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U N C L A S S I F I E D

AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington, D. C. 20523

PROJECT PAPER

JORDAN: Private Services  
Sector (278-0272)

September 27, 1987

U N C L A S S I F I E D

**PRIVATE SERVICES SECTOR PROJECT**

**NO. 278-0272**

**PROJECT PAPER**

**USAID/Amman**

**DATE: September 14, 1987**

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<b>AGENCY FOR INTERNATIONAL DEVELOPMENT</b>				<b>1. TRANSACTION CODE</b>		Amendment Number		<b>DOCUMENT CODE</b>	
<b>PROJECT DATA SHEET</b>				<input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete		<b>ORIGINAL</b>		<b>3</b>	
2. COUNTRY/ENTITY JORDAN				3. PROJECT NUMBER 278-0272					
4. BUREAU/OFFICE BUREAU FOR ASIA AND NEAR EAST (ANE) <input type="checkbox"/> 3				5. PROJECT TITLE (maximum 40 characters) PRIVATE SERVICES SECTOR PROJECT <input type="checkbox"/>					
6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 1 2 3 1 9 1				7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY <input type="checkbox"/> 8 <input type="checkbox"/> 7 B. Quarter <input type="checkbox"/> 4 C. Final FY <input type="checkbox"/> 8 <input type="checkbox"/> 8					
<b>8. COSTS (\$000 OR EQUIVALENT \$1 = )</b>									
<b>A. FUNDING SOURCE</b>		<b>FIRST FY 87</b>			<b>LIFE OF PROJECT</b>				
		<b>B. FX</b>	<b>C. L/C</b>	<b>D. Total</b>	<b>E. FX</b>	<b>F. L/C</b>	<b>G. Total</b>		
AID Appropriated Total		3,000	0	3,000	10,000	0	10,000		
(Grant)		( 3,000 )	( 0 )	( 3,000 )	( 10,000 )	( 0 )	( 10,000 )		
(Loan)		( 0 )	( 0 )	( 0 )	( 0 )	( 0 )	( 0 )		
Other U.S.									
1.									
2.									
Host Country									
PRIVATE SECTOR									
<b>TOTALS</b>		3,000	0	3,000	10,000	3,200	3,200		
<b>9. SCHEDULE OF AID FUNDING (\$000)</b>									
<b>A. APPRO- PRIATION</b>	<b>B. PRIMARY PURPOSE CODE</b>	<b>C. PRIMARY TECH. CODE</b>		<b>D. OBLIGATIONS TO DATE</b>		<b>E. AMOUNT APPROVED THIS ACTION</b>		<b>F. LIFE OF PROJECT</b>	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	750	840	-	0	0	3,000	0	10,000	0
(2)									
(3)									
(4)									
<b>TOTALS</b>				0	0	3,000	0	10,000	0
10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)								11. SECONDARY PURPOSE CODE	
870				830				730	
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)									
A. Code									
B. Amount									
13. PROJECT PURPOSE (maximum 480 characters)									
<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p>To expand the availability and improve the quality of services provided by four subsectors of the services economy. The targeted subsectors are: (1) accounting and audit, (2) computer, (3) industrial management and engineering and (4) market research, marketing and advertising services, all deemed essential in supporting overall private sector growth.</p> </div>									
14. SCHEDULED EVALUATIONS						15. SOURCE/ORIGIN OF GOODS AND SERVICES			
Interim		MM YY		MM YY		Final		MM YY	
		1 0 8 8		10 8 9				0 7 9 1	
						<input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)			
16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment) NA									
<p>The methods of financing to be used in this project are in conformity with AID's policy statements on financial and administrative management and USAID's comprehensive general assessment.</p>									
17. APPROVED BY		Signature L. P. Reade <i>[Signature]</i>						18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION	
		Title Director, USAID/J				Date Signed MM DD YY 10 9 27 87		MM DD YY	

Project Authorization

Name of Country : Jordan  
Name of Project : Private Services Sector Project  
Number of Project : 278-0272

1. Pursuant to Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Private Services Sector Project (the "Project") for the Hashemite Kingdom of Jordan involving planned obligations not to exceed Ten Million United States Dollars (\$10,000,000) in grant funds over a four-year period from date of authorization, subject to the availability of funds in accordance with the AID OYB/allotment process, to help in financing the foreign exchange and local currency costs for the Project. The planned life of the Project is four years from the date of initial obligation.
2. The project consists of subprojects in four services areas. These include (1) accounting and audit, (2) computer, (3) industrial management and engineering and (4) market research, marketing and advertising services. Subprojects across these four areas will assist in expansion and improvement in the quality of services offered by firms in the above named areas. The project will also support the strengthening and development of professional services associations and the development of academic and practical training and exchange programs.
3. The Project Agreement which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms, covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.
4. Terms, Conditions and Covenants

Source and Origin of Commodities and Nationality of Services  
Commodities financed by A.I.D. under the Project shall have their source and origin in the Hashemite Kingdom of Jordan or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the Hashemite Kingdom of Jordan or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project, except as A.I.D. may otherwise agree in writing, will be financed only on flag vessels of the United States.



L. P. Reade  
Director, USAID/Jordan  
Date:

## Project Summary and Recommendations

- A. Grantee/Implementing Agency: The Government of Jordan (GOJ) will be the Grantee. The Project will be implemented under a Host Country contract with a private U.S. consulting firm (Prime Contractor) selected to implement the project in Jordan. The Grantee has agreed to establish the Private Services Sector Project Board of Directors for overall project policy direction and guidance. The Prime Contractor will be under the direct supervision of the Private Services Sector Project Board of Directors, chaired by the Minister of Industry and Trade and made up of representatives from concerned ministries and agencies, the private sector and USAID. For purposes of coordinating the GOJ's role in the daily implementation of the project the Grantee will also establish (1) an Executive Committee of the Board of Directors composed of representatives from the Ministry of Planning and USAID and (2) a project office within the Ministry of Industry and Trade responsible directly to the Minister and the Board of Directors. The project office will house the Prime Contractor and employ a professional Jordanian staff to serve as the host government counterpart to the Prime Contractor. For USAID, a USDH project officer assigned to the project will have responsibility for Prime Contractor coordination and monitoring.
- B. Project Cost: Total project cost is estimated to be \$10.0 million provided from ESF funds. This does not include an estimated additional \$3.0 million in local funds which will be contributed by private sector organizations, firms and individuals participating in the project. The first increment of \$3.0 million for FY 87 obligation will come from the FY 85 \$250.0 million Jordan supplemental ESF appropriation. The remaining \$7.0 million in ESF funds will be obligated in FY 88 and subsequent years from the Mission's regular ESF OYB.
- C. Project Goal and Purpose: The goal of the project is to assist in fostering the development and growth of private enterprises in Jordan so that they can assume a leading role in supporting the transformation of the private sector into the principal force for sustained economic growth, employment and foreign exchange earnings. The purpose of the project is to expand the availability and improve the quality of services provided by four subsectors of the services economy. The targeted subsectors include: (1) accounting and audit, (2) computer, (3) industrial management and engineering and (4) market research, marketing and advertising services. These four services areas are deemed essential to support overall private sector growth.

- D. Summary Project Description: The project will target private sector organizations, firms, associations and individuals in the four above named subsectors of the private service economy and work directly with these participants to help them upgrade their capacities and skills to offer improved and expanded services. Secondly, the project will also support activities aimed at stimulating overall demand for these services throughout the economy. Discrete project activities have been identified for each of the four services areas, which are tailored to addressing particular needs and problems in each area. General project activities which will be carried out in each subsector and funded under the project include support for (1) partnerships, member firm affiliations, joint ventures and licensing agreements between U.S. and Jordanian firms and professional associations; (2) new firm start ups and expansions; (3) mergers; (4) pilot projects; (5) professional exchange programs, internships, academic programs and seminars; (6) publication of professional journals and business directories and (7) development/strengthening of professional services associations and organizations in Jordan.
- E. Recommendation: The analyses in the project paper found the project to be economically and socially sound. Accordingly, the project is recommended for authorization in FY 87 in the amount of \$10.0 million with an obligation of \$3.0 million in FY 87.

## I. Project Rationale and Description

### A. Definition of the Services Sector

The following are detailed definitions of the private sector services areas identified for support under the project.

1. Accounting and Audit Services: This subsector consists of licensed private sector firms which provide accounting and auditing services and certification of financial statements to private sector firms. Similar services are provided to public and quasi-public sector organizations in accordance with pertinent statues and regulations and generally accepted accounting practices as applicable to the Jordan business environment. This subsector also includes management consulting services offered by accounting and auditing firms.
2. Computer Services: This subsector consists of private sector computer firms which provide technical and consulting services to private sector services, financial, manufacturing and processing industries and to public and quasi-public sector organizations. Services rendered include, but are not necessarily limited to, the following:
  - . Supply of computer equipment and software packages.
  - . Design and development of custom application systems and general purpose programs.
  - . Management consulting in the EDP/MIS (Electronic Data Processing and Management Information Systems) area.
  - . Provision of data processing services (i.e., service bureaus).
  - . Practical hands on training in EDP/MIS processes and techniques.
3. Industrial Management and Engineering: This subsector consists of private sector firms which provide services, essentially of a technical nature, to private sector manufacturing and processing industries and to public and quasi-public sector organizations with manufacturing or processing components (e.g. railways and public utilities). Services rendered by firms in this subsector are in the areas of industrial engineering and management, to resolve problems of:

- . Production.
- . Product design.
- . Packaging.
- . Storage and distribution.
- . Labor utilization and productivity.
- . Efficiency and cost control.
- . Quality improvement and control.
- . Plant design and maintenance.
- . Safety and environmental hazards.
- . Productivity.
- . Cost accounting.

Firms in this subsector also provide general management consulting services in the industrial management area and services in the area of manual and computer systems for supporting manufacturing operations and management.

4. Marketing and Advertising: This subsector consists of private sector firms which provide marketing, market research and advertising services to private sector service firms and manufacturing industries and to public and quasi-public sector organizations. These firms undertake market research and surveying activities, develop and implement market planning and analysis and follow-up sales performance analysis and carry out advertising and promotional activities. Management consulting services related to marketing and market research are included in this subsector.

Full service advertising agencies which provide marketing services are included in this subsector. Booking agencies whose activities are generally restricted to advertisement copy preparation and placement are not included in this subsector.

5. General Management Consulting Services: From a project strategy standpoint, it was determined that it would be most cost effective to address the provision of general management consulting services from within the context of the defined services sectors rather than attempt the development of a fifth specialized sector.

These service industries interlock to the extent they make use of each other's services, as well as providing their specialized and general management consulting services to the private and public sectors of the Jordanian economy. However, their peculiar features and environmental requirements differ enough that they are treated separately. The accounting and computer services sectors have an existing infrastructure of established firms and professional

organizations upon which to build, while the marketing and industrial engineering sectors do not have such an existing base in Jordan. Hence there are significant differences in the approach, and sequence of events, necessary to establish viable firms and facilitate their growth to serve the Jordanian economy.

## B. Policy Framework

The project will strengthen and diversify the capacities and potential of the private services sector in Jordan. In general, the components of the project will address:

- . Skill and knowledge creation and delivery.
- . Organization of professional services firms and the creation of representative forums for policy discussion.
- . Creation of a policy and regulatory framework to encourage service sector development.
- . Service delivery and distribution mechanisms.

With regard to the overall policy and regulatory framework, the implementation of a strategy directed toward service sector development to serve the productive sectors of the economy requires several short-term and long-term changes and adjustments in the political and regulatory environment.

### 1. Short-term

Facilitate regulation and partial policy changes that provide short-term improvements in doing business in professional services.

- . Facilitate research activities by liberalizing existing regulations regarding needed permits, ownership of studies and access to public agencies for proprietary research and study results.
- . Facilitate steps to protect and assist the service professions through standardize performance requirements, protection for intellectual property, legal liability for accountants and auditors, etc.
- . Reduce the influence of the public sector in private sector marketing and operations decisions.
- . Structure trade agreements to expand the demand for professional services.
- . Restructure government bidding procedures to facilitate greater participation of local services firms.

## 2. Long-term

- Refine export promotion policies to promote increased exports and foreign exchange earnings.
- Provide financial, structural and legal support to the professional services and manufacturing sectors to help these sectors become more competitive internationally. This should include mechanisms that allow for producers to obtain needed export credits.

Make major improvements to infrastructure, communication and transportation facilities in accordance with actual and anticipated future needs to support overall economic development.

## C. Conditions and Constraints in the Services Sector

### 1. General Constraints

The Private Services Sector Project is necessary because of the importance of these services to overall output and productivity in the economy. The four services areas targeted for assistance provide the underpinning for improved productivity, output and growth for manufacturing and business concerns in Jordan, as well as the rest of the world. The problem for Jordan is that the services sector is not yet sufficiently developed so that it can provide the quality and level of services that are essential for efficient business operations and growth. If manufacturing and business concerns in Jordan are to become more productive and more competitive, they must have available and utilize expanded, upgraded and more sophisticated accounting, audit, computer, industrial management, marketing and advertising services, which are the tools for increased production and efficiency.

At present there are a number of constraints which inhibit the growth of the services sector in Jordan and its ability to support the productive sectors of the economy. These include a number of key constraints common to all of the professional services subsectors which operate on the national, industry and firm level.

National level constraints include:

- The regional economic downturn which is limiting industrial growth and the demand for exports and specialized services.

- b. Existing bilateral trade agreements with neighbors in the region which have not expanded the demand for professional services.

Industry level constraints include:

- a. Few institutions and mechanisms exist which represent the interests of services firms in policy dialogue with the government.
- b. Personnel in all subsectors lack sufficient practical hands on experience to develop technical and management skills.
- c. The Jordanian public and private sectors both lack an awareness and understanding of the need for specialized services to improve profits and minimize costs.
- d. All sectors lack aggressive marketing activities and do not utilize strategic planning to identify new products and services.
- e. Government contract bidding policies and procedures and tradition constrain participation of local services firms in major contract activities.

Firm level constraints include:

- a. Enterprises lack sufficient in house technical and managerial skills to implement proposed projects, giving rise to a general impression of poor quality products and services provided.
- b. Growing numbers of individual practitioners in all subsectors lack sufficient capital to market their services other than through personal contacts.
- c. There are no incentives for consolidation or joint venturing among local firms to achieve sufficient size to be truly effective and conventional thinking largely precludes such efforts because of competitive imperatives. For example, except for a few firms in the accounting and audit subsector, there are no private sector services firms in Jordan of sufficient size to accomplish major projects or develop and promote professionals from within.

## 2. Accounting and Audit Services

In general, accounting and audit services, as well as computer services, have an established base of operating firms and educational infrastructure which, while requiring strengthening of institutions, laws, regulations, standards and hands on practical training of practitioners, are already positioned to grow and improve fairly rapidly with a large potential impact on the services sector and the overall economy. Accounting and audit services are extensively available in Jordan with 455 licensed public accountants (1985) of whom about 200 are actually in practice. Estimates within the profession indicate that only about 20 percent of this number are able to satisfactorily meet quality criteria. Five major firms hold a very large share of the market and two of these firms offer added value general management consulting services. However, there are several significant constraints to growth in this area, although some of them are being addressed through provisions of the new Companies Law currently being promulgated. The major constraints are:

- a. Auditors carry no liability for their services or independence. Thus the quality of the services rendered cannot be enforced by law or civil action.
- b. While there is a legal requirement for public share holding and private liability companies to have their accounts audited, the audit is looked upon as a burdensome imposition. The choice of auditor is usually made on the basis of the lowest fee rather than quality of service or independence. In the economy as a whole there is little awareness of the management control and planning advantages that accrue from sound accounting.
- c. Although the educational infrastructure of the profession appears to be satisfactory, practitioners generally lack rigorous practical hands on experience in accounting or auditing, or in the marketing, planning and management of service engagements.

There appears to be little potential for the export of services on an institutional basis because most countries in the region require that firms and licensed individuals be of local nationality.

### 3. Computer Services

There are a relatively large number of computer installations in Jordan spread through the private and public sectors. In the last year the number of PCs delivered has expanded rapidly through easement of import levies and the common availability of low priced PCs from the Far East. The subsector continues to introduce sophisticated computers but lacks application system and software development knowledge. In addition, there are a number of service firms and individual practitioners offering hardware and system development services. In addition, the recent formation of a private sector computer society is a strong indication that this industry is beginning to mature. However, with few exceptions, there are no private sector service firms in Jordan of sufficient size to accomplish major projects or develop and promote professionals from within. The local perception of competitive pressures largely prevents joint ventures and mergers.

Major constraints in the computer service subsector include:

- a. Computer service firms lack sufficient capital to market their services other than through personal contacts.
- b. Enterprises lack sufficient in-house technical and managerial skills to implement proposed projects, giving rise to a general impression of poor quality services provided. Personnel lack sufficient practical, hands on experience to develop technical and managerial skills.
- c. The Jordanian private sector, and the public sector, lacks awareness and understanding of the need for high quality system development consulting services to improve profit and minimize costs.
- d. Government contract bidding policies and procedures and tradition constrain participation of local firms in major contract activities, although one recent contract award indicates that this problem is being addressed.

### 4. Industrial Management and Engineering (IME) Services

In general, the industrial management and engineering and the marketing and advertising services areas are more difficult to develop.

Except for a few individual practitioners, no established base for these services exists in Jordan, and there is no perception of a need or added value for these services in the economy. There is therefore a need to develop an entire new market for services in these two areas. This will have to be accomplished in a manner that project participants will find advantageous; that is, profitable. In addition, long term success in the IME and marketing areas depends to a large extent on the flow of graduates from new educational programs. It must be appreciated that in general these professionals will not be available to the service industry until four years into the program because of their Jordanian military service requirement.

In the industrial management and engineering area, private sector management consulting services oriented toward operations improvement, increasing production efficiency and developing managerial skills are generally not available in Jordan. The Jordanian private sector lacks sufficient awareness and understanding of the need for these specialized services which can increase profits by improving resource utilization and minimizing costs of production. A cultural resistance to the use of outside consulting and professional services remains since the use of these services is seen as a sign of weakness or a lack of managerial ability. Those organizations willing to utilize outside services are confronted by the potential expense of the services, the questionable practical value of the results of utilizing outside services and the possible disclosure of trade secrets compromising hard earned competitive advantages. As a result, few management consulting organizations or individuals exist who have the industrial and management engineering skills or hands on experience necessary to directly assess and affect current productivity in the Jordanian economy or to assist in its future development.

With regard to pure management consulting, while an infrastructure of "management consulting" firms appears to exist in Jordan, these firms rarely in fact perform management consulting services. Instead they deal with the preparation of business license applications and other services peripheral to the main lines of operating businesses. The genuine management consulting done in Jordan at this time is primarily performed by specialized service firms such as accounting and audit firms and individual, mostly academic, practitioners.

5. Marketing and Advertising Services

Marketing and market research as known and practiced in the U.S. and Western Europe is relatively uncommon in Jordan. The Jordan private sector has in the past resorted to "trial and error" for marketing results and almost completely ignored market research. Those industries which have been granted protection by the GOJ have, in their opinion, no need for either service. Those companies lacking the protection umbrella of a de facto monopoly are aware that they must improve to remain competitive, but resist using professional marketing and market research services because they do not look upon these services as viable investments, but as an added cost to their product pricing. As a result they fall back on their own methods and are unaware of customer motivations and effective product presentation and promotion.

Significant constraints on the provision of marketing and advertising services include:

- a. Absence of large and effective export trading companies which have the capability to buy and sell, create distribution networks, ship and collect monies due. A private sector export trading company does not exist to support Jordan's hundreds of small producers who collectively represent a significant production capability.
- b. Absence of a high quality graphic arts and printing capability. Attractive high quality literature and brochures essential for effective sales presentations are imported into Jordan from Europe and the Far East, not produced locally.
- c. Lack of knowledge of and access to license and joint venture opportunities. No central institution exists to promote such opportunities and provide information to Jordanian firms. Therefore, such contacts are made on an individual, random basis without proper information and guidance.
- d. Absence of thorough, accurate and updated classified business directories. Every Jordanian business in every sector in effect pays a hidden tax in time wasted, lowered productivity and general inefficiency because it is difficult and frustrating to find the most satisfactory and economical suppliers and services.

D. Conformity with Recipient Country Strategy

The Hashemite Kingdom of Jordan, in its recently completed Five Year Development Plan for 1986-1990, has identified the private sector and the free play of market forces as the bases for growth

in its development process. However, this process is now being slowed by a recessionary economy, which if not halted over the long run could threaten domestic stability. The current plan was adopted against a backdrop of one of the worlds highest population growth rates, where at present approximately 55 percent of the population is under 15 years of age, growing unemployment, declining remittances form overseas workers, declining foreign donor assistance, decreasing foreign exchange reserves and shrinking government revenues and a dearth of natural resources.

To help address these problems the Plan focuses on the private sector and limits the public sector to providing the necessary infrastructure and appropriate economic policies to create an environment conducive to increased private sector investment and growth. Should an initial start be required, the public sector may also sponsor certain productive projects and participate in joint ventures with the private sector.

Specific objectives in the Five Year Plan include the following:

1. To revise the policy, legal and regulatory framework to encourage investment and competition in Jordan.
2. To foster an export promotion policy by creating the appropriate credit insurance and financial support services.
3. To create the necessary institutional infrastructure to effectively promote exports.
4. To develop and implement a more flexible interest rate policy aimed at encouraging savings and channelling funds into productive investments.
5. To review and revise as appropriate education, training and scholarship policies in order to adjust the supply of labor to the demand.

According to provisions in the Five Year Plan, the private sector is expected to contribute 48 percent of the \$3.15 billion Plan through investments in development projects. The Five Year Plan foresees the commodity producing sectors, including manufacturing, as important instruments for the achievement of the Plan's goals. During the Plan period it is envisaged that income generated from the manufacturing sector will grow from JD 166.4 million to JD 232.9 million and that 11,000 new jobs will be created within the sector.

In order to achieve these targets the Plan places special emphasis on increasing capacity utilization of existing projects and expanding small and medium sized manufacturing industries. The GOJ will attempt to strengthen public and private institutions involved in science and technology in an effort to reduce the cost of production, improve quality standards and productivity. Overall, under the Plan the GOJ expects to achieve a target GDP growth rate of 5 percent per annum and an 8 percent per annum increase in exports which in the process will create approximately 90,000 new jobs.

It is anticipated that the Private Services Sector Project will enable the private sector to become an even greater contributor to GNP, employment and exports. The project will focus on those services which support productive activities in an effort to stimulate greater efficiency, innovation and transmission of new technologies. This can be achieved through the development of those essential service subsectors which contribute to greater productivity and efficiency in the business and manufacturing sectors, as well as the public sector. The project recognizes that public sector agencies will also be major consumers of services and have an important role to play through policy and procurement decisions in fostering development of the services sector.

E. Relationship to USAID Strategy

The USAID Country Development Strategy Statement (CDSS) targets the private sector as the focus of USAID project and policy dialogue efforts. The objective of this strategy is to empower the manufacturing and services sectors to drive Jordan's income and employment growth. Such an effort is necessary, according to the CDSS, because traditional sources of past income and growth, namely worker remittances, Arab donor aid, phosphate and fertilizer exports, and exports of light manufacturers and transit services to neighboring Gulf countries are drying up. The proposed project directly supports this new private sector emphasis, which itself addresses two of the most serious problems expected to face the Jordanian economy during the CDSS period, unemployment and weaknesses in the balance of payments.

The Private Services Sector Project is an important element in USAID/Jordan's overall strategy of relieving constraints facing private sector manufacturers and services firms. Along with several other USAID initiatives, the proposed project will focus on the achievement of the following CDSS objectives for the private sector:

1. **Assisting Firms in Developing New and Improved Products (Services) and in Reducing Costs:** The proposed project will strengthen the capacities of local services firms to offer expanded and higher quality services. The project will also facilitate the further institutionalization of services so that there are larger more sophisticated service enterprises forming joint ventures and competing internationally for contracts as well as being utilized by local manufacturers, businesses and government agencies to increase efficiency and productivity. This of course recognizes the need for services firms to have a solid local market as a basis for launching into export markets. The project will complement ongoing activities under the Management Development Project, which targets increasing the quality and quantity of business managers in Jordan and the Industrial Development Project, which targets improved quality and increased productivity of Jordanian manufacturers.
2. **Establishment of a Policy Framework Conducive to Private Sector Growth:** It is anticipated that the proposed project will develop/strengthen organizations to represent the overall interests of the services sector in the policy making process. The Industrial Development Project will likewise establish an organization to represent manufacturers in this process. In addition, the Technical Services and Feasibility Studies (TSFS) V Project and the Private Enterprise Technical Resources Assistance (PETRA) Project will fund studies to support USAID's policy dialogue efforts. The Development Administration Training (DAT) Project will train policy makers and business leaders in areas directly related to the private sector. Finally, Commodity Import Program (CIP) mandated policy discussions will provide a forum for AID/private sector/GOJ policy dialogue.
3. **Development of Private Sector Services Organizations:** Along with the Industrial Development Project, it is anticipated that the proposed project will strengthen or create individual services organizations that represent members' interests in the policy making process, provide technical assistance and training to members, and provide information exchange and referral services.

Several other planned USAID initiatives will directly complement the focus of the proposed project by addressing the following CDSS objectives:

1. **Improvements in Financial Intermediation:** Under the Financial Markets Project planned for FY88 a number of initiatives will be undertaken to increase the flow of capital to private sector manufacturers and service industries.

2. **Improvements in the Abilities of Private Businesses, Private Organizations and Government Organizations in the Marketing and Promotion of Products, Services, and Investment Opportunities:** Of direct relevance are two efforts which will initially be funded by PETRA, namely the financing of feasibility studies and the development of an exporters association, as well as the ongoing Management Development Project, which is delivering new marketing courses to local business persons and training Jordanian educators in the marketing discipline.

The Export Development Project, scheduled for FY89 obligation, will continue efforts started under PETRA.

Overall, a position of increased responsibility for the private sector as a source of investment and economic growth is a major thrust of the current USAID strategy and Jordan's Five Year Development Plan. To the extent that the Private Services Sector Project can contribute to improved productivity and profitability in private manufacturing and other enterprises, it will facilitate the private sector's chances of meeting this responsibility and will reinforce the importance of the private sector's role in Jordan's overall economic development.

F. Project Goal and Purpose

The goal of the project is to assist in fostering the development and growth of private enterprises in Jordan so that they can assume a leading role in transforming the private sector into the principal force for sustained economic growth, employment and foreign exchange earnings.

The purpose of the project is to expand the availability and improve the quality of services provided by four subsectors of the private services economy which are essential for overall private sector growth.

G. Project Components

.. Major Outputs-Summary

To achieve the above objectives, major actions to be supported under the project in one or more of services subsectors include the following:

Establishment of partnerships, member firm affiliations, joint ventures and teaming agreements between Jordanian and U.S. firms and professional associations.

New firm start ups and expansions in the services area.

- Mergers of small independent services firms into larger more sophisticated firms capable of attracting and promoting career professionals and offering more comprehensive services in Jordan and the region.
- Pilot projects.
- Establishment of professional exchange programs, training courses, academic programs, seminars and internships.
- Publication of professional journals, distribution of U.S. professional journals and newsletters and publication of business directories.
- Development/strengthening of professional services associations and organizations including adoption of certification and licensing procedures.
- Formulation and implementation of strong and enforceable patent and copyright laws and other regulations protecting intellectual property.
- A national cost reduction program adopted to emphasize quality over price and supported by a national campaign to emphasize cost reduction and competitiveness of Jordanian products in domestic markets.
- Market research and marketing studies performed to establish educational requirements, explore consumer demands at home and abroad, provide hands on experience with U.S. companies and demonstrate through actual market research projects how marketing and market research can improve the Jordanian economy.

## 2. Major Inputs

The major input under the project is up to \$10 million in ESF funds to provide technical advisory services through a Prime Contractor to firms and organizations to actually establish and upgrade operations and services, carry out pilot projects, merge and expand and enter into joint ventures, partnerships and teaming agreements. In the area of training, the project will support an aggressive training and exchange program whereby Jordanian and U.S. firms will exchange experts which will help strengthen Jordanian services firms and provide opportunities for joint ventures between U.S. and Jordanian firms. In addition, project funds

will support the establishment and expansion of University level programs in the industrial management and marketing areas. Finally, a modest amount of project resources will be made available to assist in capitalizing a venture capital fund to help finance establishment of new companies and service lines as well as expanding existing ones.

### 3. Detailed Project Outputs

With the above inputs the project is expected to produce the following results:

- Increased utilization of expert private sector consulting services by both the private and public sectors of the economy.
- Export of consulting services by private firms to other countries in the region.
- Jordanian representation and joint ventures between private Jordanian firms and international consulting firms established.
- Development and dissemination of Arabized consulting products (e.g. software, methodologies, training aids) throughout the region.
- Increased numbers and size of private sector firms offering consulting services.

More specifically, with regard to each of the four services areas targeted for assistance, there are a number of planned outputs which the project is expected to produce by the end of the project. These outputs are set out in detail by subsector as follows:

#### a. Accounting and Audit Services

Subproject activities will be carried out to facilitate institutional strengthening and promulgation of pertinent laws and regulations and support an exchange program of Jordanian and U.S. professionals to gain hands on experience in execution and management of audit engagements and accounting operations under rigorous standards and procedures.

##### (1) Standards for Professional Certification Adopted

(i) Improved audit certification and licensing processes.

Previously, the registration process in Jordan permitted the licensing of underqualified individuals resulting in an over-abundance of licensed public accountants and generally low-quality standards. Recent regulations (in 1985 and 1986) have established new licensing criteria which grade licensed public accountants into three categories: A, B and C. These categories regulate the size of the company which the accountant may audit. These regulations do not, however, have a retroactive effect, and accountants previously licensed are still permitted to practice and to audit any size of company. The current licensing procedures appear to be working well, but the problem is how to improve and regulate accountants previously registered but not sufficiently qualified.

This will be done by:

- . Introducing, in conjunction with the Jordanian Audit Board (JAB), Association of Jordanian Auditors and Public Accountants (AJAPA), and Jordan University (JU), training courses which permit suitable candidates to train for and complete exams to permit initial licensing and transfers from one category to another.
- . Drafting and introducing legislation supported by JAB, AJAPA, and the Amman Chamber of Commerce (ACC) to provide legal recourse for audits which have not been satisfactorily carried out.
- . Introducing within AJAPA a standards subcommittee with the powers to examine audit files, audit certificates, and management letters; to monitor that audits are properly carried out; and to investigate complaints from companies and banks, etc.

(ii) Strengthened and improved Jordanian Audit Board (JAB) legal authority, functions, and procedures.

The Jordanian Audit Board is a legal entity principally concerned with the licensing of public accountants. Recent legislation was introduced within JAB a council responsible for licensing.

In order to strengthen and improve the Board it is necessary to:

- . Carry out a study of current regulations and the requirements of Jordanian Government, Jordanian business, and the accounting profession, and present this study to AJAPA in order to obtain a consensus agreement on recommendations to be made to JAB and the Jordanian Government concerning regulations required to strengthen JAB.
- . Draft rules and regulations to be presented by AJAPA to the Jordanian Government.

(iii) Establishment of an association of Jordanian auditors as an independent professional body to conduct professional activities.

Earlier attempts to form a professional association have met with little success mainly because of inter-firm and individual rivalries. However, recent legislation has laid the foundation of the Association of Jordanian Auditors and Public Accountants, with obligatory membership for all licensed professionals. This association should be used as the shell for an independent professional association.

The project will assist by:

- . Carrying out a study to ascertain the requirements of the profession and other interested parties to ensure that the association meets the requirements of the profession.
- . Preparing a draft legal constitution of the association reflecting the wishes of the profession.

- . Organizing seminars available only to members and in collaboration with the Jordan Institute of Management (JIM). This would encourage members to take an active interest in the association.
  - . Organizing training courses, in conjunction with JIM and JU, available to members.
  - . Promoting exchange programs (see section on exchange programs).
  - . Financing market research to assess business needs and services required.
  - . Providing access to U.S. professional journals, newsletters, pronouncements, and texts (see section on distribution of publications).
  - . Carrying out publicity campaigns.
- (iv) Creation of a Jordanian Financial Accounting Foundation (JFAF), with an Accounting Standards Board (JASB).

The creation of a Jordanian Financial Accounting Foundation responsible for setting Jordanian accounting standards requires a consensus opinion of responsible members of the profession and should be established in collaboration with AJAPA.

The Project will offer guidance by:

- . Providing a seminar on International Financial Accounting Standards to promote interest within the profession.
- . Assisting in the establishment of an accounting standards subcommittee of AJAPA.
- . Assisting with the drafting of a constitution for JFAF and JASB.
- . Drafting legislation and regulations for approval of AJAPA and presentation to the Jordanian Government.

(v) Legislation requiring that audits of government-owned corporations and agencies be conducted by certified public accountants.

The Project will:

- . Carry out a study of all government-owned organizations and agencies in order to determine the magnitude of work involved and types of audits to be carried out.
- . Assist AJAPA in formulating terms of reference for audits and discussions with JAB and the Ministry of Industry and Trade.
- . Draft legislation in conjunction with AJAPA to be presented to the Jordanian Government.

(2) Seminars on Professional Issues Including Techniques and Methodologies, Marketing, and Provision of Management Consulting Services.

The Project will develop in conjunction with JIM and JII a program of seminars which will initially be carried out under the auspices of ACC and then be transferred to AJAPA. The bimonthly seminars will cover the following subjects, among others, and will generally last one day:

- . Marketing professional services.
- . Modern audit techniques and methodologies.
- . Computer auditing.
- . Management consulting and accounting firms.
- . Operational/management audits.
- . Public sector auditing.

Over the course of the Project, four prominent members of the U.S. accounting profession will be invited to address seminars.

(3) Jordanian Professional Affiliations and Participation with the American Institute of Certified Public Accountants (AICPA) and the Financial Accounting Standards Board (FASB).

This will be achieved by:

- . Bringing to Jordan the presidents and senior officials of these organizations to be guest speakers at the Professional Services Conference.
- . Organizing visits by the presidents of AJAPA and JFAF to their counterparts in the United States.

(4) U.S. Certification of Jordanian Accounting Graduates Engaged in Exchange and Internship Programs.

This will be achieved by using the library service of the Prime Contractor in Washington in conjunction with the Project's Washington Coordinator. Initially, the Project envisions that the service will be conducted through ACC (until AJAPA is fully established). Library copies for ACC and AJAPA could be provided free of charge by the Prime Contractor in the first year and thereafter invoiced. AJAPA individual members will be encouraged to take out subscriptions through AJAPA for the purchase of U.S. publications.

(5) Member Firm Affiliations between Jordanian and U.S. Firms and Professional Associations.

Currently, there are approximately three Jordanian firms associated with U.S. firms. The problems of affiliation from a U.S. firm point of view are the lack of multinational companies in Jordan and the relatively small size of companies operating in Jordan. These problems may become less important with the expansion of management consulting services offered by Jordanian firms, the expansion of the export of services, and the expansion of the Jordanian business sector.

The Project will encourage American firms to affiliate by:

- . Discussions by the Prime Contractor with U.S. firms explaining Jordan's role as a regional base and providing information on Jordan.
- . Financing visits by U.S. firms to Jordan to meet Jordanian counterparts and visits by Jordanian firms to the United States.
- . Assisting in drafting of affiliation agreements.

Initially, the Project proposes to target three U.S. firms.

(6) Professional Exchange Program between Jordanian and U.S. Firms to Provide Hands-on, Practical Training of Jordanian Professional in Jordan and the U.S.

The Project will identify 20 Jordanians for participation in exchange programs and:

- . Identify U.S. accounting firms willing to participate in exchange programs with Jordanian firms.
- . Encourage the program by providing financial assistance in the form of reimbursement of travel costs and housing rental, etc.

The Prime Contractor through its offices in Jordan and Washington will be responsible for monitoring and coordinating the program in conjunction with ACC and AJAPA.

(b) Computer Services

Subproject activities will be carried out to:

- (1) Formulation and implementation of strong and enforceable patent and copyright laws to protect system developers and intellectual property.

Patent law already exists in Jordan, but it was established many years ago and is based principally on English law. No attempt has been made to update the law to take into account the special requirements of technological advancements.

The basic problem is to formulate a law which provides all the protection required by computer software, systems, and hardware developers and which is acceptable to the Jordanian Government.

The Project will assist by:

- . Carrying out a study of the current law and its applicability to the computer sector.
- . Carrying out a study among Jordanian software, hardware, and systems developers to ascertain their requirements.
- . Presenting these study findings to interested individuals through a seminar organized by the Jordanian Computer Society (JCS).
- . Drafting legislation covering the consensus opinion from the seminar. This work will be carried out jointly by a U.S. expert on copyright law and the Project's Jordanian legal advisor.
- . Presenting the draft legislation to the Government of Jordan.

- (2) National representation developed from public and private sector institutions to (1) maintain continuing participation in the development and general acceptance of technical standards for software Arabization, and (2) support and encourage the extension and enforcement of patent and copyright protection throughout the region.

A private society, the Jordanian Computer Society, was recently formed and has attracted a number of computer specialists as members. The society does not have the legal authority and influence that a legally recognized association would have. Without this authority, it is difficult for the society to act as a national representative body. However, the core membership of JCS can provide the basis of an association that could act as an effective national representative.

system development installations, three in Jordan and three in other regional countries.

- . Identify Jordanian and U.S. firms interested in forming joint ventures to carry out this work.
- . Prepare joint venture agreements.
- . Assist in financing of consultancies carried out.

(4) Joint Ventures and Licensing Agreements between Jordanian and U.S. Software Developers formed to adapt (i.e., Arabize in Accordance with Prevailing Standards) and Market in Jordan and Throughout the Region Generic Software Packages; Proprietary System Planning and Development Methodologies, including Computer-Assisted System Engineering (CASE) Products; and Proprietary Programming Languages and Operating Systems.

The Project will:

- . Carry out a study to determine the availability of Arabized software in Jordan and the region.
- . Carry out market research surveys to determine the market for Arabized software and systems within Jordan and throughout the region.
- . Identify ten software packages and systems for Arabization based on Jordanian and regional requirements and vendor interest.
- . Prepare feasibility studies of packages to be Arabized, including technical feasibility and eventual profitability.
- . Identify Jordanian software developers to assist on a joint venture basis with the software Arabization.
- . Provide funding, through the Venture Capital Fund, to partially finance the software Arabization.

**The Project will assist by:**

- . Sponsoring the adoption of JCS as a legal association.
- . Carrying out a study of the requirements for the development of technical standards for software Arabization.
- . Assisting in the establishment of a constitution for the association.
- . Assisting in the drafting of legislation to be presented to the Government of Jordan giving the association legal authority and powers to enforce patent and copyright protection and to propose and arbitrate appropriate standards for hardware, software, and processing languages, etc.
- . Encouraging membership and participation in the organization by developing a program of seminars.
- . Organizing training courses, in conjunction with JIM and JU, available to members.
- . Carrying out a study of patent and copyright law within the region.

**(3) Joint Ventures and Teaming Agreements Between Jordanian and U.S. Software Developers Formed to Execute Large Public and Private Sector Development and Implementation Projects in Jordan and Throughout the Region.**

**The Project will:**

- . Carry out a study of proposed major systems installations in Jordan and the region in order to identify potential clients.
- . Carry out a marketing campaign in order to obtain orders for at least six large

The Prime Contractor will undertake required travel in the region and conduct studies through correspondent offices in the countries involved.

- (5) Professional Exchange Programs Adopted Between Jordanian and U.S. Firms to Provide Hands-on, Practical Training of Jordanian Professionals in Jordan and the U.S. to Provide: (1) Hands-on Practical System Design and Development Training in Jordan and in the U.S.; (2) Introduction of Modern Structured System Planning, Design, and Development Methodologies to Jordan and the Region; and (3) Training and Experience in Management of Corporate Project Management, Systems Development, and Operations Activities.

The Project will:

- . Carry out a needs assessment.
- . Identify U.S. firms willing to participate in exchange programs with Jordanian firms.
- . Establish individual programs, including a syllabus for each program.
- . Encourage the program by providing financial assistance in the form of reimbursement of training costs and housing rental, etc., and by providing the necessary logistical support.

The Project coordinators for the Prime Contractor in Jordan and Washington will be responsible for monitoring and coordinating the program in conjunction with USAID, the Government of Jordan and the JCS.

c. Industrial Management and Engineering (IME) Services

General Objectives and Strategy

The main objective of the IME component of the Project is to enhance the quality and quantity of IMF services offered in the marketplace. As such, it complements other USAID projects in Jordan, particularly the MMS (Manufacturing and Marketing Improvement Sector) project at the Jordan Institute of Management.

The broad strategy elements for developing Jordanian IME capabilities are as follows:

Creating the basic conditions for commercial viability of IME services providers. At present, IME providers in Jordan are faced with a chicken-and-egg dilemma: providers need to invest in promotional activities and build staff in order to gain new clients; yet the shortage of clients severely limits the resources available for investment. The Project aims to give IME practitioners the minimum resources and capabilities needed to enlarge and promote their activities.

Developing IME providers' professionalism as well as knowledge of their technical specialty. In Jordan, potential IME clients expressed their reservations about local consultants' professionalism in areas such as project management and report presentation, as well as their ethical standards (e.g., regarding disclosure of confidential client information). The Prime Contractor will implement training programs and assist in setting standards which will imbue consultants with the high professional standards their clients have a right to expect.

Development and rapid deployment of a "model" Jordanian IME consulting firm. The "model" consulting firm is intended to demonstrate to potential clients the capability of Jordanian IME consultants to do quality work, as well as provide a setting for training local consultants and adapting consulting technologies to local needs.

Effective and long-term commitment to the success of the model firm. The most effective structure for building the capabilities of the model firm will be a joint venture with a foreign IME consulting firm.

Consolidation of IME providers in Jordan. Given the limited size of the Jordanian market for IME consulting services, there exists an economic rationale for consolidation among IME consulting firms and consultants through joint

ventures, mergers, or similar arrangements. There is already evidence of considerable overlap among different firms' associated consultants. In addition to the economic justification for consolidation, the latter would permit greater specialization for individual consultants in various IME disciplines.

#### Detailed Objectives and Approach

(1) An Association of IME Professionals Established to Represent and Define the Profession.

One of the most effective instruments to increase the professionalism of Jordanian IME consultants is a strong, active professional association. In view of the reported difficulties of setting up new associations of any kind in Jordan, the most realistic strategy here is to work through the Jordan Association of Engineers.

This strategy is based on an understanding of the structure and working methods of the Association of Engineers. All practicing engineers in Jordan are required by law to belong to the Association, which certifies their qualifications to practice and represents their professional interests vis-a-vis the government and nation. The major engineering disciplines are recognized and organized as branches of the main association. The Association also offers a variety of training programs oriented toward members' needs.

At present, only 22 industrial engineers are certified by the Association to practice in Jordan, on the basis of having completed an approved IE curriculum at an accredited institution in Jordan or abroad. Industrial engineers are classified as a sub-unit of the Mechanical Engineering Branch. Typically 700-800 practitioners must be registered before they can be organized as a separate branch. However, the Association's rules permit the

formation of working committees to deal with members' concerns.

The Project will work toward the formation of a permanent IME Working Committee under the aegis of the Jordan Association of Engineers to include as many as possible of the Association's IE members. The IME Working Committee would be responsible for defining a mutually-agreed code of conduct for IME professionals, to which members would voluntarily subscribe.

The IME Working Committee would also be responsible for defining members' training needs, including not only technical training, but professional development courses in consulting methods. The Association of Engineers (possibly with the assistance from the Federation of Jordan Chambers of Commerce (FJCC) and other organizations) would play a major role in developing and conducting courses, utilizing as appropriate the resources of the Jordan Institute of Management and the JU Industrial Engineering Department.

(2) Establishment and Development of a Model IME Consulting Firm as a Joint Venture with A U.S. IME Firm.

The Project envisions the achievement of this objective as a three-stage process, i.e.:

- . Identifying and evaluating Jordanian consulting firms or consultants whose services include IME consulting.
- . Performing an in-depth assessment of the leading firms' capabilities and potential, partly through joint implementation of pilot projects (see Objective 2).
- . Promoting joint ventures between the most promising local firms and U.S. IME consulting firms.

In addition to promoting joint ventures with foreign IME firms, the Project will encourage consolidation of local consultants through mergers or joint ventures, where consolidation would improve their competitiveness and the quality of the services offered.

Given the current size of the Jordanian market for IME services, small one and two man firms cannot specialize, but must endeavor to offer a wide range of IME services. This approach leads to lower quality services and inhibits growth of the market.

If a firm of five or more professionals could be put together, each member could chose a specialty on which to focus. Assignments could then be proposed and managed by the appropriate specialist with working support from other members of the firm. Larger assignments could be subdivided and tasks given to the appropriate specialist.

At a minimum, specialists for plant layout, maintenance, materials management, and quality control would be desirable. The Prime Contractor will identify persons with appropriate expertise in each of these fields (or interest to develop such expertise) and promote their joining together in a larger firm.

(3) IME Pilot Projects Developed and Implemented.

The primary purpose of the pilot project program is promotional, i.e., to establish a track record for IME practitioners in Jordan, by demonstrating the contribution they can make to client productivity and profitability.

The Project proposes to select 6-10 prominent Jordanian companies, primarily but not necessarily limited to the manufacturing sector. The selection of companies will be influenced partly by the results of the professional services market study to be conducted early in the project.

