

AMIR

برنامج دعم وتطوير بيئة الأعمال في الأردن  
Access to Microfinance & Improved Implementation of Policy Reform  
Funded by the United States Agency for International Development

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**JORDAN AMIR 1.0 PROGRAM**

**ACCESS TO MICROFINANCE AND  
IMPROVED IMPLEMENTATION OF POLICY REFORM**

FINAL REPORT

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*Submitted to*  
U. S. Agency for International Development

*Submitted by*  
Chemonics International Inc.

January 31, 2001

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# THE AMIR PROGRAM CONSORTIUM

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## Contractors

### Prime Contractor

Chemonics International Inc.

### Jordanian Subcontractors

Al Jidara Investment Services

CNS Primus

Community Development Group

International Business Legal Associates

### U.S. Subcontractors

Center for International Private Enterprise

Edelman Communications International Inc.

Sigma One Inc.

The Services Group

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Richard Kingston	Short-Term Consultant
Dalia Al-Sayegh	Administrative Assistant
Salwa Alloush	Short-Term Administrative Assistant

## ACRONYMS AND KEY TERMS

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ACC	Amman Chamber of Commerce
AMIR	Access to Microfinance and Improved Implementation of Policy Reform
AQA	Analytical Quality Assurance Program
AMC	Ahli Microfinancing Company
ASE	Amman Stock Exchange
ASEZA	Aqaba Special Economic Zone Authority
ASYCUDA	Automated System for Customs Data
AWTC	Amman World Trade Center
BA	Business Association
BAI	Business Association Initiative
BPWA	Business and Professional Women — Amman
CCD	Companies Controller Directorate
CFA	Chartered Financial Analyst
CMD	Capital Markets Development Component
DEF	Development and Employment Fund
DevIS	U.S. contractor of IT services, particularly Management Information Systems
EDS	Electronic Data Systems
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Service
Forfás	Ireland's Policy Advisory Board for Enterprise Promotion, Science & Technology Development
FTA	Free Trade Agreement
GPA	Government Procurement Agreement
HR	Human Resources
ICT	Information and Communications Technology
IMI	Integrated Management and Information Consultants
Int@j	Information Technology Association of Jordan
IOSCO	International Organization of Securities Commissions
IP	Intellectual Property
IPO	Initial Public Offering
IPR	Intellectual Property Rights
IT	Information Technology
JACP	Jordan Access to Credit Project
JIB/IPC	Jordan Investment Board/ Investment Promotion Corporation
JITCC	Jordan Information Technology Community Center
JMCC	Jordan Micro Credit Corporation
JSC	Jordan Securities Commission
JTA	Jordan Trade Association
JTC	Jordan Telecommunications Corporation
JV 2020	Jordan Vision 2020
MAJ	Microfinance Association of Jordan
MENA	Middle East and North Africa

MFW	Microfund for Women
MIP	Microfinance Improvement Program
MIS	Management Information System
MOE	Ministry of Education
MOH	Ministry of Health
MOICT	Ministry of Information and Communications Technology
MOPC	Ministry of Post and Communications
NIC	National Information Center
NPP	National Production Protection Department
PRI	Policy Reform Initiative
PSF	Postal Savings Fund
QIZ	Qualified Industrial Zones
REACH	Regulatory Framework, Estate, Advancement Programs, Capital, Human Resources
SDC	Securities Depository Center
SEC	Securities Exchange Commission
SM	Sustainable Microfinance
SME	Small and Medium Enterprises
SMI	Sustainable Microfinance Initiative or Institution
TRC	Telecommunications Regulatory Commission
TRIP	Trade-Related Aspects of Intellectual Property Rights
TSG	The Services Group
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USAID CTO	USAID Chief Technical Officer
U.S. EFA	United States 'Equator' clearing and settlement, registry and depository system
VC	Venture Capital
WIPO	World Intellectual Property Organization
WTO	World Trade Organization
YEA	Young Entrepreneurs' Association

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## Executive Summary

The AMIR Program, a four-year (1998-2002) economic opportunities project funded by the U.S. Agency for International Development (USAID), was implemented by prime contractor Chemonics International Inc., a consortium of six Jordanian and international subcontractors, the Jordanian private sector and various departments of the Government of Jordan. The project promoted economic growth and prosperity through the creation of a more favorable environment for business — one that stimulates increased investment and enables Jordan's private sector to meet the challenges of economic globalization.

"The AMIR Program is perhaps the most effective USAID program I have seen in over 15 years. It has had a significant and positive impact on the business climate in Jordan. In particular, the extensive support that AMIR afforded to JABA has been instrumental to the success of our organization."

*Fawaz Shalan, President  
Jordan American Business Association/  
American Chamber of Commerce in Jordan*

A flagship program in which USAID/Jordan successfully implemented a Mission/contractor partnership, the AMIR Program contributed directly to USAID/Jordan's Strategic Objective No. 5: increased economic opportunities for Jordanians. This objective was supported by three intermediate results:

- Increased access to business services;
- More effective identification and implementation of policy reform; and
- An improved environment for sustained policy reform.

Initiated in January 1998, the AMIR Program accomplished these goals through three primary components, as described below.

The *Sustainable Microfinance Initiative* (SMI) increased the sustainable delivery of financial services to microentrepreneurs, including small and medium enterprises and women entrepreneurs. The SMI component represented the broad base of equity in the project, reaching 30,595 borrowers with 71,317 loans through four microfinance institutions, each firmly on the road to operational and financial sustainability. The AMIR Program essentially carved a sustainable, growing niche industry out of a fragmented jumble of unsustainable institutions pursuing charitable lending practices. SMI also made significant contributions to industry stability by the institutionalization of a sustainable microfinance training program, a Wholesale Funding Facility to guarantee MFI commercial bank borrowings and the drafting of a credit bureau law.

The *Business Associations Initiative* (BAI) accelerated the pace of private sector-driven policy reform by strengthening the demand for economic change through targeted support for improved policy analysis, more active advocacy and more sustainable business associations. In the process, the project helped create several national initiatives such as Jordan Vision 2020, a national private sector economic strategy and the REACH Initiatives 1.0 and 2.0, both sectoral strategies for Jordan's IT industry. The BAI also made major contributions to legislative change in Jordan through the drafting of more than 25 pieces of law and regulations.

*The Improved Implementation of Policy Reform Initiative (PRI)* supported massive change in public sector policy, regulation and procedures. It increased implementation of second tier reform and improved government efficiency in the following areas:

“The AMIR Program has set high standards in support of trade liberalization and private sector policy reform.”

James P. Moran  
European Union Ambassador to Jordan, 2001

- *Developing world-class capital markets in Jordan.* The AMIR Program made significant contributions to the modernization of Jordanian capital markets through training programs and extensive automation.
- *Re-engineering the Ministry of Information and Communications Technology* to guide telecommunication and e-government reform. The AMIR Program contributed greatly to this effort by providing key strategy technical assistance, training, teambuilding, and legislative drafting assistance.
- *Supporting Jordan’s accession to the World Trade Organization (WTO) and its signing of a Free Trade Agreement with the United States,* the AMIR Program provided the bulk of the policy and legal advice to the Government of Jordan to enable conformity with the WTO. Jordan was the only nation to join the WTO in 2000. This and other support laid the foundation for the signing of the Jordan-U.S. Free Trade Agreement, one of only four such agreements in existence.
- *Strengthening the investment promotion efforts of the Jordan Investment Board (JIB).* The AMIR Program, through training, automation and technical assistance, helped the JIB become a more proactive, professional organization. These efforts included assisting the JIB in its focus on attracting investment to the Qualified Industrial Zones, a strategy that led to very significant increases in Foreign Direct Investment (FDI) and exports involving those zones.
- *Streamlining Customs processes for imports and exports.* Through considerable training, automation and technical assistance in areas such as risk assessment, valuation and overall management, the AMIR Program helped both National Customs and the customs department of the Aqaba Special Economic Zone become regional leaders in this vital interface between government and the private sector.

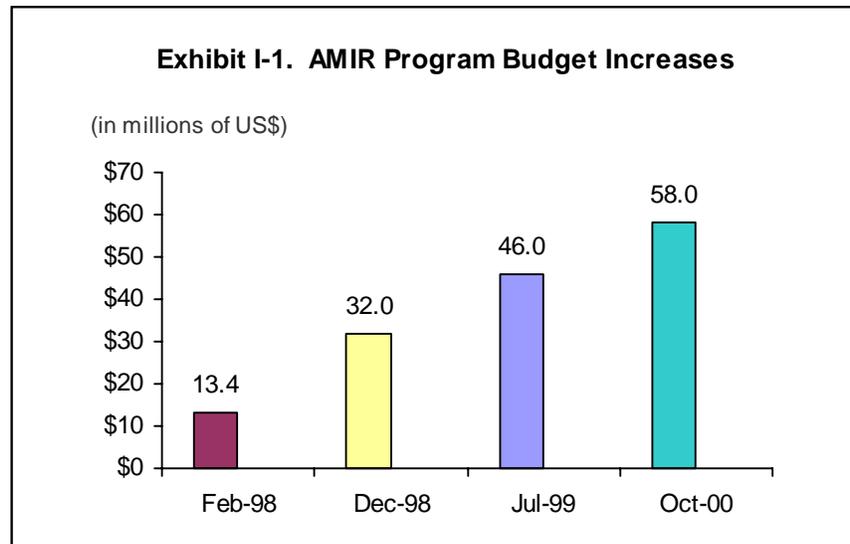
The AMIR Program set new standards for partnerships with the government, working with nearly 20 agencies, and with the private sector through some 28 business associations. In addition to delivering the technical assistance, training, commodities and grants that were expected of it, the AMIR Program also managed to forge operational alliances with “sister” USAID projects such as the Jordan-U.S. Business Partnership (JUSBP) and INJAZ (Economic Opportunities for Jordanian Youth), as well as with other multilateral and bilateral programs of the World Bank, UNDP, ILO and CIDA.

Widely regarded as one of the most effective aid programs in Jordan’s history, the AMIR Program delivered exceptional implementation in quality and speed at a critical time as the nation geared up not only to meet the aspirations of its new leader, King Abdullah II, but also the more demanding competitive requirements for success in the global economy.

## SECTION I

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### Project Highlights



The AMIR Program expanded the scope of the project and its budget over its four years of operation.

#### A. Year One: 1998-1999

1. At its public launch, the AMIR Program initiated the participatory approach it later became known for, involving a wide range of public and private sector partners in the creation of its first annual work plan.
2. The AMIR Program guided three microfinance institutions toward sustainable operations, provided small and microentrepreneurs with improved access to finance, and created a sustainable microfinance constituency trained in best practices.
3. AMIR targeted and assisted three key business associations (BAs) in adopting strategic plans, training staff, increasing membership (particularly of women), improving public policy advocacy and member services, and enhancing long-term sustainability.
4. The Investor Roadmap assessment was completed in conjunction with the Foreign Investment Advisory Service of the World Bank.
5. A thorough analysis of Jordan's trade regime identified the magnitude and complexity of the change required for Jordan's accession to the World Trade Organization. This formed the basis for an \$18.6-million increase in the project and the transition from a relatively inflexible firm fixed-price to a cost-plus-fixed-fee contract format.
6. Chemonics International instituted significant systems modifications to handle this contract increase without any significant loss in service delivery.

## B. Year Two: 1999-2000

1. With extensive assistance from AMIR, Jordan successfully initiated, adopted, and began to implement wide reforms required for membership in the World Trade Organization (WTO). Working with the Government of Jordan, AMIR was able to draft or amend 14 pieces of legislation crucial to WTO accession in a relatively brief period of time.
2. AMIR began providing support to the Jordan Investment Board in marketing Qualified Industrial Zones (QIZs), particularly in South and Southeast Asia, a strategy that would provide substantial dividends in increased FDI and exports.
3. With the naming of a private sector-friendly Minister to the Ministry of Post and Communications, the AMIR Program initiated the new telecommunications subcomponent to provide strategic assistance to this sector, to the Ministry and to the Telecommunications Regulatory Commission.
4. AMIR targeted three additional business associations for support, and instituted a mini-grants program that provided funding to 25 additional BAs. Major business association membership growth and policy advocacy activities were also initiated.
5. The AMIR Program provided fundamental support for the launch of two new initiatives — Jordan Vision 2020, a private sector-led national economic strategy signed by 28 business associations, and the REACH Initiative, a sectoral strategy for Jordan’s information technology (IT) industry designed to expand its export base and enhance its regional competitiveness.
6. AMIR provided significant IT equipment to National Customs to enable installation of the ASYCUDA system in several parts of the country. The program also conducted multiple training programs on valuation, risk assessment, and other international best practice programs, and assisted the progressive Director General of Customs in generally upgrading his strategy for the department.
7. AMIR took on a capital markets development program to assist the Jordan Securities Commission, the Amman Stock Exchange, and the Securities Depository Center in creating world-class securities markets in Jordan. This led to a second large increase in the project to \$46 million.

“Overall, the AMIR Program demonstrated a significant level of positive impact, both directly and indirectly, on the economy, the people, and the Government of Jordan. This conclusion is supported mainly by the considerable positive quantitative impact to date of investment and job creation in QIZ investment zones and the successful record on microfinance provided to women entrepreneurs and small businesses, to which AMIR has contributed significantly. Other positive impacts that are still in their early stages are likely to increase in the near term, including benefits to the business climate from WTO accession and related policy reform. While some negative impacts are expected for firms most likely to feel the competitive effects of WTO accession, most will be limited in scope and duration as Jordan is increasingly integrated into the multilateral trading system.

While many other factors have had a role, and Jordan may well have achieved many of these goals on its own, AMIR activities have helped accelerate the process by providing advice on best practices and supporting institutions dedicated to implementing them. This acceleration is an additional valuable impact of AMIR activities. Competing successfully in the global business environment is a major challenge for many countries. With AMIR assistance, Jordan is now well on its way toward building the policies, skills, and competitive outlook necessary for successful entry into the multilateral trading system and the global economy.”

*Richard Lindsey Wellons and Robert Wieland  
Freelance International Consultants*

*Modified from “Mid-Program Assessment,” October 2000*

### **C. Year Three: 2000-2001**

1. With continued AMIR support, Jordan became the 136<sup>th</sup> nation to join the World Trade Organization.
2. AMIR's capital markets subcomponent provided significant training, technical assistance, and IT commodities to the three capital markets entities to improve the efficiency of Jordan's stock market and settlement systems.
3. AMIR's BAI component provided extensive technical and grant assistance to the IT industry association, Int@j, to help it grow into one of the most dynamic business associations in Jordan and to support its efforts in leading the private sector's transformation of the IT industry.
4. Through technical assistance from local and foreign consultants well versed in international best practices, AMIR's policy component worked with the public and private sectors to draft and advocate 25 pieces of REACH-related legislation designed to improve the IT investment environment in Jordan.
5. AMIR fielded a multidisciplinary team with IT, telecommunications, and human resource development backgrounds to assist in the development and implementation of a progressive legal framework and telecommunications strategy for Jordan's new Ministry of Information and Communications Technology.
6. AMIR provided significant IT equipment and technical assistance to the new Aqaba Special Economic Zone (ASEZ) to enable its opening on time, and to National Customs to enable the operational linkage between its operations in Aqaba and the ASEZ.
7. The AMIR Program provided the technical assistance and the forum for constituent participation in the groundbreaking environmental wording which makes the Jordan-U.S. Free Trade Agreement one of the most progressive documents of its kind.

### **D. Year Four: 2001-2002**

1. The AMIR Program continued to strengthen Jordanian institutions, including business associations, microfinance institutions, consulting firms, and training organizations that will continue the Program's work in the future.
2. The Sustainable Microfinance Initiative component completed three important milestones: drafting credit bureau legislation; the award of a grant and other assistance to start-up the credit bureau and the Wholesale Funding Facility; and a groundbreaking guarantee scheme in partnership with Citibank to enable microfinance institutions to access credit from commercial banks.
3. AMIR initiated cooperation with the Ministry of Education and three donor organizations in the implementation of a "Connecting Jordanians" initiative, designed to increase awareness and learning in information and communications technology for a wider Jordanian public. AMIR also began cooperating with the Ministry of Planning to track and coordinate donor spending as well as increase entrepreneurship throughout Jordan.

4. AMIR’s capital markets subcomponent coordinated an initiative between Jordan, Bahrain, and Dubai to establish the Middle East New Exchange (ME-NEX) for technology, media, telecommunications, and other growth sector companies. The subcomponent also completed a wide area network that enables electronic trading from brokers’ offices in Amman, Irbid, Zarqa, and Aqaba. It also provided the hardware and software for Jordan’s participation in the virtual ME-NEX common board with Bahrain and Dubai.



*Post and Telecom Minister HE Fawaz Zu'bi, Int@j President Karim Kawar, and Int@j CEO Ra'ed Bilbessi (center) in a REACH 2.0 press briefing.*

5. The telecommunications subcomponent, contracting foreign and local IT expertise, managed the successful implementation of Jordan’s first fast-track e-government projects at the Ministry of Industry and Trade’s Companies Control Directorate and the Telecommunications Regulatory Commission.
6. Through AMIR Program assistance, Jordan was introduced to and began adopting a new approach to attract foreign direct investment based on the highly successful Irish model.
7. With continued AMIR Program assistance, Jordan became the fourth nation in the world to sign a free trade agreement with the United States. AMIR then assisted in the launch of a new public-private initiative, Tijara, to coordinate accelerated implementation of this agreement.

“As a business associations professional executive, I am particularly proud to work with a young, dynamic, and highly effective association such as Int@j, the Information Technology Association of Jordan. Although less than two years old, this association has proven itself as the ICT sector’s representative in Jordan and has achieved many great accomplishments that have helped the sector to grow substantially. Our efforts are truly appreciated by the members, government, and stakeholders, which is evident by our large increase in membership recruitment and support.

The AMIR Program has undoubtedly played a critical part in the creation of Int@j. In addition to providing substantial financial support in founding the association, we have also received tremendous and fundamental technical assistance and support to build our capacity to the professional levels we operate at today, and which are absolutely necessary to serve a fast-moving and aggressive sector such as the ICT industry.

Furthermore, the AMIR Program has gone beyond creating this business association. Int@j is the result of the first recommendation stated within the REACH Initiative, a national five-year action plan and strategy to bolster Jordan’s nascent IT sector, and maximize its ability to compete in local, regional, and global markets. Jordan can take great pride in REACH as it has proven to be a unique and extremely well designed national initiative to develop a particular sector to the maximum of its capabilities and contribution toward the growth of the national economy. The AMIR Program has provided Jordan’s ICT stakeholders with all the required tools to develop this strategy, including expertise, financial resources, and any form of support that was needed.

The AMIR Program can proudly state that it has played a fundamental part in tripling ICT employment in Jordan, grow exports by 350 percent, and help Jordan in attracting substantial foreign direct investments; all within a very short record period of 16 months.”

*Ra'ed A. Bilbessi, Chief Executive Officer  
Int@j — Information Technology Association of Jordan*

## SECTION II

### AMIR Tools and Techniques

#### A. Sustainable Microfinance

Sustainable microfinance uses proven, internationally accepted lending methods to provide loans to micro and small entrepreneurs who otherwise do not have access to credit because they lack collateral or do not have a formal credit history with commercial banks.

Sustainable microfinance is a business, not a poverty alleviation mechanism. Yet by empowering low-income entrepreneurs, sustainable microfinance contributes to the socioeconomic development of communities and societies as a whole. Grants or loans are not offered at subsidized interest rates, which can drain a developing country's economy or create reliance on continual donor funding. Instead, sustainable microfinance lending emphasizes economic self-sufficiency through the timely repayment of loans at an interest rate that is commercially viable for the lender and affordable to the borrower. In Jordan, the AMIR Program's Sustainable Microfinance Initiative (SMI) worked with a number of institutions to achieve specific objectives, as illustrated in the table below.

Objective	Main Counterpart(s)
Enable Microfinance Lending Institutions	<ul style="list-style-type: none"><li>• Microfund for Women</li><li>• Jordan Micro Credit Company</li><li>• Ahli Microfinancing Company</li><li>• Jordan Access to Credit Project</li></ul>
Establish an Industry Association	<ul style="list-style-type: none"><li>• Microfinance Association of Jordan</li></ul>
Facilitate the Provision of Loan Capital	<ul style="list-style-type: none"><li>• Wholesale Funding Facility</li><li>• Development and Employment Fund of Jordan</li></ul>
Establish a Backward Linkages Program	<ul style="list-style-type: none"><li>• Jordan Investment Board</li><li>• Zarqa Chamber of Industry</li></ul>
Provide Sustainable Microfinance Training	<ul style="list-style-type: none"><li>• Jordan Institute of Banking Studies</li></ul>
Establish a National Credit Information Bureau	<ul style="list-style-type: none"><li>• Talal Abu-Ghazaleh &amp; Co. Consulting</li></ul>

#### A1. Approach

AMIR's SMI strategy focused on building a complete, integrated microfinance industry, rather than ad-hoc support of a number of disparate organizations and initiatives. Along with the four primary organizations (the microfinance institutions), a number of integrated institutions and initiatives were established to support them. This industry infrastructure consists of the following parts:

SMI Component	
Number of Jordanians Trained	
In-Country	1,269
Third Country	56
U.S.	64
<b>Total</b>	<b>1,389</b>

- Four sustainable microfinance institutions (MFIs) implementing international "best practices": Microfund for Women (MFW), Jordan Micro Credit Company

(JMCC), Ahli Microfinancing Company (AMC), and Jordan Access to Credit Project (JACP)

- A national Credit Information Bureau, which will stimulate Jordan's entire economy by facilitating the provision of lender, retailer, and wholesaler credit
- A comprehensive, ongoing program of formal training for the microfinance industry, which attracts participants from throughout the Middle East and North Africa (MENA) region, as well as Jordan
- The Microfinance Association of Jordan to deliver microfinance training, assume advocacy for the industry, and provide a forum for discussion of industry issues
- A Wholesale Funding Facility to provide loan capital for the microfinance institutions from the commercial market, once their grants are exhausted
- A comprehensive technical assistance program addressing the needs of all components of Jordan's sustainable microfinance industry
- A program of targeted market surveys to assist the microfinance institutions with their strategic planning
- A program of new product development designed to enable the MFIs to better serve their clients while enhancing their revenues
- A common Management Information System (MIS), which lowers the development cost for the MFIs and allows them to more easily share data

"AMIR has played an indispensable role in leading the microfinance industry in Jordan. By building the institutions' capacities and pushing for a sound market environment, AMIR's role and input has been crucial to the blossoming of this budding industry."

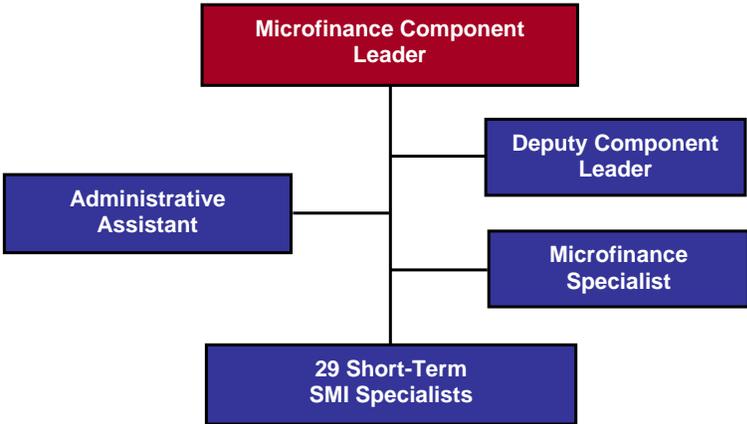
*Niveen Abboushi Sharaf, Chairman  
Microfund for Women*



*HM Queen Rania Al Abdullah and former First Lady Hillary Clinton (center) at the first Jordan Microentrepreneur Awards ceremony.*

- A Strategic Sector Assessment that examines Jordan’s microenterprise and microfinance sectors in depth, and makes recommendations intended to frame future national policy
- A cooperative arrangement with the Government of Jordan’s Development and Employment Fund to provide the MFIs with capital for lending specifically to start-up businesses
- Research assessment to inform the design of a Small and Medium Enterprise (SME) Initiative, intended to stimulate the establishment of small and micro businesses
- A joint backward linkages pilot program with the Jordan Investment Board and Zarqa Chamber of Industries to match the outsourcing requirements of manufacturers with the supply capabilities of small and micro businesses
- The Jordan Donor Coordination Council to enhance the effectiveness of donor-supported micro and small business programs by exchanging information and identifying areas of cooperation

The SMI component team consisted of the following long- and short-term personnel:



**A2. Microfund for Women (MFW)**

Founded in 1996 as an affiliate of Save the Children Federation, MFW registered as a not-for-profit company with the Ministry of Industry and Trade in 1999. MFW has an exclusive gender focus, which has gained it significant name recognition in Jordan’s microfinance market. MFW offers its clients a variety of loan products, using both group and individual loan methodologies, with loans ranging from a minimum of \$280 to a maximum of \$3,530.

**A3. Jordan Micro Credit Company (JMCC)**

JMCC began operations in September 1999 and is registered as a not-for-profit shareholding company with the Ministry of Industry and Trade. The Noor Al-Hussein Foundation holds all

shares. JMCC lends to both men and women using the individual loan methodology, with loan sizes ranging from a minimum of \$988 to a maximum of \$2,880.

#### **A4. Ahli Microfinancing Company (AMC)**

AMC began operations in December 1999 and is registered with the Ministry of Industry and Trade as a for-profit company. AMC is a subsidiary of Jordan National Bank, one of Jordan's leading commercial banks. AMC provides credit to both men and women, using the individual lending methodology, with loan sizes ranging from a minimum of \$1,400 to a maximum of \$10,000.

#### **A5. Jordan Access to Credit Project (JACP)**

JACP began operations in December 1998 and is registered as a not-for-profit company with the Ministry of Industry and Trade. JACP's original target market was the southern region of Jordan, but it recently decided to cover all worthwhile markets in Jordan. JACP operates in partnership with three commercial banks on an 80/20 co-lending arrangement using both group and individual lending methodologies, with loan sizes ranging from a minimum of \$140 to a maximum of \$19,770.

#### **A6. Credit Information Bureau**

The national Credit Information Bureau will facilitate the provision of credit by and to all appropriate sectors of Jordan's economy by giving credit access providers the information required to assess the creditworthiness of borrowers. At present, both lenders and suppliers are reluctant to grant credit as they often do not have sufficient information regarding borrowers' credit histories. With such information available, credit will be readily granted, which in turn should result in considerable stimulus to Jordan's economy. The AMIR Program facilitated the development of the national Credit Information Bureau by assisting a private sector company selected for such assistance via a competitive process.

#### **A7. Sustainable Microfinance Training Program**

This formalized curriculum was developed by microfinance training experts and is offered through Jordan's Institute of Banking Studies. The instructors are experienced microfinance expert practitioners, many of whom are the managers and staff of Jordan's four sustainable microfinance institutions. The attending trainees come from Jordan's sustainable microfinance institutions, the Jordanian banking community, and government-subsidized microlending institutions, as well as from organizations throughout the MENA region. Since its April 1999 inception, 214 participants have attended the program's basic and advanced courses. Training has also consisted of sending selected personnel to courses and study tours worldwide.

"IBS is very pleased to have worked with AMIR to establish the Sustainable Microfinance Training Program. The program has been very successful and is an important addition to the Institute's curriculum. We have succeeded in promoting the philosophy of sustainable microfinance to microfinance practitioners and bankers, not only in the Kingdom, but in the MENA region as a whole."

*Dr. Abee Hadaad  
Dean, Institute of Banking Studies*

#### **A8. Microfinance Association of Jordan (MAJ)**

Membership in MAJ is open only to those institutions and individuals practicing sustainable microfinance. To date, the AMIR Program has provided the advocacy, training delivery, and

forum for discussion essential to the industry. However, these functions will gradually be assumed by Jordanian industry practitioners, and MAJ will facilitate this transition.

#### **A9. Wholesale Funding Facility (WFF)**

Due to their rapid, high-quality loan portfolio growth, the four sustainable microfinance institutions exhausted their USAID-funded grants. To facilitate the provision of loan capital at commercial rates of interest, the AMIR Program capitalized a Wholesale Funding Facility, which is managed by a commercial bank on a fee-for-service basis. The WFF's capital is used as collateral for guarantees issued by the facility manager to support the lines of credit that the microfinance institutions have obtained from local commercial banks. As the commercial banks develop favorable credit histories with the microfinance institutions, guarantees will eventually become unnecessary. At that point, the microfinance institutions will "graduate" from dependence upon the WFF and receive their pro-rata shares of WFF capital as capital contributions.

#### **A10. Technical Assistance Program**

Both the microfinance institutions and industry support components have benefited from a comprehensive, ongoing program of technical assistance using experts recognized internationally for their microfinance-related specialties.

#### **A11. Target Market Surveys**

To assist the microfinance institutions with their strategic planning, AMIR carried out target market surveys focusing on those population sectors composed primarily of the working poor. The analysis resulting from the survey data is enabling the microfinance institutions to tailor marketing to various areas rather than having to undergo costly and time-consuming experimentation.

#### **A12. New Product Development**

To help the microfinance institutions better serve their clients and enhance their revenues, an ongoing program of new product development was undertaken. The focus was primarily on variations in loan products. Microinsurance and microleasing products were also considered and studied.

#### **A13. Common MIS**

At their inception, all four microfinance institutions implemented management information systems (MIS) designed for their particular requirements. As both the institutions and their client bases grew, more sophisticated systems were required. The institutions and AMIR's IT consultant established a set of standards for a common MIS, issued an RFP for development and installation, and selected an MIS developer. The common MIS enables the institutions to save on development costs and simplifies the process of sharing data.

#### **A14. Strategic Sector Assessment**

As part of AMIR's ongoing commitment to helping Jordan's working poor improve their lives through their own efforts, a strategic assessment examining the state of the microenterprise and microfinance sector was completed. The assessment makes recommendations designed to assist with policy formulation for both sectors.

### **A15. Start-Up Businesses Lending**

The sustainable microfinance institutions, in conjunction with the Government of Jordan's Development and Employment Fund (DEF), share the goal of enhancing the livelihoods of Jordan's working poor by facilitating small business enterprise. Due to the excellent performance of microfinance institutions in the areas of outreach and credit evaluation, a cooperative arrangement was reached whereby DEF will provide the microfinance institutions with capital for lending specifically to start-up businesses.

### **A16. MSE Multiplier Initiative**

Experience has demonstrated that a successful microfinance industry alone is not sufficient to stimulate the establishment of the target number of small and microenterprises (SMEs). Research was therefore undertaken to determine what kind of model might be appropriate to encourage the growth of micro and small businesses.

### **A17. Backward Linkages Pilot**

There are many services and manufacturing inputs that large Jordanian businesses could outsource to small and micro businesses. Yet SMEs do not possess the expertise needed to penetrate this potential market. At the same time, large businesses tend to be unaware of the capabilities of Jordan's small and microbusinesses. To match large business requirements with small business capabilities, a pilot project was undertaken in cooperation with the Jordan Investment Board and the Zarqa Chamber of Industries. The lessons of this pilot project can be applied to a larger backward linkages program.

