

A.I.D. EVALUATION SUMMARY - PART I

PDABF054 80307

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE

IDENTIFICATION DATA

| | | | | | |
|---|-------------------------------------|---|--------------------------|---|--------------------------------|
| A. Reporting A.I.D. Unit: Mission or AID/W Office <u>USAID/Jordan</u> (ES# _____) | | B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input checked="" type="checkbox"/> Skipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY 91 Q 3 | | C. Evaluation Timing Interim <input type="checkbox"/> Final <input checked="" type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/> | |
| D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.) | | | | | |
| Project No. | Project /Program Title | First PROAG or Equivalent (FY) | Most Recent PACD (Mo/Yr) | Planned LOP Cost (000) | Amount Obligated to Date (000) |
| 278-0272 | Private Services Sector Development | 9/28/87 | 9/30/93 | \$10,000 | \$7,900 |

ACTIONS

| | | |
|---|--|---|
| E. Action Decisions Approved By Mission or AID/W Office Director Action(s) Required | Name of Officer Responsible for Action | Date Action to be Completed |
| 1. Obtain copies of all PSSD deliverables (reports, papers and data bases) now stored at the Ministry of Planning; and devise and implement a plan to catalog and disseminate information to appropriate private services sector individuals, firms and agencies. | Peter Delp Project Officer | 3/31/93 |
| 2. Identify those PSSD activities that were being successfully implemented, and that fit within the Mission's new strategy; propose for possible funding under new projects planned for FY 93. | Peter Delp Project Officer | 12/31/92 |
| 3. Extend the PSC contract of the printing services advisor through July 14, 1993 to provide assistance to the pilot printing activity. | Peter Delp Project Officer | Completed 9/30/92 |
| 4. Extend PACD to 9/30/93, and deobligate project funds uncommitted as of 9/30/93. | Mission | 9/30/92 (PACD Extension)- Completed ----- 9/30/93 (Deobligation) |

(Attach extra sheet if necessary)

APPROVALS

| | | | | |
|--|-------------------------|------------------------------------|----------------------|----------------------------------|
| F. Date Of Mission Or AID/W Office Review Of Evaluation: | | (Month) 01 | (Day) 09 | (Year) 92 |
| G. Approvals of Evaluation Summary And Action Decisions: | | | | |
| Name (Typed) | Project/Program Officer | Representative of Borrower/Grantee | Evaluation Officer | Mission or AID/W Office Director |
| | Peter Delp | | Robert Hansen | William T. Oliver |
| Signature | <i>Peter Delp</i> | | <i>Robert Hansen</i> | <i>William T. Oliver</i> |
| Date | 12/7/92 | | 12-7-92 | |

ABSTRACT

H. Evaluation Abstract (Do not exceed the space provided)

The purpose of the Jordan Private Services Sector Development (PSSD) project is to assist the development and growth of private sector service enterprises to assume a fundamental role in transforming the private sector into the principal force for sustained economic growth in Jordan. The reason for this interim evaluation was to assist USAID/Jordan and the Government of Jordan in determining the future direction of the project. Four key service subsectors were selected for project assistance: Accounting and Audit Services, Computer Services, Industrial Management and Engineering Services, and Market Research, Marketing and Advertising Services. The project moved slowly because of implementation difficulties and changing priorities in Jordan and was mostly suspended because of the cumulative effects of the 1990 Gulf Crisis and lack of material progress. Although the PSSD project did produce some benefits, there is little tangible evidence of impact. The evaluation team recommended that the Mission continue specific selected activities of the PSSD, with commensurate reductions in funding. The project concept was viewed favorably by most of those interviewed. The major criticism of the design was its size and scope which the evaluation team concluded was too complex to be implemented through a single large technical assistance procurement. In future PSSD projects, care should be taken to assess objectively the host country's receptivity to private sector institutional growth, the maturity of the individual subsectors and the policy environment. The most appropriate subsectors for development appear to be those with numerous professional practitioners and a professional association through which to channel the development initiatives. A PSSD procurement should not be a host country contract since the purpose of the project is private sector development and few developing country government agencies have the management and control skills to administer this type of broad and complex private sector project. The evaluation methodology included interviews with former project staff, Jordanian Government officials, USAID officials, contractors, representatives of the private sector, beneficiaries of the project and prime contractor senior staff. Background documents and project files, including contractor invoices were reviewed, although the evaluation team's efforts to obtain project deliverables from the Ministry of Planning in time for review were only partially successful.

COSTS

1. Evaluation Costs

| 1. Evaluation Team | | Contract Number OR TDY Person Days | Contract Cost OR TDY Cost (U.S. \$) | Source of Funds |
|---|---|--|--|-----------------|
| Name | Affiliation | | | |
| Katherine M. Blakeslee | AID/W USDH | 28 TDY Person Days | \$6,070 | GE |
| Bruce A. Johnston | International Project Services Inc., Jefferson, MD. | PO-278-0272-0-00-1061 | \$18,753 | Project |
| Ramzi Kavar | CDG Engineering & Management Associates Amman, Jordan | PO-278-0272-90089 | \$9,568 | Project |
| 2. Mission/Office Professional Staff Person-Days (Estimate) 20 | | 3. Borrower/Grantee Professional Staff Person-Days (Estimate) 1 | | |

A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)

Address the following items:

- Purpose of evaluation and methodology used
- Purpose of activity(ies) evaluated
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office:

USAID/Jordan

Date This Summary Prepared:

November, 1991

Title And Date Of Full Evaluation Report:

Evaluation of the United States Agency for International Development Private Services Sector Development Project in Jordan, Nov. 1991

The United States Agency for International Development (USAID) mission in Amman, Jordan, commissioned an evaluation of the Private Services Sector Development (PSSD) project which was implemented in Jordan. Most project activities ended in the Spring of 1991 when the prime implementation contract was terminated. The evaluation report is entitled "EVALUATION OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT PRIVATE SERVICES SECTOR DEVELOPMENT PROJECT IN JORDAN" dated November 1991.

The purpose of the PSSD project is to assist the development and growth of private service enterprises in Jordan to assume a fundamental role in transforming the private sector into the principal force for sustained economic growth. At the time of the project's design in 1986-1987, USAID's strategy was to develop the Jordanian private sector in order to drive income and employment growth through the manufacturing and services sectors. Traditional sources of income and growth had begun to decline, and the Government of Jordan foresaw unemployment and weaknesses in the balance of payments.

Four key service subsectors were selected for assistance: accounting and audit services; computer services; industrial management and engineering services; and, market research, marketing and advertising services. The PSSD project was a large and complex initiative that addressed not only the issues affecting each of the four subsectors, but also provided for extensive linkages between the subsectors and outward, into the private sector as a whole.

The circumstances of the evaluation were somewhat unusual because most project activity had been suspended, due largely to the Gulf crisis and the evacuation of the prime contractor's expatriate staff. This suspension in activity was followed by the termination of the prime contract for technical services. All prime contract activities were terminated in the Spring of 1991. In addition, the project progress had been slow because of implementation difficulties and changing priorities in Jordan. The fundamental issue addressed by the evaluation team was whether to resume the project as designed, complete selected project activities or to cancel the project and deobligate the remaining funds.

The evaluation methodology included interviews in Jordan with former project staff, Jordanian Government officials, USAID officials, contractors, representatives of the private sector, and beneficiaries of the project. Interviews were held with prime contractor management in Washington. Background documents and project files, including contractor invoices, were reviewed, although the evaluation team's efforts to obtain project deliverables from the Ministry of Planning in time for review were only partially successful.

The project concept was viewed favorably by the majority of those interviewed. The major criticism directed toward the design was its size and scope. The evaluation team concluded that the design was too broad to be implemented successfully through a single large technical assistance procurement.

Changing attitudes and levels of control exercised by the Ministry of Planning constrained project performance, and changes in Jordan's economic and political situation resulted in new priorities for the government that could not be addressed easily under this project.

Although the PSSD project did produce some benefits, project implementation did not produce enough tangible results to serve as evidence of success or encouragement about the project's future. The project encountered so many implementation difficulties that continuation of the project in its present form is not recommended. The building of Jordanian institutions that could carry on the activities of the project in the future was not achieved.

The need for development and expansion of private sector services in Jordan remains. As a result of this project, there are a number of unfinished activities where a relatively small further investment could bring valuable benefits.

