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AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IDENTIFICATION DOCUMENT FACESHEET (PID)	1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Revision No. _____	DOCUMENT CODE 1
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2. COUNTRY/ENTITY
Jordan

3. PROJECT NUMBER
278-0284

4. BUREAU/OFFICE
Asia/Near East

A. Symbol	B. Code
ANE	3

5. PROJECT TITLE (maximum 40 characters)
Export Trade & Productive Investment

6. ESTIMATED FY OF AUTHORIZATION/OBLIGATION/COMPLETION

A. Initial FY	9 0
B. Final FY	9 2
C. PACD	9 5

7. ESTIMATED COSTS (\$000 OR EQUIVALENT, \$1 =)

FUNDING SOURCE		LIFE OF PROJECT
A. AID		\$10,000
B. Other U.S.	1.	
	2.	
C. Host Country: Private		\$ 4,068
D. Other Donor(s)		
TOTAL		\$14,068

8. PROPOSED BUDGET AID FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. 1ST FY 90		E. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	730	840		\$2,500		\$10,000	
(2)							
(3)							
(4)							
TOTALS							

9. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
830 | 810

10. SECONDARY PURPOSE CODE

11. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code	
B. Amount	

12. PROJECT PURPOSE (maximum 480 characters)

To increase the exports of goods and services by Jordanian private sector businesses.

13. RESOURCES REQUIRED FOR PROJECT DEVELOPMENT

Staff: USAID/Jordan Project Officer and Project Committee will be responsible for project development. They will be assisted by outside consultants.

Funds Consulting services will be funded by Mission PD&S project (PETRA).

14. ORIGINATING OFFICE CLEARANCE

Signature: *William T. Oliver*
 Title: Acting Director
 USAID/Jordan

Date Signed: MM | DD | YY | 9
 1 | 1 | 1 | 8 | 9

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM | DD | YY

16. PROJECT DOCUMENT ACTION TAKEN

<input type="checkbox"/> S = Suspended	CA = Conditionally Approved
<input type="checkbox"/> A = Approved	DD = Decision Deferred
<input type="checkbox"/> D = Disapproved	

17. COMMENTS

18. ACTION APPROVED BY

Signature: _____
 Title: _____

19. ACTION REFERENCE

20. ACTION DATE

MM | DD | YY

EXPORT TRADE AND PRODUCTIVE INVESTMENT

PROJECT IDENTIFICATION DOCUMENT

**U.S. Agency for International Development
Amman, Jordan
October, 1989**

EXPORT TRADE AND PRODUCTIVE INVESTMENT
PROJECT IDENTIFICATION DOCUMENT
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ANNEXES:

1. Preliminary Cost Estimate and Financial Plan (Details)
2. Preliminary Log Frame
3. World Trade Center Brochure
4. Cable on Two-Step Procurement Procedure
5. User's Guide to USAID Assistance

**EXPORT TRADE AND PRODUCTIVE INVESTMENT
PROJECT IDENTIFICATION DOCUMENT**

I. PROJECT SUMMARY

Project Goal: To reduce the deficit in Jordan's balance of trade in goods and services.

Purpose: To increase the exports of goods and services by Jordanian private sector businesses. An important sub-purpose of the project is to improve the financial intermediation process so that additional resources will flow to entrepreneurs investing in export related industries.

Expected Achievements/Accomplishments: By the end of the project it is expected that the following will have been achieved:

1. Exports: At least an additional \$40 million of exports of goods and services during the six year life of project and a sustained increase thereafter.

2. Establishment/Strengthening of Private Sector Support Institutions:

A new, self-supporting World Trade Center with at least 200 members.

A new, self-supporting export credit and guaranty agency with significant private sector ownership which is providing insurance/guaranty coverage on at least \$100 million of exports per year by the project end.

An improved Amman Financial Market capable of handling an increased volume of new issues as well as a higher volume of trading.

Improvements in the ability of financial institutions, especially commercial banks, to analyze and manage credits and to meet customer requirements.

Increase in the volume of venture capital being provided by existing and new entities to export related activities.

3. In conjunction with the work being done by the World Bank and the International Monetary Fund, a comprehensive reform of policies and regulations affecting trade and investment.

Project Components:

1. **Improved Access to Markets and Technology:** In order to address problems that local entrepreneurs face in identifying and penetrating foreign markets, and in contracting for foreign technology, raw materials and expertise, the project will fund the services of a U.S. company or organization to supply information, act as a broker or dealmaker, and raise the level of Jordanian expertise in concluding international business deals. The project will also

fund a portion of the start up costs of a new World Trade Center. Preliminary cost estimate for this activity is \$7.4 million of which at least 50%, or \$3.7 million would be paid for by local companies.

2. Improved Access to Finance

To improve the access of exporters to finance and to develop new products and services for export, the project will fund advisory and training services to a new export credit insurance and guaranty agency, the nascent venture capital industry, and other financial intermediaries. Preliminary cost estimate for this activity is \$4.4 million.

3. Assistance in Policy Research and Formulation

In order to help the Government develop a comprehensive set of policies in support of better export performance, the project will provide funding for research and studies into areas related to trade and investment. In implementing this component of the project, AID will coordinate closely with the Government of Jordan to ensure that areas of study are consistent with the reforms being undertaken in conjunction with the International Monetary Fund's Standby Arrangement and the Policy Adjustment Loan from the World Bank. Preliminary cost estimate for this activity is \$0.7 million.

II. PROGRAM FACTORS

A. Conformity with Government of Jordan Strategy

As part of its April 1989 Stand-by Arrangement with the International Monetary Fund (IMF), the Government of Jordan has adopted a medium-term, growth-oriented, macroeconomic adjustment strategy to address structural weaknesses in the budget and the balance of payments and to facilitate the achievement of sustainable growth. This strategy is expected to be operational during the period from 1989 to 1993. The IMF will initially support this effort by making SDR 60 million available through the end of 1990. Additional funding is expected from the World Bank in the form of a \$150 million policy adjustment loan, and from the Government of Japan (\$150 million).

The GOJ has agreed with the IMF to take measures to achieve a balanced position in its current account by 1993 compared with a deficit equivalent to over 6% of GDP in 1988. If unrequited transfers are netted out, then the goal is to reduce the deficit in the balance on goods and services, including worker remittances, from 19.8% of GDP to 5% of GDP by 1993. This is to be achieved through: an aggressive policy of promoting exports, remittances, and tourism; a tight demand management policy to contain imports; rationalization of the tariff structure to promote efficiency in resource use; and a flexible exchange rate policy.

In order to achieve the targets of the program the GOJ is also committed to the creation of a policy framework that provides increased investment incentives, restores confidence, and leads to higher private sector investment. The GOJ expects to undertake a review of incentives offered by the Encouragement of Investment Law in cooperation with the World Bank.

The GOJ continues to place significant emphasis on the role of the private sector in achieving economic objectives. In a statement made by His Excellency Dr. Ziad Fariz, Minister of Planning, to a recent UNDP conference on private enterprise, the Minister noted the essential role played by private enterprise in the Jordanian economy.

B. Relationship to AID Strategy

USAID/Jordan's strategy, developed in May 1986 for the five year period 1986 to 1991, is to help alleviate serious unemployment and balance of payments problems through policy dialogue and by assisting private sector manufacturing, agribusiness, and service industries to become the new engines of growth in the Jordanian economy. Economic developments in Jordan over the past year have confirmed the appropriateness of the CDSS focus and the shift in programming to the private sector.

Since the CDSS was developed three and one half years ago USAID/Jordan has put in place a comprehensive set of projects and activities to assist the private sector. These include business advisory services, business training and education, as well as debt financing and guaranties. The programs have been

well received by the private sector and are increasingly gaining the acceptance and endorsement of government officials. (See Annex 5 for a comprehensive description of current private sector activities.)

The proposed project directly addresses Jordan's balance of payments problems, and also supports Jordanian efforts to deal with rising unemployment levels. The project builds on and complements previous USAID/Jordan private sector projects. Along with several other ongoing or new USAID initiatives, it focuses on the achievement of the following CDSS objectives for the private sector:

Establishment of a policy framework conducive to private sector growth:

Improve the marketing of Jordanian products and services:

Improve financial intermediation by transfer of technology, institutional development, and selected infusion of funds.

The proposed project fully conforms with the Agency's policy guidance on trade as embodied in the July 1986 Trade Policy Paper, which states: "AID's trade development policy is designed to encourage LDC's to utilize international trade as a key instrument in the process of achieving broad based, sustainable economic growth, and place a greater reliance on complementary domestic competitive markets that support more open trade policies."

C. Relationship to Other Donors/Institutions:

1. World Bank: By year-end the Bank is expected to approve a \$150 million Industry, Trade and Public Policy Adjustment Loan that will support the Government's ongoing structural adjustment program. Of this amount \$147 million will be disbursed for general imports, \$1.8 million for technical assistance for industry and trade, and \$1.2 million to assist the poor by improving the efficiency of social service organizations. The loan will support policy reforms to create a more uniform, non-discretionary set of incentives across different sectors in the economy by: rationalizing the tariff regime; replacing the current set of investment incentives by one that is simpler and more transparent; and strengthening institutions that support industry and exports.

2. United Nations Development Program (UNDP)/International Trade Center (ITC): The ITC is currently in the second year of a two year program to upgrade the services provided by the GOJ's Jordan Commercial Centers Corporation to Jordanian exporters. To date the results have been somewhat disappointing, although a trade information system is supposed to be in place by the end of project. ITC has expressed interest in a follow-on project that might target assistance to a sector or sectors with high export potential.

3. Germany: The Government in cooperation with Germany has recently completed an in-depth analysis of current practices in the area of standards establishment and testing. It was suggested that the Government establish a single agency consolidating the measurement, standardization, testing, and quality functions.

III. PROJECT DESCRIPTION

A. Perceived Problem:

1. Unsustainable Trade Deficits

The outlook for the Jordanian economy has changed drastically over this decade. Traditional sources of foreign exchange have decreased significantly following the slump in the price of oil and the resulting economic slowdown in the region. While a drawdown of official reserves and commercial borrowings helped to delay major adjustments in trade policy through mid-1988, critical shortages of foreign exchange left Jordan with no other choice but to let the Dinar depreciate and to seek assistance from the International Monetary Fund in the latter half of 1988. Jordan must now begin to focus on making its economy dependent on its own ability to earn its way out of debt and compete in the international community. Receipts from trade in merchandise, labor as well as services must be increased to offset the decline in official aid flows. A move towards a more outward oriented trade strategy is essential to rectify the situation.