The pilot project program also will be structured to complement the series of pilot projects being conducted as part of the MMIS project of the Jordan Institute of Management. For example, the IME pilot projects could focus on sectors not included in the MMIS program, such as the non-manufacturing or public sectors.

The Prime Contractor will undertake a

well-defined consulting engagement for each company. The consulting services to be offered would be of a type which permits easy quantification of results, such as inventory control services.

The pilot project program will have important ancillary benefits. The pilot projects will be undertaken in collaboration with one or more Jordanian IME consulting firms as subcontractors. This collaboration will enable the Prime Contractor to evaluate the firms' capabilities and needs more thoroughly as well as generating an initial income for these firms. Also it will help to improve their capabilities and client relations.

(4) Certified IME Practitioner Review of Industrial Feasibility Studies Established.

At present, the Ministry of Industry and Trade requires that applicants for a license to construct new or expanded facilities perform a techno-economic feasibility study. The quality of these feasibility studies varies widely.

If the Ministry of Industry and Trade were to require that a certified (i.e., by the Jordan Association of Engineers --see below) IME practitioner review and approve each feasibility study before submittal:

The quality of the average feasibility study would be improved in that management issues related to the most cost effective manufacturing methods and processes would be considered.

Companies' awareness of the IME profession would be enhanced.

The commercial basis for a viable IME consulting practice would be broadened as a consequence of the reviews and the potential for follow-on work in implementing the new or expanded operations.

The Faculty of Engineering and Technology also has certain elements of a student placement program in place. Third-year engineering students are placed in required summer jobs in industry. Campus recruiters are accommodated on an ad hoc basis. The Project will seek to build on these existing placement programs. For example, the Dean of the Engineering School has expressed his receptivity to placing third-year students in the model consulting firm for their summer internship.

(7) Develop an IME Journal, Including a Publication Distribution Strategy.

The Prime Contractor will collaborate with one of the two existing engineering publications in Jordan (i.e., Dirasat, published by the Faculty of Engineering, or Mohandes al-Urduni, the publication of the Jordan Association of Engineers) in publishing an annual "showcase" issue devoted to industrial engineering in Jordan.

Mohandes al-Urduni is the logical choice, because of its practical, hands-on orientation, and because it is already distributed to most practicing engineers in Jordanian industry and government. The Prime Contractor will collaborate with the Association of Engineers in putting the annual IME issue together, soliciting and reviewing articles from industry, the engineering students and faculty, and Jordanian and foreign IME consultants working in Jordan. The IME journal would also be a useful forum for publicizing results of the pilot projects.

(8) Professional Exchange Programs Established.

The proposed professional exchange program will have two dimensions. The first dimension will involve bringing the FJCC Sector Leader for IME to the U.S. for a two-month internship in an American professional services organization such as the Association of Consulting Management Engineers (ACME) and/or the Institute of Management Consultants (IMC). The internship will be structured to expose the IME

The Prime Contractor will perform a study of the legal, technical, and economic feasibility of requiring such an IME review of feasibility studies. If the study's conclusions are affirmative, the Prime Contractor will advise the Ministry of Industry and Trade and the Jordan Association of Engineers on ways to implement the requirement.

(5) A National Cost Reduction Program Adopted.

The focus of this program should be on increasing productivity as well as reducing costs. The focus of the national campaign should be on publicizing IME consultants' successes and building their credibility in the eyes of potential clients. In concrete terms,-- this means giving the widest possible publicity to the pilot projects.

The most effective testimonial to the pilot projects' success will most likely come from client companies. Therefore, the Prime Contractor will organize a program of seminars, public speeches, TV and radio interviews, etc. Representatives of each pilot project client company will be asked to participate personally in a negotiated number of speaking engagements to promote the benefits of professional IME services.

(6) Assist in the Expansion of the Jordan University Industrial Engineering Program Through the Addition of Cost Accounting and the Establishment of a Placement Office.

The planned JU Industrial Engineering Program already includes a requirement that all B.S. degree candidates satisfactorily complete two semesters of general cost accounting, with opportunities for additional specialized study. Working closely with the concerned faculty members, the Project will assist in the development of course materials, including case studies, relevant to the needs of Jordanian firms.

Sector Leader to the full range of the American organization's activities and methods, as well as to develop personal relationships with American counterparts as the basis for a long-term relationship between the organizations.

The second dimension of the professional exchange program will be put in place after the model firm/joint venture with a foreign IME consulting firm has been established. Jordanian consultants will work on actual projects in the joint venture partner's U.S. or foreign offices, while foreign consultants will spend several months working in the joint venture's Jordanian office.

In addition to advanced training in specific IME disciplines, the exchange program will be structured to give Jordanian participants maximum exposure to the principles and techniques of effective management consulting, including:

- . The consulting organizations.
- . Communication skills.
- . Consulting skills.
- . Interpersonal skills.
- . Business development.
- . Project management.

Consideration will also be given to placing two or three highly qualified Jordan University IE students in consulting offices abroad for their third-year summer internship.

(9) Study of Government of Jordan Protection Policies and Practices.

The focus of the study should be on the general impact of protection on companies' incentives or disincentives to adopt cost-saving IME measures, rather than an exhaustive examination of the practices themselves, which are in a state of continual evolution. The Prime Contractor will conduct this study in close coordination with the team evaluating the Jordanian market for professional services, of which this will be a key determinant.

**(d) Market Research, Marketing and Advertising Services**

**(1) Marketing and market research studies performed to establish education requirements, industry and services, explore consumer demands at home and abroad, provide hands-on experience with U.S. companies and demonstrate through actual market research projects how marketing and market research can improve Jordan's economy.**

**(i) Perform a Thorough Market Research Study on Jordanian Consumer and Industrial Buying Habits.**

In addition, to assisting other sub-sectors in feasibility studies, the Prime Contractor utilizing marketing specialists will carry out the following activities with the help of Jordanian market researchers, who would form the nucleus of a marketing company, in:

- . Designing a structure and formats for the survey of:
  - . Consumer buying habits
  - . Industrial buying habits
  - . Service sector buying habits.
- . Create interview protocols for these surveys and train Jordanians to conduct and carry out interviews.
- . Lead, guide and monitor them in conducting market research.
- . Provide statistical methods and operations research inputs for tabulation, collation and forecasting of data.
- . Establish a uniform basis for creating a data base and with the help of computer services specialists establish a reliable and uniform data base. (GATT negotiations on services have highlighted that even highly industrialized nations do not have data bases on service sectors).

The conclusions of these studies will be invaluable to assess the demand pattern for services in Jordan and will be presented as follows:

- . Professional Services Conference
- . Professional publications
- . General media.

(ii) Perform a Market Research Study to Define Logical Arab Regional Markets, Marketable Products and Services.

The study will define the total regional market for goods and services and will be invaluable for Jordanian exports. The market research will include:

- . Definition of relevant regional markets for Jordanian products and services.
- . Desk research of available data, its reliability and comparability. Most data are incomplete, inaccurate and imperfect and thus cannot be compared.
- . Design a data format which would be uniform and simple enough for regular collection and yet provide a basis for market and competition analysis.
- . Establish a data base with the help of computer specialist for use of critical manufacturing and service sectors in Jordan.
- . Publish data, findings, conclusions for distribution.
- . Establish a system for periodic update and dissemination of such data by a marketing company.

(iii) Perform a Market Research Study on the Feasibility and Profitability of the Export of Professional Services from Jordan Throughout the Region.

The above two market studies will provide the basis for the following evaluations:

- . Total market and sources of supply for major sub-sectors and countries.
- . Existing methods of export of services and future feasibility in terms of service turnkey projects, know how exports, joint ventures, acquisitions, franchising, etc.
- . An analysis of the profitability of service sector export is difficult as published accounts do not provide separate figures of export content of services and the financial results thereof. Based on rates charged, an assessment will be made upon Jordanian costs.
- . The data base will be established incorporating the information from these studies and findings of these studies.
- . The studies could be published possibly through ACC.

(iv) Develop a Complete, Accurate, and Annually Updated Central Data Base of Companies, Products and Services, Accessible to the Public Through PC-Based Data Communications and Inexpensive Printed Directories Similar to U.S. Yellow Pages, Carrying Paid Advertising. This Activity is to be Turned Over to a Jordanian Company or Institution in the Course of the Project.

Information will be stored on computer systems (possibly at ACC) and will be accessible through the Jordanian telephone network to Jordanian businesses, JIM, JII, and subscribers to the data base.

This will be achieved by:

- . Selection, in conjunction with the Federation of Jordanian Chambers of Commerce (FJCC), ACC and the Ministry of Industry and Trade of appropriate data.
- . Control and verification of data and input.

Merging of information obtained from other surveys, e.g.:

- . Customer buying habits
  - . Arab regional markets, marketable products, and services
  - . Government-owned corporations
  - . Jordanian professional service firms.
- 
- . Presentation of the data base at the Professional Services Conference.
  - . In conjunction with a local advertising agency, designing a "Yellow Pages" and obtaining paid advertising.
  - . Publishing the "Yellow Pages" through FJCC/ACC.

FJCC/ACC will continue to operate the data base and publish the "Yellow Pages."

- (v) A Supplementary University Two-Year Marketing and Market Research Diploma Course Developed Which Can Be Administered Independently or As Part of the General Business Curriculum.

The Project will assist, in conjunction with JIM and JU, by:

- . Designing the syllabus for the diploma course.
- . Providing financing for one lecturer in marketing and market research.
- . During the first two years of the Project, providing student grants to 24 students (in each year) to support costs.

- (vi) Develop, Coordinate and Monitor a Continuing Series of Market Research and Marketing Seminars Through the Jordan Institute of Management.

The Project will develop, in conjunction with JIM and JU, a course of bimonthly seminars covering various subjects to be decided at a later date.

(vii) A Marketing Consulting Firm Established to Conduct Domestic Marketing Projects.

The Project will:

- . Carry out a feasibility study to determine the profitability of the company and the fields it should concentrate on. These fields could include market research, advertising, test marketing, demand forecasting, and advising on packaging, storage, and distribution systems. As part of the feasibility study, an assessment will be made of the current and prospective demand for marketing services in Jordan and of companies providing these services. Thereafter, those areas with ready demand, e.g., market research or advertising, will be established as the company's initial base. Gradually, other disciplines and specializations will be introduced.
- . Providing short-term technical assistance in:
  - . Staff training
  - . Market research, marketing, and advertising.
- . Provide initial expertise to the company by:
  - . Designing financial and accounting systems
  - . Designing computer systems
  - . Preparing a business plan.
- . Assist in the start-up costs of the company by providing some equity capital through the Venture Capital Fund.

(2) An Export Trading Company Established to Handle Products of Small Industries and Increase Domestic and Export Sales. The Company will Provide a Marketing Test Bed for Quality Improvement. Planned Production to Avoid Surpluses, Product Selection and Marketing and Market Research, Export Packaging and Shipment.

The Project will:

- . Carry out a study of the feasibility of establishing an export trading company. The study will involve:

- Surveying the existing and prospective export potential of the Jordanian economy.
- Assessing the legislative, policy, and institutional environment for the promotion of exports.
- Identifying local private promoters/investors.
- Recommending necessary governmental policy institutional and programmatic reforms.

Based upon the feasibility study, the trading company will make available industrial engineering, quality control, and inspection services at subsidized rates to existing exporters, as an incentive to route their exports through the trading company. The trading company would also arrange overseas market research for groups of producers. Arrangements can be made to pass/share export incentives or credits, if any, to the producer.

Once the base is established on existing products and producers, the trading company would identify and develop strategies for exports likely to add greater value to the Jordanian economy.

Design a project for the establishment of the proposed trading company. This will involve the preparation of a company business plan outlining the purposes and objectives of the business, defining its markets, structuring its internal organization, and specifying, for example, its staffing needs, financial requirements, and cash flow projections.

Establish the proposed trading company. This will involve:

Negotiating an agreement with a local investor/promoter group regarding implementation of the business plan

Mobilizing necessary investment financing

- . Incorporating the trading company
- . Hiring initial staff
- . Initiating principal lines of business activity
- . Establishing a U.S. correspondent office.

The proposed trading company would seek up to 50 percent of its initial capital requirements from the Venture Capital Fund. Members of the Prime Contractor consortium would participate in capital up to 5 percent of the initial subscription, with the balance being subscribed by local investors. Both the Jordanian trading company and the U.S. counterpart office would expect to approach self-sustaining financial and commercial status by the beginning of the third year of the Project.

- (3) A Graphic Arts and Printing Company Established to Produce Quality Printed Matter for Use by Jordan and Its Neighbors. The Company Will Be a Live Test Bed for Marketing a New Product and the Application of IME Principles While Providing Products Essential to Support Marketing Activities in Jordan. The Company Will Produce High Quality Product Brochures, Specification Sheets, Price Lists and Packaging Designs Acceptable to Domestic and Export Markets  
will be increasing skills

The Project will:

Carry out a feasibility study to determine the profitability of such a company. Note that there are already a significant number of printing companies in Jordan and, although quality varies, it may be more effective to cooperate with one of these companies and provide the necessary inputs to improve its quality and service. The case for either establishing a new company or improving an existing one will be presented to USAID and the Government of Jordan after the feasibility study has been carried out.

Provide equity financing through the Venture Capital Fund.

Provide technical assistance in the following fields to assist in the start-up operation:

- . Graphic arts
- . Printing and reproduction
- . Industrial management and engineering
- . Marketing and advertising
- . Computer installations
- . Accounting and financial management systems

(4) A Private Sector Licensing and Joint Venture Bureau Established.

Carry out a study of the feasibility of establishing a Private Sector Licensing and Joint Venture Bureau. The Bureau is to act as an advisory body and service office for product licensing and establishing joint ventures between Jordanian and foreign firms. The study will involve:

- . Analyzing governmental attitudes toward and support for the promotion of private foreign investment
- . Assessing institutional capability in the private sector to establish and operate the proposed Bureau
- . Identifying the most appropriate institutional sponsor for the Bureau
- . Determining legal and administrative requirements for creating the Bureau
- . Evaluating private sector demand for joint venture projects, the availability of investment finance, and the receptiveness of the legal and policy environment
- . Recommending necessary policy, legislative, institutional, and programmatic reforms necessary to facilitate the Bureau's operation.

Design a project for the establishment of the proposed Bureau. This will involve:

- . Defining the Bureau's purpose and mandate and the limits of its authority
- . Designing the organizational format
- . Preparing a management guide, including delineating lines of responsibility, delineating departmental functions, and providing job descriptions of principal staff

- developing model program guidelines, e.g., for project identification, promotion, licensing, publications and other departments, and foreign correspondent offices.

Assist in the establishment of the Bureau, with particular regard for linking its programs to potential U.S. investors. This will involve:

- Drafting necessary documentation (e.g., charter)
- Advising on organizational start-up
- Assisting in the development of the Bureau's principal promotional programs
- Establishing a U.S. correspondent office to undertake the U.S. partner search function. The Prime Contractor will initially undertake this responsibility until financing arrangements can be made with the appropriate ministry.

The U.S. office would expect to approach a level of financial and commercial self-sufficiency by the beginning of the third year of operation.

#### 4. Project Participants

The project will be implemented by a private U.S. consulting firm under a Host Country contract. The consultant will serve as the prime contractor and general project manager. It is anticipated that the prime contractor will have expertise in one or two of the four target areas and, while being responsible for overall project implementation, will implement subprojects in its area of expertise. Subcontractors will be employed to supplement and implement subproject activities in the other target area outside the expertise of the prime contractor.

#### 5. Project Beneficiaries

In general, overall project beneficiaries will include the manufacturing and business communities which can draw on improved services to increase productivity and efficiency. This should have beneficial spill over effects to the general public in the form of better quality goods and services at competitive prices.

More specifically, the direct beneficiaries of the project

will be the owners and employees of private services firms and associations and manufacturing concerns. Owners and employees of accounting and audit firms will benefit directly as a result of project support for partnerships and affiliations between Jordanian and U.S. firms, exchange programs, seminars, adoption of standards for professional certification and strengthening and establishment of professional associations and organizations in the accounting and audit subsector. Likewise, in the computer services area, owners and employees of computer services firms will benefit from project support for joint ventures and teaming and licensing agreements between Jordanian and U.S. software developers, exchange programs, mergers and new firm start ups, strengthening of computer services associations and organizations and adoption of standards.

In the industrial management and marketing subsectors efforts will be aimed at stimulating demand for these services as well as supporting the establishment of firms that can provide industrial management and marketing and advertising services to all sectors of the economy. In the industrial management area, manufactures and producers of goods will benefit from project support for a national cost reduction program, adopted to emphasize quality over price, supported by a national campaign to emphasize cost reduction and competitiveness of Jordanian products in domestic and international markets. Selected manufactures will also benefit from pilot projects involving plant layout, materials flow and resources and labor utilization. In addition, owners and employees of engineering and management firms will benefit from project support for new firm start ups and expansions into the IME area, internships, establishment of IME associations and organizations and the adoption of professional standards.

Likewise the task under market research, marketing and advertising is to establish an awareness of the benefits of market research and marketing and to develop practitioners and professionals in this area. The whole of the Jordan manufacturing and business sectors stands to benefit from market research and marketing studies aimed at identifying Jordanian consumer and industrial buying habits and Arab regional markets for marketable products and services. Under this component the project will support establishment of three firms to offer services in the areas of export trade, graphic arts and printing and domestic marketing. As in the other areas individuals and firms will benefit from seminars and academic program development, establishment of professional IME associations and organizations and adoption of professional standards.

It is important to note that under this project the Prime Contractor will be responsible for presenting its approach on how firms will be selected to participate in the project. Selection will have to be on a competitive basis and in a manner that assures maximum access to the project on the part of local services firms.

Women are expected to benefit strongly under the project in that women account for or can be expected to account for a relatively large share of employment in the types of services areas targeted for assistance, i.e., advertising and marketing, accounting and auditing and computers. Women have made especially strong progress in the computer services field in the U.S. and Western Europe because it is a new field without long established traditions.

In summary, although Jordanian firms and businesses are not now generally aware of the need for quality services to address efficiency and productivity shortcomings, the high level of education in Jordan and the general receptivity to new technology and new ideas will facilitate participation of the intended beneficiaries throughout project implementation and evaluation. The implementation phase of the project will require the input and participation of representatives from private sector firms and organizations. The project design team, consisting of U.S. consultants, USAID staff and local consultants, has worked closely with services firms, services organizations, the financial community and appropriate government agencies to further define needs and to develop and analyze alternative approaches for meeting the services needs of the various sectors of the economy.

## II. IMPLEMENTATION PLAN

The above described activities will be carried out by a Prime Contractor utilizing where appropriate U.S. and local subcontractors. Current period of performance for the Prime Contractor is estimated to be three years.

### A. Methods of Implementation and Financing

The contract for the services of the Prime Contractor will be a Host Country contract executed with the GOJ. The payment mechanism will be direct USAID reimbursement to the contractor. If any cash advances are required they will be approved only if such are deemed beneficial to the government. Advances should cover cash requirements not to exceed ninety (90) days for this project.

### B. Gray Amendment

In addition to the Prime Contractor, the project will require the participation of subcontractors to undertake various project activities. It is not possible to ascertain total project subcontracting requirements at this point. However, USAID will to the extent possible utilize Gray Amendment firms for implementation activities. This extends to the identification of Gray Amendment firms for participation in exchange programs, joint ventures, etc. under the project.

### C. Planned Audit Coverage

In general, the need for special audit coverage is not deemed necessary. However, there will be an initial evaluation of the project 6 to 9 months into project implementation. One of the purposes of this evaluation will be to carry out an examination of accounts to evaluate early in the project financial management procedures and identify any problem areas for corrective action. In general, USAID will be auditing all invoices under the direct payment procedures. Should problems arise and an audit is deemed necessary, assistance will be requested in accordance with existing procedures. However, the probability that an audit will be needed is very low. Therefore, it is not necessary at this time to set aside project funds for such purpose. If required, funds for audit could be drawn from the contingency line item in the budget.

### D. Commodities

The following have been identified for procurement under the project:

- . Microcomputer systems (3)
- . Software
- . Vehicles (3)
- . Office Furniture

The vehicles will be offshore, U.S. procurement. The remaining items will be procured locally. Consideration will have to be given early on to the issue of title, customs and duties for the three automobiles. These vehicles should be titled to the GOJ with the GOJ making appropriate arrangements for payment of customs and duties.

E. Prime Contractor Coordination and Responsibilities

The Private Services Sector Project Board of Directors established by the GOJ will have prime responsibility for overall policy direction, monitoring of project implementation and tracking progress toward project objectives. The Board will be chaired by the Minister of Industry and Trade and composed of senior representatives from the Ministry of Planning, USAID, Chamber of Commerce, Central Bank of Jordan, Amman Financial Market, Industrial Development Bank, Jordan Audit Board and Association of Engineers. There will be an Executive Committee of the Board composed of representatives from the Ministry of Planning and USAID for daily monitoring and project direction. The Executive Committee will serve as the monitoring arm of the Board of Directors. For USAID there will be one USDH Project Officer in charge of the project assisted by an FSN Program Assistant. Daily project implementation will be the responsibility of the Prime Contractor, which will be a U.S. firm hired on a Host Country contract to implement the project.

A project office will be established in the Ministry of Industry and Trade to house the Prime Contractor and counterpart staff for project implementation. This office will be the action office for the project. It will be the responsibility of this office, headed by the Chief of Party for the Prime Contractor, to achieve the project outputs described in Section IG by PACD. The director (Chief of Party for the Prime Contractor) of this office will report directly to the Minister of Industry and Trade. The Prime Contractor team will be assisted in implementing the project by the office counterpart staff which will be composed of professional contract personnel hired for and paid under the project. The project envisions hiring two to three local professionals, plus secretarial support and equipment, for the office to work under the Prime Contractor.