Alternatives for the future of the PSSD project and for the use of the remaining funds include:

- o Redefinition of the PSSD project as an Information Service, to maintain resource databases developed under the project and act as a brokerage mechanism to match the supply of private sector services with the demand for these services in Jordan, regionally, and internationally. This alternative would require most of the remaining obligated funds (\$1.6 million) and an extension of the time remaining (1 year).
- o Continuation of selected activities begun by the PSSD project which can be completed in the short term, at relatively little cost. This alternative would permit deobligation of most of the remaining funds.
- o Termination of the PSSD project and deobligation of the remaining funds with the possibility of reviving it or another similar project in one to two years.

The evaluation team recommended that the Mission continue some of the activities of the PSSD project, as described in Option 1 or Option 2, with commensurate reductions in obligated funds.

The Jordan experience indicates that initiatives to develop private sector services are unique in several respects, including the strong emphasis on intangible and hard to measure benefits and the exceptionally broad range of experience and interpersonal skills required of participants.

The host country social and business culture must be genuinely supportive of private sector growth, with minimal opposition to profit-making enterprises and private, as opposed to public or quasi-public sector, institutional development. Great care should be taken to objectively assess receptivity to private sector institutional growth.

The timing of the project in relation to the level of maturity of individual subsectors is important. Subsectors with numerous practitioners are ready for the development of a professional institution. The most appropriate subsectors for overall development are those with numerous professional practitioners and a professional association. A well developed association can facilitate progress significantly as was the experience with the Jordan Association of Certified Public Accountants (JACPA) and the Jordan Computer Society (JCS), but not with the nascent marketing association in Jordan. The Jordan experience indicates that subsectors with few practitioners should be selected for small scale pilot projects and technical assistance to demonstrate the value of the services and develop demand.

The best approach to a PSSD initiative may be a USAID program carried out through a number of small and medium sized technical assistance procurements, personal services contracts or conventional contracts, directed toward specific goals, rather than a "wholesale" procurement covering the entire PSSD project. A PSSD procurement should not be a host country contract. A series of direct AID contracts is a more appropriate way in which to acquire the diverse range of skills needed for implementation.

ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

Evaluation Report

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

The Mission is satisfied with the usefulness and quality of the evaluation, and concurs with its findings and conclusions. The evaluation's recommendations, in the form of four options, served as the bases for further distillation by the Mission, resulting in the Action Decisions Approved (See Part I-E).

A principal lesson learned from PSSD, and surfaced by the evaluators, is that an overly broad and complex project design, followed by implementation through a single, large TA instrument, will be unlikely to attain its major objectives. Chances for success will be diminished further unless the prime contractor demonstrates exceptional ability at project management. Another lesson learned is that a comparatively weak and unorganized service sector (as is found in Jordan) probably is not capable of effectively and efficiently absorbing the more advanced range of assistance offered by a project like PSSD; in this sense, PSSD was a project ahead of its time in Jordan.

Sufficient attention was given by the evaluators to addressing the key questions in the scope of work. Although a few questions were not addressed due to the evaluators' limited time in country, the areas concerned were only marginally relevant to an overall understanding of the status of the project. The Mission observes that the evaluation was somewhat lacking in the data and specific examples of project successes and failures to support its findings but that this was understandable given the severe implementation problems encountered by the project. Inadequate data and analysis generated by the project meant that the evaluators were hampered in their work; the three members of the team approached the evaluation with differing levels of knowledge about and experience with the private services sector in Jordan and the context within which PSSD evolved; and the Government of Jordan had little incentive to invest scarce staff time into facilitating an evaluation of a project with which it had found itself unable to consistently support and oversee.

Finally, the Mission notes that the evaluation report was internally inconsistent regarding the effectiveness of the development of project management staff and subsector counterpart staff. We believe that in fact staff development suffered as a result of the aforementioned problems experienced by the prime contractor.

-- XD-ABF-054

80308

EVALUATION OF THE
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
PRIVATE SERVICES SECTOR DEVELOPMENT PROJECT
IN JORDAN

NOVEMBER, 1991

Katherine M. Blakeslee
Agency for International Development, Washington, D.C.

Bruce A. Johnston
International Project Services, Inc. Jefferson, MD, USA

Ramzi Kwar
CDG Engineering & Management Associates
Amman, Jordan

EVALUATION ABSTRACT

The purpose of the Jordan Private Services Sector Development (PSSD) project is to assist the development and growth of private sector service enterprises to assume a fundamental role in transforming the private sector into the principal force for sustained economic growth in Jordan. The project moved slowly because of implementation difficulties and changing priorities in Jordan and was suspended largely because of the cumulative effects of the 1990 Gulf crisis and lack of material progress. Although the PSSD project did produce some benefits, there is little tangible evidence of impact. The evaluation team recommended that the Mission continue specific selected activities of the PSSD, with commensurate reductions in funding.

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EXECUTIVE SUMMARY

The United States Agency for International Development (USAID) mission in Amman, Jordan, commissioned an evaluation of the Private Services Sector Development (PSSD) project which was implemented in Jordan from 1989 through the spring of 1991. The evaluation report is entitled "EVALUATION OF THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT PRIVATE SERVICES SECTOR DEVELOPMENT PROJECT IN JORDAN", dated November 1991.

The purpose of the PSSD project is to assist the development and growth of private service enterprises in Jordan to assume a fundamental role in transforming the private sector into the principal force for sustained economic growth. At the time of the project's design in 1986-1987, USAID's strategy was to develop the Jordanian private sector in order to drive income and employment growth through the manufacturing and services sectors. Traditional sources of income and growth had begun to decline, and the Government of Jordan foresaw unemployment and weaknesses in the balance of payments.

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BASIC PROJECT IDENTIFICATION DATA

1. Country: Jordan
 2. Project Title: Private Services Sector Development
 3. Project Number: 278-0272 (Grant)
 4. Project Dates:
 - a. First Project Agreement: 09/28/87
 - b. Final Obligation: FY 92 (Planned)
 - c. Project Assistance Completion Dated (PACD): 09/30/92
 5. Project Funding:
 - a. A.I.D. Bilateral Funding: \$7,900,00 Grant
 - b. Other Major Donors: None
 - c. Host Country Counterpart Funds: None expected
- TOTAL:
6. Mode of Implementation: Deloitte, Haskins & Sells,
Contract terminated:06/15/91
 7. Project Design: Ministry of Planning
USAID/Jordan
 8. Responsible Mission Officials: (For the full life of the project.)
 - a. Mission Director(s): Lew Reade, Tom Oliver
 - b. Project Officer(s): Bill Riley, Tom Dailey
 9. Previous Evaluation(s): None
 10. Cost of Present Evaluation:

| | <u>Person Days</u> | <u>Dollar Costs</u> |
|------------------|--------------------|---------------------|
| a. Direct Hire: | | |
| (1) AID/W TDY: | 28 | \$ 5,922 |
| (2) USAID staff: | | |
| b. Contract: | 59 | \$45,000 |
| c. Other: | | |

ID:H11

6A

1. Introduction

1.1. Evaluation Terms of Reference

The purpose of this evaluation is to determine the appropriate direction for the remainder of the Private Services Sector Development Project (PSSD). The prime implementation contract with Deloitte & Touche (ex Deloitte Haskins & Sells) was terminated on June 15, 1991 and all work on the project has been suspended, with the exception of a personal services contractor still providing assistance in printing to the marketing industry in Jordan. The current project activity completion date (PACD) is September 1992, and there is approximately \$1.6 million still obligated to the project, but not expended, and another \$2.1 million authorized but not budgeted. The present break in project activity provides an opportunity to review the accomplishments of the past three years and to make recommendations to the Government of Jordan (GOJ) and USAID/Jordan concerning any future project activities.

The evaluation focused on the achievement of expected outputs and, where possible, the impact of project activities on the private services sector. In addition, the evaluation describes lessons learned from executing a project of this type that may be relevant to similar projects in other countries in the future.

The three person evaluation team: Katherine M. Blakeslee, A.I.D./Washington; Bruce A. Johnston, (International Project Services, Inc., Jefferson, MD); and Ramzi Kwar, (CDG Engineering Management Associates, Amman, Jordan), spent three weeks in Jordan. The methodology included interviews in Jordan and Washington, D.C. with former project staff, Jordanian Government officials, USAID officials, contractors, representatives of the private sector, prime contractor management and beneficiaries of the project. Interviewees are listed in Appendix 2. Background documents and project files in USAID/Jordan listed in Appendix 3 were reviewed. The evaluation team's efforts to obtain project deliverables from the Ministry of Planning in time for review were only partially successful.

