complete and GOJ action is now required for implementation. The case for privatization is compelling since it will not only improve transport services but also relieve the GOJ of the financial burden of the PTC deficit. We expect Cabinet approval of the new PTC law before the end of the summer and other privatization preconditions completed by the end of the year.

### 3. Telecommunications Corporation (TCC)

The GOJ initially announced its intention to privatize the TCC in 1984. However, no actions were taken until 1986 when British Telcon set out an outline plan for privatization that was judged too expensive and inappropriate by the GOJ. During 1987, the IBRD recommended a series of steps to improve TCC operations (a commercialization program) to prepare for privatization in 3 to 5 years. TCC then asked USAID/Jordan assistance to set out a more specific plan that looked at the commercialization questions in relation to privatization. The Center For Privatization was hired and completed a draft report in April 1988. Although the report is still being reviewed by TCC and the Ministry of Transportation, there is acceptance of the general plan and timing which shows the first public offering in approximately 18 months. Technical assistance for several key changes, including legal and financial restructuring, is required prior to privatization. Also required is an awareness campaign for the share offering as well as share marketing strategy. The Mission will be planning and negotiating this assistance over the next three months.

4. Amman Development Corporation (ADC)

Following from AID financed training in privatization, the Director of ADC requested our assistance to help privatize the Corporation. ADC is a real estate development firm with special legal status in the Kingdom and jointly owned in equal shares by the Jordan Housing Bank, the Municipality of Amman and the Pension Fund. It is run as a commercial operation and appears to be profitable. Since its establishment in 1984, it has developed two integrated office and commercial centers, a commercial center and park, and a housing estate of serviced plots.

Our initial study of the ADC indicates that is an excellent candidate for privatization and we expect that the Corporation itself will require very little technical assistance or reorganization to prepare for privatization. USAID/Jordan will finance the prospectus and other requirements to offer the ADC shares to the public.

5. Sale of GOJ Held Securities

To date we have focused our divestiture efforts on wholly owned government operations. However, there would be benefits from GOJ sale of some of its holdings in publicly held companies. The GOJ holds shares in 69 public shareholding companies, most of which are listed on the Amman Financial Market (AFM). The holdings range from a high of 89% of the Jordan Phosphate Mines to a low of less than 0.5 percent of Arab Aluminium. The GOJ holds some of the shares directly while others are held through the Pension Fund or the Social Security Fund.

We have compiled a list of the companies, the GOJ entity holding the shares, the present value of the shares, and measures of GOJ return on the investment. We have begun a dialogue with the minister-level Privatization Committee to discuss the benefits of a possible sale of some of the stock. There is much potential for stock sales in future years.

6. Privatization Training

Since February 1986, USAID/Jordan has sent the following GOJ officials to seminars on privatization: The economic advisor to the Prime Minister and the economic advisor to the Minister of Finance to the February 1986 privatization conference in Washington (the former has since become the executive secretary to the Cabinet level GOJ committee on privatization);

the executive assistant to the chairman and legal advisor of Royal Jordanian Airline to a seminar on state owned enterprise and privatization at the International Development Law Institute in Rome; two officials from the Ministry of Planning to the April 1987 regional privatization conference in Tunis. One official from the Ministry of Planning was sent to Georgetown University for a course on developing a country privatization strategy. The Director of Amman Development Corporation attended a course on Management of Public and Parastatal Enterprise at Georgetown University. Upon his return, he initiated actions on the privatization of the Corporation.

B. Mission Strategy

The Mission strategy on privatization remains unchanged from that listed in the 1988 CDSS and updated and expanded in program documents of the last two years, especially last year's ABS. In consonance with AID Policy Determination 14, we are striving to be involved in at least two new specific privatization activities each fiscal year.

C. Targets of Opportunity for FY 1989 and 1990

Tactically for the next two years, the Mission will focus on completing the privatization tasks initiated to date. It is important to continued GOJ commitment to our privatization objectives to have a successful public offering of one or more of the four parastatals that it has now accepted for sale to the public. USAID/Jordan assistance will be given to move each of these institution to privatization per the time frame listed in Section D.

Secondly, we will continue our policy dialogue and training to further GOJ understanding of the benefits of privatization. We will take up any special targets of opportunity that may arise as well as follow up on some relatively simple privatizations that require little organizational restructuring or supporting technical assistance. Among the more promising possibilities are the following:

1. **Sale of GOJ Held Securities:** We will continue our dialogue with the senior members of Government on the benefits of the sale of some of its share holdings. We hope to have the GOJ sell at least \$5,000,000 worth of its present holdings. An analysis of the most appropriate sales will be made.

