

USAID/Jordan
ANNUAL REPORT FY 2003

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Please Note:

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A. Program Level Narrative

Program Performance Summary:

Background:

Jordan plays a pivotal role in promoting Middle East stability, combating terrorism and serving as a model of reform. His Majesty King Abdullah II is leading the Kingdom in economic and political reforms to improve the quality of life of all Jordanians, and striving to reach peaceful solutions to the region's many challenges. His Majesty's leadership and the central role Jordan plays in the region makes the Kingdom a key ally of the United States.

His Majesty's Social and Economic Transformation Plan, which shares much in common with the Middle East Partnership Initiative (MEPI), is the vision for expanding opportunities and benefits to all Jordanians. This plan focuses on economic reform and private sector development, educational opportunities, political reforms, health care reforms, and other issues impacting all people in the Kingdom.

Challenges:

Jordan faces several unique challenges, which impact greatly on its ability to reach its development and reform goals. First, Jordan is a four-frontline state and is deeply impacted, both economically and socially, by the crises in the region. Second, the prolonged economic effects of September 11th combined with ongoing regional conflicts have significantly shocked the economy in which one-third of the population lives at or below the poverty line. Third, Jordan is one of the ten most water-poor countries on earth. While the population is expected to double by the year 2027, water resources are already stretched to the limit. Fourth, this population momentum and lack of water lead to serious economic challenges related to the need for the economy to expand to provide 46,000 new jobs in 2003 alone. Remarkably, Jordan remains a stable, reform-driven, peaceful Kingdom that can and does serve as a model for the rest of the region. Continued development is vital to their ability to maintain their status.

In assisting Jordan to reach its goals, USAID works hand-in-hand with the Government of Jordan, local NGOs and the private sector in a focused manner targeting water, creating jobs, health and family planning, education and civil society based on the Middle East Partnership Initiative. All Jordanians are impacted by USAID's efforts. In water, the Mission is working closely with Government of Jordan (GOJ) counterparts, NGOs and citizens to improve demand management, resource protection, decision making efficiency and transparency, and constructing or improving water and wastewater facilities directly impacting over 4 million Jordanians. Our collaboration with other donors on several of the construction projects, including the Greater Amman Rehabilitation Project and the Wadi Mousa Wastewater Treatment Facility much has been accomplished. Additionally, the As Samra Wastewater Treatment Facility BOT is a prime example of GDA with 50 percent, or up to \$75 million of USAID funding leveraging \$75 million from private sector sources.

Key Achievements:

In health and population, USAID assistance directed at counseling and communication has directly contributed to the 7 percent drop in the discontinuation rate of modern contraceptives during the first year of use from 49 percent to 42 percent. This assistance has also directly contributed to the 10 percent drop in birth intervals of less than 24 months (from 44 to 34 percent). Both of these results have a direct impact on the well-being of the family. Further assistance to improve the quality of care and facilities of the Ministry of Health's 380 Primary Health Clinics by the end of 2004, has resulted in improved care for the clients of all centers and improved facilities for almost 40 clinics to date. Overall, this activity will directly impact at least two million Jordanians. These activities respond directly to the health sector goals set out in the King's Social and Economic Transformation Plan.

While both education and civil society have been targeted through existing USAID activities, projects solely focusing on these areas began with end of year FY 2002 supplemental funding. One activity is

GDA agreement with UNICEF, leveraging UNF funds, targeting life skills training for youth. A second activity, a PASA with Embassy/Amman Public Affairs, focusing on many aspects of civil society, including judicial training, journalist training, civic education, U.S.-Jordanian partnerships, women's issues and election assistance, is under development and expected to be approved in early 2003. Finally, USAID/Jordan is in discussion with the Fulbright Commission to expand educational opportunities for Jordanian students through a Local Currency endowment. Several other donors are active in both the education and civil society arenas. The largest contributors are UNICEF, the World Bank and the EU.

Economic Opportunities activities both directly and indirectly target the creation of jobs for Jordanians through legislative and policy reform to attract more domestic and foreign investment, microfinance, trade, poverty alleviation, e-government, e-learning and a policy-based cash transfer. USAID is the lead donor in this area, but partners with the World Bank in the field of privatization in support of the Social and Economic Transformation Plan. Most other donors active in Jordan work in the economic and water areas. Regular donor coordination meetings occur for the exchange of information and opening of opportunities for collaboration among donors.

The Mission faces several key challenges. The primary challenge is related to personnel due to the unexpected departure of two staff and the Al-Qaida assassination of one other. USAID/Washington is assisting the Mission to recruit USDH staff and to fill positions with USPSCs. Additionally, there is uncertainty as to what the future will hold for the region with the Palestinian-Israeli situation and the situation with Iraq. Both of these have impacted significantly on the Jordanian economy. USAID/Jordan is coordinating closely with our GOJ colleagues and has developed flexible mechanisms such as the AMIR program to deal with economic and other issues as they arise.

During 2002, USAID/Jordan achieved significant results and is meeting or exceeding its targets in each strategic objective area. Specifically, the work done in Aqaba to assist the GOJ in developing a new model for doing business through the Aqaba Special Economic Zone Authority is a milestone of private-sector growth driven development initiated by the public sector, leading to over \$549 million in annual investment into the Zone and the QIZ-designated Aqaba International Industrial Estate. This has been supported with water projects, including expansion of the wastewater treatment plant, a pilot reuse project for irrigating parks, and renovations and quality improvements for local GOJ health clinics.

USAID/Jordan has also focused on trade. Initially, USAID provided concrete assistance to the GOJ and private sector to assist Jordan in acceding to the World Trade Organization in record time in 2000. This then led to the Jordan - U.S. Free Trade Agreement, which again USAID was integral in collaborating with the GOJ on policy and legislative reform. Through assisting the private sector to understand and take advantage of this Free Trade Agreement, the Jordan - U.S. Business Partnership program has facilitated transactions by creating relationships between Jordanian exporters and U.S. importers. This program has directly led to over \$8 million in exports in 75 new transactions.

The number of microfinance clients has exceeded 39,000 with repayment rates at 97% overall. The four microfinance institutions supported by the AMIR Program have all reached operational self-sustainability. This effort has changed the lives of thousands of Jordanians, especially women (80 percent of all clients) and families. Additionally, GDA is being addressed through a number of economic projects including a new microfinance wholesale lending facility with Citibank and in Information and Communication Technology (ICT) activities.

Significant health and water targets have been reached, as is mentioned above. USAID/Jordan is now expanding its focus to produce results in education and civil society, which will be reported on in next year's annual report.

Gender issues are of particular concern as it is important that opportunities exist for men and women to participate more broadly in the economy and engage their government in a transparent and open both ways. This is happening in Jordan. USAID is expanding these opportunities through more emphasis on governance and civil society activities. Improvements to GOJ primary health clinics in cooperation with the Ministry of Health, targeting women reproductive health care providers to assist women clients, expanding microfinance programs and implementing e-government and elearning initiatives will also

contribute to greater gender equity. The Mission will be completing a gender analysis in 2003 in support of the development of the new country strategy.

USAID/Jordan has already begun the development of its new country strategy for 2004 - 2009 to maintain the continuity of the successful existing program while at the same time highlighting the principals of the MEPI. This effort is being done in collaboration with the U.S. Department of State, USAID/Washington, GOJ counterparts, the Jordanian private sector, local NGOs and USAID's implementing partners.

Environmental Compliance: The Mission reviewed all strategic objectives and determined that all current activities are in compliance with approved Initial Environmental Examinations (IEEs), Environmental Assessments, and Categorical Exclusions, and all required mitigations and conditions are being followed.

Plans for new or amended Initial Environmental Examinations or Environmental Assessments: All New activities under the expended SO3 will be in compliance with CFR 216 requirements.

List of Containing Activities or Activities that might need a new or amended IEE

SO2: Improved Water Resources Management:

EA for the Mafrq WWTP Project

EA for the Zara - Ma'in Water Conveyance Project

EA for the Upgrading and Expansion of Aqaba Water and Wastewater System (Value Engineering design modifications)

CE/ND for the Education & Information Program to Improve On-Farm Water Use Efficiency

CE for the WAJ & MWI Financial Accounting System

IEE/EA for AsSamra Wastewater Treatment Plant

CE/ND for Wastewater Reuse Implementation Activity

CE/ND for the Watershed Management Support Activity

Planned for FY 03

IEE for the Institutional Strengthening Support

IEE/EA "Improving the Efficiency of Water Use in Arid Land Agriculture"

IEE/EA Ain Ghazal Pretreatment Plant Expansion

IEE Institutional Support Activities

IEE/EA Northern Governates Water Transmission System

IEE/EA Aqaba Water Supply Rehabilitation

CE ASEZA Environmental Assistance

ND Medical Waste Management

ND Groundwater Management Support & MWI

IEE/EA Wastewater Treatment and Reuse Activity for Small Communities in Jordan

SO3: Improved Access to and Quality of Reproductive and Primary Health Care:

ND Rehabilitation of Clinics: Improved Access to & Quality of Primary Health Care

Planned for FY 03:

All new activities under the expended SO

SO5: Increased Economic Opportunities for Jordanians:

Environmental Capacity Assessment for Jordan's Compliance with U.S.-Jordan Free Trade Agreement (FTA)

Planned for FY 03:

CE/ND Jordan-U.S. Business Partnership (Extension)

IEE/EA Hospital Incinerators for Aqaba

Abbreviations

IEE : Initial Environmental Examination
CE : Categorical Exclusion
ND : Negative Determination
EA : Environmental Assessment
BOE : ANE Bureau Environment Officer

Country Closeout & Graduation: None.

D. Results Framework

278-002 Improved Water Resources Management

- IR 2.1 Stronger water sector institutions
- IR 2.2 Increased efficiency in use of water resources
- IR 2.3 Improved quality of wastewater

Discussion:

278-003 Improved Access to and Quality of Reproductive and Primary Health Care

- IR 3.1 Improved knowledge of contraceptives
- IR 3.2 Increased availability of reproductive and primary health care services in the public sector
- IR 3.3 Private sector family planning initiative
- IR 3.4 Increased rationalization of health financing systems

Discussion:

278-005 Increased Economic Opportunities for Jordanians

- IR 5.1 Increased access to business services
- IR 5.2 More effective identification and implementation of policy reform
- IR 5.3 Improved environment for sustained policy reform

Discussion: