

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



**COUNTRY DEVELOPMENT
STRATEGY STATEMENT**

FY 1981

JORDAN

**DEPARTMENT
OF
STATE**

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COUNTRY DEVELOPMENT STRATEGY STATEMENT (CDSS)

JORDAN

I. Introduction

This year--as last--the Country Development Strategy Statement (CDSS) for Jordan has been prepared as part of a comprehensive U.S. official strategy that is described in other documents. The key objectives of the economic or development assistance strategy are to help Jordan maintain internal stability by meeting the basic human needs of all components of its population equitably, and to increase its ability to act independently by strengthening its economic base through generation of domestic revenues accruing to the government and export earnings.

We continue to believe that Jordan is committed to a policy of equity with growth. Our strategy is to help Jordan effectuate this policy by assisting in sectors of development upon which we can bring to bear appropriate resources.

Since 1953, with only two years of interruption, Jordan has received U.S. budget support. As a matter of policy agreed between the U.S. and Jordan, the level of budget support has declined since 1977, and only \$20 million is being requested from the Congress in FY 80. Continuing this trend to its culmination, we do not propose any budget support in FY 81. It is our current belief that Jordan, as a result of the Baghdad meeting, will receive enough support from other donors to cover its budgetary deficit and that our assistance will be more effective in the form of development grants and loans.

Also, on the understanding that the same principle regarding PL 480, Title I, will be applied equally to Syria, Israel and Jordan, we do not propose any Title I assistance for Jordan in FY 81, because we believe this resource should be reserved for countries facing different sorts of economic and development problems than those three nations.

We are strongly recommending an aid program for Jordan in FY 81 that consists of similar allocations to the Maqarin project, and to the core program, as contained in the originally approved program for FY 80. (Conceptually, the FY 81 program, therefore, is based on a third

equal tranche of \$50 million for Maqarin, and \$60 million for the core program. Recent decisions in Washington to lower the FY 79 tranche for Maqarin to \$45 million, and the FY 80 tranche to \$38 million force us, of course, to raise the FY 81 tranche to \$67 million.)

In FY 79 the Administrator and the authorizing committees of Congress treated the request for the Maqarin project as a separate line item but the appropriation committees included the project within the general, unspecified, amount made available for the Economic Support Fund. As in last year's CDSS, we recommend that the Maqarin project be presented as a separate line item for FY 81. All the reasons presented in past years for U.S. support for the Maqarin project continue to apply, with even more urgency than before because of the growing seriousness of Jordan's situation with regard to the supply of water. This is a key project to help Jordan attain self-sufficiency in fruits and vegetables, greatly expand its exports in these projects, and meet the pressing needs of the inhabitants of the urban areas on the plateau. The amount of \$67 million for Maqarin for FY 81 is, as previously noted, dictated by decisions in Washington regarding FY 79 and FY 80 allocations.

We believe that both political and developmental considerations support our recommendation of \$60 million in loan and grant project aid in the core program for FY 81.

In this period of turbulence in the Near East (Iran, Yemen, Afghanistan), the U.S. shares a close identity of interests with Jordan, and it is highly desirable that we should continue to make an important contribution to Jordan's determined efforts to meet the needs of its partly indigenous, partly transplanted population and maintain independence of action. The Ambassador is persuaded that a core program of \$60 million in FY 81 is the proper level of U.S. support, and the AID Mission is convinced that that amount of assistance can be put to use in well conceived and effectively implemented projects in the high priority development sectors addressed in this paper.

Provision of \$60 million in project assistance in FY 81 is also part of the key to projecting some decreases in the levels of assistance for the period of FY 82-83, and a substantial transformation of the program in FY 84-85. There is little question, we believe, that both the intensity and level of the AID program in Jordan in the past few years (from FY 75 onwards) has helped Jordan attract considerable external resources for its development program. Jordan has designed a large number of

sound development projects and attracted increasing amounts of external aid to finance these activities. There is every indication that this trend will continue, and the need for massive U.S. concessional assistance should soon start to decline. We estimate that \$50 million in FY 82 and \$40 million in FY 83 in our core program may, in conjunction with the project contributions of other donors, go a long ways towards meeting many of the most pressing development needs of Jordan. We can foresee that by FY 84 it may be possible for Jordan, enjoying the fruits of such projects as potash, Jordan Valley development (Maqarin), etc., to be able to carry most of the burden of the capital costs of its further development and for the U.S. to concentrate its efforts, at a level of perhaps \$15 million a year, on technical assistance and small amounts of grant assistance for high priority activities that the Government of Jordan might have difficulty in funding. Ultimately, Jordan might attain the status of AID graduate, and wish to arrange for reimbursable technical assistance. We should also actively pursue opportunities for OPIC and Export-Import Bank involvement in Jordanian development.

If this scenario were played out, AID would have provided Jordan from FY 75 to FY 83 with about a half a billion dollars in project assistance (including \$150 million for Maqarin). Assuming peace in the area, and continuation of economic growth trends in Jordan, it does not seem unreasonable to foresee a Jordan that will have achieved "take-off" by FY 84.

II. The Plan

Our proposed programs support the priority areas set forth in the Government of Jordan's Five-Year Development Plan (1976-80). We do not think the priorities will change significantly in the next Plan. The Plan is production-oriented, although it has also given considerable attention to social equity questions in the last few years. These will be more prominent in the next Plan. Insufficient financing was considered the constraint on development when the Plan was formulated; now water and skilled manpower are the resource constraints identified by the government and ourselves.

The size of the Plan has increased since the last CDSS, principally because of the increase in subsidies promised at Baghdad (see Table 1). Current expenditures (salaries, inflation) and transfers to the private sector (government

TABLE 1

Resource Availability	JD Millions	
	1976-80	1981-85
Central Government Surplus		
as current account	-394.3	- 340.7
Budget Support	<u>697.2</u>	<u>1100.0</u>
current account	302.9	759.3
Foreign loans and technical assistance	299.3	438.0
Government Bonds	72.0	112
Borrowing from Banking Systems	108.5	12.2
Total resources for capital expenditures	782.7	1321.5
 <u>Resource Uses</u>		
Capital Expenditure in Govt.		
Budget	501.6*	820.7
Other capital expenditures	281.1	500.8
Ordinary	40.0	50.0
Repayment of Foreign Loans	36.5	225.8
Repayment of Internal Loans	16.5	25.0
Loans and transfers to private sector	188.1	200.0
Total Capital Expenditures	782.7	1321.5

* The plan called for 382 million JD. The NPC revised these figures (Economic Impact of the Jordan Valley Irrigation Stage II and Arab Potash Projects) to 501.6 million JD to allow for a 20% escalation and additional costs for these two projects.

equity participation in large companies, i.e. potash, phosphate fertilizer, cement, etc.) are the main new claimants on Plan resources.

Government capital expenditures have increased from 82.9 million JD in 1976 to an estimated 216.8 million JD in 1979, or from 30.4 percent of central government expenditures in 1976 to an estimated 42.4 percent in 1979. Excluding repayment of principal and interest (budgeted at 12.8 million JD, 1976; 18.8 million, 1977; 17.8 million in 1978; and JD 21.7 million in 1979), central government capital expenditures (including government equity in mixed government/private companies) are expected by the end of 1979 to be 603 million JD or 77 percent of the revised Plan's target of 782 million JD. If the government (as budgeted) expends 90 million JD from foreign sources on development in 1979, then 80 percent of the 299.3 million JD expenditures from foreign sources for Part II development capital projects, (anticipated by the Plan), will be realized by the end of 1979.

Net foreign borrowing to finance capital expenditures will increase from 32.2 million JD in 1976 to over 85 million JD in 1979. Private investment is roughly estimated at 120 million JD in 1978 or a total of 309 million JD during 1976-78. This represents about 65 percent of the original Plan target.

On an accrual basis, the overall budget was in deficit by 58 million JD in 1978. The 1979 budget document estimates no deficit, even though the Plan called for issuance of 15-20 million JD in development bonds and Treasury bills. Government expenditures (Part I) increased about 20 percent in 1978 over 1977. Total expenditures increased about 15 percent. Government expenditures (Part I) are estimated to increase by 41 percent in 1979 over 1978.

The Plan called for a GDP and GNP growth rate of 12 and 11.5 percent, respectively. The estimate of GDP growth rate in constant prices, 1975-1978, is 9.4 percent and GNP, 11.2 percent. There has been no appreciable shift in the structure of the economy since 1975 (as measured by estimated national accounts statistics 1977, 1978).

Mission views on the economic problems GOJ must address in the next year and GOJ policies and programs to date are contained in Amman 0371. We believe the major problem is inflation. The major opportunity is channeling remittances into productive investments.

A major change since the last CDSS is the Baghdad subsidies. See 78 Amman 8858. Budget support is estimated by GOJ at 225.2 million dinars in FY 79 compared to 82.3 million JD in FY 78. The estimated surplus for capital expenditures in 1979 is 116.5 million JD, compared to 27.1 million JD in 1978. Although all this external budget support may not be forthcoming, the Mission believes the GOJ can manage its economy without additional infusion of U.S. budget support.