The recommendations of this evaluation take into account important changes in the economic and political situation in Jordan that have occurred since 1986-1987 when the project was designed. The specific impacts of economic and political changes on Jordan are described in the appropriate parts of this report, and Jordan's current economic situation is described in Appendix 1.

1.2. Project Background

The goal of the PSSD project is to assist in fostering the development and growth of private sector service enterprises in Jordan to assume a fundamental role in transforming the private

sector into the principal force for sustained economic growth. At the time of the project's design in 1986-1987, USAID's strategy was to help develop the Jordanian private sector in order to drive income and employment growth through the manufacturing and services sectors. Traditional sources of income and growth, namely worker remittances, Arab donor aid, phosphate and fertilizer exports, exports of light manufactures, and transit services to neighboring Gulf countries had begun to decline, and unemployment and weaknesses in the balance of payments were becoming problems. Despite these factors, the Jordanian economy, although heavily subsidized from external sources, seemed essentially sound with relatively low unemployment and available foreign exchange.

The project followed on the heels of a period of policy dialogue between USAID and the GOJ that had focused on privatization, among other things. At that time some Jordanians were opposed to privatization, and saw the PSSD project as an further effort to promote it. A few of those interviewed felt that Jordan's infrastructure was adequate to carry out many of the project activities with appropriate technical assistance as needed from abroad, rather than a large prime contract with expatriate advisors and project managers. Many Jordanians, in government and in the private sector, saw the project as a long term supply side initiative to develop institutions and mechanisms facilitating and accelerating the process of growth in the private sector through local and foreign investment and increased exports of goods and services throughout the region.

The firm of Coopers & Lybrand was engaged by USAID/Jordan in 1986 to conduct an assessment of private sector services and to identify priority services that could contribute to income and growth in Jordan. The key service subsectors selected were accounting and audit services, computer services, industrial management and engineering services, and market research, marketing and advertising services. The Coopers & Lybrand report concluded that expansion and development of these services and professions would have the greatest short term impact on the creation of export capacity and opportunities for manufacturers.

The project identification document (PID), completed in June, 1987, outlined a large and complex project that not only addressed each of the four subsectors, but also the extensive linkages between the subsectors and outward into the rest of the private sector. USAID/Jordan decided that contracting with a major consulting firm was the most appropriate vehicle to achieve the project goals. The project as designed was estimated to cost approximately \$13 million, although the final project budget was \$10 million.

Under the United States bilateral agreement with Jordan, the Ministry of Planning is the bilateral aid coordinating institution for the GOJ. All projects are obligated and signed by the Minister of Planning. The project covered sectors under the regulation of several GOJ ministries and agencies, and the

Ministry of Planning indicated it would have difficulty managing and administering the contract. Therefore, proposals were solicited on the basis of a direct USAID contract. Midway through the bid selection and adjudication process the procurement was changed to a host country contract at the insistence of the GOJ, first with the Ministry of Industry and Trade and then with the Ministry of Planning, under whose aegis the project had been conceived and designed.

The contract for the project was awarded to Deloitte Haskins & Sells in September, 1987, for a term of three years as a host-country contract. The contract budget was set at \$7.1 million with an initial tranche of \$5.5 million. Two million dollars were set aside to provide seed capital for private sector service ventures as deemed appropriate to further the goals of the project. The contract converted the project paper initiatives into a long and detailed list of objectives and contractual deliverables.

2. Project description and implementation

2.1. The Prime Contractor

The prime contractor, Deloitte & Touche, established a project office in Amman staffed with a full time project manager and four long term expatriate technical experts to lead activities in each subsector. Each of these expatriate positions had a full time Jordanian professional counterpart, hired by the project office. These local counterparts were initially responsible for facilitating project activities and, eventually, for taking over the project and subsector leadership from the expatriate. The contract called for "permanence and continuity of the program beyond the duration of this contract."

The prime contractor was responsible for overall project management and activities in the accounting and auditing, and computer services, subsectors. The marketing and market research, and industrial management and engineering subsectors were the responsibility of two subcontractors, International Business & Technical Consultants, Inc. (IBTCI) and A.T. Kearney respectively. Georgetown Venture Trading, Inc. (GVT) was engaged by the prime contractor to provide expert consulting services early in the project, but never had a long term advisor on site.

During the course of the project several additional subcontracts were executed with Jordanian firms and individuals to provide specific services to the project office, to develop computerized data bases for the project office and to support subsector initiatives, especially in the marketing subsector.

The project manager first identified by the prime contractor was briefed in Washington in preparation for assignment to Jordan, but never took up the project manager position in Amman. During the ensuing 29 months up to the Gulf crisis, four project managers were provided by the prime contractor, all of whom had different approaches to the project and conceived its outputs and goals differently.

The first on-site project manager during the critical mobilization and startup phases of the first year of the project (April 1988 through March 1989) was employed through IBTCI, a subcontractor to Deloitte & Touche. This individual had excellent academic credentials, but lacked significant experience in contracting, project management and administration, cost control, and specific expertise in any of the sub-sectors. During this period the project was substantially diverted from the activities originally planned, concentrating almost exclusively on detailed preparations for data collection and analysis. Very few of the scheduled deliverables or planned institutional development initiatives were produced, leading to a perception by the Ministry of Planning of inactivity and waste in the project.

The first project manager was discharged by the prime contractor in favor of the second project manager, a local national originally engaged by the prime contractor as the expatriate project manager's counterpart. This individual was a certified accountant, but lacked experience in contracting, consulting, project management, and administration. During his four months (April to August 1989) on the project several deliverables were completed, although they were not submitted to the Ministry of Planning. The "mid term" project crisis described below took place during this period. This project manager resigned and the position was filled by a prime contractor employee in a caretaker role (August 1989 to December 1989) without any genuine authority or responsibility pending employment of a new project manager.

The fourth, and final, expatriate project manager was an experienced senior manager hired by the prime contractor specifically to manage the PSSD project. The project began producing deliverables in accordance with the original plan, as revised in the summer of 1989 (December 1989 to August 1990). His nine month tenure was cut short by the prime contractor staff evacuation during the Gulf crisis.

The project office was fully furnished, equipped with personal computers, and staffed with a local work force of clerks, research assistants, secretaries, drivers, a bookkeeper, and an office manager. At its height the project office had a total of 23 people, five long term expatriates and their counterparts, twelve full time clerical and service employees, and one individual engaged on a retainer basis to provide coordination with the Ministry of Planning. In addition, short term advisors and subcontractor staff used the project office.

There was little involvement of senior prime contractor management from the United States in the early stages of the project. After the project crisis in the summer of 1989, prime contractor senior management were more active. It appears that the primary focus of their involvement was on billing, administrative and contractual matters.

The prime contractor was very slow in providing expatriate subsector leaders, in one case 18 months after work had begun in Jordan. All of the subsector leaders initially provided by the prime contractor and the subcontractors encountered some personal and professional difficulties working with the project in Jordan. Replacement subsector leaders, after the project crisis and mid-term correction (in the summer of 1989) had little time to become truly effective before the Gulf crisis. The prime contractor was equally slow in hiring or developing Jordanian project management and subsector counterparts. In the case of accounting and auditing, this took place two years after the project had begun.

In the first year of operation the project fell behind in several critical areas, and diverged, sometimes substantially, from planned activities. The contractually required project plan

was delivered to the client in October, 1988. It differed in form and substance from the project design in many significant respects, particularly in its emphasis on data collection and analysis rather than pursuit of planned and contractually required deliverables and institutional development. This plan, together with delays and difficult relationships between the government and the prime contractor staff, and Jordan's economic situation, contributed to dissatisfaction with project implementation by the GOJ and USAID. By June 1989, the Ministry of Planning was prepared to unilaterally terminate the contract.

The prime contractor responded by engaging an independent consultant to replan and redirect the project along contractual lines. The expatriate subsector leaders were replaced and a new on-site project manager was assigned. These efforts were successful in reassuring the Ministry of Planning that the project should continue. PSSD project activities and deliverables were accelerated. Some momentum and specific positive results were beginning to be achieved in several of the subsectors when the Gulf crisis effectively stopped project activities.