II. IMPLEMENTATION PLAN FOR PRIME CONTRACTOR

Project Start Date:	03 Jan 88	Start Date	End Date
Component/Action			
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<u>Project Infrastructure Plan</u>		01/03/88	01/02/91
1. Project Start-up		01/03/88	06/03/88
Preparation in USA		01/03/88	02/02/88
Begin procurements		01/18/88	02/17/88
Prepare training material for Jordanian staff		01/18/88	02/17/88
Establish project office in Jordan (Ministry of Industry)		03/03/88	04/03/88
Establish housing and subsistence in Jordan		03/03/88	05/03/88
Design in-service training courses for ACC staff		04/03/88	05/03/88
Train ACC staff		05/03/88	06/03/88
2. Ongoing reporting and project activities		02/02/88	01/02/91
Monthly progress reporting		02/02/88	01/02/91
Training seminars		09/02/88	01/02/91
Meetings of Service Sector Development Council		03/03/88	01/02/91
3. Professional Services Conference		05/03/88	08/18/88
Prepare for conference		05/03/88	07/03/88
Publicity for conference		07/03/88	08/03/88
Hold Professional Services Conference		08/03/88	08/18/88
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<u>Audit and Accounting Services</u>		01/18/88	01/02/91
1. Professional Association		01/18/88	04/03/89
Requirements Study		01/18/88	03/19/88
Draft Constitution		04/03/88	05/03/88
Establish training program		05/03/88	07/03/88
Carry out publicity program		06/03/88	08/03/88
Establish standards subcommittee		03/04/89	04/03/89
2. Seminar & Conference Program		03/03/88	01/02/91
Organize and develop program		03/03/88	02/01/89
Computerized Accounting Seminar		04/18/88	04/26/88
Hold seminars		08/03/88	01/02/91
Professional Services Conference		08/25/88	09/02/88
3. Publications			
Arrange purchase and distribution		03/03/88	07/03/88
4. Exchange Program		03/03/88	01/02/91
Identify Jordanian accountants		03/03/88	06/03/88
Establish data base of Jordanian Acctg Student in USA		03/03/88	06/03/88
Identify Participants		04/03/88	04/03/90
Monitor exchange program		10/02/88	01/02/91

5. Market Research		
Accounting & Financial Management Consultancy	04/03/88	06/03/88
6. In Country Training		
Develop training program for audit licensing	04/03/88	01/02/89
7. Auditing Government entities	05/03/88	10/02/88
Conduct requirements study	05/03/88	08/03/88
Establish Terms of Reference	07/03/88	08/03/88
Draft legislation for GOJ & GOJ-owned entities	08/03/88	10/02/88
8. U.S. Professional Associations & Affiliations	06/03/88	01/02/89
Initiate contacts	06/03/88	08/03/88
Support U.S. firm visits to Jordan counterparts	09/02/88	10/02/88
Draft affiliation agreements	09/02/88	11/02/88
Execute affiliation agreements	11/02/88	01/02/89
9. Institutional Strengthening	11/02/88	06/03/89
Study Jordanian Audit Board regulations	11/02/88	01/02/89
Draft new independence legislation for GOJ	01/02/89	03/04/89
Draft legal recourse legislation for GOJ	02/01/89	06/03/89
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Computer Services	03/03/88	01/02/91
1. Institutional Strengthening	03/03/88	06/03/88
Study Jordan Copyright & Patent law	03/03/88	05/03/88
Study copyright protection requirements	03/03/88	04/03/88
Draft protection legislation	05/03/88	07/03/88
Draft technical standard enforcement legislation	12/02/88	01/02/89
Study regional patent and copyright law	02/01/89	06/03/89
2. Seminar & Conference Program	03/03/88	11/02/90
Develop and conduct technical & business seminars	03/03/88	11/02/90
Copyright and patent protection seminar	05/03/88	05/18/88
3. Exchange Program	03/03/88	01/02/91
Conduct needs assessment	03/03/88	04/03/88
Identify Participants	03/03/88	09/02/89
Develop exchange program	04/03/88	06/03/88
Monitor exchange program	10/02/88	01/02/91
4. Professional Association (Jordan Computer Society)	04/03/88	08/03/90
Draft Constitution	04/03/88	06/03/88
Develop JCS as an Association	08/03/88	08/03/90
Develop technical standards	09/02/88	12/02/88

5. Market Research and Marketing	04/03/88	07/04/90
Large system development market	04/03/88	07/04/90
Jordan and regional Arabization requirements	04/03/88	06/03/88
Study Arabized software availability	05/03/88	07/03/88
Identify generic software packages for Arabization	06/03/88	11/02/88
Marketing campaign for large system development	07/03/88	07/04/90
Study feasibility of Arabizing selected packages	09/02/88	11/02/88
Arrange financing of Arabization of products	11/02/88	01/02/89
6. U.S. Professional Associations & Affiliations	06/03/88	11/02/88
Identify US firms for teaming agreements	06/03/88	07/03/88
Draft joint venture agreements	08/03/88	11/02/88
7. In Country Training		
Develop training program for computer professionals	07/03/88	10/02/88
8. Performance of Services under Program		
Commence first large system consultancies	11/02/88	07/04/90
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<u>  Industrial Management and Engineering Services</u>	<u>  03/03/88</u>	<u>  01/02/91</u>
1. Professional Association (Assoc. of Engineers)	03/03/88	05/03/88
Establish IME Working Committee	03/03/88	04/03/88
Establish training program	04/03/88	05/03/88
2. Pilot Projects	03/03/88	01/02/91
Identify Jordanian participating companies	03/03/88	06/03/88
Evaluate potential IME Model Firms	04/03/88	09/02/88
Carry out pilot project consultancies	06/03/88	01/02/91
3. Institutional Strengthening	03/03/88	02/01/89
Prepare draft code of conduct	03/03/88	04/03/88
Study GOJ Protection Policies	04/03/88	06/03/88
Study feasibility of IME component in		
feasibility studies	05/03/88	07/03/88
Review feasibility studies	10/02/88	02/01/89
4. In Country Training	03/03/88	04/03/89
Establish IME professional training program	03/03/88	04/03/89
Develop course materials	07/03/88	08/03/88
5. U.S. Professional Associations & Affiliations	06/03/88	08/03/90
Promote joint ventures	06/03/88	05/04/89
Conduct promotional joint ventures with US firms	12/02/88	08/03/90
6. Exchange Program	08/03/88	01/02/91
Chamber of Commerce Sector Leader trip to US	08/03/88	09/02/88
Monitor exchange program in joint venture projects	02/01/89	01/02/91

7. Publicity and Public Relations Program	10/02/88	04/03/89
Organize and develop 'Job Fair'	10/02/88	11/02/88
Develop and execute cost reduction campaign	12/02/88	04/03/89

8. Publications		
Initiate publication in IME section of JAE Journal	01/02/89	01/02/91

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Marketing and Advertising Ser	03/03/88	01/02/91
1. Market Research Studies	03/03/88	11/02/88
Export Trading Company feasibility	03/03/88	06/03/88
Jordanian buying habits	03/03/88	07/03/88
Regional markets	03/03/88	07/03/88
Central Data Base of Jordanian Com.	03/03/88	07/03/88
Data Base of regional markets	04/03/88	06/03/88
Export of Professional Services	04/03/88	07/03/88
Feasibility study of Marketing Consulting Firm	09/02/88	11/02/88
2. In Country Training	04/03/88	07/04/90
Organize and develop seminar program	04/03/88	06/03/88
Continue development and hold seminars	07/03/88	07/04/90
Develop two year marketing course		
Visiting Lecturers		
3. U.S. Professional Associations & Affiliations		
Support US arm of Joint Venture and Licensing Bureau	02/01/89	01/02/91
4. Institutional Development and Strengthening	09/02/88	01/02/91
Joint Venture/Licensing Bureau	09/02/88	01/02/91
Publicity campaign for professional services export	11/02/88	01/02/91
5. Pilot Projects	05/03/88	01/02/91
Export Trading Company	05/03/88	11/02/88
Graphic Arts and Printing Company	05/03/88	11/02/88
Business directory (Yellow Pages)	07/03/88	10/02/88
Marketing Consulting Firm	11/02/88	06/03/89
Follow-up visits, monitoring	05/04/89	01/02/91

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II. IMPLEMENTATION PLAN FOR AID/GOJ

Action	Start Date	End Date
1. Selection of prime contractor	08/24/87	09/30/87
2. Negotiation and execution of project agreement	09/01/87	09/30/87
3. Fulfill Conditions Precedent	09/30/87	11/29/87
4. Negotiation and execution of host country contract	10/01/87	01/03/88
5. Annual Work Plan submitted	02/02/88	02/02/90
6. Monthly Progress Reports submitted	02/02/88	01/02/91
7. Quarterly Progress report briefings by Prime Contractor	04/03/88	01/02/91
8. Interim Evaluation (1st)	10/88	11/88
9. Interim Evaluation (2nd)	10/89	11/89
10. Final Evaluation	7/91	9/91
11. Monitor Performance of Venture Capital Fund	1/89	9/91

### III. COST ESTIMATE AND FINANCIAL PLAN

#### A. Overview

The total project cost is estimated to be \$13.2 million. AID financed inputs total \$10 million in grant funds over the estimated four year life of the project. AID funds will be used for technical assistance, training, commodities, local cost support and the initial operation of a Joint Venture Licensing bureau, as components of a prime contract for implementation. In addition to, and separate from, the prime contract will be the provision of up to \$700,000 in seed capital through a "Venture Capital Fund" and sufficient funds for project evaluation, to include financial examination of the project accounts. These requirements will be supplemented slightly through the assessment of fees and recovery of costs in the administration of the various programs under the project, but the impact of such fees is not expected to be significant and therefore has not been considered in the financial plan.

No significant cash contributions are expected from the GOJ. However AID resources as part of the Venture Capital Fund will establish a goal of generating an estimated additional \$3 million in investment from the Jordanian private sector for company startups, joint ventures, and mergers beyond the company start-ups envisioned in this project. Aside from the private sector investment and fees and commissions mentioned above, no significant local currency contributions are expected.

The administration and procedural aspects of the Venture Capital Fund have not been finalized. However it is anticipated that it will be channelled through an appropriate government or private sector financial institution. AID funds will not be used for the establishment of equity positions. (See Section C for further discussion of the Venture Capital Fund.)

An allowance for contingencies is included in the budget at a flat rate of 10% over the project life. In addition all base year estimates are increased at an annual rate of 5% to allow for inflation.

The Table "SUMMARY OF COSTS BY SECTOR" shows the overall project cost by the four private service sector components; Audit and Accounting, Computer Services, Industrial and Management Engineering (IME) Services, and Marketing and Market Research Services. A fifth component has been defined for general administration and management of the project, to account for the general costs of operations, commodities and programs which will be spread over and integrated into the four sectors of the project.

Travel and subsistence has been broken out as a separate line item from technical assistance, to facilitate project management and control of invoices. The Venture Capital Fund has also been shown separately because it is anticipated that its application will be confined to the Computer Services and Marketing components of the project.

B. Cost Estimates and Financial Plans of Service Sector Components

The financial plan for each project component is shown in the Table "SUMMARY OF COSTS BY YEAR BY SECTOR". Table 1 shows the schedule of costs by year for the two year duration of the initial prime contract, and for an anticipated third year to complete the ongoing programs under the project. The succeeding tables detail anticipated costs for each component.

Table 2: General Project Management and Administration

All commodities, and general project management and technical assistance, have been budgeted under this heading because of the general commonality of their use and application across all sectors.

Table 3: Audit and Accounting

Self explanatory.

Table 4: Computer Services

Use of the Venture Capital Fund is anticipated to seed joint ventures and software licensing agreements, particularly in the area of Arabization of generic software.

Table 5: IME

Self explanatory.

Table 6: Marketing

Use of the Venture Capital Fund is anticipated to seed joint ventures and pilot companies through startups or mergers. The Licensing and Joint Venture Bureau will also be set up and operated under this component.

C. Venture Capital Fund

It is estimated that this fund will operate on a revolving fund basis and capital advanced will be reimbursed with profits after a pre-determined period of time. It is difficult to estimate the amount of funds which may be used until such time as the necessary feasibility studies have been carried out on the activities which may seek venture capital support. However, the following are presented as initial estimates:

<u>Activity</u>	<u>Initial Estimate of Total Capital Requirements \$</u>
10 software development (Arabization activities)	250,000
Publication of "Yellow Pages"	25,000
Marketing Consulting Firm	100,000
Export Trading Company	1,250,000
Graphic Arts & Printing Company	500,000
Expansion of Marketing and Advertising companies	250,000

As stated in Section A above, the administration and procedural aspects of the Venture Capital Fund as proposed by the Prime Contractor will have to be finalized before the fund is established. It will be up to the Prime Contractor to develop recommended mechanisms for full operations for approval by USAID and the Board of Directors prior to AID funds being committed for this lending window. The Contractor will specify appropriate institutional arrangements, appropriate use of AID resources (except for direct equity position) and strategies for mobilizing other investor capital.

PRIVATE SERVICES SECTOR PROJECT  
SUMMARY OF COSTS  
(USD x 1000)

AID Inputs	Project Genl & Admin	Audit & Accounting	Computer Services	IME Services	Marketing Services	Total Project
Technical Assistance	790.5	425.0	476.0	1,092.3	1,466.3	4,250.1
Travel & Subsistence	247.4	133.0	149.0	341.9	458.9	1,330.3
Training	106.9	57.5	64.4	147.7	198.3	574.8
Commodities	347.4	0.0	0.0	0.0	0.0	347.4
Local Staff	179.6	96.6	108.2	248.2	333.2	965.8
Conferences	27.1	14.6	16.3	37.4	50.2	145.6
License/JV Bureau	0.0	0.0	0.0	0.0	147.5	147.5
Venture Capital Fund Evaluation	0.0	0.0	249.6	0.0	463.6	713.2
	55.8	30.0	33.6	77.1	103.5	300.0
* Subtotal	1,754.7	756.7	1,097.1	1,944.6	3,221.5	8,774.6
Contingency	175.5	75.6	109.7	194.4	322.1	877.3
Inflation	62.4	28.8	42.7	74.2	140.0	348.1
** Total AID Inputs	1,992.6	861.1	1,249.5	2,213.2	3,683.6	10,000.0
Jordanian Inputs						
Local Staff	0.0	0.0	0.0	0.0	0.0	0.0
Venture Capital	0.0	0.0	962.5	0.0	1,787.5	2,750.0
Other Local Costs	0.0	0.0	0.0	0.0	0.0	0.0
* Subtotal	0.0	0.0	962.5	0.0	1,787.5	2,750.0
Contingency	0.0	0.0	96.3	0.0	178.8	275.1
Inflation	0.0	0.0	38.5	0.0	155.0	193.5
** Total Jordanian Inputs	0.0	0.0	1,097.3	0.0	2,121.3	3,218.6
***Project Total	1,992.6	861.1	2,346.8	2,213.2	5,804.9	13,218.6

PRIVATE SERVICES SECTOR PROJECT  
SUMMARY OF COSTS BY YEAR  
(USD x 1000) TABLE 1

Total Project AID Inputs	Year 1 1988	Year 2 1989	2 Year Total	Year 3 1990	Project Total
Technical Assistance	2,157.8	1,195.6	3,353.4	896.7	4,250.1
Travel & Subsistence	679.6	371.8	1,051.4	278.8	1,330.2
Training	208.8	177.6	386.4	188.4	574.8
Commodities	227.8	71.6	299.4	48.0	347.4
Local Staff	390.8	334.4	725.2	240.6	965.8
Conferences	46.7	48.0	94.7	50.9	145.6
License/JV Bureau	48.2	48.2	96.4	51.1	147.5
Venture Capital Fund Evaluation	240.0 100.0	258.3 100.0	498.3 200.0	214.9 100.0	712.2 300.0
* Subtotal	4,099.7	2,605.4	6,705.2	2,069.4	8,774.6
Contingency	410.0	260.5	670.5	206.8	877.3
Inflation	0.0	143.3	143.3	204.8	348.1
** Total AID Inputs	4,509.7	3,009.3	7,519.0	2,481.0	10,000.0
Jordanian Inputs					
Local Staff			0.0		0.0
Venture Capital	650.0	900.0	1,550.0	1,200.0	2,750.0
Other Local Costs			0.0		0.0
* Subtotal	650.0	900.0	1,550.0	1,200.0	2,750.0
Contingency	65.0	90.0	155.0	120.1	275.1
Inflation	0.0	68.1	68.1	125.4	193.5
** Total Jordanian Inputs	715.0	1,058.1	1,773.1	1,445.5	3,218.6
*** Project Total	5,224.7	4,067.1	9,292.1	3,926.5	13,218.6

PRIVATE SERVICES SECTOR PROJECT  
GENERAL AND ADMINISTRATIVE COSTS BY YEAR  
(USD x 1000) TABLE 2

Project Gen & Admin AID Inputs	Year 1 1988	Year 2 1989	2 Year Total	Year 3 1990	Project Total
Technical Assistance	401.4	222.4	623.7	16.8	790.5
Travel & Subsistence	126.4	69.2	195.6	51.9	247.4
Training	38.8	33.0	71.9	35.0	106.9
Commodities	227.8	71.6	299.4	48.0	347.4
Local Staff	72.7	62.2	134.9	44.7	179.6
Conferences	8.7	8.9	17.6	9.5	27.1
License/JV Bureau			0.0		0.0
Venture Capital Fund			0.0		0.0
Evaluation	18.6	18.6	37.2	18.6	55.8
* Subtotal	894.4	485.9	1,380.3	374.5	1,754.7
Contingency	89.4	48.6	138.0	37.4	175.5
Inflation	0.0	26.7	26.7	35.7	62.4
** Total AID Inputs	983.8	561.2	1,545.0	447.6	1,992.6
Jordanian Inputs					
Local Staff			0.0		0.0
Venture Capital			0.0		0.0
Other Local Costs			0.0		0.0
* Subtotal	0.0	0.0	0.0	0.0	0.0
Contingency	0.0	0.0	0.0	0.0	0.0
Inflation	0.0	0.0	0.0	0.0	0.0
** Total Jordanian Inputs	0.0	0.0	0.0	0.0	0.0
*** Total	983.8	561.2	1,545.0	447.6	1,992.6

PRIVATE SERVICES SECTOR PROJECT  
ACCOUNTING AND AUDIT SECTOR COSTS BY YEAR  
(USD x 1000) TABLE 3

Acctg & Audit AID Inputs	Year 1 1988	Year 2 1989	2 Year Total	Year 3 1990	Project Total
Technical Assistance	215.8	119.6	335.3	89.7	425.0
Travel & Subsistence	68.0	37.2	105.1	27.9	133.0
Training	20.9	17.8	38.7	18.8	57.5
Commodities			0.0		0.0
Local Staff	39.1	33.4	72.5	24.1	96.6
Conferences	4.7	4.8	9.5	5.1	14.6
License/JV Bureau			0.0		0.0
Venture Capital Fund			0.0		0.0
Evaluation	10.0	10.0	20.0	10.0	30.0
* Subtotal	358.4	222.7	581.1	175.6	756.7
Contingency	35.8	22.3	58.1	17.5	75.6
Inflation	0.0	12.3	12.3	16.5	28.8
** Total AID Inputs	394.2	257.3	651.5	209.6	861.1
Jordanian Inputs					
Local Staff			0.0		0.0
Venture Capital			0.0		0.0
Other Local Costs			0.0		0.0
* Subtotal	0.0	0.0	0.0	0.0	0.0
Contingency	0.0	0.0	0.0	0.0	0.0
Inflation	0.0	0.0	0.0	0.0	0.0
** Total Jordanian Inputs	0.0	0.0	0.0	0.0	0.0
*** Total	394.2	257.3	651.5	209.6	861.1

PRIVATE SERVICES SECTOR PROJECT  
COMPUTER SERVICES SECTOR COSTS BY YEAR  
(USD x 1000) TABLE 4

Computer Services AID Inputs	Year 1 1988	Year 2 1989	2 Year Total	Year 3 1990	Project Total
Technical Assistance	241.7	133.9	375.6	100.4	476.0
Travel & Subsistence	76.1	41.6	117.8	31.2	149.0
Training	23.4	19.9	43.3	21.1	64.4
Commodities			0.0		0.0
Local Staff	43.8	37.5	81.2	26.9	108.2
Conferences	5.2	5.4	10.6	5.7	16.3
License/JV Bureau			0.0		0.0
Venture Capital Fund	84.0	90.4	174.4	75.3	249.6
Evaluation	11.2	11.2	22.4	11.2	33.6
* Subtotal	485.4	339.9	825.3	271.8	1,097.1
Contingency	48.5	34.0	82.5	27.2	109.7
Inflation	0.0	18.7	18.7	24.0	42.7
** Total AID Inputs	533.9	392.5	926.5	323.0	1,249.5
Jordanian Inputs					
Local Staff			0.0		0.0
Venture Capital	227.5	315.0	542.5	420.0	962.5
Other Local Costs			0.0		0.0
* Subtotal	227.5	315.0	542.5	420.0	962.5
Contingency	22.8	31.5	54.3	42.0	96.3
Inflation	0.0	17.3	17.3	21.2	38.5
** Total Jordanian Inputs	250.3	363.8	614.1	483.2	1,097.3
*** Total	784.2	756.4	1,540.6	806.2	2,346.8

PRIVATE SERVICES SECTOR PROJECT  
INDUSTRIAL MANAGEMENT AND ENGINEERING (IME) SECTOR COSTS BY YEAR  
(USD x 1000) TABLE 5

IME AID Inputs	Year 1 1988	Year 2 1989	2 Year Total	Year 3 1990	Project Total
Technical Assistance	554.6	307.3	861.8	230.5	1,092.3
Travel & Subsistence	174.7	95.6	270.2	71.7	341.9
Training	53.7	45.6	99.3	48.4	147.7
Commodities			0.0		0.0
Local Staff	100.4	85.9	186.4	61.8	248.2
Conferences	12.0	12.3	24.3	13.1	37.4
License/JV Bureau			0.0		0.0
Venture Capital Fund			0.0		0.0
Evaluation	25.7	25.7	51.4	25.7	77.1
* Subtotal	921.0	572.4	1,493.5	451.1	1,944.6
Contingency	92.1	57.2	149.3	45.1	194.4
Inflation	0.0	31.5	31.5	42.7	74.2
** Total AID Inputs	1,013.1	661.2	1,674.3	538.9	2,213.2
Jordanian Inputs					
Local Staff			0.0		0.0
Venture Capital			0.0		0.0
Other Local Costs			0.0		0.0
* Subtotal	0.0	0.0	0.0	0.0	0.0
Contingency	0.0	0.0	0.0	0.0	0.0
Inflation	0.0	0.0	0.0	0.0	0.0
** Total Jordanian Inputs	0.0	0.0	0.0	0.0	0.0
*** Total	1,013.1	661.2	1,674.3	538.9	2,213.2

PRIVATE SERVICES SECTOR PROJECT  
MARKETING AND ADVERTISING SECTION COSTS BY YEAR  
(USD x 1000) TABLE 6

Marketing AID Inputs	Year 1 1988	Year 2 1989	2 Year Total	Year 3 1990	Project Total
Technical Assistance	744.4	412.5	1,156.9	309.4	1,466.3
Travel & Subsistence	234.5	128.3	362.7	96.2	458.9
Training	72.0	61.3	133.3	64.9	198.3
Commodities			0.0		0.0
Local Staff	134.8	115.4	250.2	83.0	333.2
Conferences	16.1	16.6	32.7	17.6	50.2
License/JV Bureau	48.2	48.2	96.4	51.1	147.5
Venture Capital Fund Evaluation	156.0 34.5	167.9 34.5	323.9 69.0	139.8 34.5	463.6 103.5
* Subtotal	1,440.6	984.5	2,425.1	796.4	3,221.5
Contingency	144.1	98.5	242.6	79.5	322.1
Inflation	0.0	54.1	54.1	85.9	140.0
** Total AID Inputs	1,584.6	1,137.1	2,721.8	961.8	3,683.6
Jordanian Inputs					
Local Staff			0.0		0.0
Venture Capital	422.5	585.0	1,007.5	780.0	1,787.5
Other Local Costs			0.0		0.0
* Subtotal	422.5	585.0	1,007.5	780.0	1,787.5
Contingency	42.3	58.5	100.8	78.0	178.8
Inflation	0.0	32.2	32.2	122.8	155.0
** Total Jordanian Inputs	464.8	675.7	1,140.5	980.8	2,121.3
*** Total	2,049.4	1,812.8	3,862.3	1,942.6	5,804.9

#### IV. Monitoring Plan

Monitoring activities will consist of the following:

##### A. Prime Contractor Reports to USAID and the Board of Directors:

###### 1. Annual Work Plan

In addition to a complete and detailed presentation of proposed strategies for completing tasks, the Annual Work Plan will include:

- a. A monthly schedule of specific actions to be completed for each of the four major activities and
- b. A monthly performance target for each staff office or division using objectively verifiable, client oriented indicators of performance which are agreed to by the Board of Directors and USAID.

###### Amendment to the Annual Work Plan

When a change in strategies is required, and/or additional specific tasks are requested by the Board of Directors and USAID and/or it is anticipated that the monthly schedules or targets cannot be maintained, the contractor will submit for official approval an amendment to the Annual Work Plan which documents and explains reasons for the change. At least one month advance notice must be given in cases of anticipated failure to meet work plan schedules and targets.

###### 3. Monthly Progress Report

In a brief tabular form, the Monthly Progress Report will report actual accomplishments in relation to planned schedules and targets and explain any discrepancies between planned and actual accomplishments. The report will also include a brief narrative relating to each task, focusing on particular problems and achievements. The report will be presented to the Board of Directors and USAID.

###### 4. Final Report

At the completion of the contract a report will summarize the progress in implementing all tasks. This report will summarize the achievements, shortfalls, problems and recommended solutions and evaluation of the contract work completed.

- ##### B. USAID Mission Quarterly Reports and Reviews: These reports include quarterly project implementation reports prepared by the Project Officer which are reviewed by the Mission and submitted to AID/W and quarterly project financial reports prepared by the Mission Controller.

- C. Prime Contractor Briefings: At least on a quarterly basis the Prime Contractor will present to the full board a project status briefing. The purpose of the briefing will be to review current project status, issues and problems. The Prime Contractor may be called upon by the board and USAID for other briefings as dictated by project circumstances.
  
- D. Other Meetings with Project Participants: The Project Officer will meet with the Prime Contractor and subcontractors on a monthly basis to review progress reports and assess overall progress toward attainment of project objectives. Included here are also meetings with project beneficiaries to assess intended project impact on those targeted for support under the project.

## V. PROJECT ANALYSIS

### A. Technical Analysis

The project targets Jordanian firms, associations and individuals in the relevant subsectors to assist them in upgrading their capabilities and skills. The project will also support activities aimed at stimulating demand for these services. This analysis will assess Jordan's need for the technical services provided under the project and examine the feasibility to implement the stipulated activities in each subsector.

#### 1. Jordan's Need for Services Under the Project

##### a. Manufacturing Firms

The prevailing economic recession, diminishing sales and strong competition in export markets have led manufacturers to re-examine their operations and verify the need for improved product design and better management to produce quality products at competitive prices. Industries and firms lack up to date marketing and management skills. However, they are now gradually becoming aware of the need for expert assistance in marketing and sales. They are also becoming aware of the need for producing new products utilizing modern industrial management techniques and skills. Specialized consultancies supported under the project will respond to the needs of industries and will demonstrate the benefits of utilizing proper industrial engineering practices, electronic data processing, market research and proper accounting practices.

##### b. Financial Institutions

Despite high liquid assets, commercial banks are often unwilling to offer loans to industrial firms and other businesses. This is due to two main reasons: (1) there is doubt that financial statements reflect the true status of firms applying for loans and (2) there is lack of appropriate skills in banks and financial institutions to analyze and project future prospects for firms. The present attitude of the banks makes it difficult for manufacturers and service firms to expand operations and acquire the appropriate financing for future ventures. Specialized consulting firms and improved standards of auditing practice are needed to assist in changing present attitudes by banks and develop confidence between banks and businesses wishing to borrow for expansion.

##### c. Government Policies

Section I.C includes objectives of the Five Year Plan, 1985-1990. In achieving these objectives, the GOJ is expected to encourage activities to stimulate the growth of the services sector. The GOJ anticipates that the services sector will contribute substantially to GDP and the services relevant to finance, trade and marketing will witness significant growth.

d. Manpower

Jordan continues to provide local and regional markets with trained labor. However, there is a need to enhance the professional and administrative efficiency of Jordanian manpower by continuous training and use of modern technology. The project will increase demand for Jordanian manpower in the Arab labor market and strengthen the balance of payments. It will also provide local productive sectors with specialized skills that will lead to higher productivity, lower cost and better export potential.

Based on the recognized needs of industry (and other businesses) for improved management and marketing services and skills, the need for adoption of rigorous accounting and audit standards and the need for upgraded manpower skills in the services area, the local environment is now receptive to the services and technical assistance provided by the project and the different sectors are at a stage or at the technical level to benefit from planned project interventions.

2. Accounting and Audit Services

There are approximately 455 licensed public accountants in Jordan mostly operating on individual basis. In the past, the registration process allowed underqualified individuals to service the public. This has resulted in intense competition, limited specialized service capability and generally lower quality standards. However, there are in existence several large firms and many individual practitioners, mostly educated or trained in Europe and the U.S., who service their clients according to international standards. Recent developments in this subsector include the following. (1) Passage of new laws for auditing practice under which auditors are now held responsible for any false or misleading information or for adopting inaccurate procedures in carrying out audits. This law will be enhanced when the new Company Law is passed. (2) Establishment of an Auditors Association which is expected to service its members by the end of 1987. The Association will establish prerequisites for eligibility to practice such as acquiring certain academic qualifications and passing a Jordanian CPA exam. The activities stipulated in this subsector address the basic problems of this subsector and will support existing efforts with expert technical assistance provided by the U.S. prime contractor. The technical assistance, exchange programs, affiliations with U.S. firms, seminars and distribution of relevant journals and publications will create the appropriate climate for adopting and enforcing recognized audit practices and facilitate the establishment of professional regulatory associations and organizations. The activities, therefore, are considered feasible and implementable.

1. Computer Services

There are approximately 200 computer services firms comprising hardware vendors and software houses. Hardware suppliers can provide, install and maintain their equipment utilizing available qualified Jordanian engineers. Software houses provide consultancy, customized applications, and training services. However, the software provided is predominantly in general accounting, payroll and stock control. Local educational institutions provide adequate skilled manpower for both the local market and the region. The recently established computer association indicates awareness by firms and individuals of the need for development of the profession.

Based on the above, the environment will be receptive to the technical assistance provided under the project and firms and individuals will be in a position to benefit from the activities stipulated.

4. Industrial Management and Engineering Services

As indicated previously, due to the prevailing recession in the economy, manufacturers are gradually becoming aware of the need for expert assistance. Industrial engineers who participate under the mechanical engineering branch in the Engineer's Association are considering the establishment of their own branch. The USAID financed Industrial Engineering Graduate Program at the University of Jordan is aimed toward creating an awareness of the need for industrial engineering services and providing trained individuals who can supply such services. In the meantime the Manufacturing and Marketing Improvement Section (MMIS) at the Jordan Institute of Management, also financed by USAID, will provide U.S. consultants to demonstrate the benefits of acquiring such services.

Subproject activities will help prospective practitioners to establish businesses and provide technical assistance, access to specialized journals, training in the U.S. through exchange programs and affiliations with established U.S. firms.

5. Marketing and Advertising Services

The existing practice of marketing and advertising agencies is mainly limited to artwork and placement of advertisements in the available media. In practical terms Jordanian companies sell their products and services rather than market them and therefore make little use of marketing practices. U.S. consultants in this field will work closely with local companies to create awareness and provide support to existing marketing and advertising firms to upgrade their capabilities. Joint ventures with US trading firms, pilot projects and publications will be beneficial to both industrial and marketing firms.

B. Financial Analysis

See Cost Estimate and Financial Plan, Section III.

C. Economic Analysis

1. Macroeconomic Considerations

Employment creation to offset labor market surplus and increased domestic production to reduce trade imbalances are major economic preoccupations for Jordan. The support for selected service industry subsectors envisaged under the Private Service Sector Project initiative is intended to help address these concerns.

a. Employment Creation and Labor Market Surplus

Jordan's demographic patterns and labor force characteristics give rise to a present and prospective labor supply surplus. Jordan's labor market is relatively small. Total labor force presently numbers an estimated 645,000 workers, of whom about 22 percent (143,000) are foreign workers. Total labor force amounts to only about 27 percent of Jordan's population. A traditionally low labor force participation rate among women (12.5 percent in 1985), and a high birth rate (estimated 3.2 percent per annum) resulting in an extremely young population account for this low level of labor force participation. Additionally, over 300,000 Jordanian workers have emigrated to jobs in the Middle East region or overseas, further decreasing the domestic labor force numbers.

Unemployment is currently believed to stand at about 40,000 to 50,000 persons, or eight to nine percent of the Jordanian labor force (excluding non-Jordanians). Increases in the number of first-time labor market entrants, recent slight rises in female participation rates and the influx of guest workers contribute to these levels of unemployment.

Structurally, Jordan's labor force is service-oriented. Service sector jobs account for over half of Jordan's existing employment. "Other services" (including public administration and defense) alone make up over 40 percent of total employment. Manufacturing and agriculture employ about 20 percent of Jordan's work force. Manufacturing has recently been the fastest growing employment sector, albeit from a relatively small base. By occupation, "production and related workers" represent about half of Jordan's work force, and professional and technical occupations account for another 14 percent.

As noted previously, Jordan's population is relatively well-educated. About one-third of Jordanians in the age group eligible for higher education are enrolled in post-secondary/university programs.

Industry (4,200), technology (2,700, including computer science studies), commerce (2,200), business (7,700) and engineering (1,500) together account for nearly 60 percent of academic enrollments. Virtually all of Jordan's primary school-eligible children are enrolled in school.

Labor migration is a critical factor for Jordan's labor market and for the economy generally. In the 1960's and 1970's, oil-based economic growth in the Middle East and Gulf States generated substantial job opportunities in professional/technical occupations as well as in low-skilled ones. Jordan's limited domestic labor market, rapidly growing population and high education levels stimulated out-migration among Jordanian workers. By 1985 an estimated 339,000 Jordanians were employed abroad, with as much as 85 percent of this number engaged in the Gulf. This figure compares to a total of only 502,000 Jordanians employed in the domestic market. Many of these Jordanian labor migrants are believed to be skilled; in fact, 43 percent of emigrant Jordanian workers are reported to be employed in professional or skilled occupations.

More recently, however, the regional economic recession arising from lower oil prices and the Iraq-Iran war, plus recession-related pressure for "localization" of Gulf economy jobs, has led to diminishing opportunities for Jordan's labor emigrants. The annual rate of growth of labor emigration slipped by an estimated two-thirds between 1981 (19 percent) and 1984 (6.2 percent). While the Jordanian's predominance among skilled and professional workers in the Gulf may enable them to withstand somewhat Gulf work force reductions, a loss of employment opportunities is still likely to occur. Hence, heightened pressures may be anticipated in Jordan's labor market; not only will some proportion of current Jordanian labor emigrants be forced home to join the domestic labor force, but also many would-be Jordanian labor emigrants will be diverted from employment abroad to the local economy.

Given these regional economic prospects and Jordan's continuing high levels of population growth and educational achievement, an annual labor surplus of nearly 66,000 workers is forecast for 1990. This surplus derives from a projected 1990 labor demand of about 201,000 workers as against a 1990 supply of 267,000 workers, including 25,000 returning Gulf region labor emigrants. An important proportion of this surplus is projected to fall among workers in the professional, specialist and technician categories. Also, it is important to recall that those labor surplus projections assume a net decrease of 50,000 guest workers in Jordan by 1990 (equivalent to 35 percent of current levels) and their replacement by Jordanians; overestimation of the decrease in guest workers will raise the projected labor surplus even higher. All in all, such labor market trends pose a considerable challenge for Jordan's political leaders and economic planners/managers.

b. Domestic Production and Trade Imbalance

Jordan's domestic demand/supply balance of goods and services is in serious disequilibrium. Due to the small size of its domestic market and scarcity of natural resources, local production supplies only a limited portion of total domestic demand. Imports of goods and services in fact represented 83 percent of GNP in 1985 (or 91 percent of GDP). The result is that Jordan suffers from a chronic trade account deficit (JD 762 million in 1985) amounting to 41 percent of GNP. While Jordan's location makes it a key transport and communication center for the regional economy and generates net exports of non-factor services, the nation's overall external sector goods and services account still registers a significant deficit (JD 663 million in 1985), or 36 percent of GNP.

This imbalance is of considerable concern to Jordan's economic managers, as it presents a troubling, long term weakness and potential source of instability for the economy. This concern is all the more acute in that Jordanian worker remittances (JD 403 million in 1985) have traditionally borne a major share in the financing of Jordan's trade and services deficit. Possible reductions in the emigrant Jordanian work force would decrease this financing flow, and sharpen the burden of the goods and services deficit.

Consequently, Jordan's economic managers are anxious, in the language of the Third Five Year Plan (1986-1990), to "increase, diversify and develop" domestic production. This expansion of domestic production is designed to:

- . Promote economic import substitution.
- . Reduce the proportion of goods and services imports in GDP (from 91 percent of GDP in 1985 to a projected 56 percent of GDP in 2000).
- . Develop export-oriented production for neighboring markets.

In terms of quantitative targets, during the Third Plan commodity exports and exported services are to grow, respectively, at 7 percent and 6.4 percent per year. In the same period commodity imports and imported services are to be held to growth rates of 2.9 percent and no more than 2.6 percent per annum, respectively.

Increasing domestic production will require a broad range of policy initiatives and investment programs. Among these is the emergence of a more important role for the private sector in the generation of investment and employment opportunities. Reflecting this fact, private and mixed sector investment are intended to account for 48 percent of total investment in the Third Plan period. Within this figure, JD 88 million is projected for investment in private

industry, especially for small and medium scale industry, especially for small and medium scale export-oriented and labor-intensive enterprises. Similarly, during the late 1980's and 1990's Jordan intends to adopt an "integrated marketing policy" which will lead to the creation of institutions and programs to enhance domestic and foreign demand for Jordan's products. It will also put in place an investment policy emphasizing investment in specialized, high level services to increase efficiency in planning, maintenance and operation of productive sector projects.

## 2. Service Subsector Development

Development of the selected service subsector activities will be significant in addressing the macroeconomic concerns outlined above. First, it is recognized that a significant proportion of Jordan's work force is adapted to service sector employment by experience and education. Emphasis on employment creation in selected service sector occupations is therefore logical within prevailing social and economic patterns. Second, Jordan's political leaders and managers recognize the vital relationship between the selected essential service subsector activities and enhancement of productivity, output and export potential in the nation's productive sectors, especially manufacturing. Specifically, policymakers are aware that availability of stronger capabilities in applied engineering, general and financial management, marketing and computer-oriented services are required to improve the quality and competitiveness of Jordan's industry, both for the benefit of the domestic consumer and for successful entry and sustained growth in export markets.

Accordingly, the policy framework of Jordan's Third Five Year Plan emphasizes the development of highly skilled specialized labor, including promotion of certain professional consulting services. A range of desirable areas for development might be identified, but the strengthening of a limited set of specialized professional service industries is a priority. The services targeted for assistance under the project concentrate on provision of marketing, product development and management expertise to assist the private sector in Jordan in becoming more efficient and productive. Under the project general management consulting services are incorporated as a component of these more specialized services, with emphasis in each case on the special requirements of management planning, organization, staffing, and controls specific to the specialist service discipline.

## 3. Economic Impacts of the Project

Given the general economic considerations and services subsector priorities and constraints outlined above, proposed project activities should prove to be an appropriate use of scarce host country and donor resources. Specifically, the project is conceived to yield a range of economic benefits.

a. Technology Transfer for Critical Service Industries

The project will encourage the transfer of high-level international knowledge, skills and practices in industrial engineering, accounting, computer-oriented and marketing services to Jordan's professional service enterprises specializing in these fields. In turn, the project will also promote further transfer of this technology from these recipient service enterprises to Jordan's private manufacturers and the business community at large, which are ultimately the intended beneficiaries of the project.

b. Increased Profitability for Jordan's Private Manufacturers and Businesses

Private manufacturers and businesses and existing service firms are expected to attain higher efficiency through exposure/acquisition of a range of technical and management practices for:

- . Cost reduction and control.
- . Business planning and financial management.
- . Market analysis and marketing.
- . Management information systems and technology procurement.
- . Manufacturing product and process design.
- . Production quality control.

Such efficiency improvements will lead to higher profitability for Jordan's manufacturing and business sector.

c. Growth in Manufacturing Output, Sales and Foreign Exchange, Earnings/Savings

Improved efficiency and indepth market research will lead to opportunities for expansion of existing manufacturing or service exporting companies or to opportunities for start-up ventures to generate new production. Such expansion or new production will be directed to both export and domestic sales, thus generating additional foreign exchange earnings through export operations or savings through import substitution.

d. Expanded Employment

Project activities can be expected to contribute directly to

additional job opportunities for specialized services professionals. With current labor market trends, this direct employment creation should help to address one of Jordan's most sensitive employment issues: jobs for professionals among workers returning from overseas.

e. Encouragement of Professional Specialized Services as an Export Industry

Under the project, specialized service activities are expected to become better established in Jordan so as to serve as a source of long term assistance to local industry. However, project sponsored market research, plus a record of successful delivery of professional specialized services in the local economy, may also stimulate a demand for such services in the Gulf region as a whole. If so, Jordan's professional specialized services subsector will begin to develop into a discreet export industry activity, directly earning foreign exchange in its own right.

f. Reinforcement of Private Sector Role in Development

A position of increased responsibility for the private sector as a source of investment and economic growth is a major thrust of Jordan's five year development plan. To the extent that the project can contribute to improved productivity and profitability in private manufacturing and other enterprises, it will facilitate the private sector's chances of meeting this responsibility, and will reinforce the importance of the private sector role in Jordan's overall economic development.

D. Social Soundness Analysis

1. Socio-Cultural Context

Because much of the private sector business experience in the past has been limited to trade (12%), the development of different attitudes and practices will have to be established in order for Jordanian enterprises to be more efficient and competitive. For example:

- a. The private sector currently perceives that certain of the services targeted under this project do not add value to product. For example, accounting services are not widely viewed as an effective management tool. Rather, such services are regarded as a burden/price to be paid that adds no value.
- b. Jordanians are basically inexperienced in undertaking group or cooperative efforts. Cooperation to share information and form large partnerships and joint ventures is not common. Therefore, people will need to be introduced to the idea of profitable cooperation. This will of course require the adoption of more modern, scientific

methods of management as opposed to traditional, family oriented approaches and arrangements. In addition, cooperative team or project learning experiences have not been used in Jordanian schools to inculcate young students in cooperative approaches, as is commonly done in Europe and the U.S.

- c. Business practices will need to become more long-term in scope as opposed to the short-term attitudes of traders.
- d. Business marketing is essentially limited to personal contacts through extended families and friendship networks.

Further, the use of consulting services is relatively new to company owners due to a lack of understanding of the contribution of such services to future profits as opposed to immediate cost. However, there is growing willingness on the part of some manufacturers and businesses to use consulting services for short durations.

## 2. Socio-Cultural Feasibility

Until recently owners and managers in Jordan have relied primarily on personal relationships to conduct business, which is basically a short term policy that does not require marketing techniques and long term planning. However, due to growing markets and the establishment of export oriented industries and other businesses, these traditional practices are no longer viable. The establishment of medium and large companies now requires the employment of university graduates and trained professionals. This has created a new working climate in which the need for specialized services is recognized. In addition, Jordanians are gradually being drawn into supporting associations as a means for developing their businesses and upgrading their services. The project calls for strengthening existing associations and encouraging the formulation of new ones.

## E. Administrative Analysis

Originally the project envisioned the establishment of a working relationship with a private sector association or organization through which the Prime Contractor would work in implementing the project. However, during the course of project design a determination was made that there existed no suitable "umbrella" organization through which the contractor could operate. The only organization that could have qualified was the Jordan Institute of Management (JIM). However, the current workload of this organization precluded its taking on additional project work at this time. USAID/Jordan was also considered as the organization through which the Prime Contractor would work under an AID Direct contract. However, in negotiations with the GOJ the decision was made to secure the services of the Prime Contractor under a Host Country contract. The GOJ and USAID, after considering other local organizations including the Chambers of Commerce and the Royal Scientific Society, agreed to designate the Ministry of Industry and Trade as the organization through which the Prime Contractor will operate to implement the project.

At present little is known concerning the management and institutional capabilities of the Ministry to undertake this particular project as the host for the Prime Contractor. Given this situation the GOJ has agreed to establish the Services Companies Project office in the Ministry of Industry and Trade, headed by the Prime Contractor, staffed by local professional contract personnel hired for and paid under the project and responsible directly to the Minister of Industry and Trade. The office is established for the life of the project. Any future role for the office requiring USAID participation and support after PACD would have to be discussed with the GOJ at that time.

As discussed in Section II, at the policy coordinating level the GOJ has established the Private Services Sector Project Board of Directors, which includes an Executive Committee, chaired by the Minister of Industry and Trade and composed of representatives from concerned government ministries and agencies, the private sector and USAID. The Board of Directors will give overall guidance and direction to the Services Companies Development Project office and the Prime Contractor. The Board will be the forum for discussions and decisions regarding the project. For example, with regard to recommended new legislation and policies in the four sectors, these will be presented by the Prime Contractor to the Board for deliberation. The results of these deliberations will then be presented to the Cabinet by the Minister of Industry and Trade. Representatives from USAID and the Ministry of Planning will serve on the Executive Committee for the purpose of daily project monitoring and direction. The Executive Committee will work closely with the Services Companies Development Project office and the Prime Contractor and will serve as the monitoring arm of the Board of Directors.

Subproject activities will involve a large number of private sector firms in each of the subsectors. The majority of these firms are individual enterprises or partnerships having 2-5 partners. The number of full time employees in these firms usually ranges between 3 and 10. The decision making is usually done by the owner or the managing partner. No problems are anticipated for consultant participation. However, some larger firms, especially those in accounting and auditing and computers, are affiliated or engaged in agency agreements with international companies. In such cases, prior arrangements might be required for consultant participation.