III. Scope of the CDSS

This strategy paper deals with what the Mission considers to be the major developmental problem areas for Jordan in the next five years: water and sewerage, integrated agricultural development in the Jordan Valley (including the Southern Rift), health care, population, and human resource development (including, particularly, vocational training for women). The basic narrative outlines the nature of the problems, level of effort required to address the problem, who will benefit from this effort and effectiveness of the government. The implications of the recommended level of U.S. assistance on USAID/J staffing are addressed. Five attachments are provided:

- Water Sector Assessment
- Valley Agricultural Assessment
- Health Sector Assessment
- Population Strategy Statement
- Assessment of Vocational Training Activities in Jordan

Our strategy is based on an analysis of problems and needs presented in the attachments, and in last year's CDSS that should be consulted. We believe that our programs during the next five years should be concentrated primarily on five areas:

- increasing the supply and expanding in an efficient manner the distribution of Jordan's scarcest resource, water;
- increasing production and net incomes to farmers from limited land and water resources in the Jordan Rift Valley;
- modifying and expanding the existing health care system to better and more directly reduce health problems of Jordanians, particularly mothers and children 5 years old and younger;
- increasing public awareness of the Jordanian population problem and expanding family planning and services to meet the existing demand;

-- increasing the supply of technically trained Jordanians for more productive employment.

With the exception of population, these areas are the ones identified for USAID program involvement in last year's CDSS.

Last year's CDSS noted that "although Jordan has made great strides towards improving its self-sufficiency, we do not foresee a Jordan independent of external U.S. budget support before 1983." The promised Baghdad subsidies have changed our perception of the need for budget support. Our strategy, approved by the Ambassador for the purpose of this presentation, calls for an elimination of U.S. budget support in FY 81, and a gradual reduction in our core developmental program beginning in FY 82. The Ambassador would like, however, to reserve final judgment on the level and composition of the FY 81 program until the time of the FY 81 ABS preparation, and, of course, his views regarding out-year levels might also change.

IV. Water and Sewerage

Jordan's major resource constraint is water. The number one priority for the water sector in Jordan today is to augment the supply of water to the maximum extent permitted by replenishable water resources. Total known usable water availabilities in Jordan are in the range of 650 million cubic meters (MCM) per year. As suggested in our water sector assessment (attached), the population of Jordan could double by the end of the century when the country will have 5,000,000 or more people. Providing each of five million persons with the 80 liters per day believed to be the minimum necessary to maintain health will require 150 MCM per year. Industry is expanding and will require at least 25 MCM a year by the year 2000. This means only 475 MCM available for agriculture, an amount only marginally above the 400 MCM estimated as being used for agriculture today. A reduced population growth rate, and more efficient use of water and recycling, can mitigate the potential problem somewhat, and we propose to offer the GOJ help in both these areas. The fact remains, however, that a reduction in the population growth rate and improved efficiency in the use of water will not solve the water problem. The supply of water has to be expanded.

The main key to increasing supply is to capture the waters of the Yarmouk River. The above water availability figure of 650 MCM per year assumes continued and increasing use of the Yarmouk River. For this reason the Mission cannot overstate how important construction of the Maqarin Dam is to Jordanian economic and social development.

The second priority is further ground water investigation and development. This is a high risk area, and one upon which the Mission is already embarked in the Rift Valley. But more needs to be done, particularly on the plateau.

The most pressing need for use of water is for human consumption. In Jordan this largely means supply for and distribution in the urban centers. Although demographic data will be debated until the census is completed in 1979-80, as many as 60-70% of the East Bank population of about 2.5 million dwell in urban towns and villages with a population greater than 10,000. There is no provision of public water supply to 30% or more of these inhabitants and in many cases the public water supply is intermittent and/or undependable at best; 90% are without connections to public sewers. Not only for health and humanitarian reasons should these people have reliable access to a minimum supply of water, but also for social equity. Professor Jarir Dajani of Stanford University estimates that the saving to a low income family of having access to piped water versus purchasing from private tankers is 41 JD per year, or 7% of income in Amman (see J. Dajani, "A Social Soundness Analysis of the Amman Water and Sewerage Systems" p. 28 (April 1978). Our water sector assessment outlines the rural water problem. In our view a strategy to increase urban supplies also will serve to increase supplies for the 500,000 people in major rural areas which have distribution systems but now are forced to share limited supplies with cities. For those villages, inhabited by about 250,000 people, which are not on the pipelines proposed from Maqarin and King Talal dams, supply will have to be augmented by increasing the numbers of wells or, where runoff is sufficiently high, by building appropriate water catchments.