After the prime contractor's precipitous evacuation of expatriate staff early in the Gulf crisis (August 1990), Deloitte & Touche continued efforts to carry on limited project activities from the U.S. When the contract was formally terminated, staff working on the contract in the U.S. were terminated from the project by the prime contractor.

The evaluation team reviewed the project invoices to date and found that approximately \$5.5 million had been billed by the prime contractor. Slightly over \$1 million of this total was billed after the prime contractor's evacuation from Jordan. Based on the evaluation team's invoice review it is estimated that about 22% of the project funds were spent on Jordanian contracts and services and 78% on expatriate contracts and services. The prime contractor had no activity oriented cost accounting system for the PSSD project, so it was not possible for the evaluation team to assess the cost or return on investment of specific project activities and deliverables.

Numerous changes in project staff created some confusion and contributed to an environment that did not always facilitate progress. Two complaints were lodged against the prime contractor by project staff (one Jordanian and one American expatriate) in relation to termination of their contracts. One complaint was settled outside of court. The other remains in the Jordanian courts on appeal by the prime contractor of a decision holding that the employment contract was improperly terminated.

2.2. The Ministry of Planning

During the contractor selection process the procurement was changed from a USAID contract to a host country contract, first with the Ministry of Industry and Trade and then with the Ministry of Planning. Neither of these agencies had project

management and administration capabilities, and the selected prime contractor had great difficulties in negotiating the contract, which was not executed until ten months after the award and five months after work had actually started in Jordan.

When the PSSD project began early in 1988, longer time horizons for results were acceptable to the GOJ. However, the economic crisis of late 1988 - early 1989 led the Ministry of Planning to make a determined effort to redirect the project into activities with greater potential for short term gains, especially in foreign exchange, such as tourism and export development. As a result, lower priority was put on longer term institution building, exchange programs and training, and research and development efforts. This change in GOJ expectations from long to short term results was contrary to the fundamental design precepts of the project, and was a factor in the disappointment with the project by the Ministry of Planning, other GOJ agencies, and USAID.

During the course of the project there were five Ministers of Planning, with varying interest in and support for the project. A number of boards, steering committees, and other bodies were formed and reformed by the Ministry of Planning to represent the GOJ and provide guidance and coordination. These bodies were not very effective in providing guidance and coordination to the prime contractor. The original core group of economists and experts in the Ministry of Planning who participated in the project's conception and design left the Ministry for other positions during the implementation phase, eliminating continuity at the working level.

Within the Ministry of Planning there were varying attitudes toward the project, toward support for the private sector development, and about appropriate roles for U.S. foreign aid. There appear to have been several swings in the degree of support, ranging from enthusiastic cooperation to resistance throughout the project's implementation.

The level of control exercised by the Ministry of Planning over the project varied from laissez faire to micromanagement requiring ministerial level approval of every project action. In general, Ministry of Planning control through the host country contract was not the most effective or constructive way to achieve high quality prime contractor performance, especially in the latter stages of the project. Finally, Ministry of Planning restrictions on salaries of Jordanian PSSD employees placed severe constraints on the project's ability to attract senior, experienced local counterparts.

With the termination of the prime contractor, completed or partially completed project deliverables such as commercial directories, feasibility studies, proposals, etc. were transferred to the Ministry of Planning. As a result, they are not generally available for follow-up and completion of project initiatives.

2.3. Accounting and Auditing Subsector

The main thrust in the accounting and auditing subsector was to strengthen existing institutions, especially the Jordan Association of Certified Public Accountants (JACPA), and to improve accounting standards, regulation, and practices in order to bring international accounting and auditing practices to the profession in Jordan. The plan for the subsector also had a significant training and certification component. High accounting and auditing standards would make Jordan more attractive to foreign investors and contribute to growth in the country's economy.

Progress was slow due to technical assistance weaknesses and an uncooperative JACPA Board. Following changes in the JACPA Board and the assignment of a local counterpart the subsector team was quickly able to establish good rapport with the community and achieve a great deal within a short period of time. The new project staff were perceived as serious and honestly trying to make things work. The accounting and auditing subsector held well organized and attended training courses which were favorably received by members of the profession, as well as the business community. The dialogue on examination and licensing criteria with JACPA and the public sector Audit Bureau and draft policies continuing professional education (CPE) served as guidelines for the Jordanian certification examination and CPE requirements.

2.4. Marketing and Market Research Subsector

Although one of the least developed services in Jordan, the marketing and market research subsector was considered fundamental for private sector growth and for improvements in the other three services subsectors. The main objectives were to establish a marketing support institution and provide extensive training. Under the aegis of the PSSD project office the subsector was also responsible for conducting market research and data collection for all project activities.

The marketing component of the project, specifically the Jordanian counterpart, was successful in establishing good working relationships with the business community and with GOJ officials associated with that subsector. The project's marketing focus on tourism development was effective in aiding tourism sector development. The project produced two videotapes on Jordan and worked closely with the Tourism Consortium set up by the Ministry of Planning and Ministry of Tourism. Through its short term professional consultant in the fields of printing and graphics, the project assisted the Ministry of Tourism in the preparation of brochures and publications in various languages using local printing firms. This effort helped raise the standard of the graphic design, advertising, and printing agencies in Jordan in order to avoid the need to have printing jobs done abroad. During the summer of 1990 it was concluded that the marketing subsector could continue without expatriate support

and the subcontract with IBTCI was ended. The printing expert, first a Deloitte & Touche consultant, was later continued under a personal services contract with USAID/Jordan.

2.5. Industrial Management and Engineering

The main objectives of the industrial management and engineering (IME) subsector were to improve the quality and quantity of IME services offered in Jordan and to improve the efficiency and quality of Jordanian manufacturers. The primary activities were to establish an association of practitioners, to provide training through seminars and exchange programs, and to enhance the higher education curriculum. A significant feature of the IME subsector plan was the identification and execution of pilot projects to provide hands-on experience to local practitioners.

The IME component of the project was not actively involved with ongoing industrial engineering activities in the country and there was inadequate attention to the need for institutional development in the subsector. During the summer of 1990 it was concluded that the IME subsector was being adequately covered by other USAID projects. A.T. Kearney's subcontract was ended and the IME subsector removed from the project.

2.6. Computer Services Subsector

Computer services was probably the most developed of the four private services subsectors, with many small firms and an established, though still developing, professional institution, the Jordan Computer Society (JCS). The main objectives in the subsector were to strengthen the JCS and promote joint ventures and consortia among local firms to achieve a critical mass for executing major system development projects in Jordan and the region. Secondary aims were to improve marketing and management skills, establish patent and copyright laws, and encourage the development and dissemination of Arabic language application software products.

A successful expatriate leader was not provided until late in the project (December, 1989). However, the Jordanian counterpart was active in the community, with a level of dedication and persistence that gained her the respect of the Jordan Computer Society. As a result, a relationship of trust developed between the PSSD project, the computer services firms, and the GOJ.

3. Specific Conclusions

Five factors affected PSSD project execution: the design of the project; external factors affecting Jordan; the prime contractor (Deloitte & Touche); the Ministry of Planning; and, USAID.

3.1. Project Design

The project concept was viewed favorably by the majority of those interviewed. The major criticism of the design was its size and scope, encompassing four disparate private sector service areas, the complexity of detail within subsectors, and efforts to integrate project activities across subsectors. The evaluation team agreed with interviewees who felt that the project should have been divided into four separate projects along subsector lines in order to accommodate different stages of development of the four subsectors through activities appropriate to each subsector. The complexity of the project was due in part to the desire to develop linkages between the subsectors, an important, but difficult, task.

In retrospect, the design did not sufficiently address structural constraints to the development of the key private sector services specifically: the burden of government regulation, procedure, and control, and resistance to the concept of private sector development in some areas of the society. Although hindsight has shown various design weaknesses, the greatest difficulties were encountered in the project's implementation.

3.2. Project Implementation

Project implementation did not result in enough tangible deliverables or impacts to serve as unequivocal evidence of success or to provide encouragement about the project's future.

A few GOJ officials do not believe that the project had any discernible impact in Jordan. The most negative impressions of the project were voiced by GOJ officials, including the PSSD project officer in the Ministry of Planning.