Jordan's merchandise trade balance is chronically in deficit. In 1987 and 1988 the deficit was close to \$1.7 billion, or 37% of GDP. Historically, merchandise exports have covered only a quarter of goods imports. Moreover, Jordan relies heavily on neighboring Arab markets for almost all exports of agricultural produce and light manufactured goods. In 1988 Arab markets were the destination for 52% of total Jordanian exports. Given recent oil price trends and import substitution policies in these countries, the prospect for growth in these markets is not good. If exports are to provide a growing source of foreign exchange for the economy, diversification to new markets, greater penetration in traditional markets, and development of new export products is necessary.

Given the structural imbalance in Jordan's trade, the positive surplus in services balance has been very important to offset, at least partially, the deficit in merchandise trade. In 1988, Jordan's surplus in services was \$809 million, its lowest level since 1979 due chiefly to the contraction in net workers' remittances. Net workers' remittances, the major contributor to this positive surplus, peaked in 1984 reaching \$984 million but fell to approximately \$750 million in each of 1987 and 1988. Receipts from travel and tourism rose at an average annual rate of 8% during 1984-1988, whereas payments remained stagnant due mainly to declining real income. Higher tourist receipts reflect the improved competitiveness in the Jordanian Dinar.

In conclusion, Jordan must now move towards a more outward oriented trade strategy to rectify the current imbalance in its foreign exchange position. Earnings from trade in merchandise, labor as well as services must be increased to offset the decline in official aid flows.

Jordan: Balance of Payments, 1983-90

(In millions of U.S. dollars)

	Actuals					Prel.	Projections	
	1983	1984	1985	1986	1987	1988	1989	1990
Current account	-390	-271	-254	-46	-349	-282	-181	-116
Goods and services	-1,202	-997	-1,053	-726	-938	-907	-595	-493
Trade balance	-2,456	-2,027	-1,933	-1,692	-1,762	-2,715	-1,530	-1,456
Exports, f.o.b.	580	757	789	732	932	826	1,081	1,254
Imports, c.i.f.	-3,036	-2,784	-2,722	-2,423	-2,694	-3,541	-2,612	-2,710
Foodsstuffs	-497	-480	-446	-473	-460	-465	-474	-480
Oil and oil products	-586	-556	-567	-333	-461	-424	-439	-469
Other	-1,953	-1,748	-1,709	-1,617	-1,774	-1,852	-1,699	-1,761
Services (net)	1,254	1,030	880	966	825	809	935	962
Remittances (net)	909	983	786	938	754	749	753	803
Receipts	1,110	1,237	1,023	1,183	938	903	876	924
Payments	-201	-254	-236	-247	-184	-154	-123	-120
Travel (net)	140	70	96	89	135	141	307	331
Receipts	504	451	518	533	580	621	664	704
Payments	-365	-381	-422	-444	-445	-480	-357	-373
Investment income (net)	46	-61	-89	-141	-220	-310	-372	-427
Receipts	173	101	100	100	58	41	37	37
Payments	-128	-162	-189	-241	-278	-351	-409	-464
Other (net)	159	38	86	81	156	229	247	255
Receipts	673	730	670	540	713	808	832	857
Payments	-514	-692	-584	-459	-557	-579	-585	-602
Unrequited transfers	812	726	799	680	388	625	414	377
Private	15	45	60	48	-11	59	37	37
Public	798	681	739	633	399	566	377 4/	340 4/
Capital account	432	168	349	146	224	90	-439	-474
Public sector 1/	402	92	325	126	185	64	-443	-479
Receipts	870	746	865	769	798	1,027 2/	663 2/	524
Payments	-468	-653	-540	-644	-613	-963	-1,106 2/	-1,002
Private long-term (net)	24	75	14	23	32	—	4	4
Private short-term (net)	6	—	10	-2	6	26	—	—
Errors and omissions	96	-77	-49	-48	17	62	—	—
Counterpart to valuation adjustment	-69	-97	106	81	56	-357	-13	—
Overall balance	70	-278	153	133	-51	-487	-632	-590
Change in reserves 3/ (- indicates increase in assets)	-70	278	-153	-133	51	487	-98	-84
Macroeconomic ratios								
Current account/GDP (percent)								
Including grants	-9.9	-6.9	-6.2	-1.0	-7.0	-6.2	-5.0	-3.0
Excluding grants	-30.3	-24.4	-24.4	-14.5	-19.0	-18.5	-15.5	-11.8
Gross official foreign reserves (excluding gold and CBJ claims on Iraq)	823.9	514.6	421.7	435.3	422.8	109.5	207.8	292.0
(Months of imports)	3.3	2.2	1.9	2.2	1.9	0.5	1.0	1.3
Average exchange rate US\$/JD	2.755	2.604	2.538	2.658	2.952	2.690	1.852 5/	...

Sources: The Jordanian authorities; and staff estimates. (IMF)

1/ Comprises public and publicly guaranteed short-, medium-, and long-term capital.

2/ Includes US\$150 million of short-term bridging loans in 1988 which were converted into medium-term loans in 1989.

3/ Change in net foreign assets of the banking system.

4/ Includes US\$81 million of UN grants for relief operations; the remainder (US\$296 million in 1989 and US\$260 million in 1990) represent official bilateral grants.

5/ Actual rate prevailing since February 8, 1989.

Jordan: Medium-Term Scenario With Policy Adjustment, 1988-93

	Pre-Actual	Projection	Targets			
	1988	1989	1990	1991	1992	1993
(Percentage change per annum)						
Growth and inflation						
Real GDP	-3.5	--	3.4	3.9	4.8	4.0
Real GNP	-4.0	1.0	2.6	4.7	3.4	5.1
GDP deflator	4.6	14.0	11.8	9.5	7.8	6.5
(In percent)						
Distribution of GDP						
Consumption	103.3	102	97	95	93	92
Investment	26.1	26	26	26	26	27
Private	12.5	15	15	15	15	16
Government	13.7	11	11	11	11	11
Net exports of goods and nonfactor services	-29.4	-27	-23	-21	-20	-18
Domestic saving	-3.3	-2	3	5	7	8
(In percent of GDP)						
Government budget						
Total revenue and grants	39.1	38	39	40	40	40
Revenue	31.8	30	32	34	35	36
Foreign grants	7.3	8	7	6	4	3
Total expenditure	53.7	49	48	48	47	46
Deficit (excluding grants)	-23.7	-20	-17	-14	-11	-9
Deficit (including grants)	-16.4	-11	-10	-8	-7	-6
Foreign financing (net)	0.8	3	3	3	2	1
Domestic financing (net)	15.6	8	7	5	5	5
Bank	15.6	7	6	4	4	4
Nonbank	--	1	1	1	1	1
(In percent of GDP)						
Balance of Payments						
Trade balance (deficit -)	-37.4	-42.6	-37.8	-35.7	-34.3	-32.6
Workers' remittances	19.7	24.4	24.0	23.9	24.0	24.1
Unrequited transfers	13.6	11.5	9.8	8.2	6.5	5.0
Current account balance (deficit -)	-6.2	-5.0	-3.0	-2.0	-1.0	--
Overall balance (deficit -) ^{1/}	-10.6	-17.6	-15.3	-12.2	-10.9	-9.1
Exceptional financing	--	20.3	17.5	14.0	11.3	10.5
(Percentage change per annum)						
Exports, f.o.b.	10.1	5.4	16.0	10.1	11.5	11.6
Imports, s.i.f.	1.7	-4.7	3.8	5.7	7.4	7.2
Remittances (net)	-0.7	0.5	6.6	8.8	9.3	9.3
Travel (net)	4.4	117.7	7.8	7.4	7.3	7.6
Unrequited transfers	6.3	-33.8	-8.9	-10.1	-14.5	-16.6
(In millions of U.S. dollars)						
Reserves	109.3	207.8	292.0	369.0	436.0	503.0
(% month of imports)	(0.5)	(1.0)	(1.3)	(1.3)	(1.7)	(1.8)
Service payments ^{2/}	861 ^{3/}	1,263	1,426	1,370	1,352	1,418
(% percent of exports of goods and services)	(23.3) ^{3/}	(36.2)	(37.8)	(33.9)	(31.1)	(30.2)
(Changes as percent of beginning period stock of money plus quasi-money)						
Monetary accounts						
Money and quasi-money	11.9	11.3	10.7	10.4	10.2	9.5
Foreign assets (net)	-2.0	2.3	1.7	1.4	1.2	0.5
Domestic assets (net)	13.9	9.0	9.0	9.0	9.0	9.0
Claims on Government (net)	11.0	5.5	3.5	3.5	3.5	3.3
Claims on private sector	4.0	3.1	6.5	6.5	6.5	6.5
Other items (net)	-1.1	-1.6	-1.0	-1.0	-1.0	-1.0

Sources: The Jordanian authorities; and staff estimates. (IMF)

- ^{1/} Before exceptional financing.
^{2/} On the basis of the stock of debt at end-1988 and including new project loans and exceptional financing to cover balance of payments gaps.
^{3/} Excluding military loans and, therefore, not comparable with the subsequent years.

NON-TRADITIONAL EXPORTS BY DESTINATION, 1987-1988*
(Thousands of JDS)

COUNTRY	1987		1988	
	VALUE	%	VALUE	%
IRAQ	59,560	45.9%	64,491	47.8%
SAUDI ARABIA	25,406	19.6	24,163	17.9
EGYPT	13,083	10.1	7,067	5.2
KUWAIT	8,506	6.6	9,392	7.0
SYRIA	7,201	5.6	3,290	2.4
U.A.E.	4,538	3.5	6,948	5.2
N. YEMEN	1,893	1.5	1,443	1.1
QATAR	1,356	1.0	1,682	1.2
BAHRAIN	1,150	0.9	2,143	1.6
TUNISIA	982	0.8	1,213	0.9
LIBYA	978	0.8	697	0.5
LEBANON	813	0.6	1,018	0.8
USA	778	0.6	1,209	0.9
SUDAN	675	0.5	2,353	1.7
TURKEY	658	0.5	271	0.2
JAPAN	658	0.5	395	0.3
S. YEMEN	355	0.3	105	0.1
OMAN	350	0.3	222	0.2
ALGERIA	120	0.1	1,093	0.8
NETHERLANDS	104	0.1	357	0.3
PAKISTAN	2	-	327	0.2
FRANCE	38	-	912	0.7
BELGIUM	36	-	276	0.2
UNITED KINGDOM	94	0.1	567	0.4
SWITZERLAND			999	0.7
WEST GERMANY			466	0.3
OTHERS	291	0.3	1,779	1.3
TOTAL NON-TRADITIONAL	129,625	100.0	134,882	100.0
TRADITIONAL EXPORTS	119,480		189,906	
TOTAL EXPORTS	248,773		324,788	

* Preliminary figures for 1988. Columns may not add due to rounding.