Associations are usually run by a board of directors. Decisions are made by majority voting and in some cases approval of the concerned government agency is required.

Joint ventures are permitted under the Companies Law, provided that foreign ownership in Jordanian registered companies is limited to 49 percent. However, the laws regarding foreign companies provide for the registration of foreign companies to operate in Jordan.

Overall, the project anticipates no administrative impediments to hinder project implementation. The GOJ from the highest levels downward recognizes the need for development of the services sector. The private sector in Jordan, while in many ways traditional and conservative in its daily practices, is generally outward looking. The high level of education in Jordan combined with a general receptivity to new technology and new ideas on the part of the business community provides the appropriate context for the administration and implementation of the project and private sector participation.

F. Recommended Environmental Threshold Decision

The project will fund a combination of pilot projects, private sector service firm start ups, joint ventures and mergers, technical services provided by experts and practical experience based exchange programs. The project will assist the private services sector in institutional development, capacity building and modifications in existing regulations in the fields of accounting and audit services, computer services, industrial and management engineering services and marketing and advertising services.

The Mission Environmental officer has therefore determined that the project activities listed above will result in no direct effect on the environment. Therefore, the project qualifies for a categorical exclusion from formal environmental procedures and that no further environmental impact assessment is required. This exclusion is qualified under the provision of Regulation 216.2c (1) and (2).

## VI. Conditions and Covenants

### A. Conditions Precedent to Disbursement

#### 1. First Disbursement

Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- a. An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;
- b. A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement.

#### 2. Additional Disbursement

Prior to any disbursements for other than the technical assistance prime contract, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- a. Evidence of the establishment of a Project Board, or equivalent, to coordinate with USAID and the Prime Contractor in the implementation of the Project.
- b. Evidence of the establishment of a Service Companies Development Project office under the Minister of Industry and Trade.

#### 3. Notification

When A.I.D. has determined that the conditions precedent have been met, it will promptly notify the Grantee.

#### 4. Terminal Dates for Conditions Precedent

If the conditions precedent have not been met within ninety (90) days of the date of this agreement, or such later dates as A.I.D. may agree to in writing, A.I.D., at its option, may terminate all or any portion of this agreement by written notice to the Grantee.

B. Special Covenant

1. Project Evaluation

The parties agree to establish an evaluation program as a part of this project. Except as the parties may otherwise agree in writing, the program will include:

- a. Assessment of the overall developmental impact of the project on private sector growth and productivity.
- b. Assessment of the accomplishment of the project objectives in each service area.
- c. Identification of problem areas toward accomplishment of project objectives.
- d. Analyze achievement of outputs against key assumptions relating to policy, regulatory and legislative changes.

2. Policies and Procedures

The Grantee agrees to study and to review certain policies and procedures that are important to the encouragement of development of the services sector. These policies and procedures will be examined by, and recommendations will be provided by, the prime technical advisory contractor for consideration and appropriate action by the government. The areas identified for analysis are:

- a. Legislation and policies providing for legal liability for accountants and auditors.
- b. Procedures to provide for self-regulation of the accounting and audit industry.
- c. Legislation and policies to provide for strong and enforceable patent and copyright laws to protect intellectual property and new technologies such as computer software.
- d. Policies and processes which currently allow for government protection of failing firms with a view toward phasing out some of these protections.
- e. Procurement policies to permit more direct procurement of services from the private sector on the part of government agencies (including audit and accounting services).

## VII. Evaluation Arrangements

### A. General

Given the unique nature of the Private Services Sector Project, four types of evaluation will be carried out. These include (1) interim evaluations in October 1988 and October 1989, (2) a final evaluation in July 1991, (3) an impact evaluation after project completion in 1993 and (4) periodic reviews during the course of project implementation. The interim and final evaluations will be financed under the project while the impact evaluation will be financed under the Private Enterprise Technical Resources Assistance (PETRA) Project or successor project.

### B. Interim Evaluations

Given that the project is a diverse multifaceted project, interim evaluations, one scheduled for early on in project implementation, will be critical in assessing progress toward project outputs in the four services areas targeted for assistance. Project success will depend on the coalescing of a number of factors at one time or another during the course of project implementation including changes in government policies and attitudes, changes in business practices and attitudes, abilities of the prime contractor and subcontractors to successfully implement subproject activities, etc. These evaluations will be important indicators of prime contractor performance and changed circumstances requiring revisions in the implementation plan and output targets and other corrective measures to maintain project direction. The initial interim evaluation should include an examination of accounts to assess early on financial accounting and management procedures of the Prime Contractor and identify any problem areas for corrective measures. It is estimated that each interim evaluation can be carried out in six weeks by a two to three member team at an estimated cost of \$75,000. Total estimated cost for both interim evaluations is estimated to be \$150,000.

### C. Final Evaluation

The final evaluation will take place in January 1991. This will be a comprehensive evaluation to determine the success of the project in meeting outputs. This will include an assessment of the overall developmental impact of the project on private sector growth and development, accomplishment of project objectives and need for follow-on projects in each service area, identification of problem areas and an analysis of the achievement of outputs against key assumptions relating to policy, regulatory and legislative changes. Total estimated cost for this evaluation is \$150,000 which will need to be conducted by a three to four man team for up to two months.

D Impact Assessment

An assessment of the impact of the project on the Jordanian business community should be carried out within two years of project completion. Such an assessment should include among other things (1) a survey of intern, trainees and exchange program participants to assess their contributions to the development of the services sector, (2) a survey of services firms assisted under the project to assess their viability in the Jordan economy, (3) a survey of other business and industrial firms which have participated under the project to assess the impact of the project on these firms and (4) a review of the programs and policies of services associations assisted under the project.

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ACTION AID-2 INFO AMB DCM

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 DE RUEHC #0615/01 135135Z  
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 N 161354Z MAY 87  
 FM SECSTATE WASHDC  
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 INFO RUEHSM/AMEMBASSY SANAA 2649  
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LUC: 22  
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Z.O. 12356: N/A

TAGS: N/A

SUBJECT: ANPAC: PRIVATE SERVICES SECTOR PROJECT PID  
 (275-0272)

1. ANPAC FOR SUBJECT PROJECT WAS HELD ON APRIL 30 WITH INE/PD DIRECTOR PETER BLOOM CHAIRING. DEPUTY DIRECTOR JOHNSON ATTENDED ON BEHALF OF THE MISSION. SUBJECT PID WAS APPROVED AND MISSION MAY PROCEED TO DEVELOP PP FOR FIELD APPROVAL AND PROJECT AUTHORIZATION UNDER EXISTING DELEGATION OF AUTHORITY.

2. DURING ANPAC MEETING, FOLLOWING ISSUES WERE RAISED:  
 A) DESIGN STRATEGY: ALTHOUGH IT HAD BEEN PROPOSED BY THE PC THAT MISSION PROCEED TO DESIGN PP FOR IMMEDIATE AUTHORIZATION BASED UPON MATERIALS SUBMITTED BY COOPERS AND LIBRAND TEAM, ANPAC DECIDED THAT MORE SPECIFICITY IN TERMS OF AN IMPLEMENTATION PLAN IS NECESSARY PRIOR TO OBLIGATING ANY FUNDS FOR THIS PROJECT. THE DETAILED IMPLEMENTATION PLAN DESIGN IS VIEWED AS A FEASIBILITY TEST OF THE APPROACH CONTAINED IN THE PID. THEREFORE, MISSION ORIGINAL PROPOSAL FOR COMPETITIVE DESIGN OF IMPLEMENTATION PLAN PRIOR TO AUTHORIZATION OF PROJECT WAS ENDORSED. IN MAKING THIS DECISION, ANPAC NOTED THAT THE NEED TO OBLIGATE THIS PROJECT IN FY 1987 IS NOT

CRITICAL TO THE JORDAN OYB, AND THAT A SEPTEMBER 30 OBLIGATION DEADLINE MAY BE TOO AMBITIOUS GIVEN THE EXPERIMENTAL NATURE OF THE DESIGN PROCESS PROPOSED IN THE PID AND RFP. THE INNOVATION WHICH THE MISSION IS HOPING FOR IN THE PROJECT'S DESIGN SHOULD NOT BE SHORT-CIRCUITED BY FISCAL YEAR PRESSURES. WITH REGARD TO THE RFP, SEPTEL WILL PROVIDE ADDITIONAL GENERAL COMMENTS. HOWEVER, ANPAC ASSUMES THAT ACO/YEMEN WILL BE RESPONSIBLE FOR THE PROCUREMENT, INCLUDING PUBLICATION, SOLICITATION, SELECTION, NEGOTIATION, EXECUTION AND CONTRACT ADMINISTRATION. (THIS ASSUMPTION IS BASED ON BELIEF THAT ACO/YEMEN HAS SUFFICIENT AUTHORITY TO TAKE THESE ACTIONS, OR WILL REQUEST NECESSARY AUTHORITY ON AD HOC BASIS FROM SER/OP/OS). ANPAC WAS CONCERNED THAT RFP CONTAIN PROTECTIVE LANGUAGE MAKING IT CLEAR THAT FIRMS ELECTING TO PARTICIPATE IN THE COMPETITIVE DESIGN

PROCESS BE AWARE THAT THERE MAY BE CONTINGENCIES WHICH PREVENT THE PROJECT FROM BEING AUTHORIZED (E.G., AVAILABILITY OF FUNDS, SUCCESSFUL NEGOTIATION OF PROAG WITH GOJ, ETC.) SO THAT THEY FULLY UNDERSTAND THEIR RISK.

B) POLICY DIALOGUE: THERE WAS DISCUSSION OVER WHAT IS THE MISSION'S ROLE VIS-A-VIS THE GOJ AND THE PRIME CONTRACTOR REGARDING POLICY ISSUES IDENTIFIED IN THE PID. ANPAC NOTED THAT PID IDENTIFIED SEVERAL AREAS OF LEGITIMATE POLICY INTEREST WHICH WOULD INVOLVE THE MISSION IN DIRECT DISCUSSIONS WITH THE GOJ AND WOULD RELATE TO SUCCESSFUL IMPLEMENTATION OF ONE OR MORE OF THE TARGETTED SUBSECTORS. ALTHOUGH PID MAKES CLEAR THAT PRIMARY CONSTRAINT TO GROWTH IN SERVICES SUBSECTOR IS ATTITUDINAL, IT IS ALSO CLEAR THAT GOJ POLICIES AND REGULATIONS MIRROR SUCH ATTITUDES. ANPAC SUGGESTS PP DISCUSS MORE FULLY THE RELATIONSHIP BETWEEN USAID/GOJ DIALOGUE ON POLICIES/LAWS/REGULATIONS AFFECTING BUSINESS ENVIRONMENT AND PROJECT DESIGN. THE PP SHOULD ALSO DESCRIBE HOW THE POLICY DIALOGUE PROCESS WILL COORDINATE WITH THE WORK OF THE PRIME CONTRACTOR.

C) CONCERNS: THE ANPAC IDENTIFIED THREE OTHER ITEMS WHICH SHOULD BE CONSIDERED DURING PP DESIGN.

— 1. CREATION OF NEW INSTITUTIONS: THE PID APPEARS TO PROPOSE CREATION OF NEW ENTITIES AND FIRMS IN EACH SUBSECTOR. PP SHOULD ADDRESS PRACTICALITY OF CREATING A NUMBER OF NEW ENTITIES, GOJ RECEPTIVITY TO THIS, AND WHETHER IT IS POSSIBLE TO INCORPORATE NEW FUNCTIONS INTO ALREADY EXISTING ASSOCIATIONS/FOUNDATIONS/OTHER ENTITIES THAT MAY EXIST.

— 2. CONFLICT OF INTEREST: MISSION SHOULD ADDRESS ISSUE OF WHETHER RFP WILL INVITE FIRMS TO PROPOSE

ARRANGEMENT OF EARNING INCOME FROM CONTRACT ACTIVITIES (E.G., JOINT VENTURE ARRANGEMENTS) ON EITHER FEE OR PROFIT-SHARING BASIS, INCLUDING PROBLEMS WHICH MAY ARISE CONCERNING TAXATION, DUTY-FREE PRIVILEGES AND OTHER STATUS ASPECTS RELATED TO CONTRACTOR'S WORK UNDER A BILATERAL PROJECT. ANPAC UNDERSTANDS MISSION MAY BE RELUCTANT TO OFFER THIS OPTION BECAUSE OF POTENTIAL CONFLICT OF INTEREST PROBLEM; HOWEVER, IT COULD BE VIEWED AS A WAY TO GET AN INCREASED LEVEL OF EFFORT IN SOME AREAS FOR THE SAME AMOUNT OF AID FINANCING. IF, ON BASIS OF PROPOSAL SUBMISSIONS, MISSION LIKES WHAT IT SEES IN THIS REGARD, THEN IT CAN SPELL OUT IN THE CONTRACT FOR THE WINNING FIRM WHAT TYPE OF FEE OR PROFIT OR PROFIT-SHARING ARRANGEMENT IS SATISFACTORY, SUBJECT TO THE CONTRACT ARRANGEMENT BEING FULLY UNDERSTOOD BY THE GOJ. ON A DIFFERENT LEVEL, ANPAC WAS UNEASY OVER IMPLICATION IN RFP THAT ALL MAN-YEARS OF AID-FINANCED SUPPORT FOR A GIVEN SUBSECTOR WOULD GO TO A SINGLE

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JORDANIAN FIRM, PARTICULARLY WHEN IT IS NOT CLEAR HOW THE PROJECT WOULD IDENTIFY THAT FIRM. TO ASSURE FAIRNESS IN THE PROCESS OF SELECTING JORDANIAN FIRMS TO RECEIVE BENEFITS UNDER THIS PROJECT, THE MISSION SHOULD INSIST ON FULL COMPETITION. ANPAC ALSO FELT THAT SUCH FIRMS CHOSEN SHOULD PAY FOR THE SERVICES THEY RECEIVE AND THAT EXPECTED LEVEL OF CONTRIBUTIONS BE AGREED TO BY THE PARTICIPATING FIRM IN ADVANCE.

— 3. EVALUATION: THE PP SHOULD INCLUDE A PLAN FOR EVALUATING THE PROJECT. SHULTZ

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PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Project Title: Private Services  
Project Number: 278-0272  
Date Prepared: 9 April 1987

From FY 1987 to FY 1993.  
Total U.S. Funding: \$10,000,000

Program or Sector Goal: The broader objective to which this project contributes: (A-1)	Measures of Goal Achievement (A-2)	Means of Verification (A-3)	Assuptions for Achieving Goal targets: (A-4)
To assist in fostering the development and growth of private enterprises in Jordan so that they can assume a leading role in supporting the transformation of the private sector into the principal force for sustained economic growth, employment and foreign exchange earnings.	Increasing share by the private sector of: 1. total investment, 2. manufacturing capacity, 3. financial services and 4. trade.	1. Analysis of data from GOJ national accounts and national and regional commercial and trade associations. 2. Analysis of macroeconomic survey data.	The GOJ will continue to be committed to private sector development and growth.

**PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK**

Project Title: Private Services  
Project Number: 27B-0272  
Date Prepared: 9 April 1987

From FY 1987 to FY 1993.  
Total U.S. Funding: \$10,000,000

Project Purpose: (B-1)	Conditions that will indicate purpose has been achieved: (B-2)	Means of Verification: (B-3)	Assumptions for achieving purpose: (B-4)
To expand the availability and quality of services provided by improve the quality of services, provided by four subsectors of the private services industry, essential for overall private sector growth.	1. Increased utilization of expert private sector consulting services by private and public sectors of the economy. 2. Export of consulting services to other countries in the region.	1. Changes in laws and regulations to facilitate development and delivery of private sector services. 2. Analysis of GOJ data on subsector company registrations, revenues, employees, etc.	1. GOJ is prepared to adopt or redefine regulations and statutes to facilitate investment in private sector service firms and their clients. 2. GOJ is prepared to facilitate public sector procurement of private sector services at all levels of local and national government.
the targeted subsectors are:			
o Accounting and Audit Services	3. Jordanian representation and international consulting firm joint ventures established.	3. Collection and analysis of private sector survey data.	3. Private sector services can attain world class reputation for quality of services delivered.
o Industrial Management and Engineering	4. Development and dissemination of Arabized consulting products in the region.		4. Cooperative relationships be established between Jordanian and foreign services firms, and larger, more sophisticated local service firms can be established to engage in local and international business.
o Marketing, Market Research and Advertising			5. Investment and working capital can be made available to the private sector to sustain and increase overall growth.
o Computer Services	5. Increased numbers and size of private sector firms offering consulting services.		6. Manufacturers, business concerns and the public sector will recognize the importance and need for services to improve productivity, efficiency, and quality.

**PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK**

Project Title: Private Services  
Project Number: 278-0272  
Date Prepared: 9 April 1987

From FY 1987 to FY 1993.  
Total U.S. Funding: \$10,000,000

Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	Means of Verification: (C-3)	Assumptions for Outputs (C-4)
1. Accounting and Audit Services	1. Accounting and Audit Services	1. Accounting and Audit Services	1. Accounting and Audit Services
o Standards for professional certification established and enforced.	o Body of accounting and audit law and regulation in place and enforced.	o Revised legislation and standards in place and enforced.	o GOJ will delegate regulation of the profession to a representative private sector institution.
o Ongoing professional seminars being held regularly.	o Up to five accounting and audit firms actively engaged in providing management consulting services.	o Records of the Association of Jordanian Auditors and the Jordan Financial Accounting Foundation	o Profession will adopt and adhere to improved standards; accept liability.
o Professional affiliation and participation with US accounting and auditing institutions established.	o 30 Jordanian professionals receiving 30 years of experience in U.S. audit practices	o Bank and banking association records of loan assets.	o Business will accept the advantages of rigorous accounting and auditing independence and standards.
o U.S. certification of Jordanian accounting graduates.	o 10 U.S. professionals managing and supervising audits in Jordanian firms for 10 years of experience.		o US firms will find association with local firms advantageous and will undertake association.
o Regular distribution of U.S. journals, texts, newsletters, pronouncements to Jordanian certified professionals.			o Government on all levels will encourage independent private sector audits and application of GAAP to government finances.
o Affiliations with US firms and professional associations established.			
o Professional exchange programs with Jordanian and U.S. firms executed.			
o Collateral requirements and other restrictions on credit reduced.			
o Increased hours and fees for professional services billed.			

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Project Title: Private Services  
Project Number: 276-0272  
Date Prepared: 9 April 1987

From FY 1987 to FY 1993.  
Total U.S. Funding: \$10,000,000

Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	Means of Verifications: (C-3)	Assumptions for Outputs: (C-4)
2. Computer Services	2. Computer Services	2. Computer Services	2. Computer Services
o Strong patent and copyright laws enacted and enforced.	o Body of patent and copyright laws to protect system developers and intellectual property in place.	o Patent and copyright laws adopted and enforced.	o The GOJ will adopt strong patent and copyright laws and actively enforce them and Jordanian courts will actively pursue liability actions.
o National representation through public and private sector institutions established to:	o One institution combining public and private sector participants established and active in representing Jordan in the development of technical standards for Arabization and the extension and enforcement of patent and copyright protection throughout the region.	o Representative institution established and active in regional standardization and patent and copyright enforcement.	o Public and private sector institutions will cooperate to support technical standardization and maintenance and dissemination of computer industry statistics.
- maintain continuing participation in the development and general acceptance of technical standards for Arabization and		o USAID and public and private sector institution registrations and statistics.	
- extend and enforce patent and copyright protection throughout the region.	o Five to Ten public and private sector system development and implementation projects in Jordan and in the region executed by teamed Jordanian and US system developers.		o Large public and private sector system development and implementation projects will be offered to private sector service firms for competitive bidding by the GOJ.
o Large system development projects executed by firms in joint ventures and teaming agreements.			o Investment and working capital can be made available to the private sector to sustain and increase growth. The GOJ will support joint ventures and licensing agreements.
o Internationally known and locally developed PC based software and methodology products produced in Jordan under joint ventures and licensing agreements and marketed throughout the region.	o Three to five Jordanian or joint venture private sector firms offering a full range of system development and related services		
o Exchange programs with US firms executed to provide:	- employing 150 Jordanian professional and technical staff in the computer services area and		
- design and development training,	- billing JD 3,000,000 per year to national and international clients for professional services, exclusive of product sales.		
- introduction of modern methodologies and	o Two to Five Jordanian private sector firms offering locally adapted versions of internationally known systems products under joint ventures and licensing agreements, or locally developed products of international standard.		
- training and experience in project management, systems development and operations activities.			

2. Computer Services

2. Computer Services

2. Computer Services

2. Computer Services

Exchange training programs between five to eight Jordanian and ten to twenty US firms engaged in system development activities.

- 50 Jordanian nationals experiencing 35 years of working directly in US firms as systems analysts and programmers.

- 25 Jordanian nationals experiencing 20 years of working directly in US firms in the fields of computer operations, systems and data communications software maintenance, hardware planning and project planning and management.

- 10 Jordanian nationals experiencing 15 years of working directly in US firms as managers and directors of system development, operations and major project management.

- 20 US counterparts working in Jordanian private sector computer service firms as systems analysts and programmers, first line project and operations managers and marketing and management consultants for a total of 20 years of experience.

3. Industrial Management and  
Engineering (IME) Services

o 16 to 20 quarterly issues of  
IME professional journal  
published and disseminated.

o Exchange training programs  
between two to three Jordanian  
and two to four US firms engaged  
in IME consulting executed,  
resulting in:

- 30 Jordanian nationals experi-  
encing 20 years of working dire-  
ctly in US consulting firms and

- 10 US professionals working  
in Jordanian private sector IME  
consulting firms and  
associations.

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Project Title: Private Services  
Project Number: 278-0272  
Date Prepared: 9 April 1987

From FY 1987 to FY 1993.  
Total U.S. Funding: \$10,

Project Outputs: (C-1)	Magnitude of Outputs: (C-2)	Means of Verifications: (C-3)	Assumptions for Outputs
4. Marketing and Market Research Services	4. Marketing and Market Research Services	4. Marketing and Market Research Services	4. Marketing and Market Services
o Supplementary University of Jordan marketing and market research course established.	o Two year diploma course with 6 month internships in American marketing and market research companies established.	o University course descriptions and entry statistics.	o The GOJ will support formation of trading companies and marketing education
o Market research and marketing seminars held on a continuing basis.	o 12 monthly three day marketing and advertising seminars held.	o Survey and study reports	o Jordanian industry accept the added value of marketing and advertising
o Basic market research studies performed.	o Three basic market research studies performed.	o Classified commercial directory in English and Arabic.	o Commercial product sales statistics for pilot projects.
o Classified industry and commercial data base established and annual directory published.	o Central commercial business data base established and three annually updated directories published and disseminated.	o GOJ statistics on licenses awarded.	
o Marketing and advertising firms to handle marketing projects established.	o Two complete marketing programs executed for selected Jordanian products.		
o Pilot marketing projects executed.	o Three pilot companies established to execute and support marketing activities.		
o Private sector Licensing and Joint Venture Bureau established.	- One marketing consulting firm,  - One domestic and export trading company and  - One high quality graphic arts and printing firm.  o One private sector Bureau established to assist in developing licensing opportunities.		