### **A18. Donor Coordination Council**

A considerable number of donor-supported initiatives are underway in Jordan to develop and enhance the micro and small business sector. By coordinating their efforts and sharing information about their programs, donors can greatly strengthen these initiatives.

#### **MFI Sustainability**

To help each of the four microfinance institutions (MFIs) become self-sustaining businesses, the AMIR Program provided them with the following:

- Loan capital via Microfinance Improvement Program (MIP) grants
- Operating subsidies via MIP grants until their own revenues can cover their operating costs
- Comprehensive technical assistance delivered by both internationally recognized external consultants and component specialists
- Continual managerial and business practices assistance and advice
- A major consultancy to assist in the development of a common MIS
- A Wholesale Funding Facility to source additional loan capital funding requirements from the commercial banking sector upon exhaustion of MIP grants
- Training programs for MFI personnel, both abroad and in Jordan

## **B. Business Associations**

Over the last four years, Jordan has undertaken intensive efforts to achieve business-friendly economic reforms and trade liberalization with the aim of integrating into the global economy. In order to meet these challenges, the private sector has had to evolve from being a passive to a proactive participant in the policy-making process.

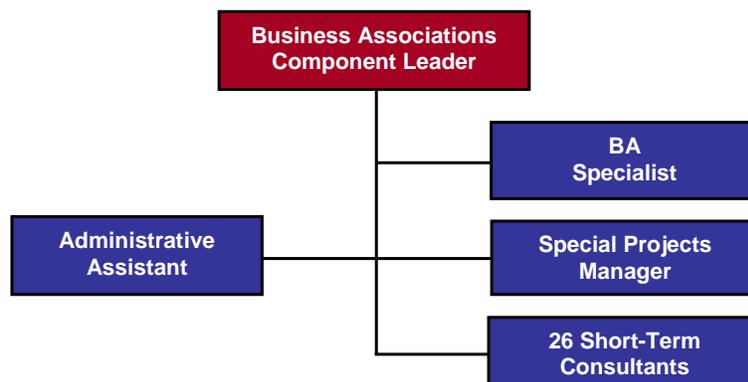
A primary objective of the AMIR Program was to assist the private sector in taking a leading role in enhancing Jordan's economic growth and competitiveness. The Business Associations Initiative (BAI) was designed to build the capacity of Jordanian business associations (BAs) to conduct public policy advocacy, modernize their management and organizational practices, and increase their ability to provide significant and relevant services to their members. To carry this out, the BAI component identified and supported a number of key organizations crucial to developing a business environment in which the private sector would have an influential and effective voice in the economic debate.

Objective	Main Counterpart(s)
Strengthen Business Associations	<ul style="list-style-type: none"> <li>• Jordan Trade Association</li> <li>• Business and Professional Women of Amman</li> <li>• Amman World Trade Center</li> <li>• Young Entrepreneurs' Association</li> <li>• Amman Chamber of Commerce</li> <li>• Information Technology Association of Jordan</li> </ul>
Facilitate Cooperation Across the Private Sector (JV2020 & REACH)	<ul style="list-style-type: none"> <li>• Young Entrepreneurs' Association</li> <li>• Information Technology Association of Jordan</li> </ul>

The BAI component provided training, grants, and technical assistance to a broad group of 30 business associations to promote private sector awareness and advocacy of pro-business economic policies. To strengthen the component's impact, in-depth BAI assistance was targeted at those BAs with access to a significant portion of the private sector in a wide range of economic fields, such as export manufacturers, young entrepreneurs, women in business, domestic and international trade, and the ICT sector. Six leading BAs were identified: the Jordan Trade Association (JTA), Business and Professional Women-Amman (BPWA), Amman World Trade Center (AWTC), Young Entrepreneurs' Association (YEA), Amman Chamber of Commerce (ACC), and Information Technology Association of Jordan (Int@j). These organizations have a combined total membership of 33,741, representing about 70 percent of BA membership in Jordan.

BAI Component	
Number of Jordanians Trained	
In-Country	3,448
Third Country	2
U.S.	36
<b>Total</b>	<b>3,486</b>

At the height of the program, BAI consisted of a component leader, a BA specialist, a special projects manager, and an administrative assistant. They worked as a team in cooperation with other components, especially the policy reform component.



## B1. Approach

The overall approach of the BAI component was to use the BAs as a bridge to reach large segments of the private sector. The BAs were used as a vehicle for delivery of technical assistance, training, grants and commodity support. Program emphasis was on: 1) increasing the capacity of BAs to lead their members in advocacy on economic and business issues; and 2) providing training, information and other services to enhance the skills and competitiveness of Jordanian enterprises. Sustainability of the associations well beyond the life of the program was considered crucial for the BAs' success, and all AMIR assistance was designed with that aim in mind.

### *B1a. Technical Assistance*

- BAI assistance included policy analysis, advocacy, operating systems, membership services, strategic planning, leadership, training in communications and public relations, and study tours to relevant institutions in the United States. AMIR also held BA management training programs and monthly roundtable meetings, regularly bringing together the executive directors of up to 28 BAs.

"AMIR's business association activities have provided a great opportunity for Jordan's business associations to interact, learn from each other's experiences and identify further avenues for cooperation. These activities provide a positive opportunity to interact with experts in the field who give us a fresh perspective on our work and assist us in moving forward."

*Raghda Butros  
Executive Director  
Jordan American Business Association*

- AMIR used a combination of technical assistance, training (inside and outside the country), and commodity support to encourage positive change in the mental framework, managerial practices, and organizational structure of the BAs. Each of the six BAs targeted for in-depth cooperation was subject to a diagnostic organizational study prior to entering into a participation agreement with the AMIR Program.



*Business association executive directors celebrate the completion of business training courses in southern Jordan.*

- Once cooperation was agreed upon between the BA and the AMIR Program, the BAI component helped each BA develop a three-year strategic plan delineating its mission, objectives, activities, and financial plan. The strategic plan, once approved and adopted by the BA's board of directors, served as the basis for providing an Organizational Development Grant (ODG) to assist with implementation.
  - The BAI component provided feedback to the monthly technical and financial reports submitted by BAs and provided guidelines as to where technical assistance, training, and/or grants were needed. A BAI specialist monitored, evaluated, and provided direct technical assistance to each BA on a regular basis, in addition to assistance from international specialists brought in on a short-term contractual basis.
- "The AMIR Program's well organized workshops and impressive Program consultants have helped us improve as an association. The workshops showed us how to organize and prioritize our goals and objectives. With the guidance of the AMIR consultants, we were able to effectively synchronize these objectives to create a comprehensive, detailed plan for moving forward."

*Shireen Nasser*  
Executive Director  
Business and Professional Women-Amman
- Executive and board directors of the six BAs participated in training inside Jordan and study tours to the United States. Training topics included how to conduct effective public policy advocacy, methods of interaction with the legislature, public relations, communications, and the importance of impact studies and issue analysis. In 1999-2000, a large number of executive directors from 28 BAs participated in workshops on leadership, communications, and "media communications" skills.

### ***B1b. Grants, Commodities, and Services***

- Throughout the duration of the program, commodities and other assistance were provided to upgrade and modernize the information and communications capability of BAs. This was accomplished through the administration of ODG grants, mini-grants, and direct procurements.
- BAs also received personal computers, printers, copying machines, training in the use of the equipment, and Web site development services.

## **B2. Organizational Diagnostics and Strategic Planning**

The biggest challenge for the BAI component was obtaining commitment from the six targeted BAs for a program of cooperation over a period of four years. The BAs in question varied widely in terms of the economic sectors they represent, members' interests, objectives, priorities, size and type of membership, and degree of modernity.

Targeted BAs were approached with the same technique:

- BAs were invited to all events and activities in the first year of the program.
- The BAI component leader visited the chairperson of each of the targeted BAs to explain the AMIR Program's objectives, and how AMIR can assist the BA.

Approval was obtained to provide each BA with a specialist to conduct an organizational diagnostic study. This study described the individual BA's organizational strengths and weaknesses. This diagnostic exercise provided the BA with a useful and practical example of the technical assistance AMIR could offer, and demonstrated the fruits of cooperation with the program.

- Immediately after the diagnostic study, the BA was presented with a participation agreement in the form of a letter. The letter informed the BA's chairperson of AMIR's readiness to provide assistance in developing a strategic plan. The agreement specified that, in order for the AMIR Program to provide this assistance, the chairperson, board directors, and executive director must participate in the program of activities related to the strategic plan. The participation agreement included areas of interest to the AMIR Program, such as advocacy, public relations, membership services, and organizational and managerial development. The chairperson's signing of the participation agreement on behalf of the board of directors signaled the beginning of commitment for programmed cooperation.

"When AMIR came to Jordan in early 1998, I had a plan (I wouldn't want to call it a strategic plan) for the coming three months. Now, Int@j operates on a five-year strategic plan. I believe this fact alone says it all in terms of feedback about the quality of the capacity-building services the AMIR Program has been providing us."

*Ra'ed Bilbessi, Chief Executive Officer  
Int@j — Information Technology  
Association of Jordan*

### **B3. Business Associations Grants Program (BAGP)**

- The BAGP was one of the basic tools used by the BAI component. Organizational Development Grants (ODGs) of an average of \$150,000 each were available to the six targeted BAs. Mini-grants amounting to a maximum of \$5,000 were open to all BAs whose objectives and activities were compatible with those of the BAI component. The BAGP covered the last three years of the program.
- The mini-grant program was a tool to encourage many other BAs to interact with the BAI. It reduced the feeling that only the targeted BAs had all the financial support of the AMIR Program. It enabled several BAs to partially support specific activities such as training, printing membership directories, establishing a Web site, or obtaining essential equipment (e.g. computers, multimedia projector, etc).

### **B4. Public-Private Forums as a Tool for Public-Private Dialogue**

The lack of effective and genuine dialogue between the public and private sectors has been acknowledged as a serious problem in Jordan over the last decade. A healthy and constructive debate on major economic issues is basic to any PPA effort by Jordanian BAs. The BAI component encouraged, initiated, and supported BAs in conducting several public-private forums on a wide range of economic and business-related issues. Many meetings and seminars were conducted with public-private participation, notably Jordan Vision 2020 and REACH. However, the following events were structured particularly as public-private fora:

- Public Private Forum Meeting/A Dialogue on Jordan's Accession to the WTO
- The WTO and the Jordan Agriculture Sector
- Antidumping, Countervailing Duty, and Safeguard Measures

- Integrated Circuits
- Jordan's Educational System and Enhancing Critical Human Resource Skills
- Vision 2020 Strategy Conference 2001
- Public-Private Forum on Investment
- Public-Private Forum on the U.S.-Jordan Free Trade Agreement

Various BAs, such as the YEA, JTA, JABA, Int@j, and ACC have gained experience in the conduct of public-private fora as part of their advocacy programs. It is expected that they will continue to use them in the future.



*HE Khaled Toukan, Minister of Education, in a public-private forum on education organized by the Young Entrepreneurs' Association.*

## **B5. BA Executive Training and Outreach**

When the BAI component started to establish contacts with various BAs in 1998, it found that BA executive directors generally experienced low morale, low pay, high turnover, and low self-esteem. They had weak managerial skills and an unclear view of their role vis-à-vis their boards of directors, their staff, and BA members. They also had little or no contact with other BA executives. The BAI component responded to this challenge through a number of tools and techniques that sought to strengthen their skills, widen their horizons, and raise their professional standards.

### ***B5a. Business Association Management Training***

With assistance from the Center for International Private Enterprise (CIPE), one of AMIR's consortium partners, comprehensive courses on BA management were conducted. Up to 63 executives representing about 20 BAs participated in three courses in Aqaba in 1999 and 2000. Another training course was conducted by the BAI component in 2001. The Aqaba BA management training courses were the first of their kind to be held in Jordan. Lasting between three and seven days, they not only taught crucial managerial skills, but also fostered friendly relations and useful discussions among Jordanian BA executives.

### ***B5b. Business Association Executives Roundtable***

In Jordan, there was a need for a mechanism for BA executives to meet regularly in an informal atmosphere. There was also a need for the BAI component to have regular channels of communication, discussion, and coordination with the executive directors of the 28 BAs receiving AMIR support. To respond to both of these needs, the BAI component introduced the BA Executives Roundtable. This monthly lunch meeting, held in various Amman hotels or restaurants, started in July 1999. By January 2002, 28 roundtable meetings had been held.

"The workshops given by AMIR have provided a valuable forum where I was able to interact, exchange ideas and experiences with the consultants and with my colleagues from the various business associations."

*Halim Abu Rahmeh  
Managing Director  
Jordan Exporters' Association*

At each roundtable meeting, one of the BAs was invited to brief participating executives on a topic related to the association's economic sector or specialty. This gave the speaker, usually

the executive director, chairperson, or member of the board of directors, the opportunity to share his or her BA's objectives, activities, and concerns with other executives. In the process, these meetings have helped BA executives build amicable personal relationships and coordination in solving problems and forging a common vision.

The roundtables also served as useful platforms for the BAI component to discuss AMIR's current and future activities with BA executives. Individuals from USAID and members of other AMIR components were also invited to meet and discuss relevant issues with a cross-section of the Jordanian private sector. BA executives have recognized the benefit of the roundtables and developed a plan to continue the program after AMIR support ends.

### ***B5c. U.S. Study Tours***

Twenty-eight BA executives, chairpersons, board directors, and senior governmental officials participated in three U.S. study tours in 1999, 2000, and 2001. The tours took participants to Washington, D.C., Austin, Sacramento, and Denver. Over a period of two weeks, they met with members of American BAs, Congress, national think tanks, Texas and California House of Representatives, state economic development agencies, city and regional development bodies, and many other organizations. The three study tours were organized by CIPE, Chemonics, and AMIR's Training and Awareness Division.

## **C. Policy Reform**

Working in partnership with the Government of Jordan, AMIR's Policy Reform Initiative (PRI) aimed to improve implementation of market-oriented economic policy reforms in Jordan. The reforms in question were designed to strengthen the business climate, improve the country's ability to attract foreign and domestic investment, and facilitate Jordan's swift integration into the global economy. The PRI's four main policy goals were:

- Complete Jordan's accession to the World Trade Organization (WTO) and implement WTO agreements and its obligations
- Reform customs procedures
- Improve enforcement of intellectual property rights
- Reduce procedural/legal barriers to investment

Given that all of the policy component's initial goals concerned reform of government policies and operations, the primary recipients of the component's assistance were government ministries and departments:

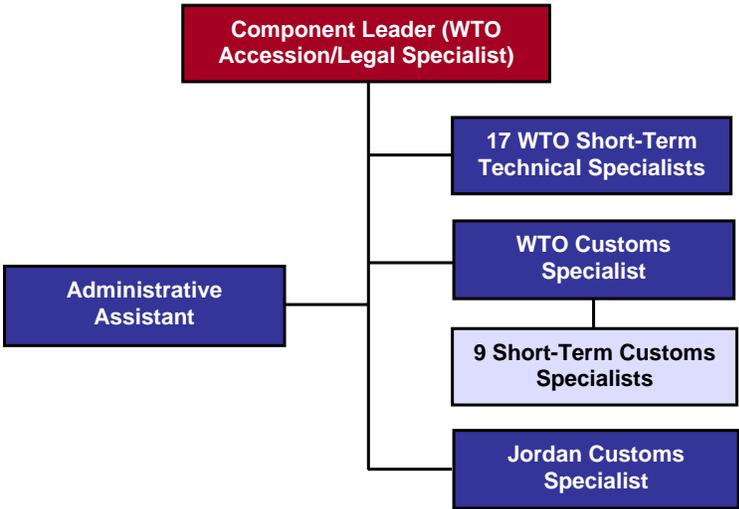
<b>Objective</b>	<b>Main Counterpart(s)</b>
WTO Accession and Implementation	<ul style="list-style-type: none"> <li>• Ministry of Industry and Trade</li> <li>• Ministry of Agriculture</li> <li>• Ministry of Health</li> </ul>
Customs Reform	<ul style="list-style-type: none"> <li>• Customs Department</li> </ul>
Improved Enforcement of Intellectual Property Rights	<ul style="list-style-type: none"> <li>• Ministry of Industry and Trade, Industrial Property Department</li> <li>• National Library (copyright protection)</li> <li>• Ministry of Agriculture (plant variety protection)</li> </ul>
Reduction of Procedural/Legal Barriers to Investment	<ul style="list-style-type: none"> <li>• Jordan Investment Board</li> <li>• Ministry of Industry and Trade, Company Registrar Directorate</li> <li>• Aqaba Special Economic Zone Commission</li> </ul>

In each of the four years of the AMIR Program, the policy component prepared its own technical assistance work plan, consisting of discrete projects or tasks to be implemented during the year. Annual work plans took into account the requests and recommendations of all government counterparts. Assistance focused on the following:

<b>PRI Component</b>	
<b>Number of Jordanians Trained</b>	
In-Country	6,546
Third Country	146
U.S.	71
<b>Total</b>	<b>6,763</b>

- Legal, policy, economic, and business process/operations advice
- Database and Web site design
- Formal training programs for both government and private sector representatives
- U.S. and third-country study tours
- Office automation and communications equipment, research materials, laboratory and testing equipment, and other commodities

In terms of its own internal organization, the policy component’s structure largely followed its main areas of emphasis:

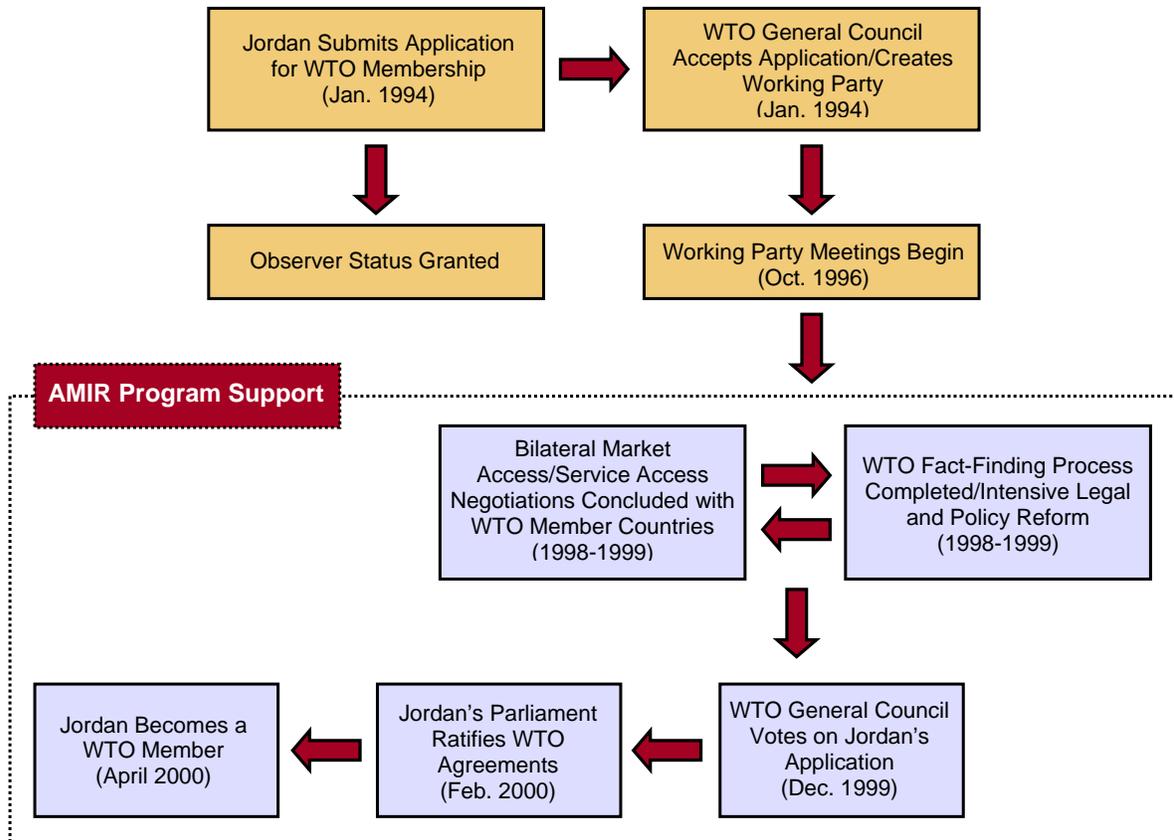


Throughout the program, the policy component was led by a WTO accession or legal specialist. In addition to advising the government on accession and WTO implementation requirements, the specialist was responsible for managing the work of more than 20 U.S. or third-country short-term consultants and 10 local consultants covering expertise in all areas under the component’s mandate. Reflecting the importance of the customs reform element of the component, long-term staff included a Jordanian customs expert. In the third and fourth year of the AMIR Program, the component added a U.S. customs legal advisor whose responsibility included coordinating the work of three short-term customs specialists.

WTO accession requires reform of the legal and policy regime affecting trade and investment. Given the breadth of impact on the national economy, as well as the complexity of the WTO agreements themselves, a successful accession requires sustained political commitment at the highest level, as well as technical know-how on a broad range of trade issues.

Although Jordan first applied for WTO membership in January 1994, it had engaged in only two working party meetings by 1998 and had not significantly advanced its application. It was only in 1998, with the ascension of His Majesty King Abdullah to the throne, that a clear political commitment to complete the accession process was made. At that point, the government set a self-imposed deadline of December 1999, the date of the WTO Seattle ministerial meeting, to complete the accession process. It looked to the USAID/AMIR Program to help it meet that ambitious goal.

**Exhibit II-1. Jordan's WTO Accession Process: AMIR Program Involvement**



**C1. WTO Accession**

To assist the government in completing its WTO accession within the accelerated timetable, the policy component's strategy proceeded along the following lines:

- WTO Accession Master Plan.* The policy component developed a comprehensive accession plan identifying the specific actions or decisions to be taken by the government, including amendments to legislation, submission of Jordan's goods and services offers, and completion of bilateral negotiations. The plan set out a specific timetable of goals to be achieved by the government in order to meet the December 1999 deadline. Once approved by the government, the accession master plan was the primary tool used by the Ministry of Industry and Trade and the AMIR Program as the basis for managing the accession process, including staging the inputs of short-term consultants.

- *WTO Legislation.* The component provided short-term U.S. and Jordanian legal specialists to analyze and propose amendments needed to conform Jordan's trade and investment legislation to WTO requirements. The component also assisted the government in supporting the enactment of the laws through legal advice and public education efforts. In the end, more than 40 laws and regulations on trade and investment, customs, and intellectual property rights were amended or newly drafted.
- *WTO Negotiation Support.* The component provided training, logistical support, and legal advice to support the government's negotiations with WTO members on the terms of its accession. This support included preparing responses to questions from WTO members, training on negotiation techniques, preparing the government's market access and services offers, providing analytical reports on Jordan's trade regime, and translating, scheduling, and funding negotiators' travel to Geneva.
 

"The AMIR Program consultants were extremely instrumental by utilizing their skills to hammer out the easiest terms possible according to WTO regulations as well keeping the whole Jordanian team informed of what to expect, demand and concede to in each round."

*HE Tamam El Ghul*  
Minister of Social Development  
Former Head of the WTO Unit at the  
Ministry of Industry and Trade
- *Public Outreach/Awareness.* To help the government maintain the necessary political support for WTO membership, the policy component initiated a public outreach/awareness campaign, including briefings for trade and industry groups, development of promotional materials for newspaper publication and an extensive WTO information kit, and briefings for government ministries.
- *WTO Ratification.* The policy component helped the government prepare the WTO Working Party Report, the final document summarizing Jordan's commitments and obligations, and provided technical support to obtain ratification of the protocol of accession by Parliament.

## **C2. Post-Accession Implementation**

The benefits of trade and investment liberalization that Jordan anticipates from its accession to the WTO will not be felt unless WTO agreements are properly implemented.

Implementation requires more than changes to legislation. It requires changes in government institutions and structures, working operations and procedures of government, skills of government officials, and relationships with the regulated public. The initiation of this complex, long-term process became the primary focus of the policy component's technical assistance from May 2000 to the end of the program.

The policy component's post-accession strategy was to concentrate technical assistance efforts on: (1) fulfilling the specific, immediate commitments Jordan made to WTO members during accession negotiations, (2) establishing a government unit to oversee and coordinate WTO compliance, and (3) achieving long-term institutional and procedural reforms in those trade areas of greatest concern to WTO member countries and traders, as expressed in the WTO Working Party Report.

### ***C2a. Fulfill Jordan’s Working Party Commitments***

In negotiations for WTO accession, the government committed to taking certain specific decisions or actions within set timeframes — generally within one year of the date of accession. These specific commitments are spelled out in Jordan’s WTO Working Party Report and include, for example, commitments to notify WTO members with updated information and to revise or revoke certain regulations or decisions. Because these actions were time-sensitive, they were the policy component’s first priority.

Working with the Ministry of Industry and Trade, the policy component developed a checklist summarizing these specific commitments, which was then used to monitor government fulfillment of the commitments. When the Ministry required legal or economic policy support to complete the conditions, the component supplied the relevant short-term technical expertise. All these commitments were fulfilled within the required timeframe.

### ***C2b. Strengthen Authority/Capacity of WTO Oversight Body***

Most of Jordan’s government ministries will have some ongoing responsibility under the WTO agreements. To ensure that Jordan meets these obligations, a central coordinating body to oversee compliance was required. Based on the expertise and knowledge its members developed in the accession process, the “WTO Unit” within the Ministry of Industry and Trade was the most likely candidate to play this role. However, to do so effectively, the unit required enhanced legal authority to interact with other government departments and the private sector, as well as improved technical capacity.

To assist the WTO Unit, the policy component took the following steps:

- *Assess Needs.* The component conducted an assessment of the WTO Unit’s existing capability to oversee government compliance with WTO obligations and provide recommendations for improved structure, inter-ministerial relationships, and work program. The component conducted a separate assessment of the trade economic and policy information resources available to the WTO Unit and other government entities involved in trade policy formulation, and how these might be improved and shared more effectively. As a result of this assessment, AMIR procured office automation equipment and funded the design of an upgraded Web site for the unit.
- *Improve Legal Authority.* Based on the assessment, AMIR legal consultants drafted a Prime Ministerial legal decree granting the WTO Unit authority to coordinate WTO compliance within the government and to require cooperation from other ministries. The decree was issued by the Cabinet in June 2001.
- *Build Capacity.* Throughout the life of the AMIR Program, members of the WTO Unit received a significant amount of training on WTO and international trade principles. This included formal training, third-country training, and funding of travel to Geneva to allow WTO Unit members to participate in WTO committee meetings under various agreements.

### ***C2c. Establish Protections against Injurious Imports***

The WTO agreements provide members with three defensive measures that government may take against imports that threaten injury to national industries. These are the dumping, safeguards, and countervailing duty measures. Establishment of a government unit to administer these remedies effectively is critical to protect Jordanian producers against unfair trade, as well as to demonstrate the credibility of the WTO system to the Jordanian business community.

The policy component took the following steps to help the Government of Jordan establish credible, WTO-consistent trade remedies:

- *Establish Legal Basis.* The policy component advised the Ministry of Industry and Trade in drafting regulations to implement a WTO-consistent safeguards measure. The ministry published the regulation in November 2000, and shortly thereafter received its first application for safeguard protection from Jordanian manufacturers of chocolate and biscuits.
- *Establish Operating Procedures.* A component legal advisor helped the National Production Protection (NPP) department develop operational procedures for the uniform and transparent processing of safeguard cases. These were published on the WTO Unit's official Web site ([www.jftp.gov.jo](http://www.jftp.gov.jo)).
- *Build Capacity.* The policy component provided training to NPP department staff and local businesses on the use and investigation of safeguard cases in formal seminars and informal on-the-job training. Training was also provided on basic accounting and auditing techniques.
- *Improve Infrastructure.* The AMIR Program provided all members of the NPP department with networked computers and software required to process/analyze safeguard cases.

### ***C2d. Streamline Controls on Imported Food***

Jordan received significant criticism from WTO members concerning its border controls on imported food and agriculture products, which members considered inconsistent with requirements of the WTO Sanitary/Phytosanitary Agreement. As a condition of WTO membership, Jordan agreed that it would “streamline the process of sampling, inspecting, and testing imported food.”

The essential source of delay determined by policy component specialists was the Ministry of Health's (MOH) policy to inspect and sample *all* imported food for laboratory analysis, even if the shipment presented little or no real risk to public health or safety.

Component specialists thus proposed that MOH eliminate its 100-percent sampling system in favor of a risk-based system of control, whereby imports are selectively sampled based on the degree of threat presented. In addition to streamlining entry and reducing importer transaction costs, the system would allow MOH to focus on those imports that present real risks, thus improving the safety of Jordan's import food supply.

In October 2000, the new Aqaba Special Economic Zone Commission agreed to apply the system with respect to food imported through the port of Aqaba, subject to AMIR support.

As a first step, the policy component worked with the Aqaba Special Economic Zone Authority (ASEZA) on a detailed one-year plan to implement the risk-based system in Aqaba, including the kinds and timing of technical and other assistance that would be provided by AMIR.

The policy component provided all assistance promised under the plan, including:

- *Training.* As agreed in the implementation plan, the policy component provided training to strengthen links in Jordan's import food control chain. This included:
  - Food sampling techniques: Apart from the excessive number of samples, WTO members also criticized the quantity of products taken as samples. The policy component provided training to Aqaba Sampling Committee members on proper sampling techniques.
  - Laboratory analysis: Training was provided to Aqaba and Amman food laboratories on design and implementation of an Analytical Quality Assurance (AQA) program.
  - Risk assessment: The component provided a short-term technical advisor to train MOH and ASEZA officials on risk assessment principles.
- *Infrastructure.* The policy component provided considerable assistance in building an improved food control infrastructure with a focus on Aqaba, where the risk-based system was to be implemented. Major improvements include:
  - Provided MOH food inspectors with tools required for portion sampling of food imports
  - Supplied MOH Aqaba Food Laboratory with approximately \$120,000 in food test equipment, analytical instruments, and technical manuals, including two high-performance liquid chromatographs, a gas chromatograph, and a variety of other essential equipment. This equipment will allow MOH to improve efficiency and accuracy and, more importantly, permit testing of foods for risks to human health, which was not previously performed.
  - Provided ASEZA with four computers and software required for food risk data collection and analysis
  - Designed data collection and retrieval system to capture information required for risk analysis from imports through Customs ASYCUDA system and other sources
- *Operating Procedures:*
  - The policy component helped ASEZA draft a memorandum of understanding with national ministries involved in food control (including MOH and

Customs), outlining their respective responsibilities in operating the risk-based system in Aqaba.

- The component developed a set of standard operating procedures for the risk-based system, which were approved by ASEZA in December 2000 with minor modifications.
- The component assisted ASEZA in establishing appropriate risk categories for specific food products and appropriate levels of control for each category.

At the close of the AMIR Program, the infrastructure, legal framework, procedures, and capacity to implement the risk-based system were in place in Aqaba. In July 2001, the National Food Council, chaired by MOH, authorized ASEZA to begin using the system in Aqaba, subject to completion of certain specified prerequisites, which ASEZA has committed to fulfill.

### ***C2e. Support WTO Government Procurement Agreement Negotiations***

In negotiations with WTO members, Jordan committed to initiating negotiations for membership in the WTO's Government Procurement Agreement (GPA) upon accession to the world trade regime.