Source: CBJ External Trade Statistics

2. Contributing Factors

There are a number of factors that inhibit Jordanian enterprises from becoming more competitive in international markets including: weak linkages with foreign buyers; weaknesses in the selection and use of technology; inadequate financing for export oriented industries; and policies that still tend to favor production for the domestic market over production for export.

a. Weak Linkages with Foreign Markets

If Jordanian businesses are to be successful in penetrating foreign markets, they must have better access to current information on market demand, quality requirements, prices, standards, and import regulations. They must also become more adept at negotiating deals with buyers, suppliers, and intermediaries such as agents and brokers. The existing mechanisms for providing foreign market information and related services, however, are inadequate to meet the needs of local businesses interested in venturing into foreign markets.

Both the private sector and the Government of Jordan have recognized these weaknesses, but so far have been unable to come up with adequate responses. As mentioned previously, the Commercial Centers Corporation, a parastatal primarily involved in executing bilateral trade agreements, has engaged the United Nations' International Trade Center in Geneva to help it develop trade data bases and more effective promotion programs. However, the focus of the CCC continues to be on regional markets, and few local businesses are confident that the organization could ever be very effective in trade promotion outside the region. While the Government announced its intention in August 1988 to set up a system of commercial representatives in eight foreign capitals, budget difficulties have forced it to delay implementation of the idea. On the private sector side, a group of about 25 businessmen have recently established the Jordan Trade Association (JTA) with financial assistance from AID. Although the JTA has made great strides in its first year of operation by establishing and staffing its local office, identifying sources of information, and in gaining membership in the Cairo World Trade Center, it is only reaching a very small percentage of the potential export community.

b. Weaknesses in the Selection and Use of Technology:

Closely related to difficulties faced by Jordanian companies in the identification of new markets for output, are the problems faced in the proper selection and use of foreign technologies, raw materials, and expertise. First, because of its small size many foreign suppliers do not consider it worth their while to market their products and services in Jordan. This is a complaint that Jordanian companies often make about American suppliers. Second, there is no central location from which Jordanian companies can gain help in the selection of technologies. While the Royal Scientific Society is supposed to perform such a function, few local businessmen consider it as a valuable source of information. Finally, it should be emphasized that the problem is not just one of a lack of information. It is also essential that local businessmen become more adept at choosing the right inputs and negotiating deals with foreign suppliers.

c. Weaknesses in Finance for Exports

The financial sector in Jordan is diverse, made up of a number of institutions providing a variety of debt and equity financing facilities. Lending facilities are provided by: 18 commercial banks, 6 specialized banks, 13 finance companies, 2 investment banks, 33 insurance companies, and several governmental savings and pension funds. Equity finance is provided by investment and specialized banking firms, insurance companies, nascent venture capital funds, and governmental agencies such as the Social Security Corporation. USAID has examined the structure and functions of the financial sector in a number of recent reports, including: the Financial Markets Development Strategy prepared by Price Waterhouse in May 1989; a Report on the Establishment of an Export Credit and Guaranty Agency prepared by First Washington Associates in August 1989; and a report on equity financing by Mr. Ihab Lutfi, former Chief Executive Officer of the Jordanian Technology Development Fund, in October 1989.

While these reports conclude that Jordan has a reasonably well developed financial system, they do point out that the conservative nature of the system tends to inhibit the ability of Jordanian companies to compete in international markets. Specifically, they point to the following areas of weakness: the scarcity of bank financing on competitive terms for foreign accounts receivable (i.e. "post-export" finance); the limited facilities for financing required for production inputs ("pre-export" finance); the paucity of risk, or equity capital, needed to fund new, internationally competitive products and services; and certain policies and regulations of the GOJ.

"Post-Export" Finance: It is not unusual for banks to be conservative when it comes to financing foreign accounts receivable, but in competing for export sales with other countries, Jordan is at a disadvantage because of the lack of effective "post-export" financing arrangements (i.e. the financing of accounts receivable from foreign buyers). Most exporting is done through confirmed letters of credit (l/c's) which are opened in the country of the importer and confirmed by a local, Jordanian bank. While this shifts the risk of non-payment from the exporter to his bank, it does not always allow the exporter to offer competitive financing terms to his customer. Many importers prefer to have the option of importing on an open account basis, i.e. where payment is made directly to the exporter without the use of an l/c. Most countries, both in the developed and developing world, offer some sort of insurance policy or guaranty to the exporter to protect against commercial as well as political risks of export sales. In Jordan no such mechanism exists. Jordanian exporters are able to obtain coverage from a Kuwaiti based company, but reportedly this company is so undercapitalized that local banks will not make advances collateralized by these insurance policies.

"Pre-Export" Finance: Both exporters and producers for the local market depend on commercial bank financing for their raw materials. Unfortunately, the heavy reliance of the banking system on collateral and personal guaranties often restricts access to the system by smaller and newer firms. However, it is often such firms that have the best potential for competing in foreign markets.

Risk/Equity Capital: Increases in Jordanian exports in the short term are very likely to come from existing companies rather than start-ups. Over the longer term, new export driven companies need to be encouraged. However, in Jordan it is difficult for either type of operation to amass the risk capital needed to take full advantage of the liquidity in the commercial banking system. Most entrepreneurs are currently limited to their own savings, or funds from family and personal acquaintances. The lack of effective intermediation between these parties is due, to a significant extent, to their unfamiliarity with (and implicit distrust of) each other. The investors in Jordan are conservative and most used to placing their resources at risk based on familial or personal connection. Less value than might be expected has traditionally been accorded to feasibility studies and business plans, so investors, even institutions, often lack the capacity to assess such studies and plans. At the same time, entrepreneurs cannot always be relied upon to sell their ideas convincingly to investors.

Recently there are indications that the Government and the private sector are moving to redress this problem. As part of its August 1988 reforms affecting trade and investment the GOJ announced new tax incentives for venture capital companies. Within the past year at least three "venture capital" operations have either started up or are in the planning stages: the Jordan Technology Group (capitalized by the Royal Scientific Society (RSS) and other investors), the Jordan Venture Capital Company, and a venture capital window the IDB.

In theory, the stronger, well-established companies have access to public offerings on the Amman Financial Market. However, even these companies face problems in going to the market, because of the interference of the Ministry of Industry and Trade in pricing public offerings. Eventually, as equity markets develop in Jordan, they may also be faced with serious shortcomings in the ability of the Amman Financial Market (AFM) to handle additional transactions. For the most part, the AFM now uses manual systems to conduct and record transactions, transfer deeds, and track and report statistics. Further growth will require a certain degree of automation and streamlining of current operations. The functions that would most benefit from automation include transaction matching and recording, broker confirmation, commission calculation, and deed transfer and tracking.

d. Policies that Inhibit Export Growth:

The Government of Jordan is to be congratulated for the many steps it has taken already to address its balance of payments difficulties. Among these steps are the floating of the Jordanian Dinar against other currencies, the relaxation of controls on interest rates and their impending elimination later this year, and the elimination of industrial licensing. The GOJ has also indicated a willingness to address some of the following issues:

Tariffs/Taxes: A World Bank analysis of Jordan's trade policy has concluded that high levels of effective protection coupled with substantial variability in such protection has distorted domestic production toward import substitution and away from exports. To promote development of more competitive industry, the World Bank espouses simplification in import taxation and lowering of overall tariff levels. Revenue losses would be made up by instituting a national sales or value added tax.

Customs Procedures: A USAID financed consultant to an interministerial group working on simplifying import and export procedures has helped to identify a number of problems. These include excessive numbers of procedures (e.g. import and export license requirements, too many signatures for customs clearance, overly frequent sampling for standards checking), distrust among importers and customs, leading to upward revisions in customs valuation for some 90 percent of goods imports, and ineffective use of duty-drawback import procedures to promote exports. To complicate these problems, Customs personnel and facilities are concentrated in Amman, while most goods enter via Aqaba. All of these problems add to the transactions costs of importing and exporting and thus impede development of cost competitive exports.

External Commercial Policy: Jordan is not a signatory to the General Agreement on Tariffs and Trade. Furthermore, while Jordan is a party to a number of bilateral trade and investment protocols, Jordan does not appear to approach negotiation of these protocols with as comprehensive a view of its own trade/investment interests as possible. Moreover, seemingly little priority is given by Jordanian embassies abroad to advancing Jordanian commercial policy interests. To open markets to the greatest advantage to Jordan's goods and services, Jordan needs the capability to formulate and negotiate from a more comprehensive and aggressive commercial policy stance.

Investment Regulations: Jordan offers internationally competitive income tax holidays and customs exemptions on equipment for new investments. However, such incentives do not apply to many services industries, and the criteria by which tax holidays are awarded are not transparent. As a consequence, automaticity in incentives is lacking, and potential investors that might otherwise be interested in establishing new or expanding old businesses are deterred. Failure to provide adequate internationally recognized guarantees of intellectual property rights is also a deterrent to foreign participation in Jordan's important pharmaceutical industry and to development of an indigenous computer software industry.

Financial Policies and Regulations: The Price Waterhouse report and others have pointed out several areas where Government of Jordan policies and regulations may be impeding more effective financial intermediation. Among those cited are: control over individual credit extensions that may inadvertently reduce competition among banks; and the extensive use of government guaranties on bond issues.

B. Project Goal and Purpose

- 1. Goal: To reduce the deficit in Jordan's balance of trade in goods and services.**
- 2. Purpose: To increase the exports of goods and services by Jordanian private sector businesses.**

An important sub-purpose of the project is to improve the financial intermediation process so that additional resources will flow to entrepreneurs willing to invest in export related industries. Such improvements in the financial sector will also have important benefits for those companies doing business primarily in local markets.

C. Expected Achievements/Accomplishments

By the end of the project it is expected that the following will have been achieved:

- 1. Exports: Exports: At least an additional \$40 million of exports of goods and services during the six year life of project and a sustained increase thereafter.**

- 2. Establishment/Strengthening of Private Sector Support Institutions:**

A new, self-supporting World Trade Center with at least 200 members.

A new, self-supporting export credit and guaranty agency with significant private sector ownership which is providing insurance/guaranty coverage on at least \$100 million of exports by the project end.

An improved Amman Financial Market capable of handling an increased volume of new issues as well as a higher volume of trading.

Improvements in the ability of financial institutions, especially commercial banks, to analyze and manage credits and to meet customer requirements.

Increase in the volume of venture capital being provided by existing and new entities to export related activities.