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

Project Title: Private Services  
Project Number: 278-0272  
Date Prepared: 9 April 1987

From FY 1987 to FY 1993.  
Total U.S. Funding: \$10,

Project Inputs: (D-1)	Implementation target (Type and Quantity): (D-2)	Means of Verification: (D-3)	Assumptions for providing: (D-4)
1. Direct USAID Funding for 2 expatriate experts in Jordan for 4 years.	1. 4 exchange and internship programs with 100 Jordanian participants.	1. Program records.	1. Financing from USAID private sector sources sufficient.
2. Combined USAID and Jordanian private sector funding for 30 Jordanian professionals receiving 30 years of experience in the U.S.	3. 7 studies for marketing services and basic market research.	2. Review of technical assistance contracts, company and profit statements, contracts, etc.	3. Prime contractor can contracting and negotiating requirements.
3. Combined USAID and US and Jordanian private sector funding for 10 U.S. professionals managing and supervising in Jordanian firms for 10 years of experience.	4. 10 joint project agreements.		4. Additional qualified contractors and participant firms become available during of project.
4. Combined USAID and US and Jordanian private sector funding for 25 U.S. professionals participating in projects in Jordan.	5. 20 license agreements, joint ventures and product contracts.		5. 60J and private sector

## 5C(1) - COUNTRY HECKLIST

Listed below are statutory criteria applicable to: (A) FAA funds generally; (B)(1) Development Assistance funds only; or (B)(2) the Economic Support Fund only.

A. GENERAL CRITERIA FOR COUNTRY ELIGIBILITY

1. FY 1987 Continuing Resolution Sec. 526. NO  
Has the President certified to the Congress that the government of the recipient country is failing to take adequate measures to prevent narcotic drugs or other controlled substances which are cultivated, produced or processed illicitly, in whole or in part, in such country or transported through such country, from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully?
  
2. FAA Sec. 481(h). (This provision applies to assistance of any kind provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance from the Child Survival Fund or relating to international narcotics control, disaster and refugee relief, or the provision of food or medicine.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government), has the President in the March 1 International Narcotics Control Strategy Report (INSCR) determined and certified to the Congress (without N/A

Congressional enactment, within 30 days of continuous session, of a resolution disapproving such a certification), or has the President determined and certified to the Congress on any other date (with enactment by Congress of a resolution approving such certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to prevent illicit drugs produced or processed in or transported through such country from being transported into the United States, and to prevent and punish drug profit laundering in the country, or that (b) the vital national interests of the United States require the provision of such assistance?

3. Drug Act Sec. 2013. (This section applies to the same categories of assistance subject to the restrictions in FAA Sec. 481(h), above.) If recipient country is a "major illicit drug producing country" or "major drug-transit country" (as defined for the purpose of FAA Sec 481(h)), has the President submitted a report to Congress listing such country as one (a) which, as a matter of government policy, encourages or facilitates the production or distribution of illicit drugs; (b) in which any senior official of the government engages in, encourages, or facilitates the production or distribution of illegal drugs; (c) in which any member of a U.S. Government agency has suffered or been threatened with violence inflicted by or with the complicity of any government officer; or (d) which fails to provide reasonable cooperation to lawful activities of U.S. drug enforcement agents, unless the President has provided the required certification to Congress pertaining to U.S. national interests and the drug control and criminal prosecution efforts of that country?

NA

4. FAA Sec. 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) the debt is not denied or contested by such government? NO
5. FAA Sec. 620(e)(1). If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities? NO
6. FAA Secs. 620(a), 620(f), 620D; FY 1987 Continuing Resolution Secs. 512, 560. Is recipient country a Communist country? If so, has the President determined that assistance to the country is important to the national interests of the United States? Will assistance be provided to Angola, Cambodia, Cuba, Iraq, Syria, Vietnam, Libya, or South Yemen? Will assistance be provided to Afghanistan without a certification? NO
7. FAA Sec. 620(j). Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property? NO
8. FAA Sec. 620(l). Has the country failed to enter into an investment guaranty agreement with OPIC? NO
9. FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5. (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made? There is no known instance of such acts.

10. FAA Sec. 620(q); FY 1987 Continuing Resolution Sec. 518. (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1987 Continuing Resolution appropriates funds? NO
11. FAA Sec. 620(s). If contemplated assistance is development loan or from Economic Support Fund, has the Administrator taken into account the percent of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.) YES
12. FAA Sec. 620(t). Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? NO
13. FAA Sec. 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operating Year Budget? (Reference may be made to the Taking into Consideration memo.) Jordan has paid all of its outstanding UN obligations.
14. FAA Sec. 620A. Has the President determined that the recipient country grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism or otherwise supports international terrorism? NO

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15. ISDCA of 1985 Sec. 552(b). Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures? NO
16. FAA Sec. 666(b). Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA? NO
17. FAA Secs. 669, 670. Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.) NO
18. FAA Sec. 670. If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which would contribute significantly to the ability of a country to manufacture a nuclear explosive device? NO
19. ISDCA of 1981 Sec. 720. Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 25 and 28, 1981, and failed to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the Taking into Consideration memo.) President has taken into account.

20. FY 1987 Continuing Resolution Sec. 528. NO  
Has the recipient country been determined by the President to have engaged in a consistent pattern of opposition to the foreign policy of the United States?
21. FY 1987 Continuing Resolution Sec. 513. NO  
Has the duly elected Head of Government of the country been deposed by military coup or decree?

B. FUNDING SOURCE CRITERIA FOR COUNTRY ELIGIBILITY

1. Development Assistance Country Criteria

FAA Sec. 116. Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy? NO

2. Economic Support Fund Country Criteria

FAA Sec. 502B. Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest? NO

5C(2) - PROJECT CHECKLIST

Listed below are statutory criteria applicable to projects. This section is divided into two parts. Part A includes criteria applicable to all projects. Part B applies to projects funded from specific sources only: B(1) applies to all projects funded with Development Assistance; B(2) applies to projects funded from Development Assistance loans; and B(3) applies to projects funded from ESF.

CROSS REFERENCES: IS COUNTRY CHECKLIST UP TO DATE? HAS STANDARD ITEM CHECKLIST BEEN REVIEWED FOR THIS PROJECT? Yes

A. GENERAL CRITERIA FOR PROJECT

1. FY 1987 Continuing Resolution Sec. 523; FAA Sec. 634A. Describe how authorization and appropriations committees of Senate and House have been or will be notified concerning the project. Congressional Notification (CN) procedures.
2. FAA Sec. 611(a)(1). Prior to obligation in excess of \$500,000, will there be (a) engineering, financial or other plans necessary to carry out the assistance, and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? YES
3. FAA Sec. 611(a)(2). If legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the assistance? No further action is required.
4. FAA Sec. 611(b); FY 1987 Continuing Resolution Sec. 501. If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) NA

5. FAA Sec. 611(e). If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability effectively to maintain and utilize the project?
6. FAA Sec. 209. Is project susceptible to execution as part of regional or multilateral project? If so, why is project not so executed? Information and conclusion whether assistance will encourage regional development programs. 

Project is not susceptible and there is no present indication that it will contribute to regional development program
7. FAA Sec. 601(a). Information and conclusions on whether projects will encourage efforts of the country to:  
(a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations;  
(d) discourage monopolistic practices;  
(e) improve technical efficiency of industry, agriculture and commerce; and  
(f) strengthen free labor unions. 

This project will assist the GOJ in addressing (a), (b) and (d).
8. FAA Sec. 601(b). Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). 

A U.S. firm will be responsible for project implementation. U.S. firms will be eligible for subcontracts under the project.
9. FAA Secs. 612(b), 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. 

The private sector in Jordan is expected to contribute approximately \$1.2 million.
10. FAA Sec. 612(d). Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? 

Jordan is not an excess currency country.

11. FY 1987 Continuing Resolution Sec. 521. NA  
If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?
12. FY 1987 Continuing Resolution Sec. 558 NA  
(as interpreted by conference report).  
If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers?
13. FY 1987 Continuing Resolution Sec. 559. NO  
Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

14. FAA Sec. 118(c). Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16? Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (a) stress the importance of conserving and sustainably managing forest resources; (b) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (c) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (d) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (e) help conserve forests which have not yet been degraded, by helping to increase production on lands already cleared or degraded; (f) conserve forested watersheds and rehabilitate those which have been deforested; (g) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (h) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (i) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (j) seek to increase the awareness of

YES

U.S. government agencies and other donors of the immediate and long-term value of tropical forests; and (k) utilize the resources and abilities of all relevant U.S. government agencies?

- 15. FAA Sec. 119(q)(4)-(6). Will the assistance (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? NO
  
- 16. FAA 121(d). If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)? NA
  
- 17. FY 1987 Continuing Resolution Sec. 532. Is disbursement of the assistance conditioned solely on the basis of the policies of any multilateral institution? NO

**B. FUNDING CRITERIA FOR PROJECT**

- 1. Development Assistance Project Criteria NA
  - a. FAA Secs. 102(b), 111, 113, 281(a). Describe extent to which activity will (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and

control structures which flood relatively ungraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

2. Development Assistance Project Criteria  
(Loans Only)

- a. FAA Sec. 122(b). Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.
- b. FAA Sec. 420(d). If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?
- c. FY 1987 Continuing Resolution. If for a loan to a private sector institution from funds made available to carry out the provisions of FAA Sections 103 through 106, will loan be provided, to the maximum extent practicable, at or near the prevailing interest rate paid on Treasury obligations of similar maturity at the time of obligating such funds?
- d. FAA Sec. 122(b). Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

3. Economic Support Fund Project Criteria

- a. FAA Sec. 531(a). Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? YES
- b. FAA Sec. 531(e). Will this assistance be used for military or paramilitary purposes? NO
- c. ISDCA of 1985 Sec. 207. Will ESF funds be used to finance the construction, operation or maintenance of, or the supplying of fuel for, a nuclear facility? If so, has the President certified that such country is a party to the Treaty on the Non-Proliferation of Nuclear Weapons or the Treaty for the Prohibition of Nuclear Weapons in Latin America (the "Treaty of Tlatelolco"), cooperates fully with the IAEA, and pursues nonproliferation policies consistent with those of the United States? NO
- d. FAA Sec. 609. If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? NA

5C(3) - STANDARD ITEM CHECKLIST

Listed below are the statutory items which normally will be covered routinely in those provisions of an assistance agreement dealing with its implementation, or covered in the agreement by imposing limits on certain uses of funds.

These items are arranged under the general headings of (A) Procurement, (B) Construction, and (C) Other Restrictions.

1. FAA Sec. 602(a). Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? YES
  
2. FAA Sec. 604(a). Will all procurement be from the U.S. except as otherwise determined by the President or under delegation from him? YES
  
3. FAA Sec. 604(d). If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? NA
  
4. FAA Sec. 604(e); ISDCA of 1980 Sec. 705(a). If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) NA
  
5. FAA Sec. 604(g). Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those NA

countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

6. FAA Sec. 603. Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? NO
  
7. FAA Sec. 621(a). If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? (A) YES  
(B) NA
  
8. International Air Transportation Fair Competitive Practices Act, 1974. If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? YES
  
9. FY 1987 Continuing Resolution Sec. 504. If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States? YES
  
10. FY 1987 Continuing Resolution Sec. 524. If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? YES

**B. CONSTRUCTION**

1. FAA Sec. 601(d). If capital (e.g., construction) project, will U.S. engineering and professional services be used?
2. FAA Sec. 611(c). If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?
3. FAA Sec. 620(k). If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the CP), or does assistance have the express approval of Congress?

NA

**C. OTHER RESTRICTIONS**

1. FAA Sec. 122(b). If development loan repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?
2. FAA Sec. 301(d). If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?
3. FAA Sec. 620(h). Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

NA

NA

YES

4 Will arrangements preclude use of financing:

- a. FAA Sec. 104(f); FY 1987 Continuing Resolution Secs. 525, 540. (1) To pay for performance of abortions as a method of family planning or to motivate or coerce persons to practice abortions; (2) to pay for performance of involuntary sterilization as method of family planning, or to coerce or provide financial incentive to any person to undergo sterilization; (3) to pay for any biomedical research which relates, in whole or part, to methods or the performance of abortions or involuntary sterilizations as a means of family planning; or (4) to lobby for abortion? YES
  
- b. FAA Sec. 483. To make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? YES
  
- c. FAA Sec. 620(g). To compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? YES
  
- d. FAA Sec. 660. To provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? YES
  
- e. FAA Sec. 662. For CIA activities? YES
  
- f. FAA Sec. 636(i). For purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? YES
  
- g. FY 1987 Continuing Resolution Sec. 503. To pay pensions, annuities, retirement pay, or adjusted service compensation for military personnel? YES

- h. FY 1987 Continuing Resolution Sec. 505. YES  
To pay U.N. assessments, arrearages or dues?
- i. FY 1987 Continuing Resolution Sec. 506. YES  
To carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)?
- j. FY 1987 Continuing Resolution Sec. 510. YES  
To finance the export of nuclear equipment, fuel, or technology?
- k. FY 1987 Continuing Resolution Sec. 511. YES  
For the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?
- l. FY 1986 Continuing Resolution Sec. 516. YES  
To be used for publicity or propaganda purposes within U.S. not authorized by Congress?

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THE HASHEMITE KINGDOM  
OF JORDAN  
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AMMAN

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المملكة الأردنية الهاشمية

وزارة التخطيط

عمان

هاتف { ٦٤٤٤٧٠ - ٦٤٤٤٦٦  
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Mr. L.P. Reade  
Director  
USAID Jordan  
Amman

Dear Mr. Reade.

Subject: Private Services Sector Project  
Draft Request for Proposals (RFP)

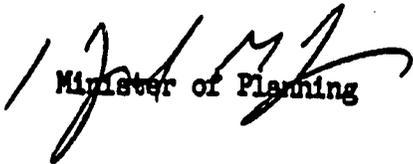
I refer to your letter of 22 April 1987 which forwarded a copy of the draft request for proposals (RFP) for consulting services for the Private Services Sector Project.

We find the RFP to be well written. Minor points of editing have been discussed between our staff.

We prefer not to reimburse the travel and per diem costs of the final three or so firms invited to submit a final proposal after having visited Jordan as indicated in Para I - Introduction.

Also, it is suggested that the advertisement for preliminary proposals indicate that joint ventures of qualified firms are encouraged.

Sincerely yours,

  
Minister of Planning

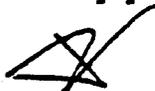
Excellency:

Subject: Private Services Sector Project  
Draft: Request for Proposal (RFP)

I am pleased to submit for your review a draft copy of the RFP that will be published to secure the services of a private consulting firm to complete final design and implement the Private Services Sector Project. The Coopers and Lybrand preliminary design team has completed its assignment and has identified a number of project interventions and end of project objectives for the four service areas targeted for assistance. These are reflected in the attached document.

I would appreciate the comments of the Ministry on the RFP. Once these are received, USAID will make it available in final to interested firms. Should you have any questions please do not hesitate to contact me. Thank you for your assistance in this matter.

Sincerely yours,



Thomas L. Rishoi  
Acting Director

Encls: A/S

His Excellency  
Dr. Taher Kanaan  
Minister of Planning  
Amman - Jordan  
Drafted by: PDO:WRiley:am  
DOC:LETRFP/a/Riley's Disk  
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CLEAR: 1.RLA:ROBERTSON  
DISTR: (AID-2) FEO:TRISHOI AMF DGM

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FOR ANF/PD, FRANK YOUNG

E.O. 12356:N/A  
SUBJECT: PRIVATE SERVICES SECTOR PROJECT (278-0272)

1. WE HAVE BEEN CONSIDERING INNOVATIVE AND MORE EFFICIENT WAYS TO DESIGN AND IMPLEMENT THE PRIVATE SECTOR PROJECTS WITH EMPHASIS ON THE PRIVATE SERVICES SECTOR PROJECT PROPOSED FOR FY87 FUNDING FOR DOL 12.0 MILLION. OUR OBJECTIVE IS TO HAVE A CREATIVELY DESIGNED, DOABLE PROJECT WITHOUT SIGNIFICANT DELAYS IN CONTRACTING. FOLLOWING IS AN APPROACH DISCUSSED WITH DAA BELL DURING HIS RECENT VISIT TO JORDAN. THIS WAS ALSO DISCUSSED WITH PETER SHIRK REGIONAL CONTRACT OFFICER LAST WEEK. THE PROCEDURE WOULD BE SIMILAR TO THAT FREQUENTLY USED FOR ENGINEERING CONTRACTS WITH QUOTE PERFORMANCE SPECIFICATIONS UNQUOTE WITE THE CONTRACTING PROCESS BEGINNING RIGHT AFTER PID APPROVAL. REQUEST BUREAU COMMENTS/SUGGESTIONS RE APPROACH AND ANY PROBLEMS YOU FORESEE. SUMMARY OF APPROACH AS RELATES TO THE PRIVATE SERVICES SECTOR PROJECT FOLLOWS:

- A. MISSION, WITH THE ASSISTANCE OF A CONS LTANT AND DRAWING FROM THE COOPERS AND LYBRAND WORK LAST SUMMER, WOULD DEVELOP A DETAILED PID DESCRIBING AMONG OTHER THINGS CONDITIONS AND CONSTRAINTS IN THE SERVICES SECTOR AND THE OUTPUTS DESIRED AT THE END OF THE ROJECT. THE PID WOULD PRESENT A STRONG, QUANTIFIABLE END OF PROJECT STATUS.
- B. ONCE THE PID IS APPROVED, A JORDANIAN IMPLEMENTING ENTITY WOULD INVITE OTHER QUALIFIED, INTER STED FIRMS TO SUBMIT PRELIMINARY PROPOSALS AGAINST AN RFP WHICH WOULD HAVE A SET OF PERFORMANCE CRITERIA AND QUANTIFIABLE OBJECTIVES, E.G., SO MANY NEW FIRMS EXPORTING MANAGEMENT CONSULTING SERVICES OR STANDARD ACCOUNTING PRINCIPALS BEING USED BY JORDANIAN FIRMS. RFP WOULD ALSO GIVE AN ESTIMATED LEVEL OF EFFORT AND/OR RUDGET RANGE. PRELIMINARY PROPOSALS WOULD BE PREPARED BY INTERESTED FIRMS WITHOUT TRAVEL TO JORDAN. RESPONDENTS IN THEIR PRELIMINARY PROPOSALS WOULD PRESENT THEIR APPROACHES, PROPOSED LEVEL OF EFFORT, ETC. TO THE DEVELOPMENT OF THE PROJECT IDENTIFIED IN THE PID AND SPECIFY PRDJECT INTERVENTIONS AND MECHANISMS SHOWING HOW PROPOSALS INTEND TO ACHIEVE PROJECT OBJECTIVES. THIS REPORT WILL INCLUDE A PRELIMINARY IMPLEMENTATION PLAN DETAILING NUMBER AND TYPES OF PERSONS AND OTHER RESOURCES

FH

UNCLASSIFIED

AMMAN 12097

REQUIRED, AN ESTIMATE OF COSTS AND GENERALLY MAKE THE CASE FOR THE APPROACH BEING PROPOSED.

C. THE IMPLEMENTING ENTITY WOULD THEN SELECT THE TOP THREE OR SO PRELIMINARY PROPOSALS WHICH IDEALLY WOULD PROVIDE FOR DIFFERING APPROACHES, AND INVITE THESE FIRMS TO JORDAN TO DEVELOP AND SUBMIT FULL PROPOSALS. MISSION WOULD PAY TRAVEL AND PER DIEM OF A REASONABLE NUMBER OF INDIVIDUALS VISITING JORDAN TO PREPARE THE DETAILED PROPOSALS. FINAL SELECTION WOULD BE BASED ON THE MOST REASONABLE AND FEASIBLE "PP LIKE" PROPOSAL USING COST AS A FACTOR. EVALUATION CRITERIA WOULD BE IN THE ORIGINAL RFP. THE CONTRACT WOULD THEN BE NEGOTIATED.

D. THE PROPOSAL OF THE TOP RANKED FIRM TOGETHER WITH ANY OTHER NECESSARY ANALYSIS TO BE COMPLETED BY AID WOULD FORM THE BULK OF THE PP. IN EFFECT THE FIRMS WOULD COMPETE FOR THE MOST COST EFFECTIVE DESIGN TO ACHIEVE DESIRED END OF PROJECT STATUS. MISSION WOULD HOPE TO AUTHORIZE THE PROJECT AND HAVE IMPLEMENTING ENTITY ENTER INTO A HOST COUNTRY CONTRACT WITH THE SELECTED FIRM TO IMPLEMENT THE PROJECT AS SOON AS CONDITIONS PRECEDENT ARE SATISFIED.

2. MISSION BELIEVES THAT THIS APPROACH CAN PROVIDE FOR INNOVATE APPROACHES TO PROJECT DEVELOPMENT WHICH UTILIZE OUR LIMITED STAFF MORE EFFICIENTLY AND REDUCE THE CONTRACTING TIME REQUIRED BEFORE PROJECT IMPLEMENTATION BEGINS. IT WOULD ALSO MAKE THE WINNING FIRM RESPONSIBLE FOR IMPLEMENTING THEIR DESIGN. MISSION WOULD APPRECIATE COMMENTS ON THIS PROPOSED APPROACH.

(DRAFT: WRITTEN APPROACH)

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STATE 008910/01

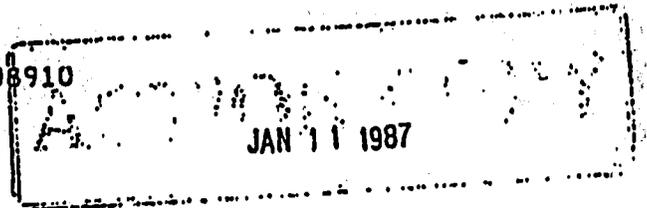
ACTION AID-2 INFO AMB DCM ADM

VZCZCAJ0083  
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 DE RUEHC #3910/01 0100944  
 ZNR UUUUU ZZH  
 R 100942Z JAN 87  
 FM SECSTATE WASHDC  
 TO AMEMBASSY AMMAN 8399  
 BT

LUC: 06-10 143  
 10 JAN 87 943  
 CR: 01382  
 CHRG: AID  
 DIST: AIDA

UNCLAS SECTION 01 OF 02 STATE 008910

AIDAC



E.O. 12356: N/A

TAGS: N/A

SUBJECT: PRIVATE SERVICES SECTOR SUPPORT PROJECT  
 (278-0272): NEW CONTRACTING APPROACH

REF: AMMAN 12097

1. MISSION IS COMMENDED FOR PROPOSING CONTRACTING APPROACH REFTEL. PROPOSAL REPRESENTS THOUGHTFUL ATTEMPT TO GRAPPLE WITH DESIGN OF A POTENTIALLY COMPLEX ACTIVITY WHILE AT THE SAME TIME LIMITING NUMBER OF DISCRETE A.I.D. PRE-IMPLEMENTATION AND CONTRACTING ACTIONS. APPROACH AS OUTLINED HELDS DESIGN AND IMPLEMENTATION AS ONE IN THE SAME. WE ARE AWARE THAT THIS APPROACH IS BEING USED QUITE SUCCESSFULLY BY OTHER DOMESTIC USG AGENCIES.