Unlike WTO accession, there is no clear high-level government imperative for GPA membership, and there is significant uncertainty about the benefits of membership. Accordingly, the general strategy of the policy component was to focus resources on analyzing the economic impact of procurement liberalization on Jordanian producers, consumers, and government to provide the government with a basis for crafting its opening offer.

However, because of general lack of data available in Jordan for an economic analysis of this kind, the component was required to take the following two-step approach:

- *Construct GPA Database.* The component funded the design and population of a database for the General Supply Department of the Ministry of Finance, the main government body responsible for commodities procurement. The database includes information on the volume and types of goods and services that the Government of Jordan has procured in the past, which government agencies are currently involved in procurement, share of goods purchased from Jordanian companies, and other procurement details. The policy component designed the database not only to serve the purpose of GPA negotiations and reporting requirements, but also to be used as a monitoring system for the General Supply Department, which will continue to update and use the system for its administrative purposes.
- *Conduct Economic Impact Analysis.* As a second step, and based on the GPA database, the policy component funded a study on the potential impact of procurement liberalization under the GPA. The study's findings provided government negotiators with a menu of strategies in preparing a negotiation position.

### C3. Customs Reform

The AMIR Program's general customs reform mandate was to assist the Jordanian Customs Department in creating an "improved, more efficient, market-oriented customs regime."

How the policy component carried out that mandate was in fact largely determined by the Jordanian government's 1998 decision to accelerate its WTO accession application. In particular, the policy component's first priority was Jordan's adoption and implementation of WTO rules on customs valuation, rules of origin, and border enforcement of intellectual property rights. Secondly, the policy component helped Customs modernize its infrastructure and

upgrade its trade enforcement capabilities to help the department respond more effectively to the demands of increased trade expected to result from integration into the WTO system.



*HM King Abdullah II and former Customs Director Khaled Al Wazani thank Stephen Wade for AMIR Program assistance in reforming and modernizing the Customs Department.*

#### ***C3a. WTO Implementation — Customs Valuation***

As a WTO member, Jordan is required to accept and implement the terms of the WTO agreement on customs valuation, the system by which a customs administration determines the value of imported goods for purposes of customs duty and tax assessment. The policy component's approach to valuation reform was as follows:

- *Set the Legal Framework.* AMIR legal advisors assessed Jordan's Customs Code for conformity with WTO valuation principles and drafted necessary amendments. Parliament adopted these into law in April 2000. Thereafter, the policy component advised the Customs Department in drafting the required implementing regulations, which were published in August 2000.
- *Build Capacity.* The policy component devoted considerable resources to training customs officers, importers, and brokers in customs valuation in view of the difficulty developing countries often experience in converting to the WTO system. Training focused on both the legal principles and proper operation of the valuation agreement, as well as practical aspects of Customs control of valuation at the border and detection of valuation fraud. The component also advised Customs on technical development of a "valuation database" for use in customs fraud enforcement.

#### ***C3b. Border Enforcement of Intellectual Property Rights***

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) requires members to adopt procedures for Customs detention of infringing imported goods at

the border, a procedure previously unknown in Jordanian Customs practices. In implementing this WTO requirement, the AMIR Program followed the same steps applied to the valuation agreement, namely:

- *Set the Legal Framework.* The policy component provided legal and drafting advice to support Jordan's transition to the Customs Code in April 2000, as well as detailed regulations, published by the Customs Department in October 2000, to implement a TRIPs-consistent border enforcement procedure for detention of infringing or pirated goods.
- *Build Capacity.* Customs officers received training in general principles of trademark and copyright law. Most importantly, the policy component involved representatives of Jordanian and international businesses in training Customs officers on practical ways to distinguish genuine from pirated goods.

### ***C3c. Rules of Origin***

The WTO Agreement on Rules of Origin required Jordan to make changes to its legal framework, which in turn had important consequences for Customs operations:

- *Set the Legal Framework.* The immediate change to Jordan's legal regime required by the WTO agreement was the establishment of a rulings procedure through which importers might receive binding advice from Customs in advance of their importations. The required changes were included in the April 2000 Customs Code amendments drafted with AMIR technical assistance. In addition, the policy component drafted proposed regulations and standard operating procedures to enable the Customs Department to implement a formal binding rulings program. These have not yet been acted upon.
- *Build Capacity.* Because the WTO did not complete work on the harmonized rules of origin that will be used by all WTO members, it was not possible to train Customs officers on WTO origin rules. However, the policy component provided training on the operation of a binding rulings program and on origin rules under the U.S.-Jordan Free Trade Agreement, which was ratified by the two countries in the last year of the AMIR Program.

### ***C3d. Commercial Operations/Organization Reform***

In September 2000, shortly after Jordan's accession to the WTO, the AMIR Program organized a study tour of U.S. Customs for seven high-level Customs Department managers, including the Director General, for the purpose of developing a strategy to modernize commercial operations. An important outcome of the study tour was the proposal of a mutual assistance agreement between U.S. and Jordanian Customs. Based largely on the U.S. model, the Jordanian Customs Department also published a detailed strategic plan in 2001 to upgrade its procedures and organization.

To support the modernization efforts outlined in Customs' strategic plan, the policy component focused technical assistance on two key areas with direct impact on trade facilitation: (1) automation of Customs' commercial processing systems, and (2) Customs risk management/trade enforcement techniques.

- *Customs Automation.* The AMIR Program helped the Customs Department implement two major automation programs: (1) the port of Aqaba import processing system and (2) a national transit system. AMIR supplied Customs with \$784,793 in computers, servers, and communications equipment required to implement the ASYCUDA automated import processing system at the port of Aqaba, Jordan's sole seaport, where 25 percent of total imports are processed. The system, which was operational in early 2001, allows importers to transmit declaration data electronically to Customs and enables automatic clearance decisions based on pre-programmed risk criteria. As a result of this automation, by the end of 2001, clearance times at the port were reduced from a few days to one day, and 70 percent of customs declarations were completed within two to three hours on the same day of declaration to Customs.

Improvement of Jordan's transit control infrastructure was a priority for two reasons: Jordan's WTO obligation to facilitate transit movements and the perception within Jordan, particularly after creation of the Aqaba Special Economic Zone in 2001, that weaknesses in Customs' transit controls had provided significant opportunities for smuggling. The AMIR Program supplied the Customs Department with \$138,000 in computer and communications equipment required to implement the ASYCUDA transit control system at all 15 points of entry. The procurement was based on a policy component study of existing transit infrastructure and procedures, and was carried out pursuant to a memorandum of understanding with the Customs Department. The AMIR Program supplied and installed the equipment in late 2001, and the new system is expected to be operational by January 2002.

- *Trade Enforcement Strategy.* Besides automation, modern customs organizations use trade enforcement strategies based on national priorities and analysis of various risks to deal with increased trade and limited resources. U.S. Customs applies these principles in developing its annual national trade enforcement plan. Following the September 2000 study tour (see above), Jordanian Customs requested AMIR assistance to initiate an overall trade compliance strategy similar to the U.S. model. The policy component provided training on the development of a trade enforcement plan, including identification and analysis of relevant trade data, training on use of database programs, and a step-by-step approach to developing a plan for Jordan. In addition, AMIR customs advisors provided the Customs Department with a suggested plan for the steel industry, which has experienced a large increase in imports in recent years.

### ***C3e. Intellectual Property Rights Enforcement***

As with customs reform initiatives, the policy component's technical assistance for intellectual property rights enforcement was dominated by WTO accession and implementation requirements. More than any other area of law, Jordan's intellectual property legal regime underwent the greatest degree of change to conform to WTO requirements.

The policy component generally followed the same approach applied to other WTO implementation areas. Because of the much larger legal drafting agenda, however, greater emphasis was placed on the preparation of legal acts.

*Assessment.* Through the accession master plan, the policy component identified those IP-related laws and regulations requiring amendment for conformity with the WTO TRIPs agreement.

*Legal Drafting.* The policy component relied upon short-term IP experts, paired with local legal consultants, International Business Legal Associates (IBLA), to prepare amendments or new laws and regulations required by TRIPs. These were then presented to the relevant government counterpart. Generally, foreign legal consultants also presented seminars to government counterparts and private sector representatives to explain the proposal and particular WTO obligations. Thereafter, IBLA worked with the government ministry counterpart to complete the draft for submission to the Cabinet of Ministers. When appropriate, IBLA also participated in Cabinet-level technical review of the draft by the Bureau of Legislation, as well as Parliamentary committee review.

Through this process, the AMIR Program helped draft the following IP laws and regulations (all but those marked with an asterisk were enacted by Parliament or issued by the Cabinet by the end of 2001):

- Amendments to Law on Trademarks
- Law on Patents
- Amendments to Law on Copyright
- Law on Trade Secrets and Unfair Competition
- Law on Plant Variety Protection
- Law on Industrial Designs
- Law on Integrated Circuits
- Law on Geographical Indications
- Regulation on Protection of New Plant Varieties\*
- Regulation on Patents
- Regulation on Industrial Designs\*
- Regulation on Trademarks
- Regulation on Integrated Circuits\*
- Instructions on Border Enforcement of Intellectual Property Rights

*Implementation.* The policy component provided training on legal principles. It also supplied networked computers to the Industrial Property Protection Department of the Ministry of Industry and Trade to run the WIPO Arabic-language IP management system, as well as to the National Library, which is responsible for copyright enforcement. Finally, the component provided assistance to Jordan's Industrial Property Protection Department to streamline its business processes and implement a quality management system.

#### **C4. Reduction of Barriers to Investment**

Apart from reforms driven by WTO accession and implementation, the policy component helped identify and resolve procedural or legal barriers to foreign investment in Jordan. In particular, this work concentrated on market entry issues such as company registration procedures, licensing, and approval of business activities.

### ***C4a. Investor Roadmap***

The initial approach adopted by the policy component was that of the “investor roadmap,” which involves the steps outlined below.

*Step 1: Investor Roadmap Study.* A survey/study was conducted by USAID/FIAS to identify major administrative barriers faced by investors who wish to establish and operate a business in Jordan. These were found to include company registration, business licensing, and import licensing procedures.

*Step 2: Investor Roadmap Workshops.* Based on the investor roadmap study, the AMIR Program organized and led workshops on each of the major constraints identified. Separate workshops were conducted on company registration, business licensing, environmental approvals, customs guarantees, and food safety controls. The one to three-day workshops, which were sponsored by the Jordan Investment Board and included public and private sector representatives, aimed to highlight relevant issues and propose appropriate solutions.

*Step 3: Develop and Adopt Recommendations.* Upon completion of each workshop, the AMIR Program documented the agreed-upon recommendations and proposed an action plan for implementation.

*Step 4: Implementation.* With the recommendations in hand, the responsible government ministry or department was to implement the reforms, with oversight from the Jordan Investment Board (JIB) and technical assistance from the AMIR Program as needed. Policy component inputs here included preparation of draft legal acts related to business licensing and environmental clearance, as well as analytical studies on food safety and customs guarantees. Unfortunately, due to bureaucratic intransigence and lack of political will, implementation did not follow as originally planned. Nevertheless, it was possible to realize reforms in certain areas through other means. This was accomplished by linking the needed reforms to other projects of high priority to the government. The two particular areas where the policy component concentrated efforts under this new approach were:

- *Food Safety.* The creation of the Aqaba Special Economic Zone in 2000 provided an opening to streamline controls on food imports, a major constraint identified in investor roadmap workshops. Under the zone law, the ASEZA Commission, rather than the Ministry of Health, generally has legal authority over food safety controls within the zone. Based on policy component analysis and proposals, the ASEZA Commission decided to support implementation of a risk-based system for food control in the zone. The technical approach to system implementation has been previously described (see C2d above). Although the risk-based system will cover food imported only through the port of Aqaba, approximately 80 percent of all of Jordan’s food imports are shipped through Aqaba, rendering the system effective.
- *Company Registration.* The high priority the government placed on implementation of “e-government” services in the last years of the AMIR Program provided a new opening for registration reform. The government chose company registration as one of two e-government pilot projects, and enlisted AMIR’s technical and financial support to design and implement the “e” solution. From the outset, it was clear that unless the government resolved existing

constraints in the Registrar’s manual or paper-based procedures, upon which the e-government solution would be layered, the e-service would perpetuate the same constraints in the electronic environment. Accordingly, as a pre-condition to designing the online registration service, the AMIR Program worked with the Company Registrar to rationalize the manual system, thus eliminating many of the problems identified in the investor roadmap through the e-government process (see “C4b. Case Study” below).

#### ***C4b. Case Study: Company Registration***

Early on in the AMIR Program, company registration procedures were identified as an important constraint to foreign investment (AMIR Program/FIAS 1998). Applicants for registration were burdened with redundant data requirements, multiple forms requesting excessive information, and unnecessary processing steps. Although certain constraints could not be eliminated without amendment of Jordan’s Companies Law, others were seemingly a matter of the Registrar’s internal procedures.

In early 2000, a new opportunity to implement the needed procedural reforms presented itself as a result of a government imperative to establish an e-registration service (see above). To assist the Company Registrar in making the reforms needed to set up the e-government project, AMIR implemented a comprehensive “reengineering” of the Registrar’s operations over a six-month period, as follows:

- *Contract with Local Consultant.* In a competitive bid process, the policy component selected Integrated Management and Information Consultants (IMI), a local management consulting company, to lead business process reengineering.
- *Assess Existing Procedures.* IMI began with a comprehensive mapping of the Company Registrar’s current procedures and data requirements, including all inputs and outputs (information, approvals, etc) to or from other ministries, departments, or other third parties. To ensure full coordination with the government department at each stage, no further steps were taken until the Company Registrar had approved the mapping.
- *Propose Redesign.* IMI conducted a critical review of existing processes, data requirements, forms, workflow, and organizational structure. A proposal to streamline the Registrar’s operations was then developed to maximize efficiency and fulfill the Registrar’s mandate. The Registrar approved the proposal following substantial discussions, further negotiations, and modifications. Additional modifications to the reengineered process were made as the process was tested out in the implementation phase (see below).
- *Interface with e-Government Project.* To ensure that redesigned processes took into account e-government requirements, and vice-versa, the business process reengineering team met regularly with the e-government technical team.
- *Train and Implement.* Once the Company Registrar approved the design of the reengineered processes, IMI trained Registrar staff on use of the new forms, workflow process, and processing steps.

- *Reconfigure Office Space.* The organization of the Registrar’s existing office space would have made implementation of the redesigned workflow and processes difficult, and would have possibly impeded the anticipated reforms. Accordingly, the policy component contracted a Jordanian architect to design and construct office space for the Registrar based on the requirements of the redesigned processes.
- *Automate Process.* Based on the needs of the reengineered process and e-government service, the AMIR Program provided 18 computers and related peripheral equipment to the Company Registrar. The end result of the reengineering process included:
  - Reduction of forms from 5 to 1
  - Reduction of data requirements from 35 fields to 7
  - Establishment and implementation of standard operating procedures reflecting the reengineered process
  - Workflow process and use of physical space rationalized
  - Establishment of written job descriptions
  - Establishment of new department structure with clearer lines of authority

## C5. Investment Promotion

Developing an investment-based economy is crucial to achieving economic prosperity for all Jordanians. Foreign direct investment (FDI), coupled with increased domestic investment, is the most dependable catalyst for driving sustainable economic growth in the future. To develop Jordan’s capacity to attract investment, AMIR provided ongoing support to the Kingdom’s primary investment promotion agency. As early as the second quarter of 1998, AMIR’s policy reform component began assisting the Investment Promotion Corporation (IPC), renamed the Jordan Investment Board (JIB) in 2000, to develop an integrated program for investment promotion and facilitation.

In 1998, the United States signed the first Qualified Industrial Zones (QIZ) agreement with Jordan. Further enhancing Jordan’s leverage over other neighboring countries in the MENA region, the QIZs presented an unprecedented opportunity to establish industrial zones providing duty- and quota-free access to the U.S. market for products manufactured in Jordan. In September 2001, as further indication of U.S. support for Jordan’s economic development, a Free Trade Agreement (FTA) was signed between the United States and Jordan. The FTA will phase out virtually all tariffs between the two countries on industrial goods and farm products over the next 10 years. AMIR has been instrumental in providing the JIB with resources to promote the advantages of these agreements to potential investors around the world.



*AMIR consultant Catherine Goddard (left) and Hussein Dabbas (center), former Deputy General Director of the JIB, honor a trainee after completing a presentation skills training course.*

### ***C5a. Approach***

Work with the JIB began early on, with two studies conducted by short-term consultants under Policy Milestones 7 and 9. The Baseline Efficiency Study for IPC determined JIB organizational capacity and performance as measured against international best practice for investment promotion agencies. The IPC Strategic Plan and Investor Services Guidelines clearly laid out the strategic activities the JIB was to undertake to reengineer the organization and begin to mount a productive, credible international promotion program. AMIR-supported activities focused on:

- Updating the skills of JIB staff
- Upgrading the JIB’s capacity to provide services and promote investment through the implementation of best practice tools, technology, and techniques
- Assisting the JIB in its role of guiding investors through the legal and regulatory steps related to investment
- Increasing awareness within the JIB of the importance of its role as a facilitator of investment through the adoption of a customer service approach to licensing, customs clearance, and other activities where investors interact directly with government offices
- Identifying innovative approaches to upgrading the services offered by the JIB
- Modernizing the investor tracking and data collection system

### ***C5b. Tools and Techniques***

AMIR support to the JIB under the policy component included the following:

#### 1. Long-Term Advisor:

A long-term advisor with more than 30 years of experience in foreign direct investment promotion was installed within the JIB for a three-year period to provide ongoing technical assistance in the following areas:

- Advice to management on strategic planning, including work plan and budget preparations, input on JIB information and database needs, and guidance in the creation of JIB promotional materials
- International best practice training of JIB promotion staff on:
  - Promotion techniques and processes
  - Targeting and “prospecting” investors
  - Departmental procedures and policies
  - PowerPoint, presentation skills, drafting business correspondence newsletters and advertisements
- The long-term advisor also coordinated the following AMIR assistance to the JIB:

#### 2. Training:

- *Study tours.* AMIR funded study tours for JIB management and staff to institutions abroad where they could experience first-hand the positive impact of

best practices on promotional efforts. Study tours were funded to Ireland and the Irish Development Authority; Washington, D.C.; Atlanta, Georgia; and New York City.

- *Teamwork and presentation skills training.* Promotion Department and Airport Reception Center staff received training from an international expert in this field.
- *Investment promotion best practice training modules.* JIB promotion staff were also trained over a period of two years by U.S. consultants in 8 of 22 subject areas requiring coverage by staff of all newly emerging investment promotion agencies. Modules 1 through 8 addressed topics such as developing an investor targeting strategy, preparing a marketing strategy, and key elements of the selling process.
- *Realization rate study.* Local and U.S. consultants worked closely with JIB staff to establish a methodology for determining actual investment and employment numbers over time, based on preliminary information provided by investors.

### 3. Legal Reform:

Early on, it was determined that Jordan's Investment Promotion Law of 1995 needed amendment to render it world-class and make it truly effective in promoting investment in Jordan. First, the administration and authority of the JIB had to be restructured to ensure the agency took on a more prominent role and private sector outlook in leading Jordan's investment promotion strategy. Second, the incentives offered to investors needed to be targeted and the application processes streamlined. In 2000, a new Investment Promotion Law was presented and proposed for adoption. However, the new law, weakened through a series of reviews and compromises, fell short of its original reform mandate and was withdrawn from consideration. Instead, a new initiative is now underway to amalgamate Jordan's investment promotion agencies and rationalize the country's investment incentive schemes.

In response, AMIR has cooperated with the Royal Court and the Investment Task Force of the Economic Consultative Council in designing the new strategy. Consultants from Ireland's premier investment promotion institution, Forfás, were brought in to provide insight and guidance in international best practice, inspiring full endorsement of a Forfás-style strategy from His Majesty. As a result, a high-level committee has been appointed to formulate and implement the Forfás model in the coming year.

### 4. Infrastructure:

- *JIB offices.* AMIR hired local contractors to refurbish the JIB's foyer and redesign the agency's premises to appear more professional to investors. In addition, 14 computers, licensed software, four printers, and a scanner were provided to the IPC promotion department and upper management. A local area network and a leased line for Internet access were also installed.
- *Airport satellite office.* The AMIR Program funded the design, furnishing, and computerization of an Investor Reception Center at the Queen Alia International Airport.

- *IT upgrade.* In 2001, JIB software, hardware, and equipment upgrades worth \$20,000 were installed to ensure the agency's technology is up-to-date and compatible with the standards set by the Ministry of Information and Communications Technology.
- *Electronic archiving system.* A new electronic archiving system is now used to track applications, official correspondence, and other important paperwork in a manner that improves the JIB's organization and work performance.
- *MIS/ITS system.* A Management Information System (MIS) and an Investor Tracking System (ITS) were designed by consultants hired by AMIR to facilitate the Promotion Department staff's ability to manage contacts, track the progress of potential and realized investments, and collect and report on investment data. The system was completed in 2000 and 1,000 projects dating since the inception of the JIB in 1995 were entered into the system.
- *Web site in English and Arabic and Web databases.* A local Web services firm was contracted to design a bilingual site for the JIB to market Jordan to international investors. Interactive databases were also designed and uploaded that allow Web site users to input and access detailed information on resources such as land, buildings, and human resources available in Jordan. Population of the databases was promoted through advertisements in local newspapers.

#### 5. Missions:

- *ITS update final report.* A study titled "Investor Targeting Strategy: Middle East Update" was conducted by a U.S. consultant to assist the JIB in targeting markets in the Middle East, particularly in Saudi Arabia, the United Arab Emirates, Egypt, and Turkey. Key sectors for potential investment were identified in the report.
- *Missions.* The AMIR Program financed 16 missions to promote investment in the QIZs and targeted sectors. Management and promotion staff held seminars and met face-to-face with targeted companies in the Middle East, the Far East, and South Asia.

#### 6. Backward Linkages Program:

- *Backward linkages study.* Consultants from Ireland and the United States were brought into the JIB to carry out a study and make recommendations for establishing a backward linkages program in Jordan. The purpose of the program is to integrate local industry into the expanding supply chain demand generated by foreign QIZ investment.
- *Zarqa satellite office.* Office equipment and furnishings were provided by AMIR to support the opening of a satellite JIB office at the Zarqa Chamber of Industry. The office serves as a base for the implementation of a pilot backward linkages program in the Zarqa Free Zone.

## 7. Promotional Materials

- *Corporate makeover.* Local graphic and Web design firms were contracted to work with JIB management to develop an integrated marketing design to be adopted in all promotional materials and publications. The “new look” was applied to the JIB’s Web site, newsletter, advertisements, and marketing materials in early 2000.
- *CD-ROM.* A local multimedia design firm developed a dynamic CD-ROM for use by the JIB in promoting investment in Jordan. The CD is used to tailor presentations to the interests of potential investors.

## C6. Capital Markets

A modern capital market in Jordan furthers economic growth by attracting domestic and foreign investment. While Jordan’s capital market is small, it has significant potential for development. In March 1999, the Jordan Securities Commission (JSC) established the Amman Stock Exchange (ASE) and the Securities Depository Center (SDC) as independent, privately managed institutions. Since mid-1999, the AMIR Program has worked closely with key institutions to support the establishment of a modern capital market and facilitate portfolio investment in Jordan.

Objective	Main Counterpart(s)
Modern Capital Market	<ul style="list-style-type: none"> <li>• Jordan Securities Commission</li> <li>• Securities Depository Center</li> <li>• Amman Stock Exchange</li> </ul>
Institutional Strengthening of Professional Organizations	<ul style="list-style-type: none"> <li>• Association of Certified Financial Professionals</li> </ul>

### C6a. Approach

The AMIR Program’s Capital Market Development (CMD) subcomponent was a relative late addition to the program’s portfolio of activities, having formally been added by a USAID modification in August 1999, two years after the program was launched.

At that time, Jordan’s capital market sector was increasingly viewed as a critical component in the country’s economic development plans. The market showed significant potential for development, but was plagued with endemic deficiencies, including an equity market lacking sufficient liquidity, a weak regulatory structure requiring reform, and a poorly functioning trading and depository system. Significant development, reform, and depth was needed to meet the country’s ambitious economic development goals and to build Jordan’s capital market sector to the standards of full-fledged market-based financial systems in industrial countries.

The AMIR Program was asked to help develop and expand Jordan’s capital market into a self-sustaining, enabling financial environment for investment and growth — one that would base its tenets on establishing a fair, efficient, liquid, and transparent market inspiring domestic and international investor confidence.

The CMD subcomponent sought to improve the efficiency, stability, and institutional environment of the Jordanian securities market by strengthening the quality of its legal/regulatory framework and by increasing the institutional capacity of Jordan’s three capital market institutions: the Jordan Securities Commission (JSC), the Amman Stock Exchange (ASE), and the Securities Depository Center (SDC). The component has worked to

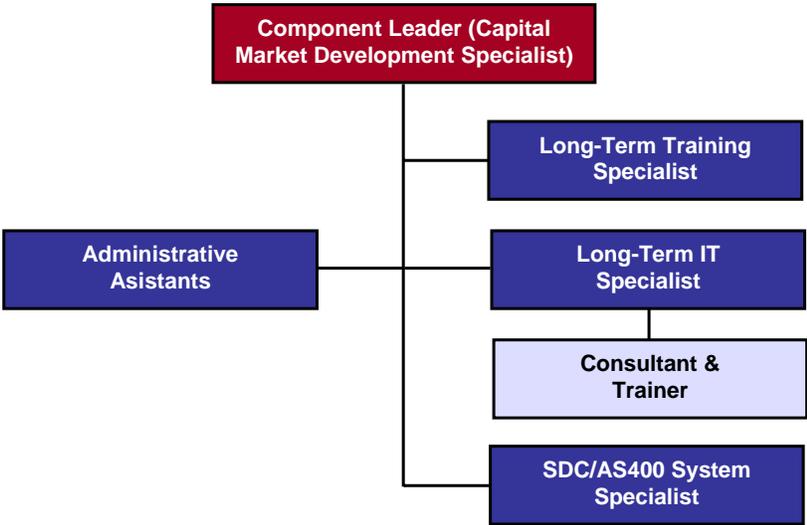


(Left to right) USAID Economic Opportunities Officer Jon Lindborg, SDC Chief Executive Manager Samir Jaradat, JSC Deputy Chairman HE Tayseer Abdel Jaber, JSC Executive Chairman HE Bassam Saket, and USAID Mission Director Toni Christiansen-Wagner present completion awards to broker training graduates.

propel the reach of the market and improve its reputation by working with the ASE to develop new market windows, the SDC on its automation, the JSC on the mutual fund industry, and by initiating efforts to expand public awareness of capital market products. The intended result of these efforts is a more robust capital market with greater public participation and domestic and international investor participation.

**C6b. Organization of Component**

The CMD subcomponent was established to manage AMIR’s capital market activities in direct coordination with the JSC, ASE, SDC, market intermediaries, and listed and unlisted companies. USAID appointed the JSC as the principal counterpart for the component. In addition to a CMD component leader, a long-term training specialist and long-term IT specialist were hired. The training specialist worked closely with the JSC, ASE, SDC, market intermediaries, and professional institutions to prepare and implement training and public awareness activities. The IT specialist advised Jordan’s capital market institutions on technical needs, including systems hardware and software, management information systems, local and wide area networks, SDC automation, and all the equipment procured in conjunction with USAID.



AMIR consultants conducted an initial assessment of the technical and training needs of Jordan's capital market institutions in June 1999. The findings of this review were presented in the capital market technical assistance work plan, which details the assistance to be provided by AMIR in eight key task areas:

1. Securities Law
2. Development of the capital market, including new market windows and listings. The Middle East New Exchange (ME-NEX) was subsequently added as a separate activity.
3. Mutual funds
4. Public awareness campaign and program to promote investor education and awareness
5. Dissemination of available data
6. Information technology
7. Training
8. Institutional strengthening of professional associations

### ***C6c. Description of Each Initiative***

*Task 1: Securities Law.* The Securities Law was issued as a provisional law in May 1997, thus establishing the Jordan Securities Commission (JSC). The JSC was given a two-year transitional period (until May 15, 1999) to issue all by-laws and regulations (such as registration and issuance, disclosure, licensing of financial services companies) and to establish an independent stock exchange (the Amman Stock Exchange) and depository center (the Securities Depository Center), which both became operational in May 1999.

AMIR's CMD subcomponent comprehensively reviewed the 1997 Securities Law. International securities law consultants and local consultants were engaged in this review and recommended various amendments to the law. A comprehensive new draft law and key regulations were provided to the JSC, after soliciting input from the ASE, SDC, market intermediaries, and listed companies. In addition, comments were provided on Company Law provisions as they relate to the Securities Law.

CMD consultants drafted a new Bankruptcy Law and a new Moveable Property (leasing) law. AMIR was also responsible for preparing the Arabic version of the Securities Law and five securities regulations, and translated and printed the Securities Law (of 1997) into English.

The next phase of the AMIR Program, AMIR 2.0, will undertake continued review of the Securities Law and further strengthen the by-laws, rules, and regulations of other capital market institutions. In addition, training of JSC, SDC, and ASE staff in rule preparation, surveillance and enforcement, and legal training for judges and state prosecutors is needed.

"The Jordan Securities Commission (JSC) has been able to significantly enhance the knowledge and professional standards in the industry over the past two years. Accordingly, the capital market has developed and thereby become more liquid, efficient, and transparent. The USAID-funded AMIR Program has significantly assisted the JSC, the Amman Stock Exchange and Security Development Center in this important development."

*Dr. Bassam Saket  
Executive Chairman  
Jordan Securities Commission*

*Task 2: Development of the Capital Market.* Jordan's capital market is small but has significant potential for development. The CMD subcomponent identified the need for the

ASE and SDC to initiate and institutionalize business and strategic thinking. In addition, the ASE needed to be more market-oriented and focus on increasing the number of listed companies and active investors. AMIR consultants undertook and completed the following steps toward these goals:

- Prepared business plans and financial statements for both the ASE and the SDC
- Developed and helped implement new market and listing structures for the ASE: the first market for established companies and the second market for newly established companies. The third market provides a venue for unlisted companies to trade their shares while working to meet the listing requirements.
- Wrote new listing and disclosure rules for each of the three markets within the ASE
- Provided technical assistance to the JSC's disclosure and research departments
- Established recommended listing incentives for the ASE
- Delivered workshops and seminars for IT companies on the initial public offering process
- The Middle East New Exchange is an innovative strategy for the ASE to attract IT and other growth sector companies to list in the future. This task has the potential for a significant positive impact on the development of the capital market. It is discussed later in this report as a case study.

*Task 3: Mutual Fund Issuance.* Mutual funds galvanize savings and direct them into productive investments. They also provide small investors with a potentially low-risk way to invest in the market. A burgeoning mutual fund industry inevitably leads to increases in liquidity, which in turn leads to higher valuations and continued investments. Jordan's mutual fund market is in its infancy, where only two mutual funds have been introduced into the market so far.