Project implementation would have benefitted from more concerted public relations efforts at the outset to explain the concept and purpose to a greater number of individuals, government agencies, and relevant organizations.

The building of a new, sustainable, Jordanian institution that could carry on the activities of the project was not achieved. There is the perception among a number of Jordanians that the prime contractor did not give high priority to institution building in Jordan, and the delays in contracting local counterparts support this perception.

Efforts to improve professional academic curricula through establishing intern programs, preparation of case studies,

sponsorship of a professor in marketing from the USA, award of an MBA grant, and conduct of an advanced marketing workshop for community colleges were largely ineffective.

3.3. Contracting Mechanism

The host-country contracting mechanism resulted in a difficult tripartite arrangement between the GOJ, USAID and the prime contractor. The evaluation team believes that smaller contracts directed at specific subsectors would have had fewer difficulties, lower management overhead, and better potential for positive results, although integration across subsectors might have been more difficult.

3.4. The Prime Contractor

Major implementation problems appear to have stemmed from the difference between the agenda and motivations of the prime contractor and the purposes of the project. When interviewed, prime contractor senior management said that their primary reason for participation in the PSSD project was to develop international skills for their in-house staff and to build their international consulting practice. As a result of their participation in the project, the prime contractor did form a new association with a correspondent accounting firm in Jordan.

3.5. The Ministry of Planning

As the PSSD project evolved, in parallel with the prime contractor staffing and mobilization difficulties noted above, some factors related to the Ministry of Planning affected progress. The changing attitudes and levels of control exercised by the Ministry of Planning appear to have constrained rather than enhanced project performance. However, had overall prime contractor management and performance been better the difficulties between the Ministry and the project might not have been as serious.

When the project was suspended and the prime contractor terminated, project deliverables were which had been in the project office were stored in the Ministry of Planning. As a result, these deliverables are not available for use or follow-up. They should be made accessible to individuals and institutions that can make use of them.

3.6. USAID/Jordan

The USAID mission was solidly behind the PSSD project, but certain structural and procedural factors within USAID contributed to the project's difficulties. The host country contract caused significant problems. Although other external factors may influence the choice of the contracting mechanism, in this instance it is clear that the host country contract effectively distanced USAID from direct oversight of the contract and in fact, negatively affected project performance.

The \$70,000 AID cap on contractor salaries at the time of contract execution made it difficult for the prime contractor, and subcontractors, to staff the project with more experienced and more senior individuals. The evaluation team feels that this constraint on staffing contributed to both USAID's and the Ministry of Planning's dissatisfaction with the PSSD project expatriate staff.

3.7. Accounting and Auditing Subsector

The PSSD project's accounting and auditing component contributed to strengthening JACPA through well organized and attended training courses which were received favorably by the members of the profession, as well as the wider business community.

The achievements of the new JACPA board were acknowledged even by the previous Board. The publication of a newsletter and the dialogue over standards were important steps towards creation of an identity for JACPA. PSSD project support generated enthusiasm in the accounting sector especially in relation to future training opportunities. The dialogue on examination and licensing criteria with JACPA and the public sector Audit Bureau, and the drafting of policies for continuing professional education (CPE) served as guidelines for the Jordanian certification examination and CPE requirements.

3.8. Marketing and Market Research Sector

Preliminary steps towards the formation of a Jordanian Marketing Association were taken, but an association has not been formed.

Professional training seminars sponsored by the project were successful. The "Tourism Marketing Workshop" included World Trade Institute teachers and was well received for its innovative teaching techniques, good practical exercises and group interaction.

Activities related to export marketing had some success. The ad hoc Export Consultative Group created with the assistance of the PSSD project brought together, for the first time, public and private sector representatives and created a dialogue that could not have taken place in any existing institutional or social framework. Through this dialogue public sector officials gained an appreciation of how government regulations and procedures were actually constraining the private sector's ability to export.

Export promotion was assisted by the establishment of a World Trade Center (WTC) in Amman. The WTC will enable Jordanian traders to promote their products through an electronic network with WTCs and enterprises in other countries. The project produced a number of publications to enhance exports, e.g. "Guidelines for Exporting to the United States", a generic market

entry strategy handbook, and assisted the Jordan Trade Association in producing a brochure, "Members Profile". The WTC was not part of the original project plan. The evaluation team was told that considerable effort and funds were devoted to the concept of establishing Jordanian trade centers in the U.S., but that there were no practical results. Expenditures on these activities in the U.S. cannot be verified because the accounting procedures of the prime contractor do not show expenditures by project activity.

3.9. Industrial Management and Engineering

The IME component of the project performed several pilot studies, including one very influential study of a proposed foundry in Irbid requested by the government, and took preliminary steps towards the formation of an association or society of industrial engineers. Despite this, there is consensus that the subsector's activities were mostly unfocused and ineffective. An IME society should have been formed at the beginning of the project as a focus for the activities of the IME subsector. The IME section analyzed and reported on the Encouragement of Investment Law and the Companies Law. However, there seems to have been no impact or follow up of this review.

There were two other USAID projects promoting industrial engineering at the same time as the PSSD project and hence competing for the same institutional and professional resources. A potential linkage existed with the Management Development Project through its two sub-activities at the Jordan Institute of Management and the Faculty of Economics at the University of Jordan. Although some overtures were made, the PSSD project could have involved its marketing, accounting and auditing, and computer services sections more closely in joint activities with this project.

3.10. Computer Services Subsector

The PSSD project contributed both directly and indirectly to the strengthening of the Jordan Computer Society (JCS). Through dialogue with the PSSD project the JCS became more aware of its capabilities and potential. Interviews indicated that some traditional rivalries between hardware and software vendors were transcended for the benefit of the profession as a whole through the formation of joint ventures for soliciting work from the government. The PSSD may have played a role in securing some of the needed legitimation for the profession.

The JCS became aggressive in seeking to position itself to take advantage of technology transfers that would give it a competitive edge in Arabization, system development, management of software projects, and opening channels for export of software packages. This was partly due to the nature of the Jordanian computer sector itself, which had more sophisticated and technically qualified professionals than the other professions.

Intellectual property and copyright law guidelines and definitions to support amendments to the copyright law were drafted and forwarded to the Ministry of Trade and Industry. This initiative is still awaiting GOJ action.

The first part of a comprehensive system development methodology to assist the industry in pursuing and managing major software development projects was developed under the PSSD project and, through a local subcontractor, adapted to local conditions and translated into Arabic. This deliverable is in the hands of the Ministry of Planning.

3.11. Project Impacts

With few exceptions, notably in export marketing, the PSSD project had little effect on opening a genuine dialogue between institutions representing the interests of the private services sector and the government. The GOJ continues to control the public/private sector dialogue, and the project demonstrated that it is still difficult or nearly impossible to establish new, strong private sector institutions without heavy government involvement or control. The project did succeed in expanding the availability and quality of services in some areas. An example of a successful activity is impact of the project on the Jordanian printing industry.

Although difficult to quantify, it appears that the PSSD also contributed to awareness of the need, and desirability, of using the services addressed by the project. The concept of marketing as opposed to selling gained greater acceptance in the private sector. The project also contributed to improved technical and management skills in several of the subsectors addressed, e.g. training in auditing and accounting practices, improvements in technique within the printing industry. The current influx of professional expatriates resulting from the Gulf crisis is expected to further increase the skills available to the Jordanian economy if employment opportunities can be created.

The project had no discernible effect on the GOJ's contracting with local service firms, with the exception of local contracting for printing government coupons and tourism brochures after project assistance had helped the printing industry prove its capability in this area.

There was no real impact on academic curricula from the PSSD, and student exchange programs included in the project design and contract were not addressed at all. The assistance provided to Jordanian educational institutions seems to have had a minimal effect. This may be due more to the structure of education in the country where the Ministry of Education approves all curriculum materials, than to lack of initiative on the part of the project.

The PSSD's own staff development at both administrative and technical levels contributed to the project's goal and purpose. All project counterparts attended relevant training seminars in

the USA, and the counterpart for accounting and auditing received her CPA in the USA. Staff technical skills were further developed on the job through constant contact with the expatriate staff, and the application of project management systems and procedures. The PSSD staff gained administrative skills which aided them in their work and contributed to the project as a whole. Unfortunately, implementation problems within the project affected further staff development and morale.