2. **Fruit and Vegetable Processing Centers in the Jordan Valley:** As part of the Agricultural Marketing Project approved and obligated in FY 1988, the Mission is exploring the possibility of the GOJ selling at least one of two modern but idle processing centers to an international food processing company. The latter would take full responsibility for marketing its output, primarily in export markets, and would contract with farmers in the Jordan Valley to provide required produce.
3. **Privatization Training:** USAID/Jordan will continue to sponsor GOJ and private sector officials in seminars and courses on privatization.

D. Timeframe and Financial Resources:

We will continue to finance privatization activities through Mission sources, primarily TSFS, matched with central funded projects. Total requirements for the five year period are \$1,000,000 for technical assistance needs and \$100,000 for training. Specifics are as follows:

1. **Technical Assistance for Enterprises:**

Royal Jordanian Airline: Prospectus and share marketing plan  
Targeted Completion Date: End 1988  
Required Financing: \$175,000

Telecommunications Corporation: Financial and organizational TA, investment banker assistance and share marketing  
Targeted Completion Date: Mid 1989  
Required Financing: \$250,000

Amman Development Corporation: Valuation and share marketing  
Targeted Completion Date: Early 1989  
Required Financing: \$40,000

PTC and Others to be identified  
Required Financing: \$75,000 per year

Sale Of GOJ Stock Holdings: Evaluations as appropriate  
Targeted Completion Date: Continuing  
Required Financing: \$20,000 per year

2. **Increased GOJ Awareness:**

Seminars and Training on privatization  
Targeted Completion Date: Continuing  
Required Financing: \$100,000 over five year period to be financed from the DAT project

3. GOJ Strategy:

Completion of GOJ Privatization Strategy  
Targeted Completion Date: To be determined  
Required Financing: \$60,000

PTC and Others to be identified  
Required Financing: \$75,000 per year

Sale Of GOJ Stock Holdings: Evaluations as appropriate  
Targeted Completion Date: Continuing  
Required Financing: \$20,000 per year

**PY 1990 Annual Budget Submission**  
**Table to Annex H**  
**Micro, Small, and Small Farm Enterprises**

**ESF and DA**  
**Dollar Commitments for Micro**  
**And Small Enterprise Programs**  
**(U.S. Dollars Thousands)**

	<b>PY 88</b>	<b>PY 89</b>	<b>PY 90</b>
	<b>Est.</b>	<b>Proposed</b>	<b>AAPL</b>
<b>I. ESF Dollar Commitments</b>	<b>2575</b>	<b>3650</b>	<b>4200</b>
<b>A. For Micro Enterprise</b>			
1. For Credit	(1000)	(1500)	(2000)
2. For TA/Training	( 250)	( 250)	( 250)
<b>B. For Small Enterprise</b>			
1. For Credit	(1000)	(1500)	(1750)
2. For TA/Training	( 250)	( 250)	-
<b>C. For Small Farmer</b>			
1. For Credit	-	-	-
2. For TA/Training	( 75)	( 250)	( 200)
<b>II. DA Dollar Commitments</b>	<b>4,000*</b>	<b>1,000*</b>	<b>5,000*</b>
<b>A. For Micro Enterprise</b>			
1. For Credit	-	-	-
2. For TA/Training	-	-	-
<b>B. For Small Enterprise</b>			
1. For Credit	4000	1000	5000
2. For TA/Training	(4000)	(1000)	(5000)
<b>C. For Small Farmer</b>			
1. For Credit	-	-	-
2. For TA/Training	-	-	-

\* PRE/I or other Central Funds

The Expenditure of Non-Project Assistance  
 Local Currency Generations for Micro and Small Enterprise  
 Programs  
 (In Thousands of U.S. Dollars Equivalents)

	FY 88 Est.	FY 89 Proposed	FY 90 AAPL
I. From BSP Generations		2000	2000
A. For Micro Enterprises	-	500	500
1. For Credit		350	350
2. For TA/Training		150	150
B. For Small Enterprise	-	1000	1000
1. For Credit		850	850
2. For TA/Training		150	150
C. For Small Farmer			
1. For Credit			
2. For TA/Training			
II. From DA Generations (If Any)			
A. For Micro Enterprises	N/A	N/A	N/A
1. For Credit			
2. For TA/Training			
B. For Small Enterprises			
1. For Credit			
2. For TA/Training			
C. For Small Farmer			
1. For Credit			
2. For TA/Training			
III. From P.L. 480 Generations			
A. For Micro Enterprise			
1. For Credit	N/A	N/A	N/A
2. For TA/Training			
B. For Small Enterprises			
1. For Credit			
2. For TA/Training			
C. For Small Farmer			
1. For Credit			
2. For TA/Training			