The CMD subcomponent provided technical assistance to the JSC on how to build and sustain a successful mutual fund market. Specifically, CMD consultants prepared a mutual fund market development strategy that included advice on structure and investment restrictions. In addition, CMD reviewed mutual fund rules, licensing, and application procedures for mutual fund managers and mutual funds. Consultants prepared a mutual fund investment guide for publication and disclosure guidelines based on international standards. Furthermore, the CMD subcomponent organized workshops for the JSC, SDC, ASE, and the Association of Certified Financial Professionals on how to develop the mutual fund industry.

*Task 4: Public Awareness Campaign and Program to Promote Investor Education/Awareness.* In any nascent sector whose success requires public participation and confidence, public awareness and investor education programs are a prerequisite to stimulating investor confidence and participation in the market. A broad investor base serves to enhance the generation of investment capital and economic growth, as well as sustain the capital market.

In Jordan, the need to increase public knowledge and support for its capital markets development has become a key task for the JSC, ASE, and SDC. Accordingly, the CMD subcomponent prepared a strategy and action plan for a public awareness campaign and investor education programs. To this end, CMD consultants carried out the following activities:

- Prepared and distributed public brochures on the Securities Law, listing rules, mutual funds, capital market, the SDC, the Broker Certification Program, and the Chartered Financial Analyst (CFA) program
- Developed a strategy and action plan for financial TV news reporting that included the establishment of a memorandum of understanding with Jordan TV to provide training on financial news reporting; established “The Economy” news program; and presented investor quizzes on TV and in newspapers
- Prepared and distributed educational materials to the media, business associations, schools, universities, and government agencies
- Provided technical assistance to establish a public relations capacity at the JSC and SDC and a marketing department at the ASE
- Prepared an educational CD-ROM on Jordan’s capital market for public distribution

CMD consultants also wrote, edited, and/or published the following publications: IOSCO Conference Agenda; ASE Directives for Listing; Jordan Capital Markets Milestones brochure; SDC By-Laws brochure; Client Identification System Manual; and Securities Laws brochures in Arabic. They also edited and assisted in publishing the JSC Annual Report in English and Arabic for 2000 and 2001, as well as newspaper investor series.

*Task 5: Dissemination of Available Data.* Cataloguing and disseminating information such as prospectuses, disclosure requirements, company reports, and market trading statistics is necessary to operate an efficient capital market. A system to handle and disseminate information to the public and active market participants such as regulators, brokers, other market intermediaries, institutional investors, mutual fund managers, and retail investors needed to be established in Jordan. Furthermore, a methodology for disseminating information through publications and electronic means was required.

The CMD subcomponent identified the information needs of the JSC, ASE, SDC, brokers, and institutional, retail, and foreign investors. CMD consultants provided advice and assistance on published and electronic information dissemination systems and associated fees. They also provided technical assistance to develop the JSC, ASE, and SDC Web sites to international standards so they may become a valuable resource in promoting Jordan’s capital market to local and foreign investors. Specifically, the CMD subcomponent provided the following assistance:

- Developed Web sites for the JSC, ASE, and SDC that include live stock tickers and a Web glossary of terms. The JSC Web site provides investor protection information and laws. The ASE Web site, which receives up to 2 million hits per month, provides market data and information on listed companies.
- Established local and wide area networks linking the JSC, SDC, ASE, brokers, custodians, and other market participants, as well as the ASE, the Bahrain Stock Exchange, and the Dubai Financial Market
- Established market data information dissemination screens at the new building housing the JSC, SDC, and ASE
- Provided market data dissemination at the ASE Investor Gallery

It is noteworthy that the ASE also implemented CMD recommendations to disseminate information through Jordan TV. Jordan TV now displays a live market data ticker during trading hours and during news programs.

*Task 6: Information Technology.* At the inception of the CMD program, Jordan's capital market was in need of a modern clearing and settlement, registry, and depository system, as well as modern management information and data dissemination systems.

The ASE and SDC initially engaged the Paris Bourse (SBF) and French Depository (SICOVAM) to provide trading and settlement systems. While the ASE is currently running on the French SBF system, the SDC chose, through AMIR assistance, the U.S. EFA "Equator" clearing and settlement, registry, and depository system.

"The AMIR Program-assisted automation of the SDC will result in a more efficient marketplace for Jordan, with securities ownership and each transfer of ownership contained and recorded within one system. Installation of the system serves in realizing the overall objective of creating a viable, fair and efficient securities market in Jordan that will inspire domestic and international investor confidence."

Samir Jaradat  
Chief Executive Officer  
Securities Depository Center

CMD consultants conducted a thorough IT needs analysis of the JSC, ASE, and SDC. They prioritized the three institutions' requirements concerning hardware, software, applications, and general IT needs such as procurement, functionality, and interfacing. For the SDC, the French depository system did not support straight-through processing or certificate handling. Furthermore, the depository system needed to be brought up to international standards and IT training. New business, financial, and operational procedures plans needed to be implemented.

*Task 7: Training.* Training is a key element of AMIR's technical assistance program to Jordan's capital market sector. In February 2000, the training needs of the three capital market institutions and financial market participants were assessed in a comprehensive training action plan that identified the following requirements:

- Train JSC, ASE, and SDC staff in the various regulatory, market development, and institutional development requirements, procedures, and innovations
- Establish a broker certification and other licensing programs for brokers and financial advisors
- Establish a classroom teaching program for the Chartered Financial Analyst (CFA) program

*Task 8: Institutional Strengthening of Professional Organizations.* As part of the commitment and effort to introduce international standards and best practices to Jordan's capital market, the CMD subcomponent provided technical assistance to the Association of Certified Financial Professionals. Specifically, the subcomponent undertook the following:

- AMIR assisted the board of directors in formulating the association's mission statement and vision for its strategic plan for 2001-2003. Consultants provided planning, drafting, and budgetary advice and assistance on the strategic plan. They also helped define the association's new membership criteria, and conducted research on international best practices at similar associations.
- To enhance the association's name recognition among financial professionals, the CMD subcomponent included the association's name on component-related training.
- Income obtained from AMIR-sponsored training programs, such as the Chartered Financial Analysts classroom teaching program, was fully transferred to the association for the development of its own training programs.

- CMD consultants reviewed and outlined USAID’s organizational grant process to the association’s board on several occasions, together with the JSC, urging them to move quickly on the grant proposal. AMIR presented a checklist of items for the association to implement prior to the approval of any USAID grant money. AMIR established a fixed-obligation grant (a “challenge grant”) with seven milestones to propel and induce the association’s board to meet grant requirements. The AMIR Program also assisted the association in the recruiting process for a CEO.
- The association’s failure to meet AMIR stipulated milestones and its lack of effort in implementing its strategic plan and grant agreement led to the termination of the association’s grant in June 2001.

#### ***C6d. Case Study: The SDC Automation Project***

The Securities Depository Center (SDC) was established in 1999 as an independent, non-profit institution. The SDC is responsible for registering securities, serving as a share depository, overseeing the clearance and settlement of trades, and settling payments.

One of Jordan’s three capital market institutions, the SDC recognizes its role in promoting economic development. Its stated mission is: “The SDC will be an integral part of a transparent, viable, fair, and efficient equities market in Jordan to inspire domestic and international investor confidence, which will contribute to the wealth of the nation.” The main objective toward this end is the establishment of a system for registry, depository, and clearing and settlement of equities.

When AMIR’s CMD subcomponent was launched, Jordan’s depository system was plagued with shortcomings. The system did not meet the requirements stipulated in the 1997 Securities Law, and did not support straight-through processing or certificate handling. The SDC had been trying to implement a French system for over four years. CMD consultants identified the requirements needed to have a functioning depository that satisfied the stipulations of Jordanian law, the needs of Jordan’s capital markets participants, and international standards.

As part of its technical assistance to the SDC, the CMD subcomponent undertook a number of technical, strategic, and administrative initiatives to meet SDC objectives, build and strengthen its infrastructure, and set the depository on the path to self-sufficiency. Most significantly, CMD consultants managed the process of establishing and installing a share registry, depository, and automated clearing and settlement systems — a nine-stage process with the elements outlined below.

*Building the SDC’s Registry.* The AMIR Program provided the hardware and managed the development and installation of the SDC’s registry system. CMD consultants also assisted the SDC in various registry processes, such as organizational planning (e.g. initial business plan, fee structure modeling), the identification process (e.g. identifying issuers and issues, client identification process, electronic deeds, automated inheritance and family transfer), and the depositing equities process (e.g. reviewing international standards and preparing by-laws, regulations, and procedures; transferring issuer share-books; and activating issuers participation).

*Establishing the SDC Depository and Clearing and Settlement System.* The SDC had no functioning clearing and settlement system in the first two years of operation. With AMIR guidance, the EFA Equator System was selected. IT consultants and the SDC undertook acceptance testing and outlined specific requirements and modifications to tailor the new system to interface with the SDC's registry. AMIR consultants also identified other critical administrative and technical needs of the SDC and implemented new programs in the following areas:

- *Back-office applications.* CMD IT consultants researched, purchased, and installed back-office application systems for general ledger, human resources, and accounting modules such as accounts payable, accounts receivable, and payroll.
- *SDC archive.* CMD IT consultants purchased, installed, and trained SDC employees on a new electronic archival system to store electronic deeds.
- *Development of SDC Web site.* With assistance from subcontractor CNS, a Web development firm, AMIR consultants created the SDC's Web site, modeled after other international depositories. The Web site received 89,059 hits between December 2000 and October 2001, averaging 7,421 hits per month.
- *Development of SDC business plan and organizational structure.* AMIR consultants prepared a "start-up" business plan for the SDC recommending an organizational structure and identifying issues pertaining to various types of client services as well as various types of risks embedded in the trading and clearance and settlement cycle. AMIR consultants updated and revised the SDC business plan in the last quarter of 2001 to include five-year financial projections.
- *Installation of wide area network (WAN).* CMD IT consultants proposed and prepared an integrated WAN system for all three capital market institutions and all market participants. The CMD subcomponent designed the network, purchased the equipment and software, and installed the system. The WAN system, which was fully operational as of November 30, 2001, includes a fiber-optic link and switches to connect the primary SDC site with a back-up site.

In a little over two years, the SDC was established as a modern organization with an automated registry, depository, and clearing and settlement system. CMD assistance in business plan development, the installation of modern MIS systems, IT and depository development, and business training enhanced the institutional strength of the SDC.

## **C7. REACH Initiative**

The focus of the AMIR Program's support expanded once again with the accession of His Majesty King Abdullah II to the throne in 1999. Shortly thereafter, His Majesty revealed his progressive plans for economic development and asked Jordan's IT leaders to develop a concrete proposal aimed at strengthening the IT sector. In response, IT leaders and key members of the Jordan Computer Society (JCS) worked with U.S. consultants to devise the REACH Initiative, a comprehensive national strategy for transforming Jordan into an ICT hub in the region and an IT services exporter to the world.

Presented to His Majesty in October 1999, the REACH report laid out a clear plan of action to bolster the country's nascent IT sector and maximize its ability to compete in local, regional, and global markets. It took a critical look at Jordan's strengths and weaknesses vis-à-vis other relevant competitors. Most importantly, it outlined a five-year plan specifying actions to be implemented by the private sector, the government, and other stakeholders to ensure a favorable place for Jordan in the Internet-based e-economy.

"Without the AMIR program and their belief in the potential of the Jordanian IT sector and direct support, we would not have been able to commence the REACH Initiative or to build the Information Technology Association of Jordan."

*Karim Kwar, Chairman  
Int@j — Information Technology  
Association of Jordan*

Through both the policy reform and the business associations components, AMIR assumed a leading role in supporting the formulation, adoption, and implementation of REACH recommendations. This was accomplished through the formation of an entirely new industry association, the Information Technology Association of Jordan (Int@j), as well as the creation of a new policy subcomponent dedicated to telecommunications reform. At the same time, AMIR's policy reform component stepped forward to support the drafting and advocacy of a package of legislation designed to set the stage for facilitating IT growth, development, and investment in Jordan. AMIR has also been active in forging links within the larger development community to facilitate donor coordination on ICT initiatives.

Objective	Main Counterpart(s)
Develop and Implement Five-Year REACH Strategy	<ul style="list-style-type: none"> <li>• Int@j</li> <li>• Ministry of Post and Communications &amp; Telecommunications Regulatory Commission (TRC)</li> <li>• Ministry of Industry and Trade</li> <li>• Ministry of Education</li> </ul>
Support Awareness and Advocacy	<ul style="list-style-type: none"> <li>• REACH Advisory Council</li> <li>• Int@j</li> </ul>
Improve Infrastructure	<ul style="list-style-type: none"> <li>• Ministry of Post and Communications</li> <li>• TRC</li> </ul>

AMIR support of the REACH Initiative has included a wide range of technical assistance, grants, and commodities to a targeted group of counterparts:

- Local consultant development of a REACH Web site
- Strategic planning, grants, commodities, and technical assistance to promote the growth and sustainability of Int@j
- Organization, planning, funding, and fielding of international consultants to complete a review of the REACH Initiative, called REACH 2.0
- Contracting of a local legal firm to draft and advocate an omnibus package of REACH-related legislation
- Commodities purchasing and contracting of international consultants and technical staff to facilitate reform of the Ministry of Post and Communications
- Commodities purchasing and contracting of IT consultants, both internationally and locally, to implement Jordan's e-government pilot projects

### ***C7a. Telecommunications Policy Reform***

A latecomer to the AMIR Program, the telecommunications subcomponent was a natural outgrowth of the strategic decision taken in 1999 by Jordanian policy makers to develop the country's technology sector. The subcomponent brings together communications (C) and information technology (IT) into a single discipline called ICT as the engine to drive economic change in the country.

"Jordan has identified that the information and communications technology sector will be the engine of future economic development in the country. The assistance of the AMIR Program has been a critical ingredient in our initial steps to realize this vision."

*HE Dr. Fawaz Zu'bi  
Minister of Post and Communications*

Development of Jordan's ICT industry, modernization of the Kingdom's communications sector, and transformation of the institutions leading telecom policy reform were the primary objectives of the telecommunications subcomponent, with upgraded infrastructure, wider access, and more competitive pricing part of the desired outcome.

Having chosen ICT as the engine of economic growth, a public-private REACH Council was formed in late 1999 to quantify goals and provide a means of measuring progress. But progress requires more than meeting hard mathematical goals. Setting the stage for success by developing the appropriate regulatory framework and enabling environment is just as important. It was decided that ICT should be brought under the aegis of a single ministry to provide the necessary focus and direction. The plan to create the new Ministry of ICT, or MoICT, was born out of this effort and was the first task of the telecommunications subcomponent.

The first step in the process was to prepare an implementation plan for the new MoICT. This was carried out in September-October 2001 by a multidisciplinary team with IT, telecommunications, and human resource development backgrounds. Building on work already done in Jordan, the plan focused on six areas or strategies:

- Bringing about legal change
- Reengineering the existing Ministry of Post and Communications
- Restructuring the postal sector
- Coordinating e-government strategy
- Creating a critical mass of IT/telecom users
- Attracting investment in the IT/telecom sectors

*Bringing About Legal Change.* The Ministry of Post and Communications (MoPC) was mandated by Law 13 of 1995 to be the ministry responsible for the post and telecom sectors in Jordan. This included direct responsibility for operation of the postal service. Corporatization of the TCC, creation of the new Jordan Telecom, and sale of 40 percent of the company's shares to a strategic investor led by France Telecom removed responsibility for telecom operation from the MoPC. However, the Minister of Post and Communications was, by law, the Chairman of the Telecommunications Regulatory Commission (TRC).

In order to carry out the above responsibilities, the MoICT would have a very different mission: to establish national policy in the three disciplines — IT, telecommunications, and post — while responsibility for operation (post) and regulation (telecom) would be divested. At the same time, it was felt that the complexity of telecom regulation had increased with the

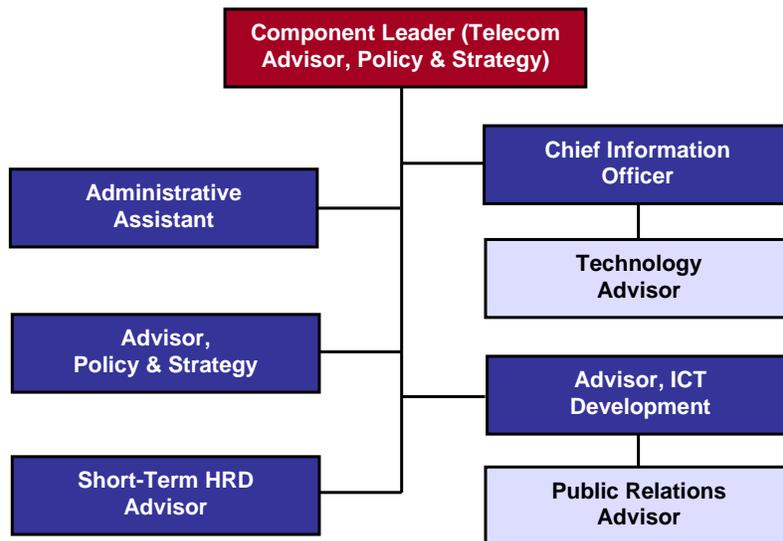
passage of time and the introduction of competition, and that a full-time board of commissioners should replace the part-time board of directors of the TRC.

An outside consultant was brought in to prepare the necessary amendments to Law 13. These, in addition to the altered role of the ministry and structure of the TRC, included changes in the definition of private networks (making them easier to establish), provisions to allow auctions in the awarding of telecom licenses, and the establishment of a universal service fund to facilitate service in underserved areas. After exhaustive consultation with stakeholders, the law was approved by the Cabinet in October 2001 and will shortly be adopted. The overall aim of the amendments is a more focused ministry acting as policy maker and facilitator of ICT, and a strengthened TRC as final arbiter of telecom issues.

At the same time, a REACH package of legislation — everything from an Electronic Transaction Law to changes in the Companies Law that will allow companies to attract skilled IT staff — was developed to remove impediments to ICT sector growth. The Cabinet recently approved a new Copyright Law, a Patents Law, and a Labor Law, in addition to the amended Telecom Law.

*Reengineering the Existing Ministry of Post and Communications.* For the ministry to be effective in its new role, a dramatic restructuring was necessary. Of the approximately 3,000 employees of the MoPC, 2,990 were assigned to the post. This meant that a small number of telecom employees were available for the new organization, largely the residue of a previous effort to create a Telecom Policy Department in 1997. There were no employees assigned to IT. However, this also meant that the new MoICT would not be unduly burdened by a legacy of under-qualified or under-motivated staff.

The response to the challenge was characteristically inventive: while the new staff were recruited, interviewed, selected, and introduced into the ministry based on human resource objectives set forth in the implementation plan, AMIR would hire and assign “place-holders” to assume the positions until they could be filled by permanent staff. The result has been that for the past year, key roles in the ministry have been filled by Jordanians selected for their expertise and hired on a contractual basis.



Simultaneously, approval was sought from the Prime Ministry to hire permanent employees under the same arrangement: competent staff engaged on a one-year, renewable contract basis. An outside HR consultant spent most of the past year assisting with the advertising, interviewing, and hiring process. While the new MoICT was intended to be a new kind of entity, it is still a government institution and continues to face certain impediments. For example, each new staff member hired had to be individually approved by the Prime Ministry. However, the sustainability of the new ministry has been greatly increased by incorporation of key civil service representatives in the interviewing and hiring process.

*Restructuring the Postal Sector.* A key part of the restructuring process has been to remove responsibility for certain operations from the ministry's tasks. This was done most dramatically in the postal sector. Postal organizations throughout the world are being corporatized and privatized to transform them from drains on the national treasury into lean service providers. The same goal is envisaged for Jordan's Post, with privatization efforts being undertaken with the assistance of Dutch expertise.

A new Postal Law (not prepared by an AMIR consultant) has been drafted and is in the last stages of approval by the Cabinet. It effectively removes operations of the postal organization from the direct responsibility of the Ministry and vests them in a Public Postal Operator. The MoICT will retain policy responsibility for the sector and oversight of the corporatized entity. It is not clear yet whether a management contract will be signed for operation, although the transformation of the organization into a private sector-oriented service provider will clearly require dramatic changes in its structure. With the exception of "reserved services" — delivery of letters of a given weight, the placement of postal boxes, and the issuance of stamps — all services will be deregulated and provided by the private sector. It should be noted that the Public Postal Operator is eligible and is expected to participate in offering deregulated services. Reserved services will be provided by the Public Postal Operator on a monopoly basis. The TRC will regulate the monopoly and ensure, among other things, that there is no cross-subsidy between the reserved services and those offered on a competitive basis.

Two other features of the postal sector have social and technological implications. The existing Postal Savings Fund has been used by the Ministry to provide credit for the purchase of personal computers (PCs) by public sector employees, and creative use of the fund remains a priority for the MoICT. In addition, the infrastructure of the postal organization — with post offices in hundreds of small villages around the country — represents a ready-made outlet for community ICT centers, where citizens unable to afford the costs of PCs and Internet access can make use of both. This is a proven development model that will be implemented in Jordan.

*Coordinating e-Government Strategy.* A report titled "Jordan e-Government, Launching e-Government in Jordan: Readiness and Approach" was prepared by the Economic Consultative Council in September of 2000. Among its recommendations was the assignment of responsibility for implementation of the e-government program to the MoICT. The importance of the e-government program can hardly be overestimated: it simultaneously aims to dramatically increase the role of ICT in the lives of citizens, improve government services, streamline government procedures, and stimulate the private sector in developing e-government solutions.

The first task of the ministry was to create two bodies stipulated in the report: the e-Government Task Force and the e-Government Coordination Unit. The first is a high-level, public-private consultative body responsible for overseeing the strategic focus of the program. The second is responsible for day-to-day management of the program. After these organizational tasks were completed, the next step was to focus on the more substantive requirements of the report: 1) overseeing the implementation of eight fast-track projects designed to provide early successes and validate the process, and 2) development of an understanding of the long-term building blocks that underlie the e-government program. AMIR has been an active player in both areas.

A long-term solution was addressed through an AMIR-funded “e-Government Blueprint and Roadmap” prepared by Electronic Data Systems (EDS), a world-class provider of e-government solutions. The roadmap describes the necessary institutional framework and timeline for the overall program. The next step, building on the EDS document, will be to hire a strategic consultant and/or systems integrator(s) that will manage implementation. It is clear that the e-government program is a massive, multi-year undertaking in which the government will need the assistance of a range of service providers, from world-class consultants to local solution providers. It will involve not only the MoICT in a coordinating role, but every government entity with its own locally-managed solutions.

*Creating a Critical Mass of IT/Telecom Users.* The ICT challenge facing Jordanian policy makers is evident in the low levels of ICT usage in the country: fixed-line teledensity in mid-2001 was approximately 12.7 percent; mobile teledensity was approximately 11.4 percent; and Internet penetration, measured in terms of users, was approximately 2.5 percent. Fixed-line growth since Jordan Telecom’s privatization has been steady, although the company has not met the teledensity figures stated in the shareholders agreement. More importantly, mobile usage is growing rapidly and as a result, fixed-line teledensity may plateau.

Due to lower prices and the introduction of competition in the mobile sector in September 2000, mobile subscription will soon overtake that of fixed lines. Although this is a positive development, it should be remembered that fixed lines will remain, for the foreseeable future, the primary means of access to the Internet and large amounts of data. This has implications for the third figure, Internet penetration. Of the 2.5 percent of the population accessing the Internet, only one-fifth, or 0.5 percent, have access through their own computers. The challenge for Jordan is to dramatically increase this last measure. At the same time, the rapid growth of mobile penetration — in an atmosphere where citizens have a limited ability to pay for telecom services and must ration expenditures — acts as a countervailing influence.

The response has been an active effort on the part of the MoPC to reduce the cost elements of Internet usage. A dramatic reduction in the cost of leased lines has been passed by ISPs on to consumers in the form of reductions in subscription charges. Metered charges for local calls to access the Internet have been reduced by Jordan Telecom. At the same time, as mentioned above, the Ministry is providing credit for computer purchases by public sector employees through the Postal Savings Fund. An RFP to study the possibility of an assembly facility for low-price personal computers has also been issued by the MoPC.

A final element in the equation is the policy-making role of the new MoICT. A draft ICT policy document was published on the Ministry’s Web site in English and Arabic, and feedback was requested from stakeholders. The response, while not overwhelming, has been encouraging. In addition, two critical policy deadlines will occur on December 31, 2003, and

December 31, 2004, with the expiration of duopoly in the mobile sector and monopoly in the fixed line. The Ministry has secured approval to conduct a comprehensive study with the U.S. Trade and Development Agency (TDA) for liberalizing the mobile sector. This should be underway in early 2002. A second study for liberalizing the fixed-line sector is also being prepared for submission to TDA.

Finally, in 2002, a public offering of a portion of the government's shares in Jordan Telecom is required. While the Ministry of Finance exercises Jordan's rights in the company, the MoICT's voice will be important in formulating the initial public offering process.

*Attracting Investment in the IT/Telecom Sectors.* A key to Jordan's economic development will be the participation of investors — both foreign and local — in the process of job creation and stimulation of economic activity. As mentioned above, an effort to improve the investment climate in the IT sector was undertaken with the REACH package. The effort to attract investment in the telecom sector, however, has been constrained by the existing exclusivity rights in the provision of mobile and fixed-line services.

Liberalization of the entire telecommunications sector will take place at the end of 2004, as confirmed in Jordan's WTO accession agreement and Free Trade Agreement with the United States. The MoICT has a mandate over the next three years to ensure that licensing regimes in both fixed lines and mobiles are attractive to investors.

#### ***C7b. REACH Advisory Council***

As a follow-up to a recommendation of the REACH Initiative, the telecommunications subcomponent created a functional advisory council, which was officially commissioned by the Prime Ministry at the end of 2000. This process brought together 11 organizations, both public and private, to contribute to the development of the ICT industry in Jordan in a continuous and sustainable forum under the joint management of the Ministry of Post and Communications and Int@j.

Issues being addressed by the council include a "Visualize 2005" initiative, reform of customs and Internet café regulations, REACH legislative package monitoring, and other issues critical to ICT development in Jordan. Most importantly, a formal channel for advocacy was created between the public and private sector regarding IT issues.

#### ***C7c. REACH Web site***

The REACH Web site serves as a central repository for posting REACH-related information and updates, a forum for stimulating public/private dialogue on REACH issues, and a public relations and marketing tool for promoting awareness in the domestic and international community of the objectives and achievements of the initiative.

#### ***C7d. Int@j***

One of the first successes to result from the REACH Initiative was the creation of a dynamic new IT industry association, Int@j, in May 2000. The mission of Int@j, a voluntary non-profit, private organization, is to effectively represent, promote, and advance the Jordanian software and IT services industry in the global market.

Open to all value-added IT software development firms and supporting enterprises, Int@j is the focal point for all Jordanian IT industry-related activities. Through the business associations component, AMIR provided Int@j with technical assistance, commodities, and organizational grants to pursue the following objectives:

- *Advocate* industry issues — represent IT industry interests and lobby with government and international groups; propose national initiatives and conduct public relations efforts
- *Promote* industry investment opportunities in Jordan — promote venture capital and initial public offerings; form relationships with local export-oriented groups; represent the industry at conferences and trade shows; set up databases and publicize membership through Web sites, newsletters, hyperlinks, promotional materials, and advertising
- *Provide* industry research and market information — conduct market studies; disseminate information on local, regional, and international opportunities; provide market trend data
- *Effect* standardization, certification, and quality control in the IT industry — promote certification bodies and their value addition; enforce an IT industry code of ethics; standardize employment contracts and benefit packages
- *Support* human resources development — work with educational institutions to focus on critical skills; strengthen ties with local universities and collaborate with overseas universities; initiate industry programs to benefit university students
- *Advance* industry intellectual property rights — certify IPR compliance; update members on IPR law changes; work toward local IPR regulations conducive to IT industry growth
- *Form* international IT industry alliances — actively seek alliances with global players; develop and attract venture capital funds; disseminate success stories
- *Manage* industry stakeholder relations and resolve industry conflicts — build and reinforce bridges among association members, and between association members and government, media, universities, NGOs, and donors

### ***C7e. REACH 2.0***

AMIR support of the REACH Initiative was most visible through the extensive technical assistance and event planning that went into the REACH 2.0 process. Held one year after REACH was first launched, REACH 2.0 represented a phenomenal effort led by Int@j, working closely with the government and other stakeholders, to assess Jordan's progress on REACH objectives and map out a clear course of action for the future.

The REACH 2.0 report, produced by AMIR for Int@j, was the culmination of a 10-week review of the national IT development strategy. Published in hard-copy reports, on business card-size CD-ROMs, and posted on the REACH Web site, the REACH 2.0 report is a public record of the progress of the REACH Initiative, and a valuable marketing tool for the industry

as a whole. With AMIR assistance, Int@j has the resources to produce and publish a REACH 3.0 report for 2001-2002.

### ***C7f. REACH Legislative Package***

The outcome of the REACH 2.0 effort was a detailed list of policy and legal recommendations, including a package of essential legislation that lays the foundation for an investment-friendly IT environment in Jordan, on par with the highest international standards. Local legal consultants, (the same firm that drafted WTO legislation), were contracted by AMIR to revise or amend 25 laws and 273 articles, including new e-commerce and e-signature legislation providing the legal framework for dynamic growth in Jordan's IT sector. Sustained advocacy of this



*HE Bassem Awadallah, Minister of Planning and former Director of the Economic Office at the Hashemite Royal Court, announces the launch of the REACH 2.0 Initiative.*

package was a top priority for AMIR's policy reform component, and was achieved through a variety of local counterparts, including Int@j, the REACH Advisory Council, the Ministry of Post and Communications, and IBLA, the legal firm that drafted the laws.

### ***C7g. Donor Coordination***

In the final year of the AMIR Program, as the REACH Initiative began to take off, an increasing number of IT-related development initiatives began to take root in Jordan. A variety of donors, including international aid agencies, non-governmental organizations, and local and foreign IT companies stepped forward to contribute their resources to assist the Government of Jordan and Int@j in achieving REACH objectives. AMIR's involvement in REACH made it a central point of contact in coordinating a number of donor efforts. In some cases, AMIR contributed its own resources to supporting the initiatives of other donors.

*Computer Refurbishment.* Equipment was provided by AMIR to the Royal Scientific Society (RSS) for the establishment of the first computer refurbishment center in Amman. AMIR coordinated these procurements with the RSS, the Ministry of Education, and the Canadian International Development Agency (CIDA). The refurbishment center serves as a pilot program, generating a constantly renewable supply of inexpensive computers to schools. The project is based on a successful Canadian model, Canada's Computers for Learning Program.

*English-Language Training Software.* AMIR purchased English-language training software packages for operational Jordan Information Technology Community Centers (JITCCs). The procurement was requested by the United Nations Development Programme (UNDP), which has taken a leading role in establishing and strengthening the capacity of the JITCCs in cooperation with the Ministry of Education and the National Information Center.

## SECTION III

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### AMIR Program Innovations

#### A. Creating a Viable Microfinance Industry

AMIR's original mandate called for creating a number of viable, sustainable microfinance institutions (MFIs) in Jordan. However, it became apparent that Jordan's economy required both the creation of an entire microfinance industry, as well as the stimulation of growth of more micro and small enterprises employing credit services. Undertaking both aspects of the expanded mandate required a variety of innovative approaches.