4. Summary of Conclusions

- o Project implementation did not result in enough tangible results to serve as unequivocal evidence of success or encouragement about the project's future.
- o The difficulties encountered in the implementation of the project do not favor continuation of the project in its present form.
- o The building of Jordanian institutions that could carry on the activities of the project was not achieved.
- o The host country contract resulted in a difficult tripartite arrangement between the GOJ, USAID and the prime contractor.
- o The major implementation problems appear to have stemmed from differing agendas and expectations about outputs and achievements of the project by the prime contractor staff and the Jordan Ministry of Planning staff.
- o Changing attitudes and levels of control exercised by the Ministry of Planning constrained project performance.
- o Although USAID was solidly behind the project, structural and procedural factors (e.g., salary caps, host-country contracting) within USAID contributed to the project's difficulties.
- o Changes in Jordan's economic and political situation resulted in new priorities for the government that could not be addressed easily under this project.
- o The project concept was viewed favorably by the majority of those interviewed. The major criticism directed toward the design was its size and scope.
- o With few exceptions the PSSD project had little effect on opening a dialogue between the private services sector and the government.
- o The project succeeded in expanding the availability and quality of services in some areas and contributed to improved technical and management skills in several of the subsector addressed.
- o There was no discernible impact on academic curricula and professional exchange programs incorporated in the design were not addressed at all.
- o The PSSD's own staff development on both administrative and technical levels contributed to the project's goal and purpose.
- o There are a number of unfinished activities where a relatively small further investment could bring valuable

- benefits. These are listed in Annex 6.
- o The need for development and expansion of private sector services in Jordan remains.

5. Recommendations for the Future PSSD Activities in Jordan

5.1. Criteria for Continuation of PSSD Project Activities

If it is decided to continue the PSSD project at any level it is important that the follow-on work not be a watered down or more diffuse version of the original PSSD. While the purpose of expanding and improving the quality of the private services sector in Jordan should be maintained, follow-on activities should be selective and focused in order to show results and impact.

Wherever possible, continuation of PSSD activities should be responsive to current GOJ priorities. Activities selected should help support Jordan's current and potential exports, and help position the country to develop export markets in the future. Thought also should be given to activities that would contribute to the integration of returnees who have skills relevant to the service sectors and/or funds available for investment.

Because any PSSD project follow-up will be small in comparison to other donor and government efforts, it is important to coordinate with other USAID projects, other donors and the Jordanian public and private sectors. Identification of a unique gap or niche that this project could fill would provide a way in which to leverage AID funds and avoid duplication of effort or the possibility that the project would be ignored in favor of other larger efforts.

If the project is continued with contract staff, criteria for the selection of individuals should include: commitment to the goals and objectives of the project and the selected activities, good practical technical experience and skills, and desire to see results. Third country nationals should be considered along with Americans and Jordanians. Contracting with a large consulting firm should not be repeated, and the host country contract arrangement should be avoided. The evaluation team believes that any coordinating body should be a neutral organization and its status understood by all participants in the project.

5.2. Options for Continuation of Project Activities

There are several alternatives for the future of the PSSD project. Each of these alternatives has advantages and disadvantages and each is dependent for success on several conditions.

Option 1. PSSD as an Information Service

There is still an information and perception gap between the supply and demand for services in Jordan. There are many resources and much information both inside and outside the country that are critical to the development and expansion of the sector. What is missing is a broker or coordinator who can facilitate access to information and initiate dialogues between

the private and public sector and between the services and productive sectors. One of the main tangible results of this project has been the collection of information and the production of reports, studies, and databases. The challenge facing any PSSD project follow-on activity is to use this information to further the aims of the project.

This option would build on one PSSD project task--development of a central database of service capabilities and resources. The functions of the follow-on would be twofold:

- To maintain the central database and to use it as a brokerage mechanism to match the supply side of the private services sector with the demand for these services locally, regionally, and internationally.
- To expand and develop the Resources Database and maintain it as a useful reference for the Services sector to access for required services.

This option would support the main purposes of the PSSD project, to improve the capacity of the services sector, and to expand the use of its services. The objectives would be to coordinate information related to the supply and demand for private services within Jordan, and to distribute and provide such information between the service subsectors and between service enterprises and the rest of the economy. Examples of such information include directories of suppliers and potential users of the services, compendiums of pertinent laws and regulations, and "how-to" handbooks for interfacing with GOJ regulatory agencies. This information is in part included in the databases which were set up by the PSSD project, but are not currently being used.

This option should emphasize, to the extent possible, Jordan's current priorities: assimilation of the Gulf state returnees into the mainstream economy of Jordan, creation of investment opportunities, and the export promotion drive for Jordanian goods and services to new markets abroad. This would be achieved by providing information to various sectors about how to access the information necessary to meet specific needs (the resources database), and the provision of information on available services to users of the services sector.

The components of this option are the information databases and a continuous dialogue between various public and private bodies involved in the economy.

Success of this alternative would be dependent on cooperation from the Ministry of Planning and on an appropriate public relations campaign with private sector beneficiaries. The contract with the coordinator should be an USAID rather than host country contract.

The objectives of this activity should be clearly articulated plans for sustaining the function after the project

funds have been expended. If this information brokering function proves useful, firms should be willing to pay for its services after project funding ends.

This alternative would require two things from USAID--an extension of the one year left in the project to two years, and an increased level of attention from USAID staff. It would also need clearly defined measurable indicators by which the project officer could monitor its progress against the objectives.

Option 2. Complete Selected Activities

Use a portion of the remaining funds, between \$500,000 and \$1 million, to follow-up selected activities for which a small further investment is required to bring them to fruition. Deobligate the remaining funds. Under this alternative, USAID could review the economic situation in one or two years and determine whether a new private services project was necessary and feasible.

The advantages of this alternative are that it would re-coup some of the original investment in the PSSD project by continuing valuable activities that were stopped prematurely and precipitously by the Gulf crisis and the termination of the prime contract. Examples are the Export Consultative Group, continuation of accounting and auditing training seminars, computer services methodology development, and computer services directory distribution and updating. The process necessary to select the activities to be continued would force a close look at actual and tangible activities of the PSSD project. This option would also demonstrate commitment on the part of A.I.D. to follow-up valuable activities that were begun under its sponsorship. The local project counterparts interviewed have clear ideas about what steps should be taken to reap the benefits of these activities.

The disadvantage would be largely administrative since USAID would have to deal with a series of small activities. Success of this alternative would depend on cooperation from the Ministry of Planning which currently has most of the deliverables, willingness of individuals and groups who worked on the selected activities to continue and a mechanism (or series of mechanisms) through which to fund the remaining work. This perhaps could be done through small grants to organizations such as JACPA or the Computer Society.

Option 3. Combination of Options 1 and 2.

Option 4. Close the PSSD Project

Deobligate the money currently under the project and consider the possibility of reviving it or another project like it in one to two years.

5.3. Evaluation Team Recommendation

The evaluation team recommends that the USAID/Jordan give serious consideration to continuing the activities of the PSSD as described in either Option 1 or Option 2, with commensurate reductions in obligated funds.

6. Lessons for Future PSSD Projects

The development of private sector services as a significant contributor to private sector development is an important concept. Despite implementation difficulties, the Jordan experience has useful lessons for other developing countries and for A.I.D..

6.1. Project Environment and Timing

The social and business culture of the host country are important variables in project identification and design. There must be genuine support for private sector growth, with minimal opposition profit-making enterprises and private, as opposed to public or quasi-public sector, institutional development.

The relationship between government and business must be explored carefully, with particular attention to the degree and type of control government exercises over the private sector and its institutions. Research into the historical bases of government and business relationships and their effect on the current business environment may be useful.

The timing of the project in relation to the level of development of individual subsectors will influence success. The Jordan experience indicates that:

- o Subsectors with few practitioners should not be selected because the critical mass for institutional development does not exist. Small scale pilot projects and personal services technical assistance contracts to demonstrate the value of the services and develop demand may be more effective. In Jordan the marketing and market research, and industrial management and engineering subsectors fell into this category.
- o Subsectors with numerous practitioners are ready for the development of a professional institution to increase the quality of the services, provide for standards, regulation and licensing and, in some cases, promote export of the services. The computer services subsector in Jordan fell into this category. In some instances, institutional development will have to overcome suspicions, competitive secretiveness and tendencies to make the institution exclusive rather than inclusive, because these work against a higher level of professional cooperation.
- o The best targets for private sector services development investment appear to be subsectors with numerous professional practitioners and a professional association through which to channel the development initiatives. The accounting and auditing and computer services subsectors in Jordan each had a viable association and as a result had the greatest potential

for supporting private sector development. Nascent associations such as the marketing association in Jordan are more difficult to use as a base for development of the particular services subsector.