Given the limited availability of water, increased supply for irrigation purposes over the long term will come primarily through more efficient use of existing availabilities, increased ground water exploration and desalinization of brackish waters. Our proposed agricultural sector involvement in the Rift Valley will address the efficiency question. We are already financing ground water exploration; and we have under development in cooperation with the Development Support Bureau a pilot project for desalinization of brackish water in the Jordan Valley using solar energy as the primary power source.

The government is fully aware of the water problem. Institutionally, the establishment of a national water

authority is under consideration by the Prime Minister. Urban dwellers are, on the whole, paying full user charges for water and sewerage. Rates for agricultural use, however, tend to be low. The Jordan Valley Authority plans to address this rate structure problem. The water sector--including irrigation--was allocated 13 percent of resources for development (about \$350 million) in the five-year plan. This level of effort, although laudatory, has to be increased. We estimate a total additional resource requirement of over \$1 billion (1978 prices) to adequately address Jordan's water problems over the next five years.

USAID specifically proposes the following activities over the period FY 81 - FY 85, in order of priority:

- Completion of the Maqarin Dam financing.
- Technical assistance to help the national water authority (once established) search for and develop new supplies and operate its organization in a manner which will more efficiently use supplies and practice conservation measures.
- Capital assistance to build a pipeline from the Yarmouk River to Irbid and Amman. Total beneficiaries 1,500,000. \$150 cost per beneficiary (of which AID would provide \$50).
- Capital assistance for the water and sewerage distribution system of Wadi Seer and Sweileh. Total beneficiaries 30,000. \$67 cost per beneficiary (of which AID would provide \$52).
- Capital assistance to increase and upgrade the supply of water in rural areas. Total beneficiaries 500,000. \$90 cost per beneficiary (of which AID would provide \$20).
- Modest grant assistance for a pilot project for desalination of brackish water in the Jordan Valley using solar energy.
- Continuing technical assistance and perhaps modest capital assistance to improve both the supply and use of irrigation water in the Jordan Valley. Total estimated beneficiaries 100,000. Cost per beneficiary is in the range of \$15 per year.

- Grant assistance for feasibility and design studies for water supply and distribution, and sewerage collection and treatment.

If funds additional to what we have recommended were available, our next priorities would be:

- Capital assistance for stage two of the Irbid and Zarka water and sewerage distribution system. Total beneficiaries not yet determined out of total population of 700,000.
- Capital assistance for the water and sewerage distribution system of Maan, Karak and Tafila. Total beneficiaries 50,000. \$300 cost per beneficiary.
- Capital assistance for the water and sewerage distribution system of Ramtha, Mafraq and Ajlun. Total beneficiaries 60,000. \$350 cost per beneficiary.
- Capital assistance to build the Rumeil Dam.

V. Integrated Agricultural Development in the Rift Valley

The Jordan Valley is now the only promising area for significantly increasing food production in Jordan. Ongoing ground water surveys in the Southern Ghor and Wadi Araba may identify some additional high-return areas for agricultural development. As the attached sector assessment points out, Jordan is a major food deficit country but because of its geoclimatic conditions and location, does have substantial external markets for fruits and vegetables; that is, if Jordan can increase production.

However, crop yields in the Valley appear to have virtually stagnated since the completion of the original East Ghor Canal (Table 2 attachment). Water efficiency with surface irrigation, the predominant practice in the Valley, is low, perhaps 40%. Even with the East Ghor extension now completed and an additional 12,000 hectares due to come under cultivation with the completion of the Maqarin Dam in 1984-85, the Jordan Valley will not reach its production potential without significant improvements in farmer practices.

Some technological advances have taken place. Some 2,000 hectares are now irrigated by drip technique. Plastic is widely used for disease control and for shortening the planting-to-harvest cycle and to reduce cold weather risk. More small farmers are emulating the success of their better educated, more well off neighbors. However, they lack the knowledge and financial reserves to duplicate what they have observed, and our proposed programs will attempt to meet this need.

There is little use of disease resistant, high yielding seed varieties in the Valley. Fertilizer is not optimally applied and specific knowledge about how to control viruses, pests and fungus is lacking or if known, not transmitted to the farmer effectively. Technical advice and services to the farmer are weak, or non existent, and the marketing structure is disadvantageous to the farmer and thereby to production incentives. In short, the major near term agricultural problems in the Valley are the availability, application and management of new production techniques and the development of adequate incentives for the farmer. There are presently estimated to be 82,500 persons living in the Valley (1978 survey) and 6,007 farm holdings (1975 agriculture census). 60 percent of the farmers are tenants or sharecroppers.

The sector assessment points out the elements of the agricultural system in the Valley most in need of strengthening. These are supply, extension, production research, production packaging, credit, the pricing mechanism, production costs and marketing. Efficient use of water is another element of high importance. Some of these areas are being addressed under existing USAID/J and other donor-financed projects.

Organizational responsibilities and capabilities in these areas vary considerably. The Faculty of Agriculture conducts research but their efforts in the Valley are presently insufficient. The Ministry of Agriculture has had both research and extension responsibilities, although we believe that there is a good chance that, for the Jordan Valley, these responsibilities will be transferred to the JVA. To date it has been difficult to work out assistance activities in these areas, in part because of organizational boundary disputes.

The JVFA is a recently established organization which has responsibility for overcoming the constraints in several key areas--credit, production inputs, farming advice and marketing among others. The charter of JVFA is clear and at this time we are concentrating our assistance efforts on expanding and strengthening this very important organization.

The government is aware of the problems set forth in the sector assessment prepared by James Jensen, et al, "Agricultural Planning and Technical Services in the Jordan Valley" (May 1978). Since the last CDSS, it has

- Substantially increased support for the JVFA (576,000 JD).
- The JVFA's newly opened production credit window made 377 loans mostly to small farmers during their first four months of operation and will quadruple that number during CY 1979. JVFA supplied a modest 10% of the Valley farmers production inputs during the same period but intends to increase the level to at least 25% in CY 1979.
- It appears likely that in the near future JVA will be given full responsibility for agricultural development in the Valley with the MOA research station under their control and with MOA extension agents to be seconded to the JVA. The JVA has hired a fully qualified agriculturist to head its agriculture department.
- The Faculty of Agriculture of the University of Jordan was granted a budget of one million JD in 1979 by its Board of Trustees, a substantial portion of which will be used in the Valley.
- Conducted population, housing and agriculture censuses of the Valley, financed by JVA.

These are encouraging signs, but insufficient to the task. USAID/J proposes during FY 81-85 to make a major commitment in the areas of production technology, agribusiness and water efficiency in the Valley. Anticipating the possibility of new high potential agricultural areas in the Southern Ghor and Wadi Araba, we have reserved modest funds, under what we propose as a Rift Valley integrated rural development agricultural project, for technical assistance and capital investments in clinics, schools, farm-to-market roads, water resources and irrigation systems.

Specifically, we propose the following activities:

- Technical and grant assistance to the JVA, using the task force approach suggested by Jensen, et al, to solve specific, high priority crop problems (e.g., tomatoes and cucumbers). Disease now reduces yields of the tomato crop by 60% or more for an estimated loss to Valley farmers of about 6.2 million JD annually.
- Technical and grant assistance to the JVA to improve water use practices. The current 50% water efficiency must be improved upon.

- Technical and capital assistance to the JVFA to further strengthen its capacity to provide services to the farm owners, tenants and sharecroppers, including credit and appropriate equipment.
- Technical and modest capital assistance to the JVA to address potentially critical problems such as drainage, operation and maintenance of the water systems, and the survey of lands in the Southern Ghor and Wadi Araba.
- Modest capital assistance to the JVA for irrigation systems and water supply and for building selected social infrastructure, e.g. clinics, schools, farm-to-market roads, in the Southern Ghor and Wadi Araba. We believe that the majority of the social infrastructure for the population living in the Valley north of the Dead Sea is or will be in place shortly: schools, clinics, housing, roads, potable water and electricity.

VI. Health Care

The 1977 Westinghouse report "National Health Planning in Jordan, Phase II" fully surveys the current situation on health care in Jordan and the problems, strengths and weaknesses of the present health care system. Jordan is comparable to other developing countries in terms of indicators of health care. Life expectancy is 57. Child mortality is 86/1000. The primary causes of death are infectious diseases (gastro-enteric and respiratory ailments are common) and degenerative diseases for adults.

The present health care system is inadequate to address Jordan's health problems. The quality of services deteriorates rapidly for poverty groups and rural communities. According to CARE, only 26% of Jordan's 910 villages have a village health clinic and only 15% have a child feeding program. Jordan's present health care system is physician-managed and physician-implemented, but villagers are only likely to be able to have access to a physician once or twice a week. A physician-implemented system is thus inadequate and expensive, particularly for the poor.

The ultimate goal of USAID/J involvement in health care is to make the health system more responsive to needs. That is, make health services regularly available to the entire population. The primary target groups are mothers and children age 5 and under. A careful examination of the most prevalent diseases shows that a direct approach

through the existing system is neither possible nor efficient. Many of Jordan's health problems do not require a physician's care. 33% of the reported deaths in Jordan occur among children under 5 years of age. 50% of these deaths are due to upper respiratory infections and gastro-intestinal disorders. Another 17% of these deaths are due to conditions surrounding birth. 41% of Jordan's population are mothers, ages 15-45, and children under the age of 5, creating a primary target group of 900,000 people.