2. REFTEL HAS BEEN DISCUSSED WITH GC, SER/OPS AND PU/PE PERSONNEL. COMMENTS OFFERED BELOW REPRESENT OUR BEST ASSESSMENT OF POTENTIAL PROBLEMS/QUESTIONS WHICH MISSION MAY WANT TO CONSIDER:

-- A) WE ASSUME THAT THE IMPLEMENTATION AWARD WOULD BE UNDER A HOST-COUNTRY CONTRACT. DOES MISSION ANTICIPATE NEED FOR DEVIATIONS FROM HB 11? WE SEE NO CONFLICT OF INTEREST INHERENT IN THE PROCEDURE OF AWARDING THE

IMPLEMENTATION CONTRACT TO THE WINNING DESIGN FIRM AS LONG AS THIS INTENTION IS SPELLED OUT CLEARLY AT THE OUTSET IN THE RFP THAT INVITES PRELIMINARY PROPOSALS. THE RFP SHOULD ALSO CLEARLY STATE THAT FIRMS INVITED TO JOYDAN TO DEVELOP PRELIMINARY PROPOSALS INTO PROJECT PAPERS WOULD NOT BE COMPENSATED (I.E., SALARIES) FOR THE WORK, BUT RECEIVE TRAVEL AND TRANSPORTATION EXPENSES ONLY. IN THIS REGARD, THE PERFORMANCE STANDARDS AND LEVEL OF EFFORT IN THE RFP SHOULD BE FAIRLY PRECISE SINCE ULTIMATELY A SUBSTANTIAL CONTRACT AWARD IS HINGING ON THE SUCCESSFUL DESIGN EFFORT. SPECIFICALLY, THE PERFORMANCE CRITERIA SHOULD BE REALISTIC, ENFORCEABLE AND DURABLE; YET THE CRITERIA SHOULD ALSO BE FLEXIBLE ENOUGH TO ACCOMMODATE A DEGREE OF INVENTIVENESS AND CREATIVITY NOT ANTICIPATED IN PID.

3) IN THE FIRST PHASE, ARE THE DIRECTIONS AND

EVALUATION CRITERIA FOR COMPETITION CLEAR? FOR EXAMPLE, WHAT IF FIRMS UNDERTAKE TO TRAVEL TO JORDAN ON THEIR OWN TO PREPARE THEIR INITIAL PROPOSAL. WILL THEY BE PERMITTED TO CONTACT THE A.I.D. MISSION AND THE GOJ IMPLEMENTING ENTITY? WILL THERE BE ANY DIRECT DISCUSSION OR EXCHANGE WITH COMPETITORS IN THE FIRST PHASE BEFORE THE INITIAL CUT IS MADE? IS IT POSSIBLE NONE OF THE SUBMITTING FIRMS IN THE FIRST PHASE WILL MEET RFP PERFORMANCE STANDARDS AND THE PROCESS HAVE TO BEGIN AGAIN? WILL COST BE A FACTOR AT ALL IN SELECTING THE TOP FIRMS TO PROCEED WITH SECOND PHASE DESIGN EFFORT (SEE BELOW)?

-- C) PER PARA C, REFTL, WE ARE CONCERNED ABOUT THE TREATMENT OF COST AS A FACTOR IN FINAL SELECTION OF THE WINNING PP DESIGN. PRESUMABLY, THE ORIGINAL RFP INVITING PRELIMINARY PROPOSALS WILL SPELL OUT EVALUATION CRITERIA FOR SELECTING THOSE FIRMS TO COMPETE FOR DESIGN OF THE PROJECT, AND CRITERIA FOR THE SELECTION OF THE WINNING DESIGN FIRM. WHAT ROLE WILL COST PLAY IN THE LATTER SELECTION? WILL IT BE AN EX ANTE OR EX POST FACTOR? IN OTHER WORDS, WILL TWO ENVELOPE SYSTEM BE USED AND COST BECOME A FACTOR ONLY AFTER TECHNICAL RANKINGS ARE ARRIVED AT, AND HOW MUCH WEIGHT WILL THEN BE ACCORDED TO COST? OR WILL COST WEIGH EQUALLY WITH TECHNICAL MERIT IN EVALUATING PROPOSALS. FOR CLARIFICATION, IS "COST" DEFINED HERE AS THE PROPOSED COST OF THE FIRM'S SERVICES IN IMPLEMENTING THE PROJECT, OR THE COST OF THE PROJECT ITSELF (BOTH A.I.D. AND GOJ CONTRIBUTIONS) AS DESIGNED BY THE FIRMS, OR BOTH? (IF BOTH, WHAT WEIGHT MIGHT BE ACCORDED TO EACH?).

D) MISSION SHOULD BUILD IN ADEQUATE SAFEGUARDS

DURING THE SECOND PHASE DESIGN EFFORT TO AVOID A "DUTCH AUCTION" SITUATION, WITH FIRMS USING THE DESIGN PROCESS AS A SURROGATE BID PROCESS TO PERSUADE GOJ TO LOOK WITH FAVOR UPON INDIVIDUAL FIRMS' DESIGN. MISSION WILL ALSO NEED TO BE CERTAIN THAT THE SAME INFORMATION AND DATA IS SHARED WITH ALL FIRMS. MISSION (AND GOJ) WILL ALSO NEED TO EXERCISE CAUTION TO ENSURE THAT ONE FIRM'S DESIGN APPROACH, IDEAS AND BUDGET ARE NOT SHARED WITH OTHER FIRMS PRIOR TO FINAL SELECTION, EITHER ACCIDENTALLY OR AS PART OF THE "AUCTION" SCENARIO MENTIONED ABOVE. IT IS CONCEIVABLE THAT MISSION WORKLOAD DURING FINAL DESIGN PHASE MAY BE GREATER IN HAVING TO DEAL WITH THREE OR FOUR FIRMS ALL ASKING ROUGHLY THE SAME QUESTIONS OR SEEKING THE SAME GUIDANCE.

- E) PARA 2 REFTL IMPLIES THAT THIS CONTRACTING APPROACH MAY HAVE APPLICABILITY FOR FUTURE DESIGN EFFORTS ACROSS THE PORTFOLIO. IF SO, MISSION SHOULD CONSIDER

WHETHER BROADER APPLICABILITY OF THIS APPROACH MAY LIMIT OR EVEN ELIMINATE THE UNIVERSE OF NON-PROFIT ORGANIZATIONS, EDUCATIONAL INSTITUTIONS AND SMALL BUSINESS FIRMS (IN OTHER WORDS, THOSE INSTITUTIONS WITH RELATIVELY LIMITED CASH FLOW) FROM PARTICIPATING IN DESIGN COMPETITION OF THIS SORT. CAN MISSION ENVISION METHOD BY WHICH THESE FIRMS MAY PARTICIPATE IN DESIGN OF PRIVATE SECTOR SERVICES SUPPORT PROJECT, IF APPROPRIATE, OR FUTURE DESIGN EFFORTS OF THIS TYPE THROUGH JOINT VENTURE, SUBCONTRACTING REQUIREMENTS, OR OTHER WAYS?

-- F) ALTHOUGH RFP WILL STIPULATE THAT WINNER OF PP DESIGN COMPETITION WILL BE AWARDED IMPLEMENTATION CONTRACT, STANDARD CAVEATS STIPULATING SUBJECT TO AVAILABILITY OF FUNDS TO INITIATE PROJECT, AND SUBJECT TO CONDITIONS PRECEDENT BEING MET BY GOJ, SHOULD BE CLEARLY STATED. WILL THERE BE A FINANCIAL REMEDY FOR A FIRM WHICH WINS THE COMPETITION, IS ELIGIBLE TO BE AWARDED THE IMPLEMENTATION CONTRACT BUT CANNOT RECEIVE THE AWARD DUE TO NONAVAILABILITY OF FUNDS TO BEGIN THE PROJECT, INABILITY TO NEGOTIATE SUCCESSFUL PROJECT AGREEMENT WITH HOST GOVERNMENT, OR FAILURE OF HOST GOVERNMENT TO MEET CONDITIONS PRECEDENT? (PER PARA 2(A) ABOVE, WE ASSUME HOST COUNTRY CONTRACTS WILL BE USED.)

-- G) FINALLY, WITH SPECIFIC REFERENCE TO THIS PROJECT, WILL IMPLEMENTING FIRM ITSELF BE PERMITTED TO ENTER INTO DIRECT JOINT VENTURES WITH JORDANIAN FIRMS IN THE SERVICE

SECTOR, OR DOES MISSION PERCEIVE THE ROLE OF THE SUCCESSFUL DESIGN/IMPLEMENTATION FIRM AS THAT OF A BROKER/FACILITATOR OF JOINT VENTURES ON BEHALF OF JORDANIAN AND OTHER AMERICAN FIRMS? FIRMS MAY NATURALLY PROPOSE THE FIRM IN HOPES OF EARNING DIRECT FEES FROM A.I.D. TO COVER COSTS OF PROPOSED PREPARATION. IS IT POSSIBLE THE IMPLEMENTING FIRM COULD WORK ON A PARTIAL A.I.D. FUNDED CONTRACT AND CHARGE A FEE FOR ITS SERVICES ON BEHALF OF EITHER JORDANIAN OR AMERICAN FIRMS SEEKING JOINT VENTURE ARRANGEMENTS?

3. AID/W IS NOT SEEKING RESPONSE NOW TO THE ABOVE QUESTIONS PRIOR TO MISSION PROCEEDING WITH PID DESIGN AND DRAFTING OF RFP. MISSION SHOULD TAKE ABOVE POINTS INTO ACCOUNT WHEN PUTTING THE TWO DOCUMENTS TOGETHER. AID/W WOULD APPRECIATE THE MISSION APPENDING THE DRAFT RFP TO THE PID WHEN SUBMITTED TO THE BUREAU FOR APPROVAL SO THAT WE MAY REVIEW HOW THE ABOVE POINTS HAVE BEEN TREATED. WE WOULD ALSO BE HAPPY TO ENGAGE IN A DIALOGUE WITH MISSION, BEFORE FOR PID SUBMISSION REGARDING RESOLUTION OF THESE ISSUES AS YOU SEE APPROPRIATE. ARMACOST

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ACTION AID-2 INFO AMB DCM

VZCZCAJ026Z  
 OO RUEHAM  
 DE RUEHNS #3821/01 1391108  
 ZNR 00000 22H  
 O 191106Z MAY 87  
 FM AMEMBASSY SANAA  
 TO RUEHAM/AMEMBASSY AMMAN IMMEDIATE 3090  
 INFO RUEHC/SECSTATE WASHDC IMMEDIATE 4629  
 BT  
 UNCLAS SECTION 01 OF 02 SANAA 03821

W. Kelly

LOC: 24 792  
19 MAY 87 1108

ACTION AID-2 CHRG: AID DIST: AID 21 MAY 1987 100
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AIDAC INFO M/SER/PPK FOR JIM MURPHY

E.O. 12358: N/A

SUBJECT: JORDAN, PRIVATE SERVICES SECTOR PROJECT 273-0272

REF: (A) AMMAN 4495, (B) AMMAN 3062, (C) STATE 8910,  
 (D) AMMAN 12097, (E) MURPHY/SHINA TELECON 5-13-87

1. PURSUANT TO DECISION REACHED DURING REF. E), ACO PROPOSES FOLLOWING DIRECT CONTRACTING PROCEDURE TO ACHIEVE OBJECTIVES OUTLINED REF. D). A MODIFIED VERSION OF THE TWO STEP SEALED BIDDING PROCESS DESCRIBED FAR 14.5 WILL BE USED INCORPORATING THE FLEXIBILITY OF NEGOTIATION IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 15.

2. REF. E), PUBLICIZED THE CONTRACTING ACTION AND ANNOUNCED THE AVAILABILITY OF AN RFP (WITHOUT REFERENCE TO THE CONTRACTING PROCEDURE) IN LATE APRIL 1987. REF. A), REPEATED THE BACKGROUND AND INTENT OF THE PROPOSED TRANSACTION IN REF B), REANNOUNCED THE AVAILABILITY OF AN RFP (THIS TIME SPECIFYING EARLY MAY) AND REQUESTED EXPRESSIONS OF INTEREST FROM QUALIFIED FIRMS. A SIZEABLE NUMBER OF FIRMS HAVE RESPONDED.

3. ALTHOUGH ALL OF THE REQUIREMENTS OF FAR PART 5 ARE NOT INCLUDED IN REFS A), AND B), (SUCH AS IDENTIFYING THE CONTRACTING OFFICE) I BELIEVE THAT AN RFTP USING THE BASIC PRINCIPLES OF COMPETITIVE NEGOTIATION AND FOLLOWING THE CONCEPT OF TWO STEP SEALED BIDDING MAY BE PREPARED AND MADE AVAILABLE TO THOSE FIRMS RESPONDING TO REFS. A) AND B), WITHOUT FURTHER PUBLIC NOTIFICATION THROUGH THE CBD.

4. TWO STEP NEGOTIATED SELECTION PROCEDURE.

4.1 STEP ONE.

4.101 RFTP FOR PRELIMINARY PROPOSAL (SEE REF. D) WOULD INCLUDE SECTIONS/INFORMATION PER FAR 14.503.1 A) AND B).  
 NOTE: COST WILL NOT BE A FACTOR IN STEP ONE WHICH WILL BE CONCERNED ONLY WITH TECHNICAL ISSUES. OFFERORS SHOULD HAVE APPROXIMATELY 20 DAYS TO PREPARE PRELIMINARY PROPOSAL IN ADDITION TO TIME REQUIRED FOR RECEIPT OF RFP AND SUBMISSION OF PROPOSAL TO USAID/AMMAN.

4.102 USAID/AMMAN WILL RECEIVE AND REVIEW, IN ACCORDANCE

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WITH RFP EVALUATION CRITERIA, PRELIMINARY, I.E. TECHNICAL PROPOSALS. FOLLOWING EVALUATION DETERMINATION WILL BE MADE REGARDING WHETHER TO PROCEED DIRECTLY TO STEP 2, OR TO REQUEST ADDITIONAL CLARIFYING OR SUPPLEMENTAL INFORMATION IN ORDER TO MAKE SOME PROPOSALS ACCEPTABLE.

4.103 ACO IN CONJUNCTION WITH USAID/AMMAN TECHNICAL EVALUATION COMMITTEE WILL ISSUE DETERMINATION OF ACCEPTABLE PRELIMINARY TECHNICAL PROPOSALS DEMONSTRATING CAPABILITY TO PREPARE PP-LIKE DOCUMENT AND IMPLEMENT PROJECT AS DESIGNED.

4.104 ACO WILL NOTIFY SUCCESSFUL AND UNSUCCESSFUL OFFERORS.

#### 4.2 STEP TWO

4.201 ISSUE RFP FOR SEPARATE TECHNICAL AND COST PROPOSALS AND SUBMIT ONLY TO SUCCESSFUL OFFERORS UNDER STEP ONE. PROPOSERS SHOULD HAVE 30 DAYS TO PREPARE FINAL PROPOSAL IN ADDITION TO TIME REQUIRED FOR RECEIPT OF RFP AND SUBMISSION OF FINAL PROPOSAL TO USAID/AMMAN. A REASONABLE NUMBER OF INDIVIDUALS FROM EACH SUCCESSFUL FIRM UNDER STEP ONE WILL BE INVITED TO AMMAN TO PREPARE THE FINAL PROPOSAL. USAID/AMMAN PROPOSES TO PAY INTERNATIONAL TRAVEL AND PER DIEM ONLY. AS NO CONTRACT WILL BE IN PLACE AT THIS JUNCTURE ACO ASSUMES TRAVEL AND PER DIEM WILL BE FUNDED THROUGH ALTERNATE PROCEDURE SUCH AS INVITATIONAL TRAVEL USING PD & S OR OTHER RESOURCES.

4.202 USAID/AMMAN WILL RECEIVE AND EVALUATE, PER STANDARD INSTRUCTIONS ISSUED BY ACO, TECHNICAL PROPOSALS IN RESPONSE TO STEP TWO RFP. CHAIRPERSON OF TECHNICAL EVALUATION COMMITTEE WILL ISSUE TECHNICAL EVALUATION MEMO TO ACO.

4.203 ACO WILL ESTABLISH COMPETITIVE RANGE, NOTIFY BOTH SUCCESSFUL AND UNSUCCESSFUL OFFERORS, NEGOTIATE TECHNICAL STRENGTHS AND WEAKNESSES AND PROPOSED COSTS WITH OBJECTIVE OF MAKING SINGLE AWARD.

5. AWARDEE WILL BE FIRM THAT SUBMITS, PURSUANT TO EVALUATION CRITERIA, THE MOST COST EFFECTIVE AND TECHNICALLY SUPERIOR PP-LIKE PROPOSAL DEMONSTRATING

ABILITY TO IMPLEMENT PROJECT. SINCE SUCCESSFUL OFFEROR  
IS IN ESSENCE DESIGNING PROJECT ACO ASSUMES THAT CERTAIN  
ELEMENTS SUCH AS THE IMPLEMENTATION METHODOLOGY OF  
PP-LIKE DOCUMENT SELECTED FOR AWARD WILL HAVE TO BE  
EXTRACTED AND INCORPORATED INTO SECTION C OF THE CONTRACT  
AS THE CONTRACTORS STATEMENT OF WORK.

6. FOR AMMAN AND M/SER/PPE: PLEASE REVIEW ABOVE  
CONTRACTING PROCEDURE AND CABLE COMMENTS/CONCURRENCE.

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AMMAN 1316

FEB 11 1987

VZCZCAJ  
 RH RUEH  
 DE RUEHAM #1316 034 \*\*  
 ZNR UUUUU ZZR  
 R 031410Z FEB 87  
 FM AMEMBASSY AMMAN  
 TO SECSTATE WASHDC 9220  
 BT  
 UNCLAS AMMAN 01316

CLASS: UNCLASSIFIED  
 CHRG: AID 02/02/97  
 APPRV: PDO:DMASTERS  
 DRFTD: PDO:WHILEY:LA  
 CLEAR: NONE  
 DISTR: AID-2 AMB DCM

AIDAC

FOR PPC/CDIE/DI, INFO: ANE/PD, FRANK YOUNG

E.O. 12356:N/A  
 SUBJECT: DEVELOPMENT INFORMATION PACKAGES  
 -- -- PRIVATE SERVICES SECTOR PROJECT  
 -- -- NO. 278-0272

REF: STATE 086524 (1986)

1. MISSION CURRENTLY BEGINNING DESIGN OF DOLS 12 MILLION PRIVATE SERVICES SECTOR PROJECT FOR OBLIGATION IN LATE FY 86 OR EARLY FY 87. IN ORDER TO SATISFY REQUIREMENTS SET OUT IN REFTEL AND RB3, CHAPTER 2, APPENDIX 2B FOR PID/PP PREPARATION, PLEASE PROVIDE DEVELOPMENT INFORMATION PACKAGES REFLECTING AID AND OTHER DONOR EXPERIENCE IN PRIVATE SERVICES SECTOR DEVELOPMENT. TYPES OF INFORMATION OF PARTICULAR VALUE INCLUDE:

- A. ALTERNATIVE APPROACHES (PURPOSES) FOR THE PROBLEM
- B. ALTERNATIVE OUTPUTS FOR ACHIEVING PURPOSE
- C. INFORMATION ON TECHNICAL AND ECONOMIC FEASIBILITY OF SIMILAR PROJECTS
- D. INFORMATION ON HOST IMPLEMENTATION/ADMINISTRATION OF SIMILAR PROJECTS WORLDWIDE
- E. PROJECT EVALUATIONS

2. SOURCES OF INFORMATION OF PARTICULAR VALUE

- A. AID
  - B. PRIVATE INDUSTRY (SERVICES SECTOR)
  - C. OTHER DONORS
3. FYI, THE PURPOSE OF THE PRIVATE SERVICES SECTOR PROJECT IS (1) TO STRENGTHEN AND TECHNICALLY DIVERSIFY PROFESSIONAL SERVICE FIRMS, INCLUDING ENGINEERING AND ARCHITECTURE, MARKETING AND ADVERTISING, ACCOUNTING, MANAGEMENT CONSULTING, EXPORT AND TRADING AND COMPUTER SERVICES FIRMS AND (2) TO BRING ABOUT THE DEVELOPMENT OF IN-HOUSE TECHNICAL AND MANAGERIAL SERVICES WITHIN MANUFACTURING FIRMS. THE PROJECT WILL ALSO SEEK TO DEVELOP THE EXPORT POTENTIAL OF THESE SPECIALIZED SERVICE AREAS, ESPECIALLY ENGINEERING, COMPUTER AND MANAGEMENT CONSULTING SERVICES, TO OTHER COUNTRIES IN THE REGION. THE SERVICES SECTOR AREAS ENUMERATED FOR ASSISTANCE ARE THOSE THAT HAVE BEEN DEEMED MOST CRUCIAL TO IMPROVING THE PRODUCTIVITY AND DIVERSITY OF JORDANIAN

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INDUSTRY AND TO SERVING THE NEEDS OF REGIONAL  
DEVELOPMENT.

(DRAFTER:WRILEY; APPRO:DMASTERS)

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4/1/87

Mr. W. Riley  
USAID/Amman

Dear Mr. Riley:

Enclosed is a Guatemalan project document which relates to the Private Sector Services Project you are working on in Jordan.

I was unable to locate any other project which was working so broadly in the private sector services. The Guatemala project has similar goals and purposes as the Jordan project. The mission will be using volunteers from the International Executive Service Corps - IESC, to provide both long and short term technical assistance.

I examined many private sector development projects and there were several that assisted a single target group through either institutional development or participant training. Usually these projects went to an umbrella PVO or government ministry for their institution or to have them choose participants. None of them took as comprehensive approach toward services as either the Guatemala or the Jordan project.

I obtained what project documents I could from the ANE Bureau of your project. There was no PID available, nor any description of the project beyond what you had provided in the cable, even from the desk officer.

I would be happy to assist you further if you would send me additional information. I will be checking into other sources of information in the meantime.

Sincerely,



James J. Turner, Research Analyst

REQ#12438