- 3. In conjunction with the work being done by the World Bank and the International Monetary Fund, a comprehensive reform of policies and regulations affecting trade and investment.**

D. Outline of the Project and How it Will Work

1. Improved Access to Markets and Technology

Foreign Markets and Technology Services: The project will provide funding for an AID direct contractor who will assist Jordanian companies in penetrating new markets and in acquiring the technology needed to produce internationally competitive products and services. Services would include the following: logistic support to Jordanian trade delegations to the U.S. and other countries; arranging visits and meetings with potential buyers and manufacturers; arranging training in U.S. facilities; arranging for participation of Jordanian groups or individuals in trade fairs around the world; keeping Jordanian companies informed about international marketing opportunities; and assist in closing on export orders and purchases of U.S. technology and materials. USAID would fund the start-up costs of this contract as well as a portion of fixed overhead. The balance of the contractor's compensation would have to be earned from the sale of services to interested Jordanian companies.

Design/Implementation Contract: In order to take advantage of the many different approaches and ideas that have surfaced in recent years on trade development, USAID proposes that a two step procurement be undertaken for the design and implementation of this component. Under this method USAID would first issue a Request for Technical Proposals (RFTP) to interested U.S. organizations. The top three proposers would then be invited to Jordan to develop complete technical and costs proposals. USAID would pay travel and per diem expenses for up to two persons from each of the three companies. (See Annex 4 for details on how this method was used for USAID/Jordan's Private Services Sector Project.)

Jordan World Trade Center: The project will provide funding for the establishment of a Jordan World Trade Center that would become a member in the World Trade Center Association (WTCA), an association of over 150 world trade centers (70 operational) in over 50 countries with headquarters at the World Trade Center in New York. Jordan's participation in WTCA will offer the following advantages: access for Jordanian businessmen to the facilities of any of the World Trade Centers around the world; access to WTC's Network, a private telecommunications system which provides a low cost linkage to importers and exporters in some 64 countries; a wide range of other services from WTCA, including training and trade publications. (See Annex 3 for additional information on world trade centers.)

AID will provide a grant to help cover the start-up costs of the Center. Local business associations and companies will provide the required facilities for offices, meetings, and exhibitions.

2. Improved Access to Finance

The thrust of the financial portion of this project will be to improve financial intermediation in Jordan, especially to provide finance for enterprises showing export potential.

Export Finance: The project will assist the Jordanian government and interested private sector financial institutions in the creation of an export credit and guaranty organization that offers commercial and political risk export credit insurance, and pre-shipment export credit guarantees for Jordanian exporters. AID will provide \$3 million, or 60% of total capital requirements, from the proposed \$62 million Export Development Sector Assistance Grant. The remaining capital will be raised from private sources.

Under the proposed project USAID will fund the costs of a two year program of technical assistance and training that will begin after the establishment of the agency but prior to its actual start-up. The assistance is envisioned to run through the end of the first year of operation. The TA program would include a full time resident advisor for two years; short term assistance from experts in highly specialized areas; and training for management and staff at other successful insurance and guaranty organizations and in relevant courses abroad.

Technical Advice/Training for Commercial Banks: The project will finance a series of technical assistance and training initiatives to enhance the professional capacities of Jordanian bankers. This agenda will be more fully developed during the PP stage, but the Price Waterhouse May 1989 recommendations (including cash flow lending analysis and bad loan identification and work out techniques) will be used as a starting point. This program will expand on and complement the training to be provided to commercial bankers under the existing Loan Guaranty for Small Enterprise Development Project.

Risk/Equity Capital: The objective of this activity is to increase the availability of risk capital to promising new export oriented ventures. With risk capital backing, such firms will be more able to gain access to credit through normal, commercial banking channels.

The project will work on two fronts to increase the flow of equity capital to private sector firms. First, the project will fund technical advisory services and training for the nascent venture capital industry in order to improve their abilities to identify and develop sound projects and secure them to investors. The PP design team will consider the desirability of working with existing venture capital institutions versus the establishment of new institutions or funds. One alternative under consideration is the establishment of a venture capital placement service that would enhance the existing informal mechanisms by which entrepreneurs raise capital from friends and relatives.

Second, the project will work closely with the Amman Financial Market to increase its capacity to handle an expanded volume of equity issues. It will also support policy dialogue on matters such as new issue pricing, and appropriate structuring of the market. The May 1989 Price Waterhouse study will serve as a substantive starting point for analysis of how the AFM can be improved, but these suggestions will be refined in the course of PP design.

Implementation Contract: The finance component of the project will be undertaken through a single, AID direct contract covering assistance to the Export Credit Guaranty and Insurance Agency, commercial banks, the venture capital industry, and the Amman Financial Market.

3. Assistance in Policy Research and Formulation

The project will provide funding for research and studies into areas that inhibit better export performance. Specific areas for study will be mutually agreed to by AID and the Government during project design and during the course of project implementation. As mentioned previously, the IMF and the World Bank have identified a number of areas requiring further study including tariff reform, customs procedures, and investment incentives. In addition, the May 1989 Price Waterhouse Study of the financial sector identified a number of policy and regulatory issues that need additional research.

Implementation Contracting: The nature of contracting will depend on the specific agenda worked out during PP design. However, it is likely that AID will utilize existing IQC and buy-in mechanisms to implement this component of the project.

IV. FACTORS AFFECTING PROJECT SELECTION AND FURTHER DEVELOPMENT

A. Social Considerations:

1. **Socio-Cultural Context:** With its well educated labor force and its well-established tradition as a trading society, Jordan is in a relatively good position to rise to the challenges posed by its balance of payments problem. However, if the private sector is to be the principal means for solving this problem, then it must be able to make the following changes in traditional practices: 1) extend the trading mentality into the export sector; 2) adopt modern, scientific methods of management as opposed to traditional, family oriented approaches; and 3) rely less on collateral than the underlying soundness of a business undertaking as support for financing decisions.

2. **Beneficiaries:** The targeted, direct beneficiaries of the project are the owners and employees of private sector exporters of goods and services. Indirect benefits will accrue to the general public who can be expected to consume higher quality and possibly lower priced goods and services. In addition, as firms expand output in response to new market opportunities, it can be expected that additional workers will be required. At the current time no particular individuals or groups are expected to be adversely affected by the project.

Although women are not specifically targeted as beneficiaries of this project, every effort will be made to ensure that women owned and/or managed firms will be made aware of the project and have access to its services. At the current time women comprise approximately 12% of the total labor force.

3. Participation:

Design: Targeted beneficiaries have been involved in all of the studies leading up to the design of this project. In addition, AID Management and private sector staff consult with private sector businesspersons on a daily basis, seeking out their ideas and suggestions for activities that would be appropriate for AID support. The Jordan Trade Association, a grouping of 25 private sector exporters has been particularly helpful in providing ideas for this project. It is anticipated that the project design team, consisting of U.S. consultants, USAID staff, and local consultants, will work closely with private businessmen in refining the ideas presented in this document.

Implementation: Promotional activities will take place under both the Marketing/Technology Acquisition Component and the Finance Component to ensure that the targeted beneficiaries are aware of services provided under the project. Since both the proposed World Trade Center and the Export Credit Insurance and Guaranty Agency will be for-profit institutions, it can be expected that the owners will take an active role in assuring that targeted beneficiaries use (and pay for) the programs.

Evaluation: Beneficiaries will be contacted on a regular basis by the local firm responsible for the design and implementation of USAID's private sector information system.

4. Socio-Cultural Feasibility: During project development, the design team will be looking more closely into the acceptability of insurance and guaranties among bankers and borrowers, and the attitudes toward venture capital.

5. Impact: This project is one in a series of projects focused on developing the private sector in Jordan into the major force behind sustained economic growth, which is one of the principal prerequisites for meeting basic human needs. Its immediate effect will be on private sector entrepreneurs, and the urban working class. Over time the number of beneficiaries will increase both through the ongoing activities of organizations established by the project and through the dissemination of modern production techniques and technology transferred under the project. All of the institutions created or strengthened under this project are expected to be self-sustaining.

B. Economic Considerations:

The critical foreign exchange shortage facing Jordan argues strongly in favor of a project that supports the export sector. While there are obviously a number of different approaches available for promoting the development of exports, the proposed project is particularly attractive because it will support existing small and medium sized private sector enterprises and new export oriented companies.

The major benefits of the project are increases in net foreign exchange earnings and Gross Domestic Product that are expected to result from changes in government policies, better information on markets and technology, and increased availability of financial resources. In addition, the project is expected to have a positive impact on the unemployment problem. The bulk of the project costs will be for technical advisory services and training with a smaller amount going towards the purchase of commodities. Costs are more fully discussed under "Estimated Costs and Methods of Funding".

Preliminary estimates under one scenario indicate that the project would have to generate a \$8 million annual increase in export revenues over a period of 10 years in order to achieve a 16% internal rate of return. Such an increase would represent less than 1% of 1988 exports. This estimate is based on an assumption that the average value added for exports is 40%.

During project design both cost-benefit analysis and least cost analysis will be employed. In many cases it will be difficult to separate out the effect of a project intervention from other factors. Therefore, least cost analysis will be carried out for all proposed project components. This will be facilitated for the marketing and technology component by the fact that alternative designs will be submitted under the two step

design/implementation contracting procedure. During project design refinements will be made to the expected increases in exports and net foreign exchange revenues. These revised estimates will form the basis of a discounted economic cost benefit analysis.

C. Relevant Experience with Similar Projects

Over the past three and one-half years USAID has worked extensively with the private sector through a number of different projects and programs. These efforts are described more fully in Annex 5. While this is the first major USAID/Jordan effort in the trade and investment area, USAID has gained valuable experience from the organization of the June 1987 Jordan Trade and Investment Mission to Atlanta and Pittsburgh.

The recent mid-term evaluation of the Management Development Project examined two serious problems that have implications for the proposed project. At the Jordan Institute of Management weaknesses in marketing and management have resulted in a loss of market share to foreign competitors, and continuous operating losses that are eroding the support from its parent institution, the Industrial Development Bank. At the government-run University of Jordan MBA program, evaluators found that the low salaries paid by the University to business faculty prevented the attraction and retention of high quality staff. As a result of this evaluation, USAID is now working with a group of private businessmen to set up a private MBA program.

Under the current project AID will ensure that cooperating institutions are ready to pay competitive salaries to attract high quality staff, and that sufficient attention is paid to marketing of programs and services.

During project design USAID will more closely examine the Agency's experience in trade and investment promotion including the S&T Bureau's Market and Technology Access Project (MTAP).

D. Borrower/Grantee or Recipient Country Agency

Overall Responsibility/Policy Research and Formulation: The Ministry of Planning (MOP) acts as the representative of the GOJ in the negotiation and implementation of all foreign donor assistance. It is expected that the Ministry and USAID will execute a \$10 million grant agreement covering all aspects of this project. The MOP will have general oversight responsibility for the whole project while it will be the principal implementing agency for the policy studies component. The MOP and its predecessor agency, the National Planning Council, have worked closely with USAID for almost 20 years. In the past two years the Ministry and AID have cooperated on two well-received policy studies: the

first concerning the investment climate and incentives, and the second concerning custom clearance policies and procedures.

During project design the Mission will explore additional mechanisms for integrating the three project components and ensuring that they complement the ongoing private sector program.

Marketing/Technology Component: It is expected that the AID direct contractor involved in the implementation of the project's market and technology component will work closely with: private sector companies; businesses associations such as the Jordan Trade Association (JTA); the Federation of Jordanian Chambers of Commerce; the Amman Chamber of Industry (ACI); and the proposed World Trade Center. AID is currently assisting two of these organizations: the JTA, which AID helped to establish in early 1988 and the ACI, which is receiving assistance under the Industrial Development Project.

Finance Component:

Export Finance: This subcomponent will be implemented by the Jordan Export Credit and Guaranty Agency, which is expected to be established within the coming six months. The Jordanian cabinet has recently endorsed the creation of the Agency, which will have a mixture of private and public sector ownership. AID will provide \$3 million, or 60% of total capital requirements, from the proposed \$62 million Export Development Sector Assistance Grant. The remaining capital will be raised from private sources. In addition, an AID funded contractor will work with the Agency and participating commercial banks.

Equity Market Development: The Amman Financial Market (AFM) will be the principal implementing agency for this subcomponent. The AFM is both a securities exchange and securities regulator that was established in 1976 and began operations in 1978. Close to 140 companies are listed on the exchange. The AFM has developed a solid reputation, not only in Jordan, but also in the rest of the Middle East. AID has previously cooperated with the AFM on the following studies: the feasibility of establishing a mutual fund, AFM operations, and the mergers and acquisitions law. In addition, a number of AFM employees have received training under the Development Administration Training Project.

E. AID Support Requirements Capability

It is anticipated that project design and implementation will require the equivalent of one full time professional officer for the first three years, although this may be split between two or three different officers because of the diverse nature of project components. Primary responsibility for the project will be with the Mission's Private Enterprise and Project Development Office (PEPD) while the Regional Economist Office will provide support for the policy studies component. The PEPD Office is currently staffed with 12 professionals who have a reasonably wide range of experience with the type of activities anticipated. The Regional Economist Office is staffed by two full-time economists.

Contracting assistance will be required primarily for the two major direct AID contracts envisioned under the project. The Mission is gearing up for these requirements by bringing on a full-time contracting officer by mid-1990. In the interim the Mission will continue to rely on its Executive Officer for small contracting actions and the Regional Contracts Officer in Yemen for larger actions.

In accordance with existing USAID policy, all project funded contractors will be required to provide their own logistical support.

F. Estimated Costs and Methods of Financing

AID will contribute a total of \$10 million in grant funds over the six year life of project, of which \$2.5 million will be obligated in FY90 and \$3.5 million in FY91. AID funds will be used to fund U.S. advisory services, training, commodities, and local staff and operational costs. Jordanian organizations, including private sector participants and beneficiaries, are expected to contribute a similar amount for U.S. advisory services, staff, and operational costs. The Government of Jordan will make in-kind contributions of staff and facilities that will not require additional budget outlays. A preliminary cost estimate and financial plan is included on the following page and details are included in Annex 1.

G. Design Strategy

Project design will be guided by the USAID Project Committee which consists of:

Thomas Dailey/Richard Rousseau
Shaden Halazun
Dean Pratt
Drew Luten
Francis Donovan

Chairpersons
Regional Economist Office
Controller's Office
Regional Legal Advisor
Commodity Mangement Officer
Regional Contracts Officer

Outside technical assistance will be obtained for the design of the market/technology component and the equities market subcomponent. It is anticipated that one of the PRE Bureau private sector contracts will be used for this purpose. As mentioned previously, the Mission will then use a two-step contracting process for the design and implementation of the marketing/technology component of the project. Annex 4 contains a detailed description of this process.

PRELIMINARY COST ESTIMATE AND FINANCIAL PLAN
 (000 US DOLLARS)

BY PROJECT COMPONENT	COSTS	FINANCING		
		AID	PRIVATE	GOJ
1 MARKETING/TECHNOLOGY				
- MKTS/TECH. CONTRACT	4,965	2,483	2,483	0
- WORLD TRADE CENTER	2,432	1,216	1,216	0
SUBTOTAL	7,397	3,698	3,698	0
2 FINANCIAL MARKETS				
- EXPORT CREDIT	946			
- COMMERCIAL BANKING	1,044			
- VENTURE CAPITAL	812			
- STOCK EXCHANGE	942			
- CREDIT POLICY	707			
SUBTOTAL	4,450	4,450		
3 POLICY RESEARCH	707	707		
4 EVALUATION	236	236		
SUBTOTAL 1 TO 4	12,789	9,091	3,698	0
INFLATION/CONTINGENCY ● 10%	1,279	909	370	0
TOTAL PROJECT	\$14,068	\$10,000	\$4,068	\$0

BY INPUTS:	YEARS ● \$000/YR	TOTAL
LONG TERM ADVISORS	2	519
SHORT TERM ADVISORS	23	6,574
US BASED MARKETING/TECHNOLOGY ADVICE	10	2,138
JORDANIAN PROFESSIONALS	42	1,260
JORDANIAN SUPPORT	30	300
TRAINING	17	718
EQUIPMENT		410
OTHER WTC COSTS		872
SUBTOTAL		\$12,789
INFLATION/CONTINGENCY ● 10%		\$1,279
TOTAL PROJECT		\$14,068

ANNEX 1: PRELIMINARY COST ESTIMATE AND FINANCIAL PLAN (US DOLLARS)

PROJECT COMPONENT	COSTS					FINANCING			
	UNITS/ YEAR	YRS.	TOTAL UNITS	COST/ UNIT	COST/ YEAR	TOTAL COST	AID	PRIVATE	GOJ
1 MARKETING/TECHNOLOGY	*****								
- WORLD TRADE CENTER	**MAJOR ASSUMPTIONS:								
PROFESSIONALS	84 PM	6	504	2,500	210,000	1,260,000	**ANNUAL U.S. SALARY	75,000	**
SUPPORT STAFF	60 PM	6	360	833	50,000	300,000	**OVERHEAD AS % LABOR	175%	**
OFFICE RENTAL	1,000 M2	6	6,000	90	90,000	540,000	**FEE AS % LABOR & OH	10%	**
UTILITIES		6			12,600	75,600	**COST PER PM LT	21,606	**
FURNISHINGS						100,000	**COST PER PM ST	23,563	**
LIBRARY						50,000	**COST PER PM US BASED	17,813	**
DATA BASES						50,000	**		**
WTCA INITIATION						35,000	*****		
WTCA ANNUAL FEE		6			3,500	21,000			
SUBTOTAL					366,100	2,431,600	1,215,800	1,215,800	0
- MARKETS/TECHNOLOGY CONTRACT									
US BASED ADVISORS	24 PM	5	120	17,813	427,500	2,137,500			
ST ADVISORS	24 PM	5	120	23,563	565,500	2,827,500			
SUBTOTAL			240			4,965,000	2,482,500	2,482,500	
TOTAL MARKETING			240			7,396,600	3,698,300	3,698,300	
2 FINANCIAL MARKETS	*****								
- EXPORT CREDIT									
LT ADVISOR	12 PM	2	24	21,606	259,275	518,550	*****		
ST ADVISORS	4.5 PM	2	9	23,563	106,031	212,063	**TOTAL PROJECT:		**
TRAINING	15 PM	2	30	3,500	52,500	105,000	**		**
EQUIPMENT					110,000	110,000	**	2 YRS. LT ADVISORS	**
SUBTOTAL					527,806	945,613	**	23 YRS. ST ADVISORS	**
- COMMERCIAL BANKING							**	10 YRS. US BASED ADVISORS**	**
ST ADVISORS	5 PM	5	25	23,563	117,813	589,063	**	42 YRS. JORD. PROFESSION.	**
TRAINING	26 PM	5	130	3,500	91,000	455,000	**	30 YRS. JORDANIAN SUPPORT**	**
SUBTOTAL					208,813	1,044,063	**	17 YRS. TRAINING	**
- VENTURE CAPITAL							**	\$410,000 EQUIPMENT	**
ST ADVISORS	6 PM	5	30	23,563	141,375	706,875	**	\$871,600 OTHER COSTS	**
TRAINING	6 PM	5	30	3,500	21,000	105,000	**		**
SUBTOTAL					162,375	811,875	**		**
- STOCK EXCHANGE							**		**
ST ADVISORS	5 PM	5	25	23,563	117,813	589,063	**		**
TRAINING	3 PM	5	15	3,500	10,500	52,500	**		**
EQUIPMENT					100,000	300,000	**		**
SUBTOTAL					228,313	941,563	*****		
- CREDIT POLICY		5	30	23,563	141,375	706,875			
TOTAL FINANCIAL					1,268,681	4,449,988	4,449,988		
3 POLICY RESEARCH	6 PM	5	30	23,563	141,375	706,875	706,875		
4 EVALUATION	5 PM	2	10	23,563	117,813	235,625	235,625		
SUBTOTAL 1 TO 4						12,789,088	9,090,788	3,698,300	0
INFLATION/CONTINGENCY	10.0%	OF SUBTOTAL				1,278,909	909,079	369,830	0
TOTAL PROJECT						14,067,996	9,999,866	4,068,130	0

PRELIMINARY LOG FRAME
EXPORT TRADE AND PRODUCTIVE INVESTMENT PROJECT

ANNEX 2
PAGE 1

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
PROGRAM OR SECTOR GOAL: THE PROGRAM OBJECTIVE TO WHICH THIS PROJECT CONTRIBUTES:	MEASURES OF GOAL ACHIEVEMENT:		ASSUMPTIONS FOR ACHIEVING GOAL:
TO REDUCE THE DEFICIT IN JORDAN'S BALANCE OF TRADE IN GOODS AND SERVICES.	BALANCE REDUCED TO FROM 19.8% IN 1988 TO 5% BY 1993.	BALANCE OF PAYMENTS STATISTICS	STRUCTURAL ADJUSTMENT PROGRAM IMPLEMENTED BY GOJ. SUFFICIENT FOREIGN EXCHANGE AVAILABLE TO IMPLEMENT ADJUSTMENT PROGRAM. COMPANIES INVEST IN AREAS OF COMPARATIVE ADVANTAGE.
PROJECT PURPOSE:	CONDITIONS THAT WILL INDICATE PURPOSE HAS BEEN ACHIEVED: END OF PROJECT STATUS		ASSUMPTIONS FOR ACHIEVING PURPOSE:
TO INCREASE THE EXPORTS OF GOODS AND SERVICES BY JORDANIAN PRIVATE SECTOR BUSINESSES.	AN ANNUAL INCREASE OF AT LEAST \$8 BILLION IN THE EXPORTS OF TARGETTED FIRMS.	COMPANY RECORDS USAID/JORDAN PRIVATE SECTOR INFORMATION SYSTEM PROJECT EVALUATIONS	COMPANIES UTILIZE SERVICES PROVIDED BY PROJECT. PUBLIC SERVICES REMAIN REASONABLY EFFICIENT. GOJ RESPONDS FAVORABLY TO PROPOSED POLICY CHANGES.

26.

The following is the current project development schedule:

Submission of PID to AID/W	November 2, 1989
AID/W Action on PID	November 17, 1989
Start of Design TA	November 30, 1989
Completion of Design TA	January 15, 1990
Issue RFTP for Market/Technology Component	January 31, 1990
Evaluate Proposals and Issue RFP for Market/Technology Component	March 31, 1990
Evaluate Proposals	May 15, 1990
Completion of PP	June 15, 1990
Project Authorization	July 1, 1990
Project Agreement Executed	July 15, 1990

In accordance with Redlegation of Authority 654, and upon receipt of PID approval from AID/W, the Mission will proceed with PP preparation and authorization.

H. Recommended Environmental Threshold Decision

Firms to receive assistance should not be polluters or industries that produce toxic waste.

I. AID Policy Issues

None.

J. Design Issues

The Mission has identified several design issues which will be addressed during the preparation of the PP:

Marketing and Technology Acquisition Services:

How much should participating local companies be charged?
How can U.S. contractor be given adequate incentives? (e.g. commissions on actual export orders and technology acquired.)
Should contracts include all private sector training?

Finance Component:

Could the new Export Credit and Guaranty Agency be used effectively to introduce new ideas and techniques to commercial banks.
Could the Amman Financial Market be used as a vehicle for assistance to the venture capital industry?

World Trade Centers Association Members:

Abidjan	Greensboro	Orlando
Amsterdam	Guangzhou	Ottawa
Anchorage	Halifax	Oxnard
Antwerp	Hamburg	Panama
Archamps	Hartford	Paris
Atlanta	Havana	Pomona
Bahrain	Hefei	Portland
Baltimore	Hong Kong	Porto
Bangkok	Honolulu	Port Said
Basel	Houston	Quebec City
Beijing	Istanbul	Rio de Janeiro
Bogota	Jacksonville	Rotterdam
Bombay	Jakarta	Ruhr Valley
Boston	Jamaica	San Francisco
Brugge	Jeddah	Santa Ana
Brussels	Johannesburg	Santa Ana
Budapest	Kuala Lumpur	Sao Paulo
Buenos Aires	Lagos	Seattle
Cairo	Le Havre	Seoul
Calgary	Leiden	Shanghai
Cape Verde	Lisbon	Shenzhen
Cardiff	Ljubljana	Singapore
Cedar Rapids	London	Sofia
Charlotte	Long Beach	St. Louis
Chengdu	Luxembourg	St. Paul
Chicago	Lyon	Stockholm
Cincinnati	Macau	Strasbourg
Cologne	Madrid	Tacoma
Colorado Springs	Manchester	Taipei
Columbus	Marseille	Tampa
Copenhagen	Melbourne	Tel-Aviv
Curacao	Miami	Tokyo
Cyprus	Milan	Toledo
Denver	Milwaukee	Toronto
Des Moines	Mmabatho	Trinidad & Tobago
Detroit	Montreal	Tunis
Dubai	Moscow	Valencia
Dusseldorf	Munich	Vancouver
Edmonton	Nairobi	Vienna
Eindhoven	Nanjing	Washington, D.C.
Ft. Lauderdale	Nantes	Wichita
Geneva	New Delhi	Wilmington, DE
Genoa	New Orleans	Wilmington, NC
Ghent	New York	Winnipeg
Gothenburg	Norfolk	Xiamen
		Xian

What is a World Trade Center?

What is a World Trade Center?

More than a building, a movement, or an organization, the world trade center concept brings together business and government agencies involved in foreign trade. Ideally, a world trade center (WTC) puts all services associated with international trade under one roof. The world trade center in any city is a business "shopping center," complementing and supporting the existing services of private and governmental agencies.

World Trade Centers Association President Guy F. Tozzoli explains: "The world trade center concept was created to promote and facilitate the international trade of a center's particular region."

Where are World Trade Centers located?

From Moscow to Macau, from Beijing to Brussels, world trade centers or affiliated associations are in virtually every major trading city. At mid-1987, 61 operating WTCs, and over 50 planned WTCs were active around the world, with more petitioning for membership each month. The Association's non-political nature permits the network to join nations of every ideology in pursuit of common economic interests.

What services are provided?

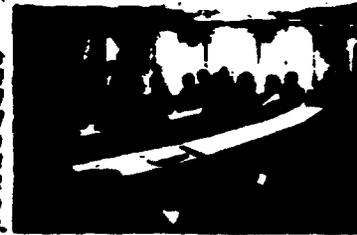
A world trade center offers its members and tenants a wide range of facilities and services—either free or at a discounted price. All are reciprocal; a member can take advantage of these facilities at any WTC around the world.

All centers offer office space for the

Exhibitions are an important way for companies to promote their wares.



Training programs on critical aspects of international business are an important feature of most world trade centers.



international trading community: international financial institutions, manufacturers, customs brokers, freight forwarders, government trade promotion services, legal services, insurance brokers, and professional services.

Most centers provide a full range of information services including computerized communications, extensive database and library facilities covering world markets, trade opportunities, government regulations, tariffs, and other business topics. Trade research services are also available.

Education services are extensive at most WTCs, ranging from language instruction to workshops, seminars, and other training programs to facilitate international business activities.

Exhibit space is available at most WTCs for displaying products or holding trade fairs or shows.

Meeting or conference facilities suitable for every size and type of business gathering are usually available at WTCs.

Some WTCs offer trading companies to provide practical trade assistance to local manufacturing and service companies.

Most WTCs support trade missions, often organized in cooperation with other WTCs, providing all necessary support services.

Most WTCs maintain an exclusive private club for members to entertain their clients or guests. Comfortable lounge and dining facilities are geared to a discriminating international business clientele.

Consumer and business facilities are provided at most WTCs to meet virtually every need. These usually include banks, hotels, restaurants, specialty shops, convenience services, and secretarial, translation, travel, and support services. Additionally, trade centers provide international communication services including WTC NETWORK.

What is WTC "Network" and how can it cut my communications costs?

WTC membership gives you access to a unique easy-to-use database and computerized communications systems that can make business prospects easier to identify—and can slash your communications costs.

The electronic Bulletin Board provides a valuable link to buyers and sellers worldwide. This "WTC NETWORK" system can help you determine a potential partner's viability, and so lessen the risk of doing business with new partners in other countries.

The system is as easy to use as a telephone, works with almost any type of computer or word processor, and can be accessed from approximately 800 cities in 64 countries via local telephone. You can receive a message for the cost of a local phone call, and send one overseas at a fraction of the cost of telex.



"WTC NETWORK" computerized communications system links users with over 60 nations.

What other information can I receive?

Services available at world trade centers vary according to membership. For example, one WTC office offers a link, a

Minutes from the bustling City of London with its major international trade institutions, is WTC London's World Traders Club.



business opportunity system from Bank of Boston, as well as Starcom, a computerized ocean freight rate service, and other database services related to agribusiness, commodities, currency exchange, etc. Many world trade centers also offer advice on trade opportunities, direct access to the libraries of international organizations, partner search (sales, purchase, distribution, patents, and licenses), help with trade promotion, technology transfers and joint ventures, and assistance with commercial, tax, and legal issues.

How can the education services benefit me?

WTC education services tend to be practical and specific to member needs. Courses can range from basic export documentation to advanced export finance. Meetings and conferences in conjunction with trade shows deal with specifics of production, technology, or manufacturing. Speakers share special knowledge of markets or business strategy in dealing with government agencies or multinational firms. A primary topic of concern is local customs and cultural differences as they affect international trade. WTCs offer extensive and ongoing training and consulting in this area.

What do the clubs offer?

Virtually every WTC offers membership in a world trade center club. Some of the member clubs in the U.S. include: Windows on the World, New York; the Pilgrimage Club, New Orleans; and Atlanta. Overseas clubs of the same standard can be found in London, Basel, Beijing, Tokyo, Rio de Janeiro, Hong Kong, and Rotterdam, to name a few.

WTC clubs offer the best of any private business clubs around the globe. Clubs provide VIP receptions and special functions as needed and, like all WTC services, are reciprocal to members anywhere in the world. Each WTC club caters to the needs of international business people with the highest-quality service in an atmosphere conducive to business discussions.

What is the World Trade Centers Association (WTCA)?

Founded in New Orleans in 1968 to encourage the expansion of world trade, the WTCA has grown to become a network of over 150 member organizations in over 50 nations. The Association is dedicated to three basic goals: to encourage mutual assistance and cooperation among members, promote international business relationships, and foster increased



World Trade Centers Association headquarters at the World Trade Center in New York offers WTCA member organizations a wide range of services.

participation in world trade by developing nations.

Non-profit and non-political, the Association continues to grow and extend partnerships and trade links throughout the globe. More than 400,000 companies involved in international trade are currently affiliated with WTCA.

WTCA services and benefits to member WTCs include:

- Seminars on how to establish a successful world trade center
- Manuals on planning and operating specific world trade center services
- A monthly newsletter and quarterly magazine
- Annual general assemblies and periodic committee meetings to promote a variety of mutual assistance programs
- Exclusive rights to use the world trade center name in specific regions of the world.

How can I find out more?