AID's efforts are directed at helping the GOJ to revamp the present health delivery system at the top, by strengthening coordination and planning, and at the first contact with the patient, through training and retraining of health workers. After two years, the planning unit and retrained health workers will evaluate their experiences and formulate a plan for achieving 100% coverage of the population centers by 1985.

In terms of physical infrastructure, complete coverage is now estimated by Jordan's Supreme Health Council to require 2,000 peripheral centers (there are now 257) and 325 health centers (there are now 75). Costs for construction of these new facilities could total \$65 million.

A third area of concern to us is supply management, which is critical to the allocation, distribution and proper storage of the vaccines necessary to prevent such prevalent and deadly diseases as measles, tetanus (for which the incidence is 40 times higher here than in the U.S.), tuberculosis, diphtheria, and polio. (A poignant illustration of the current problem of inadequate storage procedures is that many reported cases of polio had actually been vaccinated.)

For the period FY 81-85, USAID/J proposes, in addition to our present involvement in planning and training and retraining of health workers, to provide:

- technical assistance for improving the management of supplies to and through the health system.
- technical assistance to improve the middle management of the Ministry of Health.
- modest capital grant assistance for the upgrading and construction of peripheral health service stations and health centers.
- some modest technical assistance for curriculum development.

A potential problem for Jordan is schistosomiasis. No cases now occur in Jordan but the discovery of host snails in large quantities near Jerash during the fall of 1978, and the presence of thousands of infected Egyptian workers, makes the closing of the natural cycle of schistosomiasis a matter of time. Given our heavy involvement in the development of water supply and distribution systems and the potential human costs of the disease, we cannot ignore this problem. We propose, therefore, to assist the GOJ combat the risk of schistosomiasis by:

- grant-financed participant training in the U.S. and at the NAMRU-3 Center in Egypt.
- grant support for a Government of Jordan survey of watersheds.
- grant support for the publication of a manual done in cooperation with the University of Michigan for easy identification of snails by GOJ technicians.
- assistance in snail control programs, as warranted.

VII. Population

The population issue received little emphasis in last year's CDSS because we were not hopeful that the GOJ would accept meaningful assistance in this sector. Although we have no evidence to suggest a change in the view of the GOJ on accepting bilateral assistance in the population area, we know that the GOJ has become more sensitive to the problem. With a crude birth rate estimated by some as high as 51 per thousand, and a death rate that may possibly be as low as 9 per thousand, Jordan's rate of natural increase may be as high as 4.2% per year, one of the highest in the world. This rate of natural increase would mean a doubling of the population size in only 17 years. With these facts in mind, we now feel that it is imperative to start a full discussion with the GOJ about direct USAID assistance and expansion of indirect assistance.

The attitude of Jordanian married women appears from surveys to be highly favorable toward family planning. Health of the mother and economic factors are the predominant reasons given. Most family planning services are provided by private voluntary organizations and private doctors. Recently the Ministry of Health, with UNFPA funding, has decided to provide contraceptive services through the government's maternal and child health centers. Again, the health of the mother was the reason given.

The attitude of the government toward family planning is cautious. Partly, population is yet to be perceived as a major problem in Jordan. We think the national census to be undertaken in 1979 and growing concern over the availability of water will help shake this lethargy. Government perceptions are based on social, political and practical considerations. There are strongly conservative Islamic forces within the Jordanian society that could possibly jeopardize even what modest family planning efforts the government has taken to date. There are skeptics about the effectiveness of family planning programs. There are also those who believe development alone will solve the population problem. In this environment, USAID proposes early in 1979 to:

- dramatize the population problem to the GOJ by a "Futures" presentation; and,
- discuss with the GOJ program and project ideas (based on the attached sector assessment) that would help address the problem.

We believe the two most important programs that we can undertake are expansion of family planning services, especially through the Ministry of Health and JFPPA, and demographic analysis to increase public awareness of Jordan's population problem.

Our preference is to have a bilateral program in both these areas so that we could exercise more direct control over the effectiveness of the programs. We will be guided, however, by the GOJ reaction to our presentations in early 1979. We would not preclude the use of an intermediary if the GOJ insisted on this approach. However, we think it important that the programs be designed and monitored by the Mission even though they may be funded through and managed by an intermediary.

The attached population sector assessment sets forth what ideally USAID/J believes must be done in the areas of demographic analysis, policy development, family planning services, institution building, training, research and information, education, communications. At a minimum, we propose during the period FY81-FY 85:

- grant assistance for analysis of the 1976 World Fertility Survey
- technical assistance and modest commodity support for the 1979 census

- grant and technical assistance to improve the quality and expand the spectrum of family planning services
- grant assistance for selective training.