*National Credit Information Bureau.* It was initially thought that a credit information bureau would be of most benefit to MFIs, enabling them to check and establish credit histories of loan applicants. As consideration was given to initiating the bureau, it became apparent that it would benefit the entire Jordanian economy: banks, retailers, insurance companies, and MFIs. The project has therefore been designed to serve the entire economy by stimulating the availability of credit through the provision of reliable information and a national credit information bureau.

*The Wholesale Funding Facility (WFF).* MFIs are growing institutions in need of increasing amounts of loan capital to sustain their loan portfolio growth. However, the MIP grants provide only a finite amount of loan capital. The Wholesale Funding Facility (WFF) is a private sector approach to obtaining additional loan capital for the MFIs' revolving loan capital funding facilities from the commercial banking sector. Capitalized by USAID through \$4.2 million in AMIR grants and managed by Citibank Jordan, the WFF's capital is used as collateral for commercial bank guarantees for the MFIs. Gradually, the MFIs' reliance on guarantees will cease, at which time they will receive their pro-rata shares of the WFF's capital. The WFF is the first of its kind in the world, and may be replicated by other USAID programs in the future.

*Sustainable Microfinance Training Program (SMTP).* The SMTP is the only microfinance training program of its kind in the MENA region. The program, in Arabic, has both basic and advanced levels. It is regional in its outreach and uses trainers who are practitioners from Jordan's sustainable microfinance industry, many of them managerial staff from the four sustainable MFIs. Curriculum materials were designed by international consultants to reflect the needs of the industry and are constantly updated to meet the changing requirements of industry practitioners.

*New Products Development.* MFIs are financial service providers and should not only be confined to basic loan products. An ongoing initiative was therefore instituted to help MFIs develop additional products. To date, variations in loan products have been instituted and research begun on insurance and leasing products.

*Micro-Small Enterprises Multiplier (MSE Multiplier).* Jordan is not creating the number of micro and small enterprises commensurate with its population. Not enough of the enterprising poor are engaging in productive, income-generating activities to improve their lives and their families' lives. It was originally thought that by making sufficient financing available through the four MFIs, entrepreneurial activity would accelerate steeply, but this

has not been the case. It is therefore necessary to design and implement interventions that stimulate the founding and growth of micro and small enterprises. As a first step, research has been conducted to identify the barriers to entrepreneurship so that effective interventions can be designed and implemented.

*Linkages Pilot Project.* Vibrant economies tend to demonstrate linkages between and among enterprises of all sizes. A major form of stimulus to micro and small businesses is servicing the outsourcing requirements of medium and large businesses. However, Jordanian micro and small businesses do not have such linkages with larger enterprises and do not appear to know how to create them. A pilot project was therefore initiated, in cooperation with the Jordan Investment Board (JIB) and Zarqa Chamber of Industries, to create such linkages on a limited basis. The objective is to use the lessons learned in the pilot to inform the design and implementation of a nationwide linkages program.

*Start-up Businesses Financing.* Jordan needs more micro and small businesses, but financing for such start-ups is often difficult to obtain. Until recently, MFIs have made loans available only to existing businesses. In a unique, cooperative agreement with the Government of Jordan's major micro and small business lender, the Development and Employment Fund (DEF), financial support will be made available to MFIs, specifically to provide loans to micro and small start-up businesses. MFIs have long sought to lend to start-up businesses. With their excellent credit analysis skills and comprehensive outreach, MFIs are uniquely qualified to do so. However, their available capital had been allocated entirely for loans to existing businesses. With the provision of DEF capital, loans to start-ups can now be undertaken. DEF is in favor of such an arrangement as it recognizes that MFIs possess superior outreach, efficiencies, customer relations, and credit analysis skills.

## **B. Modernizing Business Associations**

Introducing the Jordanian private sector to a new style of conceiving and managing business associations was the most successful and far-reaching innovation introduced by the BAI component. With varying degrees of success, 31 business associations were introduced to the principles of best practice in association management and operations. Those that adopted those models actively transformed themselves from elite-captured networking associations to influential public policy advocates providing relevant, demand-driven services to members.

### **B1. Flexible Response**

In its second to fourth years, the AMIR Program's BAI component experienced a tremendous change in its mandate. The basic objectives of BAI did not change, but the task increased significantly in size and complexity. The original contract with USAID dictated a BAI work plan providing technical assistance, training, grants, and limited commodity support to three BAs: BPWA, JTA, and AWTC. The focus was on improving the capability of these three associations to advocate effectively and offer improved member services driven by customer demand. Implementation in 1998 was carried out under 13 milestones. BAI accomplished 100 percent of the set milestones and even achieved some goals that had been set for 1999.

In 1999, the BAI component's mandate changed. The targeted organizations were to increase from three to five, and ultimately to six in 2000. The Young Entrepreneurs' Association (YEA), Int@j, and the Amman Chamber of Commerce (ACC), Jordan's largest and oldest BA, were added to the first three targeted BAs. These BAs ranged from traditional and low-

technology associations like ACC to modern, high-technology associations like Int@j. In the second to fourth years, the BAI component formed intensive cooperation agreements with the six BAs mentioned above. It also engaged 22 additional BAs in the following major activities: JV2020, BA Executives Roundtable, public-private forums, mini-grants, workshops, seminars and conferences on leadership, communications, public relations, advocacy, women in business meetings, etc. In 1998, six main events were held. In 1999, 35 main events were held.

The main BAI themes of strengthening BAs in conducting PPA and providing demand-driven services continued. But the audience changed from three “specialized” BAs with a total membership under 500 members to the mainstream BA community with membership of the six targeted BAs amounting to more than 30,000. BAI was addressing its mandate for “advocacy, services, and modernization of BAs” at the Jordanian national level.

The AMIR Program met the challenges of a growing mandate with flexibility and innovation, strengthening the BAI component with additional staff, tools, and resources. By mid-1999, the BAI component leader was joined by a business association specialist and an administrative assistant. In 2001, a special projects manager joined the team. Equally important, a project administrator and grants manager were appointed to provide support in the implementation and administration of the Business Association Grants Program (BAGP).

BAI strategy moved from low profile to high profile. It moved from limited access with a small group of BA members to broad access with leading BAs. For the BAI component to gain credibility, it focused assistance on the six targeted BAs, but also provided training, mini-grants, and technical assistance to other BAs showing interest and initiative.

## **B2. Organizational Diagnostics and Strategic Planning**

The strategic planning exercise was one of the most successful and innovative tools employed by the BAI component. It was the first time in any of the BAs that a long-term (three-year) strategic plan had been developed, or that a mission statement had been articulated. For the older BAs, association objectives had not been examined and updated since their establishment. A two-and-a-half-day retreat sponsored by AMIR to conduct the strategic planning exercise generated serious dialogue, consensus, and a clearer vision among board members and executive directors of what each BA’s real mission is and how they intend to fulfill it.

The above techniques and tools introduced two important concepts to the boards and staffs of Jordanian BAs: the basic need and use of organizational analysis and strategic planning. The exercises dedicated to long-term planning and sustainability allowed associations to see the importance of developing customer service attitudes toward members and clients, and of focusing limited resources on efforts that would bring their members the greatest benefits and satisfaction. They also produced the necessary outputs for moving on to the next stage of cooperation: organizational development grants (ODGs) to the targeted BAs and mini-grants to a wider circle of business associations.

## **B3. Business Associations Grants Program (BAGP)**

The surest way to achieve significant change within the BAs was the tying of ODG disbursements to the achievement of clear targets and deadlines. These targets were

formulated by the BAs and approved by their boards of directors through organizational diagnostic studies and strategic plans. Thus, ODG grants were disbursed according to a detailed work plan agreed upon between each BA and the BAI component. These work plans ensured prior commitment from the BAs in implementing specific activities aimed at developing their own capabilities. They also saved the component significant time in obtaining decisions and formal approvals for the funding of those activities.

Another element of success in the ODG design was that it was closely tied to a strong system of monitoring, evaluation, and consultation. Each ODG recipient BA was required to submit monthly technical and financial reports. In addition, the BAI association specialist conducted a regular program of field visits to discuss the reports and identify progress and obstacles. These discussions were followed by advice from the specialist on how to proceed. Expatriate technical assistance, training, and limited commodity support was also provided, as needed, to support the BAs' objectives along the way.

A third element of success was the flexibility of the AMIR Program in administering a complex grants program that allowed for increases to the original ODG for those BAs that showed good management and initiative in implementing their activities and organizational development goals. As a result, JTA, YEA, AWTC, and Int@j earned and obtained significant increases to their original ODGs. These additional grants enabled them to expand the impact of their advocacy, services, and organizational development efforts.

In addition to providing much-needed financial support, the BAGP taught BAs a number of important skills by encouraging modern managerial and accounting processes. It established regular managerial and financial reporting procedures that not only benefited BA executive directors and the efficient work of BAI, but also made important information available to the board of directors and BA members. All six ODG recipients expressed their intent to continue this system of planning, implementation, reporting, and adjustments beyond the duration of the AMIR Program.

#### **B4. Raising the Professional Standards of BA Executives**

The ability of BAs to provide relevant services demanded by members on a sustainable basis is closely tied to the quality of the board of directors and executive directors in charge. Services will continue to improve when the board of directors has a clear understanding of how modern BAs work and efficiently directs resources to achieve those aims.

*U.S. Study Tours.* The BAI component conducted a number of successful training exercises designed to introduce and inspire BA executives on the subject of international best practices in BA management. As a training tool, U.S. study tours were the first of their kind to be introduced to BAs in Jordan, and had the strongest impact.

The aim of the BAI study tour program was to expose participants to the public policy advocacy process, as practiced by BAs in the United States at the national, state, and city levels. Participants also witnessed the active role American BAs take in attracting investments, especially at the state and city levels. The tours served to widen the horizons of participants on how a fully developed advocacy process works. While the contrast between Jordan and the United States is vast in size and degree of development, the basic elements of advocacy are the same. Observation and discussion with American BAs at national, state, and municipal levels regarding their organization and function provided BA managers with a

deeper understanding of the process and a greater appreciation of the role they themselves play in Jordan. To observe and discuss how states, cities, and regions attract investment in the face of severe competition and how businesses, governments, municipalities, and universities cooperate to attract investment inspired many of the participants with ideas about possibilities for the future in Jordan. The U.S. study tour program was one of the most successful activities conducted by the BAI component.

### **B5. Case Study: Int@j**

Int@j, the Information Technology Association of Jordan, is Jordan's youngest and most successful business association. Born out of the REACH Initiative, Int@j was launched in May 2000, and its membership has grown quickly to include more than 100 technology firms dedicated to furthering the development and growth of Jordan's ICT industry. As a new association, it benefited from BAI component assistance from the ground up. With a management and staff of highly qualified individuals trained by the BAI component, Int@j has become extremely effective in providing a wide range of member services: public policy advocacy, industry marketing, networking and strategy formulation, market information gathering and dissemination, and specialized training. More than any other association, Int@j management has grasped the importance of long-term sustainability in identifying its objectives and allocating resources.

Throughout Int@j's growth process, the BAI component has provided significant technical assistance in the form of advisory support from the BA specialist, as well as short-term consultants contracted on an as-needed basis. BAI also procured furniture and networked computers for the association's offices. Additionally, a total ODG of \$321,297 was disbursed to Int@j to support, in part or in whole, the following activities:

#### *Industry and Association Strengthening:*

- General assembly meeting for members to review and critique the association's annual report
- Two day e-commerce symposium bringing together international e-business experts, public sector leaders, and local e-commerce entrepreneurs to discuss Jordan's readiness for e-commerce now and in the future
- Women in ICT workshop, where more than 60 Jordanian women gathered to discuss the crucial role of women in developing Jordan's ICT sector
- Collective action workshop that brought public and private sector initiatives under one roof to jump-start the Ministry of Post and Communications/Canadian International Development Agency "Connecting Jordanians" initiative
- Regular member networking and roundtable meetings
- Management and redesign of www.IT.jo, an online database of Jordan's human resources in information technology
- REACH Progress Monitoring Unit to support and track development of Jordan's REACH Initiative

#### *Advocacy:*

- Organizing and hosting of the 10-week REACH 2.0 process, including the fielding of 13 international experts to address specific strategies

- Legislative research support in the areas of taxation, software censorship, and Internet café regulations
- Legislative drafting and advocacy of 25 REACH-related laws and regulations

*Marketing and Public Relations:*

- Cooperation with the Ministry of Post and Communications on marketing Jordan to investors such as Craig Barrett, CEO of Intel
- Presentation at the Cairo IT Forum, a two-day conference showcasing ICT progress in the Arab world
- Leadership of coordinated member participation in GITEX 2001, an important industry trade show
- Production of numerous publications for use in marketing and public relations, such as the REACH 2.0 document and the IT in Jordan CD-ROM
- Implementation of the national ICT Awareness Road Show, a cooperative effort between Int@j, YEA, and the Ministry of Industry and Trade to raise public awareness of the REACH Initiative and its objectives

*Training:*

- U.S. advocacy study tour in June 2001
- Member training workshops in subjects such as business planning, effective negotiations, and marketing skills
- Staff training in computer and presentation skills

**B6. Case Study: Jordan Vision 2020**

*A National Exercise in Public Policy Advocacy.* Vision 2020 is Jordan's long-term strategy for achieving tangible economic growth targets over the next 25 years. In 1999, businesses and prominent private sector organizations joined forces to create the vision and articulate this forward-thinking strategy. Due to the absence of natural resources in Jordan, JV 2020 identified the country's need to capitalize on and invest in its human resources to achieve meaningful economic growth in the long run.

Jordan is a "young" country, with 70 percent of the population below the age of 30. With one of the highest population growth rates in the world, the economy will have to grow at a high rate to maintain current standards of living. JV 2020 represents the private sector's vision on how to create new jobs and increase the level of economic activity needed to improve the lives of Jordanian citizens.



*Jordan Vision 2020 spokespersons, HE Fawaz Zu'bi, Rabee Dajani, Hala Ayoubi, and Laith Al Qassem present the Initiative to the press.*

For the BAI component, the creation of JV 2020 represented an unprecedented opportunity to support and strengthen a private sector-wide initiative, with important consequences for public policy advocacy and reform:

- In the spring of 1999, when HM King Abdullah II ascended to the throne, the economy was at the top of his agenda, and he immediately began addressing the crucial issues of growth, income levels, and unemployment in the Kingdom. At that time, Jordan's private sector had little say or influence on public policy. When a small number of chambers, business leaders, and private sector associations were asked to express their position on various economic and business-related issues, their responses were weak and disjointed. While Jordanian business associations had done some advocacy before, the voice of the private sector overall was weak, inarticulate, and had never before touched on major economic issues.
- The idea behind JV 2020 came out of a number of preliminary meetings held by the BAI component with a number of Jordanian business association leaders. The initiative was immediately adopted and championed by the YEA, a newly established BA made up of young entrepreneurs and receiving full support from the BAI component. The YEA chairman and BAI component leader visited chairpersons of the largest chambers and other BAs to participate in the launching of this private sector initiative.
- With AMIR support, 12 large meetings and conferences were held in 2000 to formulate the vision. American, European, Arab, and Jordanian experts led discussions with more than 665 business leaders and senior officials covering a wide range of topics and strategies needed for Jordan to achieve significant economic growth in the first two decades of the 21<sup>st</sup> century.
- JV 2020 taught business leaders first-hand the process of consensus building and the potential strength of working in a coalition.
- The JV 2020 process did not simply produce a series of general statements and empty slogans. It generated an award-winning document setting clear priorities on which economic issues should be central to the Kingdom's strategy over the next two decades. It also produced a set of recommendations and designated parties responsible for their realization.
- In August 2000, the JV 2020 document was signed and presented by chairpersons of 28 BAs to HM King Abdullah II, who bestowed on this initiative his full blessing and support. Significantly, this event brought Jordanian BAs into the mainstream of national debate on present and future economic issues.
- Since then, the YEA has led efforts to increase awareness of JV 2020 among Jordanian organizations, youth, women, academia, and other groups in all parts of Jordan. As a result, 36 private sector organizations and companies are now signatories to the initiative. Various BAs have adopted some of the strategies laid out in the JV 2020 document into their public policy advocacy programs. Both the REACH Initiative by Int@j, and the Education and Business Initiative by YEA were inspired by the JV 2020 document.

- YEA, with other cooperating BAs, monitors the implementation of JV 2020 recommendations and the introduction of new recommendations and developments.

*Activities and Discussions Undertaken by the Private Sector through JV2020:*

- A plan to achieve a private sector economic strategy
- Leadership and market access
- Business climate to attract investment
- Overview of benefits of Jordan's accession to the WTO
- Globalization: Implications in the next 20 years
- Building the competitive advantages of Jordan
- Human resources development for competing in the 21<sup>st</sup> century
- Media launching
- Strategy conferencing

### **C. Policy and Customs Reform**

The policy component's original mandate from USAID was general and broad:

- Improve implementation by the Government of Jordan of market-oriented economic policy reforms
- Develop and implement effective customs reform
- Develop appropriate laws and effectively enforce intellectual property rights

At the outset, the AMIR Program did not have a specific mandate to assist Jordan in its accession to the World Trade Organization (WTO). But the WTO accession process in fact became the object of *all* policy component efforts beginning late in the first year of the AMIR Program through April 2000. The logic of concentrating fully on the WTO accession process was that Jordan's successful accession would fulfill all mandated objectives vis-à-vis:

- Implementation of market-oriented economic policy reforms through thorough revision of Jordan's trade and investment regime, as required by WTO agreements
- Customs reform through adoption of WTO rules on tariffs, valuation, user fees, rules of origin, and transparency
- Improved enforcement of intellectual property rights through the enactment and implementation of WTO TRIPs-related laws

#### **C1. WTO Accession**

Once WTO accession was chosen as the policy component's goal, the component began comprehensive and intensive technical assistance support of Jordan's accession effort, the general strategy of which has been previously described. The key elements of success were as follows:

- *Political Support.* High-level support is the *sine qua non* of a successful accession effort. WTO accession became a government imperative in 1998-1999 when HM King Abdullah II made it a high priority.

- *USAID Interventions.* Through judicious use of the cash-transfer program, as well as continued contacts with government officials, USAID provided invaluable assistance in keeping WTO-related legislation and decisions high on the government's agenda. The policy component supported these interventions through regular (weekly or more) briefings with USAID managers to track progress on technical issues.
- *Active Management of the Accession Process.* Rather than limiting efforts to technical advice on WTO legal requirements, the policy component actively assisted the Ministry of Industry and Trade in planning, managing, and promoting the accession process. This included setting deadlines, scheduling meetings in Geneva, and clarifying technical and strategic issues for decision by government managers.
- *Targeted Use of Short-Term Technical Experts.* Given the range and highly technical nature of trade and investment measures regulated by WTO agreements — from sanitary and animal health and agricultural trade, to product standards, intellectual property rights, and customs valuation — Jordan required a variety of expertise to draft changes to legislation, respond to technical questions from WTO members, or contribute other economic or policy analysis inputs. The policy component supplied these experts on a short-term basis, timed at the appropriate stages in the accession process.
- *Establishment of a Core Group of Government WTO Specialists.* Through in-country, U.S., and Geneva-based training programs, as well as day-to-day advice, the policy component helped build the capacity of the WTO Unit of the Ministry of Industry and Trade, the main government unit responsible for coordinating and negotiating Jordan's accession.
- *Requisite Financial/Logistical Support.* Due to budget constraints, the WTO Unit was limited in its ability to travel to Geneva to participate in negotiations and meetings. To keep the accession process on track, the AMIR Program funded much of this necessary travel, as well as the cost of translations (WTO official languages do not include Arabic) and other logistical support.

The most important long-term innovations introduced by the policy component into the Jordanian system as a result of WTO accession assistance include the following:

- *Formal Trade Compliance Structure.* As a result of experience and training in the WTO accession process, the six-member WTO Unit of the Ministry of Industry and Trade evolved into the ministry's "Foreign Trade Policy Department," with formal responsibility for WTO compliance and technical support of Jordan's external trade relations generally. This is an important step toward creation of a formal structure within the government for sound development of trade policy and analysis.
- *Complete Revision of Jordan's Trade and Investment Legal Regime.* The WTO accession process resulted in the introduction of more than 25 new or amended laws and regulations into the Jordanian system, which has a fundamental impact on government operations and private sector rights in trade and investment.

## C2. Aqaba Special Economic Zone

The availability of serviced commercial and industrial land is a key factor in attracting foreign and domestic investment. Jordan does not have large quantities of such property available, particularly near its port and airport facilities, or within the boundaries of its Qualifying Industrial Zones (QIZs). The Government of Jordan decided, in 1999, to turn Aqaba into a large-scale freeport area. Under this scenario, the southern Red Sea city of Aqaba and its environs, the port facilities, airport, existing industrial areas, coastline, and inland areas were designated as a freeport outside the Jordanian domestic customs authority.

In June 1999, the AMIR Program contracted The Services Group (TSG), international experts in investment policy and trade zones, to develop feasibility studies for the Aqaba project. The objective of the study was to provide USAID with an action plan for transforming Aqaba into a magnet for private investment based on its strategic location and a liberalized policy environment that streamlines investment procedures, applies a simplified taxation system, and accelerates privatization and private investment in public infrastructure. The studies also helped determine the size and scope of appropriate USAID intervention in the project's future implementation, and included the following elements:

- Detailed analysis of relevant legal and institutional issues to arrive at an appropriate division of roles, responsibilities, and policy initiatives among the Government of Jordan, the donor community, and the private sector
- Coherent development strategy and implementation plan for the industrial estate
- Plan for donor assistance to cover the costs and risks not attractive to commercial investors
- Model concession agreement detailing the exact roles, responsibilities, and interaction between the JIEC and the private sector in developing the estate
- Assessment of the location's comparative and competitive attributes, compared with competing investment locations
- Demand assessment and projection study
- Full feasibility level of the financial viability of the industrial estate on the basis of a private developer participating in the project through an appropriate concession, sale, or management contract arrangement
- Economic impact analyses: a formal economic rate of return analysis and a forecast of the direct and indirect impact of the industrial estate in terms of the value of investments, exports, and employment
- General development guidelines for the project's physical planning work

## C3. REACH 2.0

*A Vehicle for Achieving Wider Reforms.* Unlike the JV 2020 initiative, which brought the entire private sector together to articulate a macroeconomic strategy for the country, REACH 2.0 brought public and private stakeholders together to focus on a single sector of the economy — the IT industry. AMIR support to REACH 2.0 was undertaken, however, with the awareness that policy reforms supporting the Kingdom's IT industry would positively affect Jordan's competitiveness and investment environment as a whole.

In June 1999, IT leaders and key members of the Jordan Computer Society, collaborating with outside consultants, presented His Majesty with the REACH strategy, a comprehensive framework aimed at strengthening Jordan's IT services and software sector. The REACH

document outlines six strategic areas of action: IT industry development, policy and regulatory strengthening, human resources development, government support, capital and financing, and infrastructure improvement. For the initiative to be successful, integrated actions would need to be taken over the next five years by the IT industry itself, the Government of Jordan, and a wide range of stakeholders.

In August 2000, AMIR's BAI component and the newly formed IT industry association, Int@j, organized REACH 2.0 to assess Jordan's progress on REACH and map out a clear course of action for the future. All stakeholders were included in this process, with the aim of building consensus between the private and the public sectors.

"1,114 individuals from private and public sector organizations participated in 97 meetings held over a period of 21 days. Thirteen international consultants were invited to Jordan to consult on best practices in 12 areas of expertise, ranging from capital and finance, to human resources development. Twelve workshops and five stakeholder roundtables were held to ensure maximum participation. A total of 3,539 man-hours went into creating the recommendations that comprise REACH 2.0."<sup>1</sup>



*REACH 2.0 participants during the closing ceremony.*

An important outcome of the REACH 2.0 process was a detailed list of policy and legal recommendations that, when fully implemented, will transform Jordan into a technology research and development hub for the Middle East. AMIR's policy component supported the drafting and advocacy of this legislation, along with numerous other initiatives arising out of the REACH

process (educational reforms, e-government, increasing women's participation in the technology sector). The impact is on the development and growth of the economy as a whole, not just the ICT sector.

#### *REACH Legislation Status:*

##### **Passed and Issued**

Banking Law  
Central Bank Law  
Copyright Law  
e-Commerce Law  
Internet Café Regulations  
Labor Law and Instructions  
Monitoring of Foreign Banks  
Patent Law  
Patent Regulation  
Revenue Stamps Instructions  
Telecommunications Law

##### **Drafted and Under Review**

Vocational Licenses Laws  
Certificates Equivalence Instructions  
Companies Law  
Supplies Regulation/Procurement  
Securities Law and Instructions  
Software Censorship Regulations  
Tax Law  
Universities Teaching Committee Regulations  
Financial Leasing Law  
Investment Promotion Law  
Non-Profit Companies Law

<sup>1</sup> *REACH 2.0: Launching Jordan's Software and IT Services Industry*, AMIR Program, January 2001, p. 5.

## **D. Developing Capital Markets to Attract Portfolio Investment**

Innovations implemented through the CMD subcomponent included new listings in the capital markets, investor education and public awareness, and the implementation of new technologies in registry, depository, clearing, and settlement systems.

### *New Listings:*

- Attracting new listings is a key task of an exchange and most capital markets development programs. The traditional way to attract new listings is through the stock exchange making presentations to potential companies that may be listed. In addition to this traditional approach, the CMD subcomponent also worked with the ASE to replace its market structure with a more demand-driven structure suited to the Jordanian marketplace. This resulted in the establishment of the first and second markets at the ASE, and the third market for unlisted companies.
- In addition, the AMIR Program identified the need to create a regional liquidity pool to attract domestic and international investors to invest in growth sectors in Jordan. The Middle East New Exchange (ME-NEX) is a major innovation in response to the ASE's need for new listings, as well as the growing urgency for investment capital by Jordanian IT, media, telecom, and other growth companies.

### *Investor Education and Public Awareness:*

- Innovative ways to reach the Jordanian investing public included quizzes on the capital market on Jordan TV and the Economic News program. Web sites for the JSC, SDC, and ASE were also innovations. The ME-NEX Web site and the CD on the capital market are also examples of new ways to reach the investing public.
- The ASE Investor Gallery is an example of an innovative way for investors to observe and trade on the market, which does not have a trading floor.

### *Registry, Depository, Clearing, and Settlement Systems:*

- The SDC project development strategy is also a noteworthy innovation. Typically, USAID projects might have contracted consultants to develop expensive registry, depository, clearing, and settlement systems. Instead, the CMD subcomponent procured new, commercially available software and, working with the vendor of that software, modified it for the SDC. The EFA Equator system now installed in the SDC is a modern transaction processing system in keeping with best international practice. Periodic updates and maintenance by the vendor are part of the deal. This cost-effective solution also means that the SDC can link with more than 10 other regional depositories using EFA software, allowing the institution to focus on operations rather than IT systems development.

## **D1. Case Study: ME-NEX**

The concept of establishing a regional stock exchange for IT and growth companies was proposed following meetings between AMIR consultants and the heads of the Bahrain Stock Exchange and Dubai Financial Market in the summer of 2000. Jordan, Bahrain, and Dubai

were placing significant resources into the development of their IT and growth industries, and recognized the benefits that a regional market would bring in terms of increased liquidity flows and better access to start-up and growth (private equity) capital as well as technology transfer.

In January 2001, the CEOs of the Amman Stock Exchange (ASE), the Jordan Securities Depository Center (SDC), the Bahrain Stock Exchange (BSE), and the Dubai Financial Market (DFM) signed a letter of intent to devote significant resources to developing the first regional stock exchange for the listing and trading of securities of growth companies from the region.

The Middle East New Exchange (ME-NEX) will be an extension of existing technical and managerial facilities in Amman, Bahrain, and Dubai into one additional board, thus creating a new market with three entry points. The initial focus will be to attract technology, media, and telecom companies from the three countries. However, the market will also be open to listing growth companies from other countries and sectors as well.

The guiding philosophy of ME-NEX will center on the principles of fairness, efficiency, liquidity, and transparency. Listing rules and requirements will be easier than those of the three sponsoring exchanges, but disclosure and corporate governance requirements will be strengthened and adhere to international best practices and standards to attract issuers, intermediaries, and investors, as well as facilitate the interaction between growth companies and funding sources.

AMIR's CMD subcomponent was nominated and chosen by the project sponsors to manage the ME-NEX project. It was agreed that AMIR's technical assistance should encompass Jordan's contribution to ME-NEX. As the project management unit, the CMD subcomponent is responsible for overseeing implementation. Under the CMD's leadership and guidance, the following procedures and steps have been initiated and milestones reached:

*Step 1 — Assessment of Demand and Project Set-up Procedures:*

- Conducted initial meetings with the ASE, SDC, Dubai Financial Market, and Bahrain Stock Exchange to pursue the idea of establishing a regional stock exchange
- Completed feasibility study to determine demand for and potential success of the new regional stock exchange
- Agreement to establish the Middle East New Exchange signed by the CEOs and Board of Directors of the ASE, SDC, Bahrain Stock Exchange, and Dubai Financial Market
- Established an executive committee comprising the CEOs of the ASE, SDC, Dubai Financial Market, and Bahrain Stock Exchange
- Established project secretariat at the Jordan Capital Markets building managed by the AMIR Program

*Step 2 — Strategic Management Process:*

CMD consultants managed the process of developing a work plan, working teams, and the overall management process of developing ME-NEX. This encompassed the following:

- Established the following working teams: legal, business plan, marketing, and IT/technical
- Selected trading, clearance and settlement, and depository vendor, EFA software, and prepared network linkages between the three countries. The ME-NEX system will be hosted on Dubai's systems server.
- Completed draft market rules, regulations, and requirements, including listing rules, continuing listing rules, disclosure and prospectus requirements, corporate governance requirements, membership (brokers) requirements, and members' (brokers') code of conduct
- Conducted marketing presentation to Jordan's IT association, Int@j, and the telecommunications sector

*Ongoing Tasks:*

- Development of the ME-NEX Web site
- Development of business plan, including competition analysis and five-year financial projections of costs and revenues
- Completion of insider trading and takeover rules
- Creation of ME-NEX marketing brochure
- Systems installation and testing in Amman, Bahrain, and Dubai
- Systems training in Amman, Bahrain, and Dubai
- Memorandum of Understanding (MOU) between the regulatory authorities in the three jurisdictions
- Legal due diligence to be conducted in three jurisdictions on companies laws and securities laws
- Official announcement in January 2002 and related public relations and marketing tasks
- It is anticipated that the ME-NEX will be launched in the fourth quarter of 2002

## **D2. Capital Markets Institutions Strengthened Through New Technologies**

The CMD subcomponent's work focused on technical support and assistance to capital markets institutions, particularly developing, installing, and maintaining technology systems and training staff. AMIR-enabled ICT developments have fundamentally impacted and transformed the country's capital market and have contributed significantly to increases in trading activity and investment in the stock exchange. Major CMD subcomponent accomplishments in ICT include the following:

- Enabled automated share authentication and developed and installed an electronic share registry and automated clearing and settlement systems and depository at the Securities Depository Center through a combination of local software development and hardware, as well as software procurement (principally EFA software systems)
- Developed and installed a comprehensive management information system and wide area network (WAN) linking the stock exchange and depository to more than 130 market participants in Jordan, including brokers and listed companies. The WAN is also expanded to connect the three markets of Jordan, Bahrain, and Dubai to electronically underpin ME-NEX.

- Developed and installed a local area network (LAN) linking the JSC, the stock exchange, and the depository, allowing the three institutions to share information and conduct joint surveillance of their systems
- Created back-office automation system for accounting, general ledger, human resources, payroll, inventory, and employee savings fund management for the JSC, ASE, and SDC
- Initiated and sponsored extensive and tailored computer training for management and staff, including MS Windows for secretaries, Excel and PowerPoint for managers, Web site design for research staff, and Cisco and Microsoft Certified Engineer training for network managers. Extensive training on EFA's clearance and settlement system was provided to the depository and market participants.

## **E. Formulating Telecommunications Policy Strategy**

The telecom component was, by definition, an innovation in the AMIR Program of assistance to the Government of Jordan. The flexibility of AMIR allowed the program to move rapidly and effectively to provide assistance in an area identified as a priority by the Government of Jordan.

*Champion of Change.* The transformation of the MoPC into the Ministry of Information and Communications Technology began with the ministerial appointment by His Majesty of Fawaz Zu'bi, a dynamic and progressive leader with a private sector background and approach. AMIR immediately identified Dr. Zu'bi as a potential champion of change, someone who would readily employ AMIR assistance to achieve objectives shared by the Government of Jordan and USAID. The Ministry would receive the support it needed to become a model of public sector reform, while the Minister would earn the public recognition of having created a positive impact on Jordan's economy and investment environment.

*Strategy.* Building on preparatory work already done in the ministry, an implementation plan for a new ministry was developed by consultants and accepted by the MoPC.

*Staffing.* The initial work of what would become the MoICT required a departure from standard government procedures, and could not depend on staff already in place. For this reason, AMIR contributed a wide range of assistance to the new organization, from hiring transition team staff to fill line positions in the ministry, to providing computers, furniture, and office supplies to allow it to operate.

*Technical Assistance and Expertise.* In addition, consultants were brought in to respond to particular needs. These ranged from drafting an amended telecom law and reviewing existing spectrum management procedures, to performing a wide range of tasks in the implementation of e-government projects. As the implementation plan changed over time — largely due to the need to conform to government hiring requirements — the component was able to change with it, and the HRD consultant in particular was able to adjust his other commitments accordingly. With regard to sustainability, the component was careful to ensure that the steps taken were in conformance with government regulations. In spite of the considerable time devoted to these efforts, the end result will last beyond the life of the AMIR Program.

*Flexible Response.* AMIR consistently demonstrated budgetary and programmatic flexibility to adjust its assistance program to changed circumstances. ICT assumed a major, not to say dominant, role in Jordan's plans after the accession of HM King Abdullah II. AMIR was able to respond to this need not only through the telecom component, but in a wide range of assistance to IT associations and other organizations in Jordan. This flexibility and the ability to respond rapidly — while remaining within the constraints of AMIR's own procurement process — were critical to the success of the nascent MoICT. As mentioned above, considerable time and effort were spent on incorporating government procedures into the hiring of new staff in the ministry. Clear job descriptions, thorough review by line staff, interviews conducted by a committee composed of representatives of HR, the civil service, and line managers, weighted analyses, and formal responses to candidates incorporated private sector hiring practices into the government system. This also emphasized transparency in a process that is too often governed by contacts and influence.

## **F. Information Technology**

Early on, AMIR began implementing a variety of information technologies to meet the growing needs of the program, as well as the needs of AMIR clients and counterparts. A team of experts was gathered over time, now comprising AMIR's IT Department. In some cases, no suitable technology was available on the market, and new, specialized technology solutions were created either in-house or through the contracting of local and international IT consultant service providers.

### **F1. Management, Monitoring, and Evaluation**

One important area where technology was applied was in the program itself. With AMIR expanding from a one-year, \$13-million program to one of the largest USAID-funded projects in the world, with a four-year life span and a total budget of \$58 million, some form of systems automation was required. A comprehensive Management, Monitoring, and Evaluation System (MM&E) was developed for AMIR by in-house and local database programmers to track the large number of projects, commodities, and consultants required by the program.

### **F2. Modernizing Jordanian Organizations and Institutions**

Equipping BAs and government organizations with the technology and training to modernize and automate their practices was one of the aims of AMIR. Hardware, equipment, and licensed software were purchased, configured, and installed by the AMIR IT Department. The beneficiary institutions signed agreements with AMIR committing to the use of licensed software, in conformity with USAID regulations and new intellectual property rights legislation in Jordan.

*Hardware, Software, and Networking Equipment.* Some of the IT Department's projects were simple, involving the installation of a few computer workstations and software in a counterpart institution. Some, however, required extensive, complex networking systems linking hundreds of computers and multiple servers, with shared applications and full office automation. As a result, the AMIR IT Department now has more experience and expertise in installing networks than any other entity in Jordan, including:

- A comprehensive WAN for Jordanian capital markets linked with multiple brokers' offices, issuers, and custodians

- Office automation for the Aqaba Special Economic Zone Authority (ASEZA)
- Customs ASYCUDA system for national and ASEZA checkpoints
- Complete banking system with signature verification and archiving for the MoPC's Postal Savings Fund
- Jordan Industrial Estates Corporation automation and conferencing system
- Customs transit automation
- Capital markets (JSC, SDC, and ASE) automation
- Linking of Jordanian, Bahraini, and Emirati capital markets to form a new stock exchange, the Middle East New Exchange (ME-NEX)

*Design and Development of New Applications.* In some cases, local consultants were chosen on a competitive basis and contracted to develop custom software applications, including:

- BA membership database software to track membership, events, contact management dues, and transactions
- Donor coordination database for the Ministry of Planning
- Food safety database to facilitate customs clearance in the Aqaba Special Economic Zone
- Customized telecommunications licensing and business registration software applications for the e-government pilot projects
- Management information/investor tracking system for the Jordan Investment Board to manage contacts, facilitate project implementation, and gather investment data

*Web Sites.* AMIR contracted a local Web services firm to design, develop, and maintain 17 Web sites for a variety of public sector institutions, business associations, and policy initiatives. The Web sites ranged from simple public awareness sites, to complex service sites boasting interactive databases custom-designed to facilitate data collection and transactions. These Web sites included:

- Jordan Society of Tourist and Travel Agents
- Jordanian Association of Pharmaceuticals and Medical Appliances
- Jordan Investment Board
- Amman Stock Exchange
- Jordan Trade Association
- Business and Professional Women's Association - Amman
- Amman Chamber of Commerce
- Jordan Securities Commission
- Securities Depository Commission
- REACH
- Ministry of Industry and Trade
- Jordan Vision 2020
- Microfund for Women
- Prime Ministry
- Customs
- Amman World Trade Center
- Institute of Banking Studies

The following institutions benefited from the services of AMIR's IT Department:

- Securities Depository Center
- Amman Stock Exchange
- Jordan Securities Center
- Regional IT Board Office
- Jordan Television
- Aqaba Special Economic Zone Authority
- Customs Department
- Ministry of Health
- Ministry of Agriculture
- Ministry of Industry and Trade
- Jordan Investment Board and satellite offices
- Prime Ministry
- Ministry of Post and Telecommunications
- Telecommunications Regulatory Commission
- Ministry of Industry and Trade - Companies Controller
- Jordan Trade Association
- Jordanian Association of Manufacturers of Pharmaceuticals and Medical Appliances
- Amman Chamber of Commerce
- Amman World Trade Center
- Young Entrepreneurs' Association
- Business and Professional Women's Association
- Jordan Society of Tourist and Travel Agents
- Institute of Diplomacy
- Institute of Banking Studies

### **F3. Case Study: High-Tech Stock Trading**

As already outlined above, transformation of Jordan's capital markets was a primary aim of AMIR's CMD subcomponent, and was achieved most visibly through the swift and organized application of state-of-the-art information and communications technologies in primary institutions. In an incredibly short period of time, the Amman Stock Exchange was developed from a manual system of trades and transactions into one that offers remote trading and real-time stock quotes instantly and electronically.

*ICT infrastructure.* The CMD subcomponent's key IT-related accomplishments over the past two years include the following infrastructure projects:

- Built both LAN and WAN systems for Jordan's capital market (JSC, SDC, and SDC) to coordinate better online connectivity between all three institutions and market participants (brokers, issuers, settlement banks, etc.). The WAN puts into place a communications infrastructure for the three capital market institutions and includes a fiber-optic cable link back-up between the new JSC building and the ASE and SDC back-up site in the Housing Bank building. The WAN system is also connected to ME-NEX.

- For all three Jordanian capital market institutions, AMIR finalized the installation of hardware and systems software for automation systems. AMIR completed the procurement for (i.e. prepared all the RFPs) and finalized the installation of back-office application software, including accounting, general ledger, human resource, payroll, inventory, and housing loan and savings fund software. New archiving systems for the SDC and the JSC on company information as well as software package licensing and registration were also established.
- For the SDC, AMIR prepared a comprehensive project plan that determined the depository's required system functionality, defined policies and procedures, developed system specifications, and customized software. AMIR provided technical assistance to build the SDC's infrastructure, which included the following:
  - Built the SDC's registry
  - Established the SDC's depository system with the EFA Equator System, which includes the complete customization of EFA clearing and settlement, registry and depository systems, as well as the preparation and conduct of testing and certification/acceptance plans
  - Provided support to SDC management on EFA systems implementation; prepared and installed latest upgrades of EFA Equator on primary and back-up computers; and assisted in SDC technical and business training by EFA
  - Launched SDC's electronic generation of contracts for electronic trades
  - Provided technical training on AS400; installed new IBM-recommended system patches for AS400 back-up systems and primary and back-up computers; and recommended deeds processing migration procedures and client identification regarding new AS400 platform and EFA Equator software
- Assisted the ASE in developing its Investor Gallery; prepared technical specifications and completed the procurement for the video wall and tickers for the gallery.
- Procured special "plasma" screens for the JSC and SDC, and the ticker for the JSC to be installed in the new JSC building.
- To support the sustainable use and maintenance of all this technology, extensive resources also went into training staff and IT personnel in the relevant institutions.

Specifically, AMIR's CMD subcomponent procured and installed the following IT systems:

**Applications:**

Office automation, desktop publishing, Internet access, network management, human resources management, payroll, accounting, general ledger, inventory management, fiber optic linking capital markets building to the back-up site, WAN, video wall and tickers, ticker and plasma displays, and document archiving

**Hardware:**

50 workstations, 96 PCs, 2 IBM RS6000 servers, 2 Windows NT servers; color, laser, and high-capacity printers; network switches and routers; high-speed copiers; projectors and projector screens

**Clearance and Settlement Hardware:**

2 AS400 servers, fiber optic link (HBC-JSC Building), fiber (LAN) switches

**Registry, Depository, Clearing and Settlement Systems Software:**  
EFA Equator software

**ASE ME-NEX Trading System:**  
EFA Horizon software

**Software:**  
Symantec Norton Antivirus 2001 and Enterprise Advanced Server, MS Windows 2K Professional, MS Office 2000, MS Windows NT 4.0, Oracle Developer, EFA Equator Software Release 4.2, OS AS 400 server, AS400 primary server, AS400 back-up server, OS400 Software Version V4R5, Adobe Pagemaker 5.5 Desktop Publishing, Adobe InDesign 1.5 Desktop Publishing, MS Office 2000 Professional, MS Windows 2000 Advanced Server, MS BackOffice 4.5, MS Outlook 2000, Verotas Backup Exec, Windows 2000 ProPack, Office 2000 ProPack, among others

#### **F4. Case Study: e-Government Fast-Track Projects**

*Taking Government Services Online.* Implementation of the fast-track projects documented in the original “e-Government in Jordan” report (produced by outside consultants for the Palace) has been a mixed success. While the report was an excellent effort, it failed to take into account the readiness of various services to be rendered electronically. Of the eight “fast-track” projects identified, some of them were relatively straightforward (telecommunications licensing), and others were extremely complex services (such as e-procurement). The remainder ranged between these extremes.

In early 2001, the AMIR Program identified two of the most viable and relevant projects to implement: business registration and telecommunications licensing. Each posed a complex management challenge involving contractors for scoping studies, process reengineering, Web design, technical solutions, and overall project management. Not only have the projects succeeded, but they have also validated the fast-track process, yielding enhanced, Web-based services and demonstrating a methodology and standard that can be duplicated by all government service providers — a virtual “fast-track starter kit.” These projects are the benchmarks against which future efforts will be measured. It should be noted that the flexibility of the AMIR Program was crucial to the success of these two projects. It has been difficult for the government to replicate the process, including funding and the ability to provide an overall management umbrella, in the other projects.

AMIR’s efforts to take business registration and telecommunications licensing services online were successful due to the following reasons:

- The services were adequately “scoped” before the project began. This meant that delivery could be made within the constraints of time and budget.
- The organizations (the Ministry of Industry and Trade and the TRC) were early and enthusiastic participants in the process.
- The services were carefully reviewed for efficiency. Where they fell short, they were reengineered by a consultant experienced in business process design.
- The scoped, reengineered services were clearly identified in an RFP that emphasized the overall technical approach rather than a specific solution.
- Legacy systems were incorporated to the extent possible, while the technical solutions were vendor-neutral.
- The project management function was identified and exercised effectively by an offshore system development firm.

- An excellent local development contractor was hired to provide the technical solutions.
- Equipment necessary for implementation was procured.
- Budget for all of the above was available from AMIR.

The project manager was responsible for ensuring coordination among all parties to the process, namely the organizations offering the services, the MoPC, the reengineering contractor, the Web design contractor, and the technical contractor. This represented a management challenge of the first order and a potential risk factor. The following were critical for the success of the project:

- A clear understanding of roles and responsibilities for each participant
- Early consultation in the process of project design
- Clear statements of work detailing deliverables
- A detailed kick-off session involving all participants
- Regular meetings to review progress
- Identification and regular monitoring of potential risks
- A procedure for fielding problems to a steering committee

As a result of these measures, the first two Web-enabled services in Jordan were delivered on time and within budget. This experience was then distilled into a Fast-Track Starter Kit and distributed to all government agencies as a methodology for undertaking similar projects.

## **G. Integrated Training, Events, Public Awareness, and Communications Activities**

The training and events team, working alongside the public awareness and communications team, was made up of six local staff. This component's innovative approach involved:

- Close cooperation with all components and partners
- Seamless integration between USAID, AMIR, and the Chemonics home office
- Management of information and statistics regarding events and communication through the MM&E system and Tri Net
- Impact assessments (public awareness surveys, training follow-up, debriefing meetings)
- Education and training of target groups
- Dissemination of the project's concepts and objectives
- Promotion of awareness of the project's impact on the public and the economy
- Identification of primary target audiences, including opinion-makers, business associations, financial institutions, microfinance clients, the Government of Jordan, the media, legal practitioners, and the general public

### **G1. Training and Events**

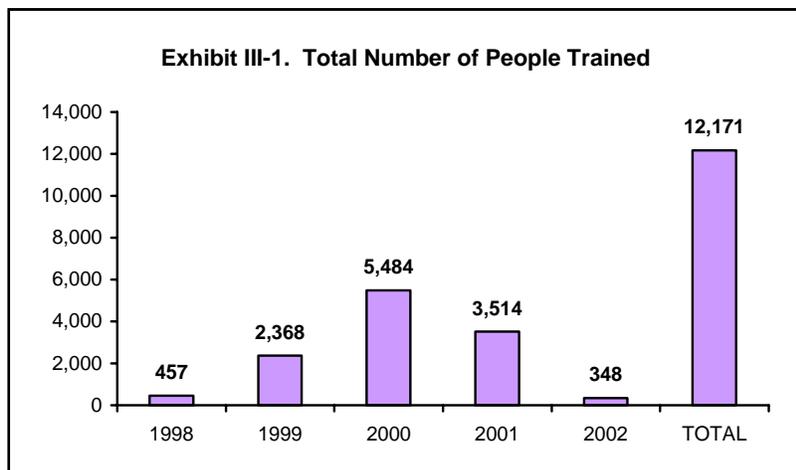
The AMIR Program's training team managed all the planning, preparation, and logistics needed to conduct training activities and events inside and outside Jordan, while meeting strict USAID accounting and reporting requirements. The team also provided support to local partners in organizing their own training activities and events. In addition, assistance was provided regularly to visiting consultants and speakers in the preparation of training and presentation materials. The team's responsibilities included:

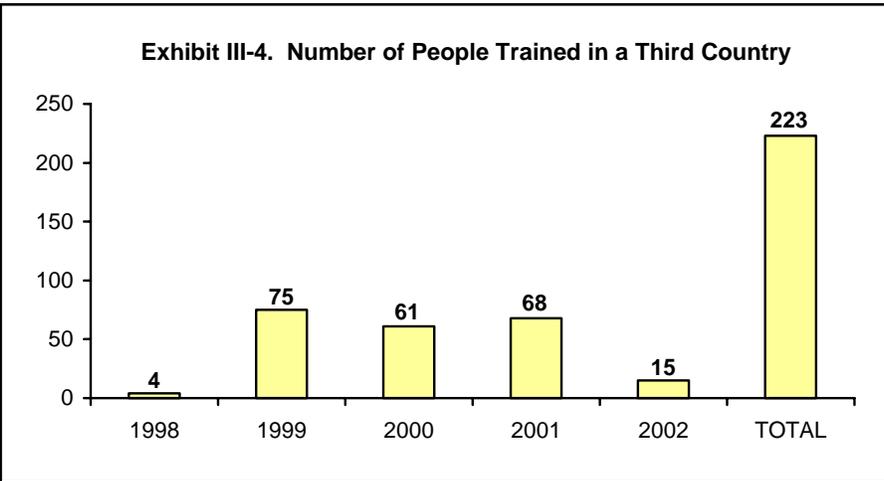
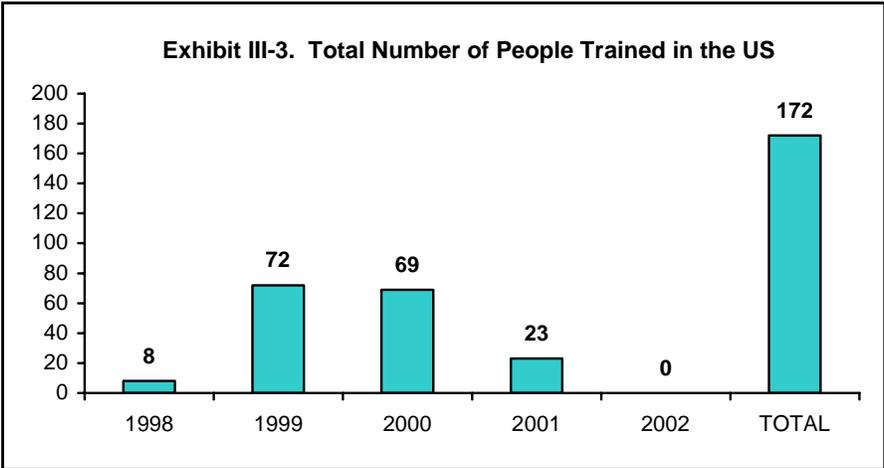
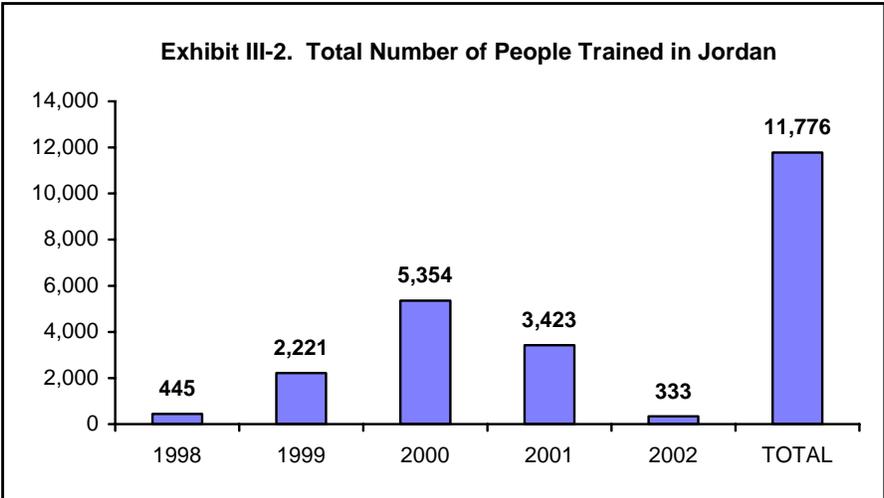
- Helping component leaders develop workshops, seminars, and observational study tours
- Managing all preparations for training programs and events, and ensuring compliance with USAID regulations for all training
- Coordinating placement of trainees in specialized training programs in Jordan and abroad
- Assessing the impact of training activities by implementing a periodic follow-up with all trainees, and publishing the results
- Developing management and tracking systems to maintain and enforce accurate and timely data for events, training cost information, effectiveness, and results
- Increasing awareness among AMIR target audiences through public awareness campaigns, study tours, seminars, and workshops

*Training Synopsis.* Over four years, the AMIR Program sponsored 12,171 trainees, of which 3,229 were females and 8,942 males.

<b>AMIR Program Training by Gender</b>			
<b>Jan. 1998-Jan. 2002</b>	<b>Females</b>	<b>Males</b>	<b>Total</b>
In-Country Training	3,101	8,675	11,776
U.S. Training	57	115	172
Third-Country Training	71	152	223

<b>Training Locations</b>	
In-Country Training	Amman, Aqaba, Zarqa, Irbid, Dead Sea, Ma'in
U.S. Training	Boulder, Washington, D.C., Sacramento, New York City, Chicago, Detroit, Atlanta, Austin, Denver, San Francisco, New Hampshire, New Jersey, and Washington State
Third-Country Training	Egypt, Bolivia, Switzerland, Chile, Italy, Canada, Ireland, Hong Kong, UK, Sri Lanka, Lebanon, Sweden, Netherlands, Turkey, Indonesia, UAE, Bahrain, Malaysia, Australia, India, Holland, New Zealand, Finland, Germany, Spain, Pakistan, Japan, Taiwan, and Singapore





## G2. Communications and Public Awareness

Working together, the Training and Communication Departments designed and undertook a number of public awareness campaigns for all program components, including the extensive WTO, Jordan Vision 2020, REACH 2.0, and Sustainable Microfinance Training Program campaigns.

The communications team also handled press and media coverage of all AMIR-supported events, contributing advertisements, press releases, and articles to Jordan's main daily Arabic and English newspapers. Over the past four years, 191 media exposures were recorded, averaging one coverage per week. Press kits prepared by the department provided pre- and post-information and reporting on issues, activities, and events conducted by the AMIR Program.

In addition, numerous educational, informational, and promotional publications and materials were produced for all AMIR Program components to educate target groups, cater to the needs of a special event, or to support public awareness efforts.



*HM Queen Rania Al Abdullah (center) with the winners of the second Microentrepreneurs Awards ceremony.*

## G3. Key Events and Ceremonies

The training and communications teams organized numerous events during the lifetime of the AMIR Program. These ranged from simple workshops to high-profile ceremonies under the patronage of the royal family, including:

- SMI annual awards and signing ceremonies
- The first Jordan Microentrepreneurs Awards, held under the patronage of HM Queen Rania Al Abdullah and First Lady Hillary Clinton
- The second Microentrepreneurs Awards, held under the patronage of HM Queen Rania Al Abdullah
- Jordan Vision 2020 coalition visit to the Royal Court to present the JV 2020 document to HM King Abdullah II
- Closure for the REACH 2.0 review, under the patronage of HM King Abdullah II
- Opening ceremony of the Sustainable Microfinance Training Program, under the patronage of HM Queen Rania Al Abdullah
- Wholesale Funding Facility signing ceremony, held under the patronage of HM Queen Rania Al Abdullah
- Business associations ODG agreements signing ceremony

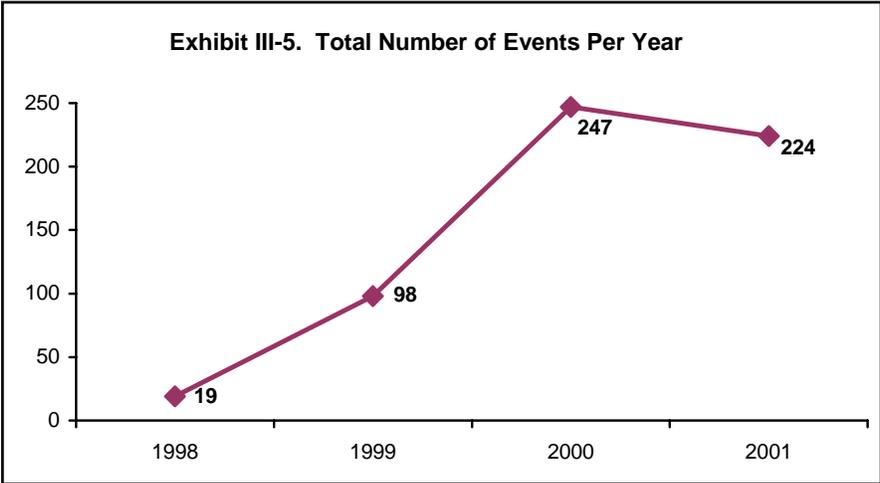


*Jordan Vision 2020 signatories present the Initiative to HM King Abdullah II.*

- Funding announcement ceremony for the MFIs
- Organized the REACH 2.0 events, consisting of 12 public workshops, 5 stakeholder roundtables, and a closing ceremony under the patronage of HM King Abdullah II
- Coordinated with Int@j on two-day e-commerce workshops with 32 speakers

*Number of Events.* Over the past four years, 605 events were held for AMIR Program components, with an average of one event held every other day.

AMIR Program Events (Jan. 1998-Jan. 2002)	
Component	No. of Events
Policy Component (Customs, CM, JIB, WTO, and Telecom)	400
Business Associations Component	109
Sustainable Microfinance Component	85
General Events	11



#### **G4. Technical Assistance to AMIR's Partners**

The training and communications teams were also active in directly providing services and assistance to AMIR counterparts, including the following:

- Assisted YEA team leaders in developing a comprehensive public awareness campaign for the Jordan Vision 2020 initiative, including multiple activities, media campaign, action plan, timeframe, and budget
- Developed and presented a Credit Bureau public relations campaign to Talal Abu Ghazaleh. The plans included several tools to promote the newly established Credit Bureau.
- Implemented a market survey for the Business and Professional Women's Association of Amman in various areas of Jordan
- Assisted three MFIs in the content, layout, and production of their first newsletters
- Assisted Int@j in developing information and media kits as well as a set of promotional materials for the launch and closing ceremony of REACH 2.0
- Assisted the SMI component in implementing the annual public awareness survey with target groups
- Installed, decorated, and staffed the microfinance booth during the Jordan-American Business Week

#### **G5. Case Study: Capital Markets Training**

The CMD subcomponent has, over the last two years, focused on training objectives through a variety of training activities, including the following:

- Established and implemented a Broker Certification Program to train and license brokers
- Facilitated and assisted in the signing of a Memorandum of Understanding (MOU) with the Amman-based Institute for Banking and Finance and the JSC to oversee and teach the Broker Certification Program
- Established a Chartered Financial Analyst (CFA) teaching program in conjunction with the Association of Certified Financial Professionals. CFA programs were conducted in 2000 and 2001 for Levels I, II, and III. It is noteworthy that the pass rate for Jordan exceeded the worldwide average in 2000 and 2001.
- Other CMD training consisted of:
  - General and advanced computer training for JSC, ASE, and SDC management and staff on Microsoft Windows, Word, Excel, Outlook, and PowerPoint
  - Public relations training for JSC, ASE, and SDC officers
  - Capital market investment issues seminar
  - Mutual funds and investment issues seminar
  - Securities Law implementation workshop
  - IT Training for JSC, ASE, and SDC, including Microsoft Certified Engineer and CISCO network management
  - Corporate governance seminar for capital market participants and listed companies

- Investors' protection and disclosure seminar for JSC, ASE, and SDC and financial market participants
  - CFA promotion presentations and publicity plan
- The CMD subcomponent sponsored Jordan's three capital market institutions in various international training programs, including:
  - U.S. Securities and Exchange Commission (SEC) annual conference; U.S. SEC regional seminar and conferences on commissioner and manager training, regulations, compliance, and corporate governance
  - Study tour to the Sri Lanka Stock Exchange and depository
  - International Organization of Securities Commissions (IOSCO) annual conferences
- The CMD subcomponent also assisted the JSC in hosting IOSCO's Emerging Markets Committee meeting in Amman.
- Finally, the CMD subcomponent assisted the JSC in organizing an international investors conference that was scheduled to have taken place in Amman in the fall of 2001, but was cancelled due to regional security concerns. Specifically, CMD consultants assessed interest and demand for such a conference among regional and international investors; prepared a detailed solicitation package that included reports on Jordan's seven largest and most promising sectors for international investment; compiled a database of worldwide emerging market fund managers and investors; and developed a marketing brochure, agenda, and detailed action plan for the conference.

## **G6. Case Study: Capital Markets Public Relations**

As part of its efforts to promote public awareness and investor education campaigns, the CMD subcomponent created a series of financial and investor education programs for Jordan TV.

In mid-2000, an MOU was signed between the AMIR Program, the Ministry of Information, and Jordan TV for the broadcasting of economic and financial news. Specialized media and communications consultants reviewed financial television reporting in Jordan and prepared a strategy to enhance economic, business, and financial reporting to help boost public awareness of capital markets.

A series of weekly "Your Money Matters" quizzes were created and successfully launched in mid-2000. CMD consultants prepared the content for 60 quizzes and installed 30 Arabic-language versions on Jordan TV to be aired to the public on a weekly basis.

A second program, "The Economy Show," was launched in mid-2001. CMD media consultants developed the design and organizational structure and provided the news content for the show. The show includes investor quizzes, investor education strategy interviews, and public awareness tips. In addition, CMD IT specialists installed the necessary equipment at Jordan TV for the show and for economic and financial news reporting. Furthermore, Jordan TV reporters and news crews were trained by AMIR on the use of graphics and PowerPoint for broadcasts.

## **H. Local Subcontracting**

Competition was an integral component in awarding work to local firms and organizations with whom AMIR concluded contracts for the provision of consulting and IT services.

### **H1. The Request for Proposal (RFP) Process**

AMIR technical staff, following an agreed-upon work plan, proposed and developed scopes of work for individual projects that would be competed to local firms. Once a scope of work successfully underwent a rigorous review process and was authorized by the chief of party, it was submitted to the contracts manager to be formatted into the final RFP that was sent out to local firms and organizations. RFPs contained the following elements:

- Scope of work broken down by task
- Description of the deliverables the subcontractor was expected to submit
- Type of personnel required
- Estimated level of effort
- Period of the contract
- Expected reporting requirements throughout the term of the project
- Required technical and budget elements that must be included in all proposals
- Selection criteria
- Submission instructions

To underscore the competitive nature of the process, selection criteria were clearly detailed so firms knew exactly how their proposals would be evaluated. Questions regarding the RFP had to be directed to the contracts manager. No contact with the technical staff during the competitive bid process was permitted. In this way, AMIR could ensure that no single firm had the advantage of receiving additional information about the project. Information provided in response to a question from any firm was distributed to all other firms invited to participate. After the review was completed, a winner was selected and the project was contracted. All non-winning participants had the right to request their scores and discuss their evaluation and proposal.

The project manager and at least one other member of the technical staff evaluated the technical portion of the proposals based on a pre-established scoring system. The cost proposal was also evaluated by the contracts manager based on a pre-established scoring system. AMIR technical staff did not have access to the financial information until after technical evaluations were completed and submitted to the contracts manager. RFPs were distributed to a minimum of three firms per award and there was no maximum number of participants.

From January 1998 through January 2002, 40 RFPs covering all areas of AMIR activity were distributed for competitive bidding.

### **H2. Subcontracting Process**

Once a winning firm was determined, a draft contract was sent for review and the firm was invited to come to the AMIR office to negotiate the final terms and conditions of the subcontract with project managers. The purpose of this meeting was to clarify any proposed

costs that were unacceptable or unclear. A time schedule, deliverable due dates, and final costs were agreed to at this meeting.

Approximately \$5.3 million of work was subcontracted to local firms. From January 1998 through January 2002, 52 subcontracts were negotiated with 30 local firms. Of this number, all subcontracts were concluded successfully.

Upon contract signature, the project manager took over responsibility for monitoring the subcontractor. However, the contracts manager closely monitored the completion dates of all deliverables according to contract terms. Not all subcontractors were able to meet the agreed-upon terms of their contracts regarding timeliness and quality of deliverables. Where circumstances warranted, extension of deliverable due dates were documented and accepted. For delays not deemed acceptable by AMIR, the project was in frequent contact and worked closely with those subcontractors to ensure that quality technical services were delivered and that the terms of their contracts were met.

### **H3. Impact on Subcontractors**

The contract administration procedures followed by the AMIR Program caused a ripple effect throughout the Jordanian commercial community. The methods used to tender and evaluate bids and draw up contracts, the stringent invoicing requirements, and the level of customer satisfaction demanded all contributed to the maturation of the businesses contracted by AMIR.

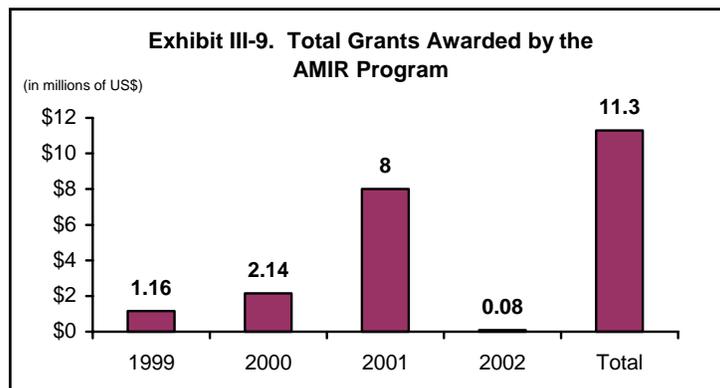
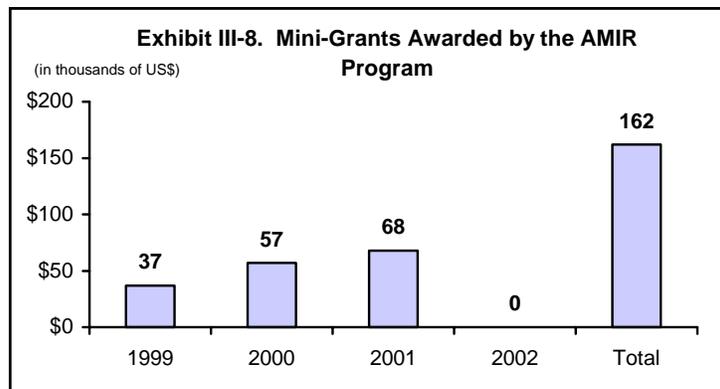
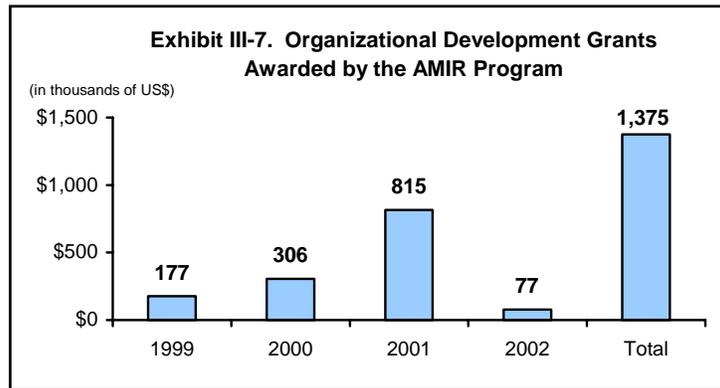
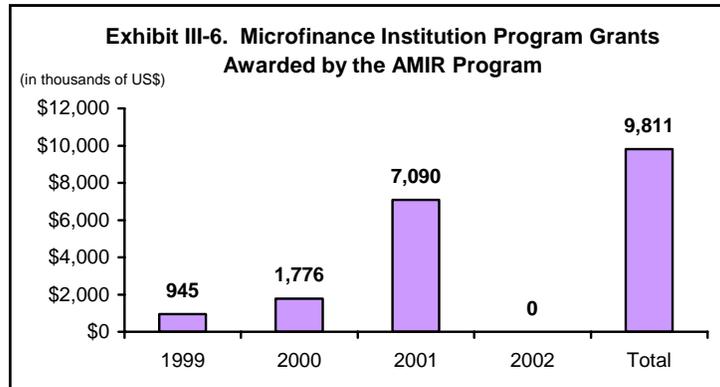
USAID projects by their nature require a high standard of open and fair competition. The AMIR Program sought to employ those standards as a teaching tool. A case in point is the e-government software development contract awarded to a Jordanian firm. The bids for this \$170,000 contract were evaluated in two parts, with the technical section reviewed by a U.S.-based IT company and the financial bids reviewed locally. Not only was the entire review and selection process transparent to all 10 bidders, but rejection letters also carried a detailed explanation of why their proposal had not been selected. Such a practice was unheard of before in Jordan. While some bidders were initially put out by the unsolicited feedback, several of the companies came to express appreciation for the opportunity to learn from and improve upon their proposal preparation process.

### **I. Grants**

The purpose of AMIR's grants program was to support local institutions in facilitating key economic development and reform objectives in Jordan. The grants program complemented technical assistance and commodities support by allowing grant recipients to propose their own innovative approaches. The grants program also worked to strengthen the organizations' skills in proposal writing, budget management, and project management.

AMIR Program staff, guided by the grants manager, worked diligently to ensure accountability in the expenditure of \$11.3 million to 20 organizations for 40 separate projects of varying size, scope, and duration.

Through careful design of the organizational structure, excellent team cooperation, and careful and rigid monitoring and support of grantees, the program was extremely successful.



## 11. Grants Process

The entire grants process is detailed in a Grants Manual that was approved by USAID at the start of the program, and is designed to give the grantees maximum flexibility while providing good stewardship of USAID funds.

When the AMIR contract was awarded to Chemonics, it designated three initial grantees under the BAI component. Negotiations were held with the leadership of the Amman World Trade Center, the Business and Professional Women's Club, and the Young Entrepreneurs' Association to begin strategic assessments and planning for these organizations. Once it was determined that all three were seriously committed to a grantee relationship, Organizational Development Grants (ODGs) were designed in coordination with them. After careful coordination with the USAID Mission, two additional grantees, the Chamber of Industry and the Chamber of Commerce, were identified and added as the fourth and fifth grantees. Int@j was added later on as the King's commitment to developing the IT industry sparked a surge of interest in supporting that sector.

Once the strategic plans and budgets for the ODGs had been established, grants were approved by a committee consisting of AMIR and Mission staff. Regular grants began to flow in mid-1999.

The process within the microfinance component was similar. Potential grantees were sought with Mission approval. Three organizations successfully concluded agreements for a strategic planning and ODG relationship: the Al Ahli Bank (Ahli Microfinance Company), SAVE (Jordanian Women's Development Society), and the Noor Al Hussein Foundation (Jordan Micro Credit Company). Their ODGs were approved by the same board structure including AMIR and Mission staff.

A final grant component, the BAI mini-grant program was instituted in July 1999. This program administered one-off grants of \$5,000 or less with a cost-sharing provision. The wide reach of the mini-grant program was achieved by advertising the availability of funds through the press and an extensive word-of-mouth campaign. Hundreds of applications were processed, of which few met the requirements of organizational support and cost-sharing that had been set by the contract and the grants manual.

Applications were reviewed by the BAI component leader and the BAI senior advisor and prepared according to a checklist for review by the Grants Committee. The checklist ensured that proposals were numbered and entered into the grants tracker, all required documentation was present, and all program requirements were met. Once certified as a complete and acceptable application, the BAI component leader presented the package to the Grants Committee comprising the chief of party, the grants manager, and the USAID CTO.

Approved grantees were sent a letter of award, followed by an actual grant to be signed by the grantee and the AMIR chief of party. In the case of ODG grants, grantees were then oriented to the grant distribution process and trained in the Quickbooks accounting software mandated by the grant.

Grants were distributed on an advance basis. Each month, the grantees submitted a grants advance request on a specified date. These were generally in accord with the budgets developed for each grantee during the strategic planning sessions, though the AMIR Program

remained open to the fluctuating needs of the grantees. Any unliquidated balances held by grantees from previous disbursements were deducted. The advances were combined and presented to USAID, which wired money to a Chemonics account specifically opened for grant funds.

The grant funds were distributed by check to the grantees. At the end of the month, the grantees also supplied invoices and charges for liquidation of their previous advances. These were reviewed by the chief accountant and in most cases accepted. Grantees were notified of any disallowed expenditures.

This regular process was verified by internal and external audits performed over the course of the grants program. Chemonics field accountants and a locally subcontracted firm provided audits of AMIR-provided funds. Results in all cases were immediately shared with the grantees.

## **12. Impact on Grantees**

Aside from the technical and material benefits of grant programs, AMIR's grants to microfinance and business associations brought the discipline of reporting and financial management to the program's clients. The AMIR Program's rigorous reporting requirements maintained constant pressure on the recipients to institute best practices in their technical and accounting work. Monthly technical reports formed the basis for analyzing new and existing programs, and for intervention by component leaders as needed. The requirement that all grantees use Quickbooks, for example, created uniformity in financial reporting, and had the benefit of introducing managers to a useful financial management tool.

## SECTION IV

### Program Impacts

#### A. Increased Access to Microfinance

AMIR Goal	Impact on Jordanian Economy	Impact on Jordanian People	Impact on Jordanian Government
<b>Microfinance Innovation Grants</b>			
Sustainable institutions	<ul style="list-style-type: none"> <li>Four financial institutions filling a gap in services to small and medium enterprises</li> </ul>	<ul style="list-style-type: none"> <li>Improved economic opportunity</li> <li>Greater self-reliance</li> <li>Improved income potential for the poor</li> </ul>	<ul style="list-style-type: none"> <li>Reduced poverty-abatement costs</li> <li>Improved non-governmental safety net</li> </ul>
<b>Technical Assistance</b>			
Credit Bureau	<ul style="list-style-type: none"> <li>Improved information flows for financial data</li> <li>Efficiency gains</li> </ul>	<ul style="list-style-type: none"> <li>Cost reductions in financial services</li> <li>Lower transaction costs</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for increased tax revenues from expanded financial flows</li> </ul>
Wholesale Funding Facility	<ul style="list-style-type: none"> <li>Expansion of the microfinance niche</li> </ul>	<ul style="list-style-type: none"> <li>Greater access to microfinance</li> </ul>	
MIS/financial controls	<ul style="list-style-type: none"> <li>Improved prospects for MFIs</li> </ul>	<ul style="list-style-type: none"> <li>Greater access to microfinance</li> </ul>	
<b>Training</b>			
Creating capacity in microfinance training	<ul style="list-style-type: none"> <li>Expanded possibilities for sustainable microfinance</li> </ul>	<ul style="list-style-type: none"> <li>Improved prospects for access to credit after the project</li> </ul>	<ul style="list-style-type: none"> <li>Constituency for microfinance best practices</li> </ul>
Creating a cadre of microfinance practitioners and experts	<ul style="list-style-type: none"> <li>Better trained loan officers</li> <li>Better prospects for MFIs</li> </ul>	<ul style="list-style-type: none"> <li>Improved prospects for access to credit after the project</li> </ul>	<ul style="list-style-type: none"> <li>Constituency for microfinance best practices</li> </ul>

It is a fair assertion that the microfinance component more than met its original objectives. As the original AMIR Program ends, an entire microfinance industry is in place with four vibrant, sustainable microfinance institutions (MFIs) at its core. At the beginning of the AMIR Program, neither an industry nor that industry's components existed. The industry is thriving in spite of prevailing initial attitudes in Jordan that asserted that in the face of poor credit habits and the prevalence of subsidized credit programs, a sustainable, full cost-recovery microcredit industry could not survive. Not only has sustainable, full cost-recovery microfinance survived, but it has flourished to such a degree that prevailing attitudes toward the creditworthiness of the enterprising poor and sustainable microcredit have changed dramatically. Now, the sustainable model is advocated and applauded.

Subsidized credit programs have not disappeared and will not since such programs meet national social and political imperatives. However, even the government, which continues to

support certain subsidized credit programs, now openly advocates sustainable microcredit as the model for future efforts. Additionally, the government is placing pressure on subsidized credit providers to emulate the sustainable providers as much as possible.

### **A1. Specific Impacts**

- Tens of thousands of microentrepreneurs borrowing to meet their business financing needs have grown their businesses, thereby enabling them to improve the lives of their families, themselves, and their communities
- Four vibrant, growing, operationally sustainable MFIs disbursing tens of thousands of loans monthly
- A regionally recognized sustainable microfinance training program
- Several hundred microfinance practitioners who have attended the sustainable microfinance training program
- A national credit information bureau, which will stimulate Jordan's entire economy by facilitating the provision of lender, retailer, and wholesaler credit
- The creation of the Microfinance Association of Jordan to oversee microfinance training, assume advocacy for the microfinance industry, and provide a forum for discussion of industry issues
- A Wholesale Funding Facility to promote the provision of loan capital for MFIs from the commercial market
- A comprehensive program of technical assistance that addressed all aspects of Jordan's microfinance industry
- Targeted market surveys that assisted MFIs with their strategic planning
- A program of new product development designed to enable MFIs to better serve their clients while enhancing their revenues
- A management information system common to all four MFIs, which by nature both lowers the development cost for each institution, while allowing the four institutions to more easily share data
- A strategic sector assessment that examines in depth Jordan's microenterprise and microfinance sectors and makes recommendations intended to frame future national policy
- A cooperative arrangement with the Government of Jordan's Development and Employment Fund to provide MFIs with capital for lending specifically to start-up businesses

- Research to inform the design of an MSE multiplier initiative to stimulate the establishment of small and micro businesses
- In cooperation with the Jordan Investment Board and Zarqa Chamber of Industries, a joint backward linkages pilot program to match the outsourcing requirements of manufacturers with the supply capabilities of small and micro businesses
- The Jordan Donors Coordination Council to enhance the effectiveness of donor-supported micro and small business programs by exchanging information and seeking areas of cooperation

## A2. Data

- 81,862 loans disbursed during the program
- 35,000 borrowers served during the program
- \$33,000,000 of loans disbursed during the program
- 28,000 women borrowers
- \$9,000,000 of portfolio assets
- 86 percent average MFI operational sustainability
- 98 percent average loans repayment rate
- 13 sustainable microfinance training courses held
- 214 microfinance training course attendees
- 16 Jordanian certified sustainable microfinance trainers

## A3. Case Studies

### A3a. Jordan Micro Credit Company (JMCC)

The Jordan Micro Credit Company (JMCC) began operations in September 1999 and is registered as a not-for-profit shareholding company with the Ministry of Industry and Trade. The Noor Al Hussein Foundation holds all shares. JMCC lends to both men and women using the individual loan methodology, with loan sizes ranging from a minimum of \$988 to a maximum of \$2,880. Results of operations as of 30 September 2001 are as follows:

	1999	2000	2001
Operational Sustainability	11%	55%	114%
Number of Active Loans	297	917	1,297
Cumulative Number of Loans Disbursed	303	1,502	4,741
Cumulative Amount of Loans Disbursed	\$83,983	\$1,300,720	\$4,303,531
Cumulative Number of Employees	13	26	36
Repayment Rate	100%	100%	99.4%

***A3b. JMCC Best Male Individual Client for the Second Annual Awards***

*Sweilem Tadros.* Twenty-five-year-old Sweilem is the sole provider for his family of seven. He requested a loan from the Jordan Micro Credit Company to finance production of multi-size billboards and ads. Thanks to the loan, Sweilem was able to open a workshop, thereby greatly enhancing his productivity. He is committed to on-time payments and sets an example of the success resulting from hard work.

***A3d. Microfund for Women (MFW)***

The Microfund for Women (MFW) was founded in 1996 as an affiliate of Save the Children Federation, and in 1999 registered as a not-for-profit company with the Ministry of Industry and Trade. MFW has an exclusive gender focus, which has gained it significant name recognition in Jordan's microfinance market. MFW offers its clients a variety of loan products, using both the group and individual loan methodologies, with loans ranging from a minimum of \$280 to a maximum of \$3,530. Results of operations as of 30 September 2001 are as follows:

	1998	1999	2000	2001
Operational Sustainability	44%	58%	68%	119%
Number of Active Loans	4,984	3,921	4,173	6,504
Cumulative Number of Loans Disbursed	26,089	37,925	51,507	63,899
Cumulative Amount of Loans Disbursed	\$5,426,493	\$7,384,368	\$10,260,957	\$15,155,379
Cumulative Number of Employees	39	43	43	58
Repayment Rate	99%	99%	100%	99.9%

***A3e. Entrepreneur of the Year***

*Fawquieh Rizeq.* A widow and mother of six children, Fawquieh Rizeq started trading in yogurt, cheese, and household electrical appliances. Fawquieh met her clients' needs promptly, mastered expenditure control and retail business, and identified another need in the market — selling household appliances to newlyweds on an installment payment basis.

To maintain a high level of business integrity, Fawquieh solicited the services of an attorney who now handles her contracts and collects revenues. It is the prompt collection of her business receivables that allows her to continue to repay her loans on time.



*Microentrepreneur of the Year 2002 Fawquieh Rizeq (right) with HM Queen Rania Al Abdullah (left).*

## B. New and Revitalized Business Associations

AMIR Goal	Impact on Jordanian Economy	Impact on Jordanian People	Impact on Jordanian Government
Policy advocacy capacity established	<ul style="list-style-type: none"> <li>• BAs assisted can now determine issues on which to focus, analyze them, and make recommendations to advocate reforms</li> </ul>		<ul style="list-style-type: none"> <li>• Better policy making due to informed decisions</li> </ul>
Associations modernized	<ul style="list-style-type: none"> <li>• Progress in strengthening associations by building capacity, improving and offering new member services, improved infrastructure, training and hiring</li> </ul>		
BA women's membership increased		<ul style="list-style-type: none"> <li>• Statistics on 2 representative BAs show their women's membership levels grew from just 24 in 1998 to 125 in 2001, and percentages rose from 15% of total membership in 1998 to 31% in 2001</li> </ul>	
BA SME membership increased	<ul style="list-style-type: none"> <li>• For 3 representative BAs, SME membership grew from 114 in 1998 to 274 in 2001, with the proportion of SME participation increasing by 36% in 2001</li> </ul>		
Women's constraints identified		<ul style="list-style-type: none"> <li>• BPWA studies have identified specific laws where women are not granted equal treatment to men, focusing on social security issues, and made specific recommendations to pursue policy advocacy</li> </ul>	
Training		<ul style="list-style-type: none"> <li>• 605 public awareness and training events were held over the course of the AMIR Program, of which 109 events involved the BAI component.</li> <li>• A total of 12,171 trainees (25% of them women) were sponsored by AMIR. Of those, 3,486 were trained for the BAI component.</li> <li>• Resulting in improved attitudes and skills by exposure to BA best practices</li> </ul>	
Public-private partnerships			<ul style="list-style-type: none"> <li>• New public-private dialogue and partnership with the private sector is starting. Initiative is being taken by private enterprises on common issues of concern. Major examples are Jordan Vision 2020 and the REACH Initiative.</li> </ul>

The BAI component was able to have a significant impact on the capability of the targeted BAs in conducting public policy advocacy, modernizing their organizations and management, and providing better services to their members. In each of these three areas, the BAs are better and stronger now, compared to four years ago at the outset of the AMIR Program.

The BAs with whom the AMIR Program had in-depth interaction and cooperation developed good understanding of the concepts, techniques, and practice of public policy advocacy. They adopted and used the organizational aspects, decision-making processes, tools and techniques of advocacy at various degrees and with varying degrees of success. But the overall change in public policy advocacy capability is significant and moving in a positive direction. The main initiatives here were JV 2020, REACH, and REACH 2.0. The YEA, Int@j, and JTA are capable of sustaining and improving advocacy capability and of leading small coalitions of BAs in the same endeavor.

The ability of BAs to sustainably provide relevant services demanded by members is closely tied to the quality of the board of directors and executive directors in charge. Taking these factors into account, the process of organizational modernization and development will continue well at the JTA, AWTC, YEA, and Int@j. The weakness in sustaining this process at BPWA is a high turnover in executive directors (three in four years). At the ACC, it is the presence of a traditional board of directors with outdated methods of work and decision making. In 2002, there will be new elections for a new board of directors for a four-year term.

- Improved capability of BAs in the conduct of public policy advocacy means that the Jordanian private sector has a stronger voice in the debate of economic and business policy issues. Its ability to identify and select major issues, conduct studies and position papers, use public relations and communications techniques, and hold conduct public forums to engage the government in dialogue makes it a more serious and effective player in formulating and influencing policies and laws. This has improved the business and investment climate and opened opportunities for emerging sectors such as ICT and export manufacturing.
- Strengthening the organizations and management of BAs through training, technical assistance, grants, and commodity assistance enabled BAs to pursue their objectives and provide better services to their members. Various BAs provide more and better training and information services, business development, networking, meetings with policy makers, business and legal counseling, representation at the regional and international levels, and other services. A key impact has been the transfer of modern management methods, such as setting operational objectives, planning, organizing, monitoring, and adjusting to a continuous process. The change of attitude is evident in the transformation of organizations conceived and run like charitable organizations into organizations running like a business.
- The YEA and Int@j did particularly well in their public policy advocacy activities. The YEA led the JV 2020 awareness program and launched a business and education initiative. Int@j did outstanding advocacy work through the REACH and REACH 2.0 initiatives, which contributed to creating laws conducive to ICT business and investment. Other BAs such as the BPWA and JTA pursued advocacy work addressed to women in business and export manufacturers. The ACC participated in national committees with the Customs Department and

initiated a public-private committee to develop private sector positions on services for the new WTO round of negotiations.

- The ACC established a training department to manage training services to its 32,000-plus members. Other targeted BAs strengthened their training services considerably, including the JTA, BPWA, YEA, and AWTC.
- Of the targeted BAs, Int@j is the most aggressive and successful in promoting the business of its members and the ICT sector as a whole. Its business development activities are conducted at the local, regional, and international levels.
- All six targeted BAs established Web sites to enhance their local and international exposure and communications. Five of the six went through a new cycle of improving and developing their Web sites.

### **B1. Specific Impacts**

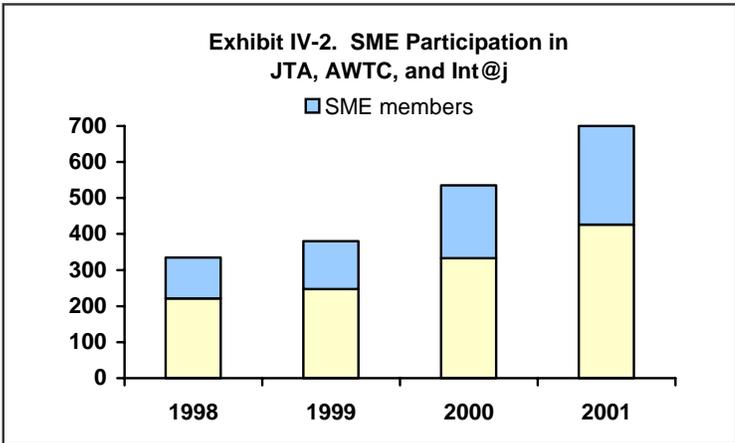
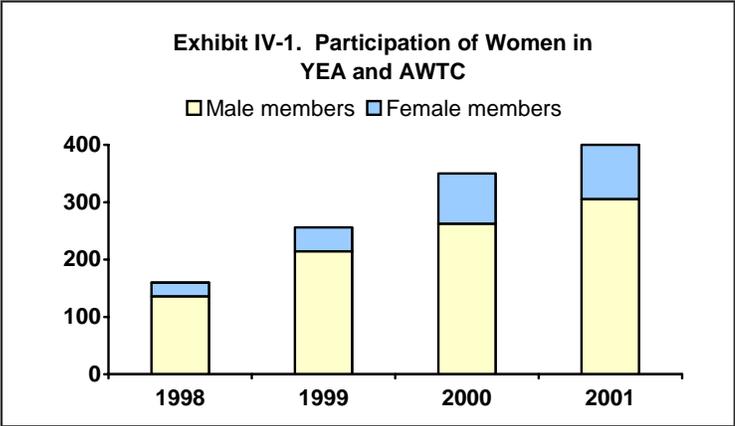
- The BAs developed increased capacity in conducting issue analysis and position papers on macro and micro business and economic issues. Specific reference can be made to the JV 2020 document, the REACH and REACH 2.0 documents, “Business, Education, and the Jordanian School System,” “WTO and Antidumping Measures,” “Equal Treatment of Women in the Social Security Law,” and “Impact of the U.S.-Jordan Free Trade Agreement” on Jordanian trade.
- Through technical assistance and training in Jordan and U.S. study tours, the knowledge, attitudes, and experience of BA leaders and executive directors with regard to public policy advocacy have increased. This was reflected in positive advocacy results by various BAs. Most of the strategies proposed in the JV 2020 document were adopted by the influential Economic Consultative Council and some ministries, such as the Ministry of Education and MoICT. The package of laws proposed by the REACH Initiative are in the process of being adopted and passed as temporary laws until the next Parliament is held in 2002. Int@j was able to reverse a governmental regulation that would have led to the closing of most Internet cafés in Jordan. The JTA provided the government with information on WTO agreements, which made the government extend income tax exemptions for exporting manufacturers for a longer period.
- YEA worked in coalition with 36 organizations that adopted the JV 2020 initiative (29 BAs and 7 business and public organizations). Int@j and YEA work jointly to promote the JV 2020 and the REACH initiatives in all Jordanian governorates. The JTA and JABA work jointly on an awareness and studies program to explain and promote the U.S.-Jordan FTA through a BA-based campaign that reaches various private sector groups in all parts of Jordan. Both JABA and JTA are taking the lead in a national public-private committee called TIJARA to promote trade between Jordan and the United States. At least seven BAs participate in this public-private initiative.
- The ACC, YEA, and Int@j have hired public relations staff on full-time basis. The YEA, Int@j, BPWA, and ACC have a hard-copy quarterly or monthly newsletter. Additionally, Int@j and YEA have monthly electronic newsletters.

Leaders of the YEA, Int@j, BPWA, JTA, and ACC have participated in several public-private forums dealing with a variety of issues related to investment promotion, the U.S.-Jordan FTA, business and education, promoting the ICT sector, Customs, and other issues.

## B2. Data

- Six BAs received a total of \$1,270,160 in ODG grants in 1999-2001. During the same period, 13 BAs received a total of \$116,544 in mini-grants. Additionally, the JTA was awarded an increase in its ODG grant amounting to \$64,484. JABA was awarded two mini-grants amounting to \$46,206.
- The BAI component conducted 100 in-country training meetings, seminars, workshops, roundtable meetings, public-private forums, and conferences. Four training events occurred in the United States, including the three U.S. study tours. Two of the training events were held in a third country for one BA executive director. Of the total 106 training events, six were conducted in 1998, while the remaining 100 events were conducted between 1999 and 2001. A total of 3,491 BA members (business owners and managers), chairpersons, board members, and executives, as well as senior government officials participated in the various training events. About one-third of participants (31 percent) were women.
- The BAI component leader managed the delivery of about 75 technical assistance consultancies to BAs in topics ranging from issue analysis, advocacy strategy, advocacy process, public relations, communications, women in business constraints, organizational diagnostics, strategic planning, business association management, leadership, membership recruitment and retention, and BA training management.
- The three U.S. study tours conducted in 1999, 2000, and 2001 had 28 participants: 24 business leaders (BA chairpersons, vice-chairpersons, members of boards of directors, and executive directors) and 4 senior governmental officials. The three delegations were led by the BAI component leader with support from AMIR's Awareness and Training Division manager.
- *Increased participation of women in small BAs.* A survey conducted by the BAI component in November 2001 showed that women members of small BAs assisted by AMIR activities have grown in both absolute numbers and as a percentage of total membership. The number of women members in the AWTC and YEA, for example, grew from 24 in 1998 to 125 in 2001, while the percentage of total membership rose from 15 percent in 1998 to 31 percent in 2001 as growth in total membership (mainly SMEs) rose (see Exhibit IV-1). These figures include only non-women BAs assisted by AMIR (AWTC and YEA) and exclude membership in BPWA (as a women's organization) and in ACC (as a non-voluntary association). Although small in absolute numbers, the figures show a solid gain, indicating a significant impact considering previous low levels of women's participation in Jordanian BAs.
- *Increased participation of SMEs in BAs.* The same survey revealed that SME participation in business associations assisted by AMIR has also grown. For

example, the number of SME members in the JTA, AWTC, and Int@j grew from 114 in 1998 to 274 in 2001 (see Exhibit IV-2). Since Int@j was established in 2000, the proportion of SME membership in the three BAs increased in 2001 by 36 percent (Exhibit IV-2). Excluded from the survey are the BPWA and YEA (as associations of individuals, not companies), and the ACC as it has no employment data on its 30,000 members.



**B5. Case Study: AWTC**

*Executive Summary  
Amman World Trade Center ODG Completion Report*

The Amman World Trade Center (AWTC) signed a BAGP Organizational Development Grant Agreement with the AMIR Program in June 1999 by which the AWTC undertook the implementation of a comprehensive organizational development plan. The first step in this effort was the development of a three-year strategic plan that spelled out the main objectives of the association, coupled with specific implementation strategies that would ensure the achievement of its ambitious goals. Below is an outline of some of the plan’s objectives:

1. Development of international trade opportunities for AWTC members by providing them with valuable and timely trade leads

2. Development of valuable membership services, including, but not limited to, high-quality training programs, trade-related information, two-way trade missions, and international forums providing AWTC members with a platform for international and local networking
3. Development of a landmark multi-use facility that will bear the name of the AWTC and serve as a focal point for members of the association
4. Active coordination with various world trade centers and local business associations in support of AWTC members and the local business community at large

Distinctive business development tools are at the core of AWTC member services. These tools stem from an international network of more than 300 world trade centers in 100 countries, with a membership base in excess of 700,000 companies. Drawing on this rich pool of resources, the AWTC provided its members with valuable business contacts and timely trade leads over the past two years, often resulting in prosperous business ventures for its members. The AWTC developed partnerships with various world trade centers in an effort to expose its members to international business opportunities through well-targeted trade missions, while introducing an effective follow-up mechanism. Through the continuous organization of international conventions, conferences, and two-way trade missions, the AWTC provided a forum for interaction between its members and the international business community.

In the area of public policy advocacy, the AWTC focused its efforts on supporting various initiatives rather than creating its own. Adopting a low-profile approach, the AWTC backed several national initiatives such as Jordan Vision 2020 and the REACH Initiative. Moreover, the AWTC is an active member in the National Committee for the Implementation of the FTA and aims at becoming a pivotal player in realizing the benefits of this important trade agreement.

At the heart of the association's member services package lies a high-quality training program, which has helped distinguish the AWTC from other business associations. This is an area where the AWTC was able to find its own market niche, one that focused on meeting the training needs of middle to upper management. Over the past year, the association delivered training on topics ranging from change management to negotiation skills and leadership coaching.

Training programs were quite successful, so much so that their contribution to the total revenue of the association surpassed that of membership dues. As the AWTC moved forward with various member services, it continued to promote networking among its members, designing each event to ensure that networking became an unavoidable and essential by-product.

In its determined effort to realize the objectives outlined above, the AWTC implemented an organizational development plan that would first and foremost focus on increasing the level of professionalism and competency of its staff members. In its early stages, the plan focused on the development of human resources through training to all staff members. As the process moved forward, new staff members were added to newly established divisions such as the Membership Development Department created in January 2001. Currently employing three

membership development officers, the department is responsible for recruiting new members and retaining existing ones, while administrating the association's membership services.

The AWTC also hired a new information officer tasked with researching international business opportunities and delivering timely trade leads to association members. Finally, a public relations and communication officer was hired to establish effective communication channels with AWTC members and the Jordanian business community at large, while projecting the desired image of the association.

Other important aspects of implementation included upgrading the association's work systems, specifically those pertaining to telecommunications and internal IT systems. The AWTC automated several work procedures, such as accounting and financial management, by adopting QuickBooks Pro, a powerful accounting software. Primarily used to track membership dues and assist with cash flow management, QuickBooks Pro has become a powerful financial management tool key to the day-to-day management of the association.

An effective database software package (ACT 2000) was also adopted, facilitating communication efforts with members, world trade centers, and the businesses community. In September of this year, a new interactive Web site was developed and is expected to become the main medium of communication between the AWTC and its members. Those key changes have allowed the AWTC to grow its membership base and continue to deliver high-quality services to its members.

Looking back at the past two years, I believe the AWTC has achieved quite a few of its declared goals since it started its organizational development efforts in June 1999. Although many of the objectives outlined in our strategic plan were achieved, some have not yet materialized, such as development of a multi-use facility. Nonetheless, we have learned several important lessons along the road to growth, which will serve as a constant reminder of the need to do more.

Lessons such as the need to continuously monitor the requirements of association members have resulted in a membership service package that is demand-driven and tailored to member needs. Furthermore, we have realized the importance of a strong public relations and communication program that projects the proper image of the association and delivers various messages crucial to the long-term growth of its membership base. As we look to the future, we realize the importance of surveying the ever-changing landscape of our marketplace while becoming proactive in our thinking in order to successfully deal with change and use it to the advantage of both ourselves and our members.

In conclusion, I believe that our organizational development plan succeeded in embedding a new corporate culture at the AWTC, one that provides a systematic approach to our overall work and a transparent work environment with clear and specific targets. The end result is an association that is results-oriented, stands ready to interact to a greater degree with its members, and is assertive in its effort to generate non-dues income from its services, ensuring continued growth and sustainability.

— *by Yassar Toukan*  
*General Manager*  
*Amman World Trade Center*

### C. Improved Implementation of Policy Reform

AMIR Goal	Impact on Jordanian Economy	Impact on Jordanian People	Impact on Jordanian Government
WTO accession	<ul style="list-style-type: none"> <li>Expected to help increase GDP per capita, exports and FDI</li> <li>Contributed to granting of U.S.-Jordan Free Trade Agreement</li> </ul>	<ul style="list-style-type: none"> <li>Job creation in trade-related sectors, and specifically in QIZ schemes</li> <li>Increased wages and income</li> <li>Reduced poverty level</li> </ul>	<ul style="list-style-type: none"> <li>Sales tax to compensate for lower customs revenue to government</li> <li>Institutional capabilities of government agencies strengthened</li> <li>Improved domestic legal environment and dispute settlement procedures</li> </ul>
Improved IPR	<ul style="list-style-type: none"> <li>Passage of IPR reforms contributed directly to WTO accession</li> <li>Improvement in rank of Jordan on piracy issues regionally</li> </ul>	<ul style="list-style-type: none"> <li>Increased jobs created by IT investors</li> <li>Some local software distributors will be negatively affected by tighter IPR protection</li> </ul>	<ul style="list-style-type: none"> <li>Demonstration effect of WTO reforms won government support for passage of additional laws and international support for removing Jordan from watch-lists</li> </ul>
Roadmap implementation	<ul style="list-style-type: none"> <li>Business climate likely to improve with reforms</li> </ul>	<ul style="list-style-type: none"> <li>Indirect impact with investment and jobs</li> </ul>	
Customs reform	<ul style="list-style-type: none"> <li>Greater ease in importing and exporting goods, expanding total traded volumes</li> <li>Increased investment</li> </ul>	<ul style="list-style-type: none"> <li>Improvements in prices and quality of goods</li> <li>Improved job opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Increases in tax revenues</li> <li>Decreased costs of monitoring and enforcing customs laws</li> <li>Improved relations with regulated businesses</li> </ul>
Increased public awareness		<ul style="list-style-type: none"> <li>AMIR/MIT campaign to increase awareness of WTO issues and benefits improved public perception and won the support of key private/public leaders</li> </ul>	

The policy component achieved nearly all its objectives. Its most noteworthy accomplishments include:

- Jordan's accession to the World Trade Organization (WTO) in April 2000. This was the primary goal of the component and, given the wide-ranging impact of WTO accession on the trade and investment regime, the initiative of greatest consequence to Jordan's long-term economic growth and prosperity.
- Enactment of more than 25 WTO-compliant laws or regulations in areas such as customs, import-export licensing, investment, product standards, agriculture, tax, and trade-related fees
- Greatly improved the regime for the protection of intellectual property rights through: (a) enactment of TRIPs-consistent laws and implementing regulations on patents, industrial designs, trademarks, and copyrights, (b) design and implementation of streamlined procedures for registration of patents and trademarks, and (c) increased transparency through publication of business guides on trademarks and other intellectual property rights

- Establishment of a procedural and technical framework for implementation of a risk-based system for controlling food imports through the port of Aqaba
- Establishment of a fully operational “WTO Unit” within the Ministry of Industry and Trade with sufficient legal authority to coordinate and oversee government compliance with WTO obligations
- Design and implementation of a streamlined company registration process
- Greatly streamlined customs import procedures through WTO-related legal reforms, automation, and improved risk management/risk analysis techniques
- Foundation laid for the establishment of the Aqaba Special Economic Zone:
  - Strategic plan for accelerating private investment in the Aqaba region
  - Aqaba industrial estate feasibility analysis
  - Physical planning and environmental assessment of the site
  - Recommendations for new laws and regulations establishing the Aqaba Special Economic Authority and for developing a model concession agreement
  - Creation of a government procurement database to collect information on the procurement of goods by the General Supply Department (GSD) of the Minister of Finance, which purchases a majority of goods for the Government of Jordan. The database includes names of suppliers, descriptions of commodities purchased (including harmonized systems codes), value of goods, country of origin, and name of beneficiary industry or department. Two years of data on past procurements have been collected and included in the database. The GSD has taken over the database and will include current procurement data. The database serves two important functions: (1) it provides the government with a basis to perform economic analysis of the impact of liberalizing the procurement market, and (2) it provides the GSD with accessible, searchable data on past procurements, which should provide it with an improved basis to assess bids as well as improve operational efficiency.

Although the policy component achieved all major objectives, a few initiatives were not successfully concluded. As a general principle, success was possible where the political will for reform was present (such as WTO accession and initiatives related to e-government or the Aqaba Special Economic Zone). In other cases, where a political imperative was lacking or there was actual opposition, the initiative stalled. The most important of these stalled initiatives were the following:

- *Establishment of a “Trade Policy Unit” within the Prime Ministry.* The policy component proposed that a “trade policy and negotiation unit” be established within the Prime Ministry to coordinate development and analysis of the government’s trade policy and negotiation strategies. Although it was not intended that the functions of this unit encroach on those of the WTO Unit, which is

concerned with WTO compliance rather than trade policy development, the proposal was nonetheless opposed by the Ministry of Industry and Trade and thus not further developed.

- *Reduction of Administrative Barriers — Business Licensing and Environmental Clearance.* Barriers to investment identified in some of the investor roadmap studies still exist. In particular, the government did not adopt regulatory proposals developed by the policy component to resolve impediments in Jordan's business licensing and environmental clearance legal regimes. It should be noted, however, that this work was useful as the component's analysis and proposals were shared with USAID's Aqaba Special Economic Zone project in connection with assistance in designing the zone's legal regime.
- *Enactment of WTO SPS Legislation — Draft Food and Agriculture Laws.* A handful of WTO-required laws and regulations were not enacted before the close of the AMIR Program. The most important of these is the Law on Agriculture, which is required to implement the agricultural aspects of the WTO SPS Agreement. Parliament rejected the draft Law on Agriculture in Spring 2001 largely due to dissatisfaction with the government's agricultural policies rather than opposition to WTO requirements per se.

### **C1. Specific Impacts**

In 2000, the AMIR Program conducted a study to measure the specific impact of AMIR-supported reforms on the economy, people, and Government of Jordan. (Wellons and Wieland, Mid-Program Impact Assessment, Oct. 2000). While acknowledging that other factors clearly exert an influence, the authors found that benefits Jordan might expect from WTO accession and related reforms in customs and intellectual property include:

- Increased GDP per capita by 0.5 percent to 2 percent per annum
- Reduced poverty level as wages and income rise
- Increased foreign direct investment, particularly in the QIZs
- Expanded exports, particularly to the United States and Europe
- Improved Jordanian image in global markets
- Wider access to trade opportunities in major markets and specific sectors
- Improved local business climate for private firms from open markets and competition
- Benefits to consumers through improved product quality and choice and lower prices
- Stronger intellectual property protection, attracting more investment (e.g. in IT and pharmaceutical industries)

- Rising government tax revenue likely to compensate for lower customs revenue
- Improved access to international settlement through WTO dispute settlement mechanism
- Improved capacity of government officials to administer WTO trade-related laws, particularly in customs valuation, safeguards, intellectual property rights enforcement, food safety and agricultural trade policy, where the policy component concentrated significant training resources
- Liberalized commercial policies through investor roadmap implementation
- In addition to the Wellons and Wieland impact study, the AMIR Program conducted surveys of importers over a three-year period to determine the impact of customs reforms. In particular, the survey aimed to determine whether customs clearance times were falling while AMIR-supported customs reforms were being implemented. These studies found that the average customs clearance time was two days in 1998 and one day in 2001.
- As a result of the initial work undertaken by TSG under the AMIR umbrella, strategic USAID support to the Aqaba Special Economic Zone continued. The zone was launched in January 2001, attracting both domestic and foreign investment to the area.

## C2. Case Study: Customs Seizure of Pirated Goods

On April 24, 2001, Jordan papers reported:

**Piracy Against Electronic Arts, HAVAS, Microsoft and Nintendo**

Customs seize 10,000 copied computer programs coming by air from Malaysia and Thailand...

— Translation from *Al Rai* (Economy Section No. 11185, Tuesday, April 24, 2001)

Action of this kind against counterfeit goods was unknown in Jordan's Customs practice before WTO accession. Until that time, Customs did not have legal authority to stop the import of fake goods that injured Jordanian copyright and trademark owners and licenses. However, as a member of the WTO, the Jordanian Customs Department instituted the WTO TRIPs Agreement procedure, whereby intellectual property right owners could petition Customs to hold suspect imported goods at the border. It was with AMIR assistance that the Customs Department drafted the necessary amendments to the Customs Code as well as an implementing regulation that supplied the necessary authority and operational details.

However, more than legal authority was required to implement the procedure effectively. Jordanian Customs simply lacked experience to carry out intellectual property seizures, particularly the technical expertise to distinguish genuine from false goods. Customs was concerned that without such expertise, it might seize genuine goods, harming innocent importers, while letting pirated goods pass, thereby failing its obligation to rights owners. AMIR's policy component solicited Jordanian and multinational companies that trade with Jordan to teach Customs officers how to tell the difference between their goods and fakes. In

2001, companies such as Proctor & Gamble, Hard Rock Café, Business Software Alliance and Electronic Arts came to Jordan to present their goods to Customs officers in a series of seminars.

#### D. Strengthened National Investment Promotion Efforts

AMIR Goal	Impact on Jordanian Economy	Impact on Jordanian People	Impact on Jordanian Government
Increased investment	<ul style="list-style-type: none"> <li>Investment per annum facilitated by JIB grew 154% from \$493 million in 1996 to \$1.25 billion in 2001. Number of investment projects per annum went from 199 in 1998 to 339 in 2001.</li> <li>Increased FDI in QIZs. In 2001, the number of QIZ projects stood at 45, totalling \$279 million, and 31 more projects in the pipeline totalling \$104 million.</li> </ul>		<ul style="list-style-type: none"> <li>Positive indirect impact through revenue effect from increased investment, production and sales, and related taxes</li> </ul>
Increased jobs		<ul style="list-style-type: none"> <li>30,000 QIZ jobs generated directly as of end of year 2001. QIZ pipeline projects may create another 25-30,000 in 3 years.</li> <li>Indirect jobs likely to increase at a 1:1 ratio for another 55-60,000 jobs in 3 years</li> </ul>	<ul style="list-style-type: none"> <li>Increased tax revenues from expanded workforce</li> </ul>
Increased exports	<ul style="list-style-type: none"> <li>Expanded exports from QIZ zones, mainly to U.S (up from \$7 million in 1997 to \$229 million in 2001)</li> </ul>		<ul style="list-style-type: none"> <li>Higher trade volume and sales taxes likely to compensate for lower tariff rates</li> </ul>
Improved institutions			<ul style="list-style-type: none"> <li>Improved, if gradual, institutional development of the JIB</li> </ul>
Backward linkages	<ul style="list-style-type: none"> <li>Increased multiplier effects. QIZ supplier investments include packaging, transport, catering services, and investments providing intermediate services for major investors.</li> </ul>	<ul style="list-style-type: none"> <li>Increased indirect job creation, both upstream (suppliers) and downstream (other business using project outputs)</li> </ul>	

As the primary state-run agency responsible for investment regulation and promotion under Jordan's investment law, the Jordan Investment Board (JIB) has been the direct recipient of AMIR training, in-house technical assistance, administrative planning help, and direct office and building grant support. The JIB still has a long way to go to become a "public-private partnership" with greater autonomy, but substantive efforts continue in this direction.

## D1. Specific Impacts

AMIR's direct impact on the institutional development of the JIB includes the following:

- Eight promotion officers and 12 staff members were trained formally in investment promotion best practice, teamwork, and presentations skills training sessions.
- The JIB's director, deputy director, and eight promotion officers were trained in the planning, execution, and follow-up of best practice investment promotion missions. As a result, the JIB now has the internal capacity to carry out targeted missions successfully.
- Management and Promotion Department staff received three years of ongoing technical assistance, guidance, and training support from an in-house consultant fielded by AMIR.
- The JIB director and six promotion officers toured world-class investment promotion institutions in the United States and Ireland to receive training in and benefit from examples of best practices in investment promotion.
- JIB economists adopted an accurate methodology for estimating realization rates for investment and employment.
- In 1998, the JIB's 70-person staff shared a single computer with limited Internet access. Through the AMIR IT Department, JIB offices and satellite offices were computerized and networked, with all key personnel provided with computers and universal Internet access. As a result, the staff as a whole has significantly developed its computer literacy.
- The JIB's in-house IT staff (manager, programmer, and graphic designer) participated in specialized training to upgrade their technical skills.
- e-Mail has replaced costly faxing and phone calls, significantly improving the efficiency and turnaround time for servicing foreign and domestic investors.
- Contacts are maintained and projects are tracked through an electronic database and documents are archived electronically rather than relying solely on paper files.
- The JIB's entrance and the Queen Alia Investor Reception Center have been furnished and laid out to convey a positive impression to investors.
- A methodology for creating a backward linkages program in Jordan was presented to the JIB and a small-scale pilot version was initiated in a new office in the Zarqa Free Zone.
- With the support of local design and marketing consultants, the JIB created a new world-class image for itself that has been applied consistently to all public relations materials.

- The JIB increased outreach to potential foreign and domestic investors.
- Numerous brochures, newsletters, advertisements, promotional materials, and newspaper articles were produced as a direct result of the JIB's targeted public relations efforts.
- A comprehensive Web site featuring relevant, up-to-date information on Jordan's investment environment and opportunities reaches out to potential investors worldwide. Visits to the site are illustrated in the table below:

Institution	Hits for Year 2001	Average Monthly Hits for Year 2001	Hits by Country (Top 3) for September 2001
JIB	622,946	51,912	<ul style="list-style-type: none"> <li>• U.S. Commercial: 11%</li> <li>• Saudi Arabia: 7%</li> <li>• Jordan: 6%</li> </ul>

- The JIB conducted 16 investment promotion missions to 13 countries, primarily targeting companies in the apparel and IT sectors, but also promoting Dead Sea cosmetics, pharmaceuticals, and tourism investments in Jordan.

JIB Investment Promotion Missions		
1	Hong Kong	April 1999
2	Taiwan	April 1999
3	Japan	April 1999
4	India	March 2000 & September 2000
5	Pakistan	March 2000
6	Malaysia	October 2000 & 2001
7	Indonesia	October 2000
8	Sri Lanka	October 2000 & 2001
10	Turkey	June 2000
11	Singapore	October 2001
12	Saudi Arabia	September 1999
13	UAE	September 1999

In 1999, AMIR hired local and U.S. consultants to help promotion staff plan and conduct effective missions abroad. By 2000, JIB capacity had improved to the point where consultants were no longer needed, and missions were being carried out entirely through the work of internal human resources. The March 2000 missions to India and Pakistan, for example, involved the JIB's deputy director, the head of the Promotion Section, and a senior promotion officer. The mission conducted five seminars and meetings with representatives of more than 105 companies to familiarize them with the advantages of investing in Jordan.

On the whole, the missions have had the added benefit of increasing cooperation between JIB, the private sector, and other government authorities to coordinate the presentation of Jordan's investment opportunities through joint missions and trade shows abroad. Where possible, missions were carried out in association with private institutions such as the

Jordanian Businessmen’s Association, the Chamber of Industry, and the Chamber of Commerce.

## **D2. Future Reforms**

Improved and broadened access to information about Jordan’s investment environment and opportunities has led to increased awareness among potential investors. Modernization of JIB processes and professional staff training have increased the organization’s capacity to target, track, and service those investors. The results can be seen clearly in investment statistics. The economic impact of the QIZs, coupled with AMIR support to the JIB, has been positive and substantive.

Although significant efforts have been made toward improving the JIB’s capacity to attract and facilitate foreign direct investment, much remains to be done. Ample technical assistance was provided by AMIR to JIB management for planning and implementing institutional reforms, yet key recommendations were not adopted for political and legal reasons. Unfortunately, without these profound changes to the institutional structure of the JIB, resources could not be employed to their fullest effect. As a result of this impasse, the AMIR Program recognized the necessity to gain support for fundamental institutional change at the highest political levels.

As early as 1999, consultants were brought in by AMIR from Forfás, Ireland’s investment promotion agency, to advise the JIB on developing an investment law and a backward linkages program based on international best practices. The Irish development model is extremely successful and is particularly appropriate for Jordan. Unfortunately, the political will and resources to adopt the new law and fully implement the linkages program were not present.

In 2001, Forfás consultants returned to Jordan to make a presentation to His Majesty King Abdullah II and key Cabinet members. The objective was to present Ireland’s success story and to propose a similar strategy for developing Jordan’s economy. A new institution was proposed, based on the Irish model, with the full authority and responsibility for formulating and implementing investment policy in Jordan. The new institution would operate as a Center of Excellence, headed by a “champion of change,” and would delegate powers to key agencies like the JIB, allocating the necessary resources for achieving its objectives.

As a result of the policy component’s efforts in this regard:

- The Forfás model was fully endorsed by His Majesty.
- A high-level committee was established for its implementation.
- A Memorandum of Understanding is to be developed to ensure government commitment to an agreed-upon plan of action.
- Under AMIR 2.0, significant resources are to be allocated to support this initiative.

## **E. Increased Foreign and Domestic Direct Investment, Employment, and Exports**

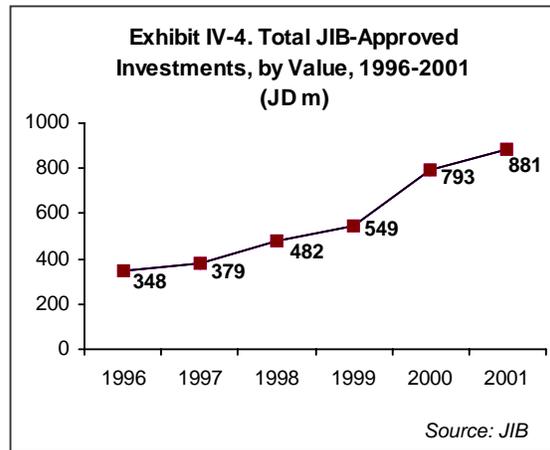
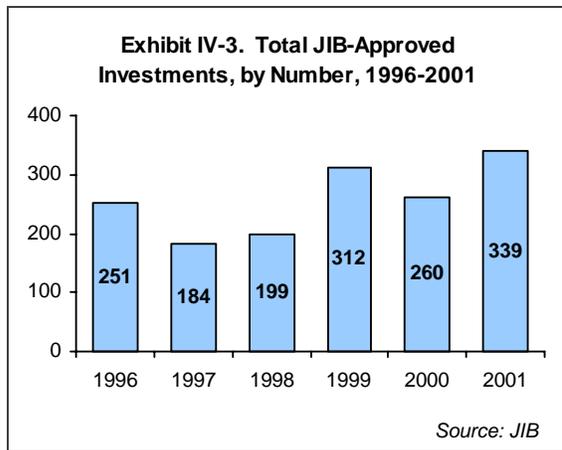
AMIR assistance has been instrumental in improving Jordan’s attractiveness to foreign and domestic investors. Direct investment should continue to increase partly as a result of trade-related investment policy reforms following WTO accession. In addition, targeted support

from AMIR has also improved the JIB’s investment promotion and facilitation activities, helping boost investment and job creation in the Kingdom. Without a doubt, the most important activity under the policy component in terms of strong positive impact has been assistance to the JIB to attract investors to Jordan’s QIZs.

The JIB retains the authority to award incentives (tax and tariff breaks) to investment projects in the following targeted sectors: industry, hotels, agriculture, hospitals, maritime transport and railways, conventions and exhibition centers, and leisure and recreational compounds. The data presented below is collected by the JIB on approved projects and reveals that overall, Jordan has experienced significant increases in annual foreign and domestic direct investment since the JIB’s promotion and facilitation efforts began.

The industrial sector in particular has attracted the most investment, with growth rising dramatically. Investor reactions to the Palestinian uprising negatively impacted industry sector investments in 2000, but they rebounded in 2001. The hotels sector, however, experienced a delayed reaction, with investments rising sharply in 2000, then plummeting in 2001. Employment generated by these projects, as estimated by the JIB and derived from a cost-per-job of capital investment amounts, has also risen overall.

In 2001, total JIB-approved investments amounted to JD 881 million, an 82-percent increase over 1998 and more than a 153-percent increase from JD 348 million in 1996 (see Exhibit IV-3). The number of investments rose to 339, up from 199 in 1998 (see Exhibit IV-4). Detailed statistics from the JIB database reveal that the most dramatic increase was in foreign direct investment, particularly in the industry sector, and for the year 2000, the hotels sector (Exhibit IV-5).



It should be noted that not all of the investments the JIB has reported approved have been actualized. The average realization rate in the first year of an investment is about 40 percent, according to a realization study conducted by Andrea Erdmann of TSG in May 2000. Employment generated by these investments also takes time to actualize over a period of years. Employment numbers in Exhibit IV-5 are at best a rough estimate by the JIB based on the assumption that the capital cost of creating one job is approximately \$28,400 in the industrial sector and \$21,300 in the hotels sector.

The numbers provided above do not give the full picture for direct investment in Jordan, as a significant number of investments do not qualify for incentives and are facilitated by

government entities other than the JIB. As these institutions do not formally share their data with one another, foreign direct investment data for Jordan tends to be highly imprecise, especially at the national level.<sup>1</sup>

#### Exhibit IV-5. Detailed Statistics on JIB Investments\*

Total Capital Investment and Employment by Year							
Year	# of Projects	Domestic	JD	Foreign	JD	Total \$	Employment
2001	339	\$670,598,799	472,252,675	\$580,923,693	409,101,192	\$1,251,522,491	45,688
2000	260	\$503,952,269	354,895,964	\$ 622,497,984	438,378,862	\$1,126,450,253	49,095
1999	312	\$517,866,886	364,694,990	\$ 261,544,391	184,186,191	\$ 779,411,277	29,849
1998	199	\$464,082,947	326,818,977	\$ 219,893,639	154,854,675	\$ 683,976,586	28,241
1997	184	\$362,895,250	255,560,035	\$ 175,631,060	123,683,845	\$ 538,526,310	21,398
1996	251	\$386,062,888	271,875,273	\$ 107,614,855	75,785,109	\$ 493,677,742	19,273
<b>1996 vs. 2001 % growth</b>	35%	74%		440%		154%	137%

Industry	Number	Domestic	JD	Foreign	JD	Total
2001	296	\$548,703,573	386,410,967	\$538,834,892.64	379,461,192	\$1,087,538,466
2000	226	\$140,636,848	99,040,034	\$136,218,984.04	95,928,862	\$ 276,855,832
1999	253	\$289,250,332	203,697,417	\$235,245,991.22	165,666,191	\$ 524,496,323
1998	146	\$197,140,927	138,831,639	\$ 64,577,649.56	45,477,218	\$ 261,718,577
1997	142	\$225,059,577	158,492,660	\$ 90,319,412.40	63,605,220	\$ 315,378,990
1996	196	\$246,484,130	173,580,373	\$ 73,223,732.78	51,566,009	\$ 319,707,862

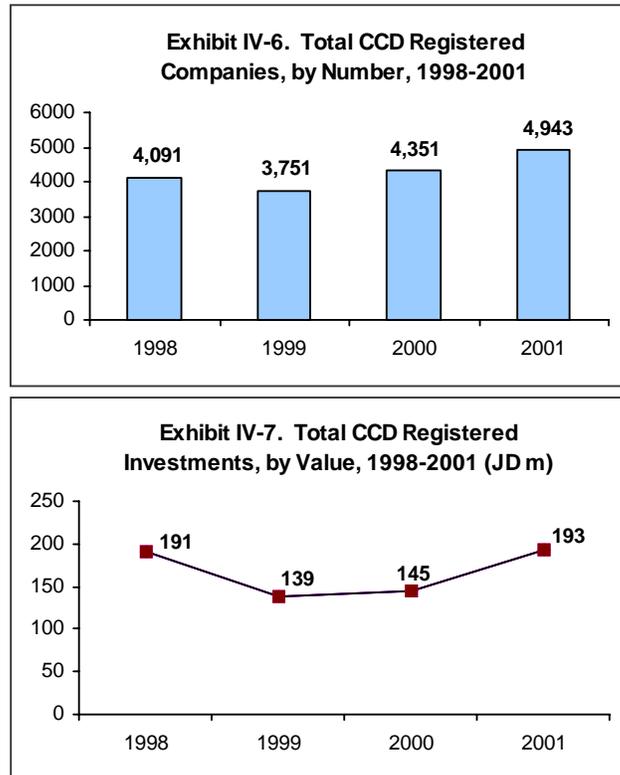
Hotels	Number	Domestic	JD	Foreign	JD	Total
2001	10	\$ 58,788,097	41,400,068	\$ 27,122,000.00	19,100,000	\$ 85,910,097
2000	22	\$314,757,143	221,659,960	\$483,510,000.00	340,500,000	\$798,267,143
1999	32	\$116,989,005	82,386,623	\$ 23,813,400.00	16,770,000	\$140,802,405
1998	26	\$172,521,669	121,494,133	\$123,005,131.44	86,623,332	\$295,526,800
1997	30	\$ 95,091,720	66,966,000	\$ 73,328,800.00	51,640,000	\$168,420,520
1996	39	\$ 94,343,380	66,439,000	\$ 25,801,400.00	18,170,000	\$120,144,780

Employment Generated	Industry	Hotels
2001	38,294	4,033
2000	9,748	37,477
1999	18,468	6,610
1998	9,215	13,874
1997	11,105	7,907
1996	11,257	5,641

\*Source: JIB Statistical Database

<sup>1</sup> Comprehensive data collection and accurate and up-to-date statistics on investment are often lacking in Jordan. This is largely due to the use of varying data sources (e.g. investor applications without follow-up on actual investment realized, company registrations, licensing, social security data) rather than through collection mainly at the national level through balance-of-payments data or enterprise surveys. Official FDI statistics are not publicly available. One of the closest available indicators is considered to be the volume of registered foreign capital. Rather than being exact figures, data should be interpreted as indicating trends, according to the U.S. Embassy's *Jordan Country Commercial Guide*, 2000.

Another source of supporting data on the growth of direct investment in Jordan is the Ministry of Industry and Trade's Companies Controller Directorate (CCD). The CCD is responsible for registering all new businesses in Jordan, but its published data does not distinguish between foreign and domestic investors. Exhibits IV-6 and IV-7 below reveal a dip in new business registrations in 1999, with a substantial recovery by the end of 2001.<sup>2</sup>



### E1. Increase in QIZ Investments

According to Wellons and Wieland, AMIR assistance can be granted partial credit for the positive impact of the QIZ program in Jordan. QIZ investors are primarily Far Eastern and South Asian garment manufacturing firms expanding operations overseas to take advantage of Jordan's quota-free status to the United States. AMIR training and funding of the JIB in conducting direct missions abroad increased awareness among targeted investors of this unprecedented opportunity.

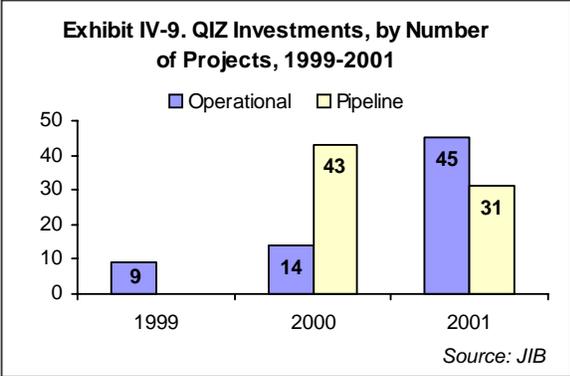