To learn more about world trade center programs, services, or membership, contact:

World Trade Centers Association
One World Trade Center, Suite 7701
New York, N.Y. 10048 USA
Telephone: (212) 313-4600
Telex: 285 472 WTNY UR

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ANNEX 4

CLASS: UNCLASSIFIED
CERGE: AID 19/5/87
APPRV: DIR:LPREAD3
DRFTD: PDO:WILEY:LK
CLEAR: 1.DD:RJOHNSON
2.CO:PSHIRK
3.PDO/PEO:JDEMPSE
DISTR: AID-2 CHG A/DCM

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AIDAC

FOR ANE/DAA WILLIAM FULLER AND
- ANE/PD RON VENEZIA

SANAA FOR PETER SHIRK

E.O. 12356:N/A
SUBJECT: PRIVATE SERVICES SECTOR PROJECT (NO. 273-2272)
USAID/JORDAN PIONEERS INNOVATIVE PROJECT DESIGN APPROACH

REF: (A) AMMAN 12897, (B) STATE 698910, (C) SANAA 293821

1. SUMMARY: ON SUNDAY, SEPTEMBER 27, 1987, USAID/JORDAN AND THE GOVERNMENT OF JORDAN (GOJ) SIGNED AN AGREEMENT OBLIGATING DOLS 10 MILLION FOR THE PRIVATE SERVICES SECTOR PROJECT. THE PROJECT DEVELOPMENT METHODOLOGY-DEPARTS FROM TRADITION IN THAT THE DESIGN PHASE INCORPORATES THE CONTRACTING PROCESS. IN SO DOING, WE ACHIEVED A MORE CREATIVE AND DETAILED PROJECT DESIGN AND SAVED MUCH TIME IN CONTRACTING FOR PROJECT IMPLEMENTATION. THE PRIVATE SERVICES SECTOR PROJECT IS UNIQUE TO THE AGENCY NOT ONLY FROM THE STANDPOINT OF THE SECTOR TARGETED FOR ASSISTANCE BUT ALSO FROM THE STANDPOINT OF THE APPROACH EMPLOYED BY USAID/JORDAN TO DESIGN THE PROJECT. THIS APPROACH CONSISTED OF A TWO-STEP NEGOTIATED CONTRACTING PROCEDURE WHICH PROVIDED FOR COMPETITION AMONG U.S. CONTRACTORS TO DESIGN AND IMPLEMENT THE PROJECT. THE DESIGN COMPETITION PHASE HAS BEEN COMPLETED AND THE NUMBER ONE RANKED FIRM HAS BEEN IDENTIFIED. A HOST COUNTRY CONTRACT IS BEING NEGOTIATED BY THE GOJ PURSUANT TO AID HANDBOOK 11 AND PROJECT IMPLEMENTATION IS EXPECTED TO BEGIN WITHIN THE NEXT SEVERAL WEEKS. GIVEN THE SUCCESS OF THIS APPROACH, WE INTEND TO USE IT FOR SEVERAL OF OUR FY 1988 PROJECT DESIGNS. END SUMMARY.

2. OUR RATIONALE: THE MISSION EMBARKED ON THIS EXPERIMENT FOR FOUR REASONS. FIRST, THE NORMAL TA PROJECT DESIGN PROCESS TENDS TO REDUCE MOST PROJECTS TO A MIDDLE OF THE ROAD STANDARD BASED UPON THE EXPERIENCE OF BOTH OUR MISSION PERSONNEL AND OUR COMPLIANT CONSULTANTS. WHILE THE DESIGN MAY BE COMPLETED, AND EVEN PROVEN, WE TEND TO EXCLUDE INNOVATION AND CREATIVITY BY OUR "COMMITTEE DRIVEN" CONSENSUS MANAGEMENT STYLES. SECOND, OUR DESIGNING A PROJECT AND THEN CONTRACTING FOR ITS IMPLEMENTATION GIVES CONTRACTORS AN OUT, IF THE

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PROJECT DOES NOTFLY DURING IMPLEMENTATION. THEY SAY:
"YOU GUYS DESIGNED THIS PROJECT, WE DIDN'T". MOREOVER,
GIVEN THAT OUR PROJECT DESIGN (AND THE RESULTING RFP'S)
GET DOWN TO THE MICRO-STAFFING LEVEL (E.G. "29
PERSON-MONTHS OF A PID PLANT PATHEOLOGIST WITH 15 YEARS
POST DOCTORAL EXPERIENCE INCLUDING 5 YEARS IN A
SUB-TROPICAL ENV). THAT THE SALARY LEVELS FOR SUCH
PEOPLE ARE A GIVEN NUMBER PLUS OR MINUS 5 PERCENT, THAT
OVERHEADS AND G AND A'S ARE SET BY USG AUDITORS AND THAT
PROJECT PERCENTAGES ARE RIGIDLY HELD TO 8-10 PERCENT,
THE ONLY REAL COMPETITION AGAINST OUR RFP'S IS
"PROPOSAL-PERSONSEIP" AND A BATTLE OF CV'S (NOT MUCH
IMAGINATION THERE). THIRD, IT SEEMS REDICULOUS TO US TO
STRAIN TO OBLIGATE A PROJECT BEFORE 30 SEPTEMBER AND
THEN WAIT A YEAR OR MORE BEFORE WE GET A TA TEAM IN
PLACE. SOMETHING NEEDS TO BE DONE TO SPEED UP THE
PROCESS. FINALLY, WE REALLY WANT TO DO SOMETHING WHICH
WILL LET A SMALL FIRM (ESPECIALLY E(A)'S AND
MINORITY/WOMEN OWNED) HAVE A CHANCE AGAINST THE BIGGER
FIRMS WHO CAN AFFORD TO SEND TECHNICAL AND MARKETING
PEOPLE TO AID COUNTRIES FOR PROSPECTIVES AND PROPOSING.
WE THINK THE AMMAN EXPERIMENT HELPS TO GET AT THESE FOUR
ISSUES.

3. PROJECT DESIGN APPROACH: THE DESIGN OF THE PROJECT
INVOLVED DEVELOPMENT OF A DETAILED PID BY THE MISSION,
WITH OUTSIDE CONSULTANT ASSISTANCE. (THE CONSULTANT WAS
PRECLUDED FROM PARTICIPATING IN THE DESIGN/CONTRACTING
PROCESS). THE PID SET OUT IN DETAIL THE CONDITIONS AND
CONSTRAINTS IN THE SERVICES SECTOR AND AN EXTENSIVE SET
OF SPECIFIC END OF PROJECT OUTPUTS TO BE ACCOMPLISHED BY
THE IMPLEMENTING CONTRACTOR. FROM PID APPROVAL THE
MISSION PROCEEDED TO A MODIFICATION OF THE TWO-STEP
SEALED BID CONTRACTING PROCESS WHICH INCORPORATED THE
FLEXIBILITY OF NEGOTIATION. A REQUEST FOR TECHNICAL
PROPOSALS (RFTP) WAS PUBLISHED IN THE CBD AND
SUBSEQUENTLY ISSUED TO OVER ONE HUNDRED INTERESTED U.S.
FIRMS. THE OUTPUT TARGETS SET OUT IN THE PID BECAME THE
SCOPE OF WORK. AT THIS STAGE OFFERORS WERE INSTRUCTED
NOT TO INCLUDE COSTS IN THEIR TECHNICAL SUBMISSION.
INTERESTED FIRMS WERE TO DESCRIBE THEIR OVERALL APPROACH
TO THE PROJECT AND DISCUSS GENERALLY HOW THEY PROPOSED

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TO ACCOMPLISH THE OUTPUTS. A TECHNICAL EVALUATION COMMITTEE REPRESENTED BY USAID AND THE COJ IDENTIFIED FOUR FINALISTS TO PARTICIPATE IN STAGE TWO. THE FOUR FIRMS WERE REQUESTED TO SUBMIT A FULL PROPOSAL (RFP), INCLUDING A COST/BUSINESS MANAGEMENT PLAN. IN THEIR TECHNICAL SUBMISSION EACH OF THE FOUR PROPOSERS WERE TO EXPLAIN IN DETAIL THEIR APPROACH TO PROJECT DESIGN AND IMPLEMENTATION AND HOW EACH OUTPUT TARGET WOULD BE ACHIEVED. THE FINAL PROPOSALS WERE ALSO TO INCLUDE A DETAILED IMPLEMENTATION PLAN. THE TECHNICAL EVALUATION COMMITTEE RANK ORDERED THE FOUR PROPOSALS IN ACCORDANCE WITH EVALUATION CRITERIA SET OUT IN THE RFP AND IDENTIFIED THE MOST ADVANTAGEOUS OFFER ON THE BASIS OF TECHNICAL MERIT AND COST CONSIDERATIONS. FROM THIS WAS DEVELOPED THE PP CONTAINING THE WINNING FIRMS DETAILED PROJECT DESCRIPTION, PROJECT DESIGN APPROACH, IMPLEMENTATION PLAN, BUDGET, MONITORING PLAN, ETC. THOSE SECTIONS OF THE PP SECTIONS THAT COULD NOT BE DEVELOPED BY THE WINNING FIRM THROUGH THE RFP WERE DEVELOPED BY THE MISSION. THIS DESIGN/CONTRACTING APPROACH IS NOTEWORTHY DUE TO THE CHANGE IN THE USUAL PROCEDURES. USING THE APPROACH DESCRIBED ABOVE, THE WINNING PROPOSAL IN STAGE TWO (RFP) BECOMES THE BASIS FOR PROJECT DESIGN AND IMPLEMENTATION. THEREFORE, THE CONTRACT SCOPE OF WORK IS PREPARED AND DEVELOPED FROM THE PROJECT DESIGN APPROACH AS REFLECTED IN THE WINNING PROPOSAL.

4. IN ORDER TO ASSIST FIRMS IN RESPONDING TO THE FINAL RFP, THE MISSION PROVIDED TRAVEL AND PER DIEM FOR UP TO THREE MEMBERS OF EACH OF THE FOUR FIRMS IN STAGE TWO TO COME TO JORDAN FOR UP TO THREE WEEKS TO GATHER INFORMATION, ATTEND MEETINGS AND PARTICIPATE IN DETAILED PROJECT BRIEFINGS. (IN STAGE ONE OFFERS WERE NOT ENCOURAGED TO MAKE SITE VISITS TO JORDAN.) THE FOUR FIRMS THEN RETURNED TO THE U.S. TO PREPARE THEIR FINAL PROPOSALS. FEEDBACK FROM THE FIRMS INDICATED THAT THIS IN COUNTRY EXPOSURE WAS INVALUABLE TO DEVELOPMENT OF SOUND PROPOSALS UNDER THIS TYPE OF PROJECT DESIGN APPROACH. IN LIGHT OF THE HIGH QUALITY FINAL PROPOSALS THAT WERE RECEIVED, MISSION ALSO FEELS THAT HAVING THE FINALIST COME TO JORDAN WAS A USEFUL AND NECESSARY EXERCISE.

5. MISSION BELIEVES THAT THE APPROACH CAN BE EMPLOYED FOR ALMOST ALL PROJECT WHERE OUTPUTS CAN BE DEFINED AT THE PID STAGE. ONLY LIMITED CONSULTANT ASSISTANCE IS REQUIRED FOR PROJECT IMPLEMENTATION. WE ANTICIPATE EMPLOYING THIS COMBINED DESIGN/CONTRACTING METHODOL FOR DESIGNING AND IMPLEMENTING OTHER PLANNED PROJECTS IN OUR PORTFOLIO.

6. IMPLEMENTATION LESSONS LEARNED: FOR ALL THE REASONS LISTED IN PARA 2, WE ARE ENTHUSIASTIC ABOUT THE PROCESS, BUT ALSO WANT TO POINT OUT SOME REQUIREMENTS IN IT THAT SHOULD BE CONSIDERED. USAID/JORDAN OFFERS THE FOLLOWING AS ADVICE TO OTHER MISSIONS WISHING TO CONSIDER THIS AS AN ALTERNATIVE TO MORE TRADITIONAL DESIGN AND CONTRACTING METHODS:

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FOR FINAL PROPOSAL PREPARATION.

D. THE BIDDERS WHO ARE SELECTED TO SUBMIT FINAL PROPOSALS MUST BE BROUGHT TO THE COOPERATING COUNTRY FOR PART OF THE PROPOSAL PREPARATION PERIOD TO FAMILIARIZE THEMSELVES WITH THE HOST COUNTRY SITUATION AND THE SECTOR TARGETS OF ASSISTANCE.

E. GIVEN THE COMPLEX NATURE OF THIS APPROACH MISSIONS SHOULD ENSURE THAT CONCERNED HOST COUNTRY COUNTERPART MINISTRIES AND AGENCIES ARE ON BOARD EARLY ON IN THE PROJECT DESIGN PROCESS AND THAT THE HOST COUNTRY FULLY UNDERSTANDS THE PROJECT DESIGN APPROACH. OUR EXPERIENCE WAS THAT IT REQUIRED A SERIES OF MEETINGS AND BRIEFINGS FOR HOST GOVERNMENT OFFICIALS AT THE PID STAGE FOR THEM TO UNDERSTAND THE APPROACH BEING UTILIZED.

F. IF THE ANI BUREAU WISHES, THE MISSION WILL DOCUMENT THIS NEW APPROACH MORE FULLY FOR DISSEMINATION THROUGHOUT THE REGION AND THE AGENCY. PLEASE ADVISE. (DRAFT:WILEY; APPRO:LPREADE)

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A. THIS IS A FRONT END LOADED APPROACH INVOLVING SIMULTANEOUS PROJECT DESIGN AND CONTRACTING FOR SERVICES. THEREFORE, IT IS A STAFF INTENSIVE EFFORT REQUIRING THAT THE PROJECT OFFICER COORDINATE ASSISTANCE AND INPUT FROM THE CONTRACTS OFFICER, CONTROLLER, LEGAL ADVISOR, HOST GOVERNMENT, OTHER PROJECT STAFF, AID/V STAFF AND OUTSIDE CONSULTANTS.

B. A LONG LEAD TIME IS REQUIRED FROM INITIAL PROJECT DESIGN TO PROJECT AGREEMENT SIGNATURE. WHERE FISCAL YEAR PRESSURES TO OBLIGATE MONEY COME INTO PLAY, MISSIONS ARE ADVISED TO BEGIN PROJECT DESIGN AS EARLY AS POSSIBLE IN THE FISCAL YEAR.

C. DEPENDING UPON THE COMPLEXITY OF THE PROJECT, PROPOSERS SHOULD BE GIVEN SUFFICIENT TIME TO RESPOND TO THE INITIAL RFP. THIS INSURES A SUFFICIENT NUMBER OF RESPONSES SETTING OUT DIFFERING AND CREATIVE APPROACHES TO PROJECT DESIGN AND IMPLEMENTATION. MISSION EXPERIENCE HERE WAS THAT MORE TIME SHOULD HAVE BEEN ALLOWED FOR INITIAL PROPOSAL PREPARATION AND LESS TIME

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USERS' GUIDE TO USAID ASSISTANCE

FOR

PRIVATE SECTOR BUSINESS DEVELOPMENT

September, 1989

Private sector business people in Jordan can access a wide range of USAID sponsored and supported services. These services have been designed and tailored to promote private sector business growth and the contribution business can make to the economic development of Jordan. The following pages describe a menu of assistance that includes:

- BUSINESS ADVISORY SERVICES (Technical Assistance)
- TRAINING AND EDUCATION
- CREDIT/FINANCE

This menu has been developed to provide both flexible and multiple opportunities for assisting

- MANUFACTURERS
- ENTREPRENEURS
- SERVICES INDUSTRIES
- AGRIBUSINESS
- EXPORTERS
- TOURISM

BUSINESS ADVISORY SERVICES

International Executive Service Corps (IESC)

IESC can assign a highly experienced American executive or technical advisor to provide expert consultation as requested by a Jordanian firm. These volunteer advisors are the very best that U.S. business can provide. They serve only in the interests of the organization to which they are assigned with no obligation to any American company. IESC carefully selects them for each assignment on the basis of long career experience in the same field of business as the organization requesting the assistance.

Assignments are approximately 2 1/2 months long, long enough to provide the required assistance and develop guidelines which the requesting firm can follow in the future. Jordanian firms generally pay about \$110 a day (30% of the actual cost of the consultation). The balance of the cost is covered by American corporations and by USAID.

IESC also offers Joint Venture Search assistance by providing an American expert to work for about three weeks in Jordan writing a brochure about the Jordanian firm, and to search for interested partners upon his return to the U.S. From its headquarters in Connecticut IESC will also conduct market surveys, locate equipment manufacturers, advise on U.S. import regulations and research any activity of interest to a Jordanian firm.

For more information on any of these services, contact IESC Director of Operations for Jordan, Ross Sawtelle, at 815556.

Manufacturing and Marketing Improvement Services (MMIS)

MMIS is a management and marketing consulting service located at third circle, Jabal Amman. MMIS staff meet with prospective clients without charge to discuss the clients need and to write a proposal detailing costs and deliverables for the project. USAID underwrites a portion of the client's cost for MMIS services.

Recent clients have hired MMIS to research and recommend regional marketing strategies, to improve manufacturing facilities and to reorganize a prominent local business. MMIS has provided consultations in the metal fabrication, pharmaceutical, paper converting, aluminum processing and metal industries. For information, contact John Andrica, MMIS, 649046.

Agricultural Marketing Development (AMD)

This special project of the Agricultural Marketing Organization (AMO) offers private sector agribusinesses advice on production for export including technical assistance on all aspects of harvesting, refrigeration, packing, and transport. Weekly price information for Europe and daily price information for Jordan throughout the year is available to help producers identify markets and time production for profits. Two export guides detailing tariffs and quality required have been published in Arabic, one for regional markets, and one for European markets. To obtain the export guides or other assistance call Kelly Harrison at 689192.

The Jordan Trade Association (JTA)

JTA is expanding a library and computer information network for use by exporters. The JTA has joined the World Trade Center of Cairo through which JTA members can place offers to sell to the Center's 4 million members worldwide. JTA is being assisted during its first three years of operation by a grant from USAID. For information about JTA resources, membership, or for a copy of the JTA newsletter, contact Halim Abu Rahmah, Executive Manager at 685603.

TRAINING AND EDUCATION

Development Administration Training (DAT)

In cooperation with the Ministry of Education, USAID sponsors learning experiences in a wide variety of fields, including Entrepreneurs International travel structured to promote possible formulation of joint ventures and licensing agreements with U.S. firms. Short term technical training, short and long term academic study, and industry-based training to establish business contact are all open for all appropriate Jordanian business people. Through these programs an employer may send key staff for business related learning, or may travel to develop business opportunities.

Jordanian citizens with a good working knowledge of English who have worked for their current employer for at least two years, may apply by submitting a specific proposal that states how the training they want will benefit their businesses. Women applicants are particularly encouraged. Applications are available at the Jordan Trade Association and through USAID.

Jordan Institute of Management (JIM)

JIM offers a wide range of short term courses for working people in management, finance, and marketing. USAID supports the expansion and improvement of JIM course offerings. For a schedule of classes and information contact Munir Zaghoul, JIM, 644842.

Special Conferences and Seminars

Each year USAID sponsors professional gatherings and educational events in Jordan and funds the attendance of Jordanians to appropriate events abroad. In 1989, for example, USAID sponsored a regional conference on financing low income housing, attendance at a regional conference on privatization in Turkey, management training for leaders of private voluntary organizations, and supervisory training for managers of sewing centers. A transportation symposium for agricultural exports is being planned for early November 1989. Transport companies offering trucking, air freighting, ocean freight, and freight forwarding services will be invited. Specialists in fruit and vegetable transport and packinghouse management will demonstrate efficient techniques. For information on the symposium contact Kelly Harrison, 689192. For information on special conferences and seminars contact Claudia Knox, USAID information 604171.

CREDIT AND FINANCE

Private Enterprises Technical Resources Assistance (PETRA)

PETRA funds for \$1 million in loans to private enterprises are available through the Industrial Development Bank (IDB) for industry and tourism, the Agricultural Credit Corporation (ACC) for income generating projects in agriculture, and the Cities and Villages Development Bank (CVDB) Rural Development Fund for rural areas. Loan eligibility will be determined by cash flow analysis, and loans will be available through 1991 on a 50/50 cost sharing basis. For information contact the appropriate lending institution.

PETRA grants continue to be available for income generating activities of Jordanian private voluntary organizations. For information contact Barry MacDonald, USAID, 604171.

Commodity Import Program (CIP)

Plans are underway to provide \$9.7 million in short term (180 days) financing for imports of raw materials from the U.S. used in the manufacture of export products that produce foreign exchange. To apply, importers must bring an export IC or contract to their local bank together with documents related to the raw material for which they are requesting financing. For information, contact your local bank that participates in the CIP program.

Loan Guarantee Project for Small Enterprise Development

As an encouragement to local commercial banks to lend to small businesses, USAID will insure 50 - 75% of the principle for qualifying loans through the Industrial Development Bank (IDB). USAID will insure a greater portion of the risk for loans to businesses owned by women and businesses located outside Amman. \$7 million is now available to guarantee long terms (up to three years) loans of up to JD 10,000 to enterprises with up to 25 employees. Loan eligibility is determined by the lending bank's criteria that include cash flow analysis. For information about a loan, contact your local commercial bank.

Loan Guarantees for Small to Medium Size Businesses

The Bank of Jordan and the Cairo Amman Bank are offering USAID insured long term (up to five years) loans of up to JD 50,000 to qualifying businesses. Negotiations are underway to guarantee similar loans through the Housing Bank. Loan eligibility is determined by the lending bank's criteria that include cash flow analysis. For information contact the Bank of Jordan or the Cairo Amman Bank.

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