VIII. Human Resource Development

Jordan's labor problem was outlined in last year's CDSS. To summarize briefly, when the Five-Year Plan was formulated, a labor surplus economy was projected, except for two skill categories: graduates of secondary academic and vocational schools (office and manual skills) and graduates of post-secondary institutes and junior colleges (sub-professionals). The plan assumed a new increase in demand for labor, 1976-80, of 120,000 and a total new supply net of outmigration of 103,000. The major projected shortage (17,000) was for those with office and manual skills. The 17,000 job excess of demand for labor concerned the planners, but was thought manageable with the: (1) planned introduction of a social security scheme, (2) expansion of subsidized housing, and (3) an increase in the participation rate of women.

Although there has been no employment survey since 1975 (and no census since 1961), something has gone askew. Wage rates have been increasing faster than the CPI, the labor force participation rate for women has more than doubled (now about 12%), and 60,000-70,000 non-Jordanians are now working in Jordan.

Stringent measures to curtail the flow of Jordanian workers to the Gulf States are presently considered by the GOJ as counter productive and contrary to its traditional policy.

What happened:

- The Five-Year Plan projections underestimated growth in manufacturing, electricity, construction and finance. This would suggest greater demand in Jordan than projected for skilled office and manual labor.
- The external demand for skilled manual labor (50% of new graduates from vocational and secondary schools) was probably underestimated, although graduates from vocational schools with these skills are reported above the plan projection (3,000/year versus 2,000 per year).

- The wage differential between government and non-governmental workers, particularly those with office and sub-professional skills, caused an unanticipated shortage in the government of certain skills, e.g., statisticians, engineers, computer operators, typists.
- Greater than anticipated economic activity in some regions and countries occurred; e.g., in Aqaba for dock and construction workers, in the Jordan Valley for construction workers.
- The imposition of conscription in the Army for two years for males not in school was apparently not explicitly projected in the Plan.
- Higher than anticipated growth in nominal disposable incomes associated with remittances added not only greater demand for construction workers but for repair and service skills (cars, houses, communications, office buildings and equipment).
- Although the 12% participation rate for women in the labor force is up considerably from only a few years ago, little has been done to counsel and train women for jobs normally held by men. In the category of greatest excess demand for labor in the Plan (manual skills with secondary vocational and academic training), the NPC and MOL categorized 53 fields of specialization of which at present 31 were male only, 9 female and 13 male or female. Some of the exclusively male fields could probably be filled by qualified females if available: engineering drawing, medical auxiliaries, office repair, radio and telecommunications technicians, to name a few.

In last year's CDSS, we proposed a modest involvement for AID in the area of vocational training, particularly for women. To better define the parameters of this involvement, we financed a report on "Vocational Education and Training in Jordan" (attached). We concluded from the report that our focus should be on providing training for both men and women 15 years and older who cannot continue education in Ministry of Education schools, skill upgrading for those already employed (financed by the employer) and counseling and training women for productive employment in fields historically reserved for men. The institution with primary responsibility in the first two areas is the Vocational Training Corporation (VTC). It shares a responsibility for counseling and training women with the Ministries of Education and Labor.

The VTC is a new organization which presently shares facilities with the MOE. As a result, both the MOE and VTC are rejecting applicants for lack of space for training. For instance, in 1978, 1,300 people applied for the VTC apprenticeship program at the Amman/Marka Trade Training Center; only 300 could be accommodated.

U.S. initial involvement would include:

- grant assistance for training and counseling women in programs at the VTC and MOE.
- grant assistance for curriculum development and training of trainers and VTC center directors.
- capital assistance for equipment, design, and supervision of construction of a training center for the VTC, probably in the Zarqa area. Special consideration will be given to training of women. Without separate training facilities, the VTC can train 1,900 persons during 1981-82; with centers, it would train more than 4,000.

We see a continuing need for AID involvement in the fields of vocational training and women in development in the period beyond FY 81 and plan to comprehensively review these areas with the addition of a human resource development officer this summer.

IX. PRM-39

We were impressed at the importance that the PRM-39 findings ascribed to the development of science and technology linkages between the U.S. and Jordan, and ultimately regional linkages. Jordan has a growing capacity in the field of science and technology. The institutional framework has improved significantly in the fabric of the Royal Scientific Society, the Science Department at the University of Jordan, the Department of Agriculture at the University of Jordan and the Industrial Development Bank. Jordanians are eager to learn, to adapt and to adopt new scientific and technical ideas. Industry is growing rapidly: exports of manufactures have increased 50% in 1977 and 1978; new investments are using highly sophisticated technology: phosphate fertilizer, potash, cement, ceramics, glass, to name a few.