The international and regional economic and political environment are also important, particularly where trade and exports are involved. Although Jordan's situation may be extreme due to the Gulf Crisis and its impact on Jordan's current ability to export within the region, it highlights the relevance of geopolitics for a country's private sector.

6.2. Project Identification and Design

The process of identification and design used for the Jordan PSSD included an initial study of a broad range of private sector services. Based on this study, four key subsectors: accounting and auditing; marketing and market research; industrial management and engineering; and, computer services were selected as critical for the development of the private sector development. The project was designed to address improvements in those particular service subsectors.

Criteria for selecting subsectors should include: cultural acceptance, academic preparation, state of maturity, government control, and level of existing professional institutions, as well as potential impact on private sector development as a whole.

The Jordan PSSD project design fell short in two respects. First, it was too broad and complex and included too much management and administrative overhead for a single contract. Second, insufficient attention was given to constraints implicit in government control and regulation of the economy, and the ambivalent feelings toward private sector development in the culture.

It is essential that there be substantive and broad local participation in the conceptual and design stages of a PSSD project to assure that unrealistic solutions are not included in the project design. For example, the concept of self regulation of professions common in the U.S. and Europe may not be totally acceptable to governments and the private sector in other countries.

The project design team should assess other private sector development initiatives and projects in the host country that will work in parallel with the PSSD initiative to clearly differentiate targets, goals, and activities, avoid confusion, duplication of effort, and intra-project competition for scarce individual and institutional resources in the private sector.

6.3. Contracting Mechanisms

The breadth and complexity of PSSD projects may be unavoidable in view of the intrinsic complexity of the interactions and interdependence between private sector services

enterprises and other private sector firms. The best approach to a PSSD initiative may be as a USAID program with a number of small and medium sized technical assistance procurements, personal services contracts or conventional contracts, directed toward specific goals within the program. Based on the Jordan experience the use of a "wholesale" procurement to cover the entire PSSD program was not effective because it was not manageable. Contractor and subcontractor overhead in a large contract can absorb much of the development funds available and the concentration of project resources in a single agency makes the entire project susceptible to any management difficulties that might be present within the project management.

Because a PSSD addresses many goals and a multiplicity of activities which are difficult to measure quantitatively, and has constraints over which the contractor has little control, project performance is especially vulnerable to contractor flexibility, experience and capabilities. Dividing a PSSD program into smaller incremental procurements clearly places a management burden on the USAID mission. However, an incremental contracting approach can lessen the risk of implementation slippage or misdirection through contractor or host country difficulties. It also permits greater flexibility in strengthening and pursuing successful activities, taking advantage of new opportunities and closing unsuccessful activities with minimal expense and disruption.

Based on the Jordan experience a PSSD technical assistance procurement should not be a host country contract. A direct A.I.D. contract is less vulnerable to redirection based on short term host country priorities and the management capacity of the developing country executing agency. In addition, a government agency may not be the most appropriate executing agency for a project directed at the development of the private service sector.

In the Jordan PSSD project, differing agendas, motivations and incentive systems within the government, USAID and the contractor affected the project implementation. Since such differences often are inevitable, they should be recognized at the outset and contracts should only be entered into if these differing agendas can be accommodated in such a way that they will not jeopardize the achievement of project goals.

6.4. Project Management and Staffing

Contracts for PSSD technical assistance should include practical and very specific progress reporting requirements based on activity performance against planned goals and schedules, and cost reporting broken down by activity as well as by conventional A.I.D. billing categories. Activity level reporting provides the only objective measurement of return on investment so that ineffective activities can be identified early and curtailed with a minimum of disruption, and successful activities can be augmented.

The Jordan PSSD experience pointed up the importance of the personal qualities of the long term expatriate participants in a PSSD project. Early in the project host country perceptions of the contractor's ability may be as important as professional expertise. If possible, prospective long term project staff should be interviewed carefully by individuals familiar with the host country and the aims of the program to assure that they will fit local perceptions and requirements. Provision of long term staff that are not personally committed to the program, and are not readily acceptable to host country counterparts by virtue of experience and personality, is almost guaranteed to create difficulties as the program runs its course.

APPENDICES

Appendix 1: Current Economic Situation Appendix 1 Jordan's Current Economic Situation

The Gulf crisis of 1990 - 1991 severely affected the outlook for Jordan's economy. Three primary sources of foreign exchange; worker remittances, grants from other Arab countries, and exports of goods and services have been particularly hard hit. The large influx of Jordanian expatriates from the Gulf States has not only reduced remittances, but also has strained the country's infrastructure and services.

A study entitled "The Financial Burden of the Jordanian Returnees on the Economy" carried out in April 1991 by The Ministry of Planning in cooperation with the National Centre for Educational Research and Development estimated that approximately 230,000 Jordanians had already have been forced to leave the Gulf States and are seeking permanent residence in Jordan. The number was expected to reach 300,000 (about 7% of Jordan's population) by the end of 1991. The cost to Jordan's economy of the returnees includes resettlement services (housing, water and sewerage), education, and health and other services and job creation. The total impact on the balance of payments in 1992 will exceed \$1.5 billion. The result of lost remittances from Jordanians working abroad is estimated at 300 million Jordanian dinars per year. Import components of job creation are projected at 236 million Jordanian dinars per year and consumption for returnees at 130 million Jordanian dinars annually. Altogether the cost of creating jobs for the new returnees is estimated to be about 1.2 billion Jordanian dinars.

A recent survey of 100,000 returnees found almost 83% unemployed, most of whom are unskilled laborers. 43% of the returnees are students and about the same percentage are under age 15. 44% have less than a high school education. Poverty among the returnees is widespread, with one-third of the families under the poverty line. Despite the unemployment and poverty, nearly 20% of the families questioned intend to invest in Jordan and 38% of these intend to invest their own funds. It is expected that within five years the returnees will be fully absorbed into Jordan and will be self-supporting. However, until that time the costs to the Jordanian economy will be heavy.

The government is not in a position to create employment for all the returnees, so there is a significant role for the private sector to play in the absorption and integration of the returnees. A local newspaper recently reported that the Federation of Jordanian Chambers of Commerce (FJCC) has begun a program to register employment vacancies for skilled workers and professionals among the returnees. FJCC believes that there are returnees with experience and skills in professions and trades that will benefit the Jordanian private sector. The article

reported that the FJCC is also providing potential investors among the returnees with feasibility studies and advice on investment opportunities.

Appendix 2
Persons Interviewed for the Evaluation

USAID

| | |
|-----------------------|-------------------------------|
| Mr. Thomas Dailey | USAID/Jordan |
| Mr. Barry MacDonald | USAID/Jordan |
| Mr. William T. Oliver | USAID/Jordan Chief of Mission |
| Mr. Bassam Khatib | USAID/Jordan |
| Mr. James Dempsey | USAID/Jordan |
| Ms. Shaden Halazon | USAID/Jordan Economist |
| Ms. Janet Sanderson | Economist at US Embassy |
| Mr. Bill Riley | A.I.D./Washington |

Government of Jordan

| | |
|--------------------|--|
| Mr. Husni Olama | Project Liaison, Ministry of Planning |
| Mr. Rabia Dajani | Previously PSSD Coordinator at Ministry of Planning |
| Dr. Rima Khalaf | Director, Jordan Commercial Center Corporation (JCCC): ex Ministry of Planning |
| Mr. Nasri Atallah | Secretary General, Ministry of Tourism |
| Dr. Ibrahim Badran | Secretary General, Ministry of Industry and Trade |
| Dr. Basil Jardaneh | Minister of Finance |
| Dr. Michel Marto | Deputy Governor, Central Bank of Jordan |

PSSD Project Participants

| | |
|-----------------------|---|
| Mr. Robin McPhail | Partner, Deloitte & Touche |
| Mr. Richard Raupp | Partner, Deloitte & Touche |
| Mr. Stephen DeLaurier | PSSD Project Director; Deloitte & Touche |
| Mr. Safwan Bataineh | PSSD Jordanian Counterpart Director |
| Mr. Walter Bohan | PSSD Computer Services Sector Leader |
| Ms. Randa Salti | PSSD Computer Services Sector Counterpart |
| Mr. Osama Ghanoum | PSSD Marketing Section Counterpart |
| Ms. Rulla Aboud | PSSD Accounting Sector Counterpart |
| Mr. Jayant Kalotra | PSSD Marketing Sector Subcontractor |
| Mr. Shishir Dutta | PSSD Printing & Graphics Expert |

Project Beneficiaries

| | |
|---------------------|--|
| Mr. Rami Khouri | General Manager, Al Kutba Publishing |
| Mr. Hazem Milhem | Member, Jordan Computer Society |
| Dr. Ibrahim Abassi | Director, Jordan Association of Certified Public Accountants (JACPA) |
| Dr. Mazen Samourai | Manager of Marketing Firm, beneficiary |
| Mr. Samih Darwazah | Al Hikma Corporation, Jordan Trade Association (JTA) Member |
| Mr. Marwan Bataineh | Computer Services Sector subcontractor and beneficiary |
| Mr. Riad Khouri | Director, Middle East Business Associates, Ltd. |

Appendix 3
Documents Reviewed for the Evaluation

Private Services Sector Assessment, February 20, 1987.
PSSD Project Paper, September 27, 1987.
Project Agreement, September 28, 1987.
Project Agreement, Amendment No. 1, July 12, 1988.
Project Agreement, Amendment No. 2, May 31, 1989.
Ministry of Planning contract with Deloitte, Haskins & Sells,
July 17, 1988.
PSSD Revised Work Plan, August 13, 1991.
Project Status Reports, 1988-1990.
Project Status Briefings, 1988-1990.
Project Correspondence and General files.
Project Implementation Reports.
Revised Work Plan an Outline, September 4, 1990
Private Services Development Project Final Report, August
15, 1991.

Marketing Section Deliverables Reviewed

Marketing entry strategy for Dead Sea Mineral Salts, October
1989.
D.N. Sen Gupta's Reports on his visit to Jordan from 19/5-
8/6/1990.
Marketing Channels (Adel Al-Ansari), July 1989.
Business Negotiations Abroad.
Academic Marketing Programs.
Import/Export Procedures, May 1990.
International Negotiations.
Guidelines on Exporting to the United States.
Marketing Jordanian Products in United States.
Trip Report: Baron and Coyle, January 28, 1989.
Video Tape: Memories in Jordan.
Video Tape: Faces of Jordan.

IME Section Deliverables Reviewed

Report-Business Diversification Feasibility for Jordan Precast
Concrete Industry, June 1990.
Case Study-"Operations Systems Review" for Jordan Production Co.,
April 1990.
Report-"Operations Systems Review"-Appendices-Global Carpet and
Rug Industries, January, 1990.
Report-Market Study for Jordan Precast Concrete Industry, May
1990.
Proposal-"Operations Systems Review" Global Carpet & Rug
Industries, September 1989.
Report-"Pilot Project Criteria", October 1990.
Report-Effects of Protective Legislation and Government Policies
on Industrial Management and Engineering Services, November 1989.
Report-Mt. Nebo Rest House Power Requirements Analysis, January
1990.
Report-Wadi Rum Rest-House Complex Electrical Requirements

Analysis, January 1990.

Proposal-"Business Strategy Development" for Jordan Precast Concrete Industry, December 1990.

Presentation-Analysis of Proposed foundry in Irbid, April 1989.

Orientation Program-Internship Program for Industrial Engineering Students, June 1990.

Report-Jordan Productivity Center Concept, June 1990.

Cost Analysis: Jordan Precast Concrete Industries, January 1990.

Feasibility Study: Jordan Precast concrete Industries (PCI), January 1990.

Prequalification for Study of PCI, January 1990.

Accounting/Auditing Section Deliverables Reviewed.

Assessment of the Financial Reporting Environment, January 1990.

Computer Services Section Deliverables Reviewed

Jordan Production Studios: Preliminary Definition of Information Requirements and Assessment of Four computer Vendor Proposals, June 1990.

Copyright Law Guidelines Document, December 1989.

Copyright Law Definition Document, December 1989.

Draft Review Document of Ministry of Public Works (MOPW) Contract with Sogelerg/ACC.

Travel Report for the Gulf Information Technology Exhibition (GITECH) 1989, October 1989.

Database Presentation to Jordan Trade Association (JTA), April 1989.

Structured Systems Analysis Methodology, Training Program Outline-Preliminary Draft.

Inventory of Computerized Statistical Databases, April 1989.

Appendix 4

Project Chronology

| | |
|-----------------|--------------------------------------|
| June, 1987 | Project design completed |
| August, 1987 | Change from AID to host contract |
| September, 1987 | Prime contractor selected |
| March, 1988 | On-site work begun |
| July, 1988 | Contract signed |
| November, 1988 | March 1989 Economic crisis in Jordan |
| August, 1989 | Mid course correction |
| January, 1990 | Restaffing completed |
| August, 1990 | Gulf crisis |
| August, 1990 | Expatriate evacuation |
| June, 1991 | Contract terminated |

Appendix 5

Acronym Definitions

| | |
|-------|--|
| CPE | Continuing professional education |
| FJCC | Federation of Jordanian Chambers of Commerce |
| GOJ | Government of Jordan |
| IME | Industrial Management and Engineering |
| JACPA | Jordan Association of Certified Public Accountants |
| JCS | Jordan Computer Society |
| PACD | Project activity completion date |
| PSSD | Private Services Sector Development |
| WTC | World Trade Center |

Appendix 6

Selected Activities Recommended for Completion

Marketing Section

1. The Export Consultative Group

Given the success of this activity as indicated by everyone who was interviewed, and the content of the paper that was produced, it is recommended that the concept of Consultative Groups be continued. This concept could be expanded to cover other topics which have become more relevant in the past year such as Investments, Employment, Customs, Small Scale Business Enterprises, etc...

2. Central Data Base of Services Capabilities

The Marketing Sector had initiated a Supply side study to identify the capabilities and services offered by local professional firms and individuals for the purpose of establishing the basis of the quantity and quality of the four service sectors in Jordan. This information was gathered in database and statistical analysis was performed on the data in order to indicate marketing trends. Another survey which assessed the Demand side for the four services sectors was conducted. The combination of the Supply and Demand studies provides the basis for a market research of the local services sector professional firms and individuals.

This information needs updating through follow-up surveys both for the Supply and Demand side of the market, given the recent changes and the influx of thousands of ex-patriate professionals from Kuwait. This data base will require regular updating to produce useful reporting analysis of the information as needed.

3. The Jordan Marketing Association

An important task under the Marketing Section which will be instrumental in benefitting this sector is the formation of a Jordanian Marketing Association. Once this is formed, it would act as a forum for all the activities for this sector.

IME Section

1. The IME Professional Association

This is the most important and needed task that is required for the organization and coordination of efforts under various projects and activities. A Founding Committee for the prospective organization had been formed, and draft bylaws developed.

2. IME Journal

This task could easily be achieved once the IME Professional Association is set up.

Accounting Section

1. Professional Seminars

The JACPA has prepared the outlines for Seminars which were seen as follow-up seminars to the series which were sponsored during the project. These Seminars fall within JACPA's plans of improving the competence and quality of the profession.

2. Accounting Training Institute

This task replaced the International Exchange Program, whereby JACPA would become further institutionalized by training people who would in turn train others in educational skills. A plan has already been developed with related budgets and timing.

3. Establish International Accounting Standards

This task was initiated with the review of the standards of 13 countries in coordination with the American Institute of Certified Public Accountants (AICPA), requires more time and effort to determine the applicable reforms required to institute quality assurance in the profession.

Computer Section

1. Develop and Distribute the Statement of Qualifications

The SOQ is a nucleus of a computer services directory of Jordanian software developers. This should be updated and developed to include new companies and the products of these companies. This SOQ can be distributed internationally and to the region.

2. Methodology Project

The work already begun on developing a systems analysis methodology tailored for the needs of the Jordanian firms has the training plan component for the next phase ready to be conducted. Furthermore, the full life cycle methodology in all its phases has been clearly conceptualized and could be developed with the assistance of the specialist in methodologies.