To accommodate to these trends, the Mission is proposing to set aside a modest amount of grant funding for the exchange of U.S. and Jordanian scientists, technologists

and businessmen, and funding a few joint research projects, such as solar energy. Unlike our development assistance training grant, the vehicle may be a block grant to a joint U.S.-Jordanian committee under the auspices of the binational commission on scientific, social and culture affairs. Reactivation of the committee is now being actively explored by our current Ambassador, and our former Ambassador who is now Assistant Secretary of State (OES).

X. Staffing

To carry out the program through FY 80, and the one proposed for FY 81, we believe it will be necessary to add three U.S. direct hire to the staff by the summer of 1980: a project economist, a general engineer (hydrologist), and a general (sanitary) engineer. The Ambassador has just approved creation of the position of human resources development officer (under our Washington-approved DH ceiling of 20), and addition of these three persons would raise the U.S. DH staff total to 23.

We fully understood our Bureau's view that we should look at the possibilities of using foreign national staff, or contractors, for engineering services, where possible. We have done so, and reluctantly conclude that the skills we must acquire, except for our proposed involvement in basic human needs in the rural areas, are not available in Jordan and must be obtained through the assignment of U.S. DH personnel. If this situation changes, we will, naturally, try to obtain the skills locally.

If the core program for Jordan were, as proposed, to decline in FY 82 to \$50 million, and to \$40 million in FY 83, and then to be transformed in FY 84 and FY 85 to \$15 million a year in technical assistance and grants, the U.S. DH staff would peak at 24 in FY 82-83, and then start to decline. The very considerable pipeline that is likely to exist by FY 84 would prevent a rapid decrease in staff, however.

We would only propose to add two more FN employees, a secretary in FY 80, and an engineer in FY 81, and then would anticipate FN staff would remain stable.

USAID/Jordan

PROPOSED BUDGET, FY 81 - FY 85
(\$ millions)

	<u>FY-80</u>	<u>FY-81</u>	<u>FY-82</u>	<u>FY-83</u>	<u>FY-84</u>	<u>FY-85</u>
I <u>Core Program</u>	<u>60.0</u>	<u>60.0</u>	<u>50.0</u>	<u>40.0</u>	<u>15.0</u>	<u>15.0</u>
Budget Support	20.0	--	--	--	--	--
Projects and Programs	40.0	60.0	50.0	40.0	15.0	15.0
II Maqarin Dam	38.0	67.0	--	--	--	--
III PL 480	0.8	0.8	0.8	0.8	0.8	0.8
Title I	--	--	--	--	--	--
Title II	0.8	0.8	0.8	0.8	0.8	0.8
IV Core Programs						
Loans	22.0	45.0	35.0	25.0	--	--
Grants	38.0	15.0	15.0	15.0	15.0	15.0
V Core Programs						
Budget Support	20.0	--	--	--	--	--
Projects	34.0	51.0	43.0	33.0	8.0	8.0
Technical Assistance	6.0	9.0	7.0	7.0	7.0	7.0

USAID/Jordan Proposed Projects
(\$ Million)

<u>Projects</u>	<u>FY 80</u>	<u>FY 81</u>	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>
Budget Support	20.0	-	-	-	-	-
Irbid Water	16.0	-	-	-	-	-
Zarqa Water	10.0	-	-	-	-	-
School Construction	6.7	-	-	-	-	-
Pipeline Yarmouk to Amman	-	24.0	32.0	24.0	-	-
Water Resources Authority and Ground Water Investigation	-	4.0	-	4.0	-	-
Wadi Seer and Sweileh Water & Sewerage	-	15.5	-	-	-	-
Integrated Jordan Valley Development	1.3	7.0	7.0	4.0	7.0	5.0
Upgrade Health Services	0.5	-	4.0	-	3.0	-
Population	-	2.0	-	-	3.0	-
Vocational Training	1.9	-	3.5	-	-	2.0
Training & Scientific Exchange	0.4	1.5	0.5	2.5	0.5	1.5
Technical Services Feasibility Study Grant	3.2	1.5	1.5	1.5	1.5	1.5
Basic Human Needs - Rural Areas	-	3.0	-	4.0	-	5.0
Capital Projects Design	-	1.5	1.5	-	-	-
Total Core Programs	60.0	60.0	50.0	40.0	15.0	15.0
Maqarin Dam	38.0	67.0				
PL 480 Title I	-	-	-	-	-	-
PL 480 Title II	0.8	0.8	0.8	0.8	0.8	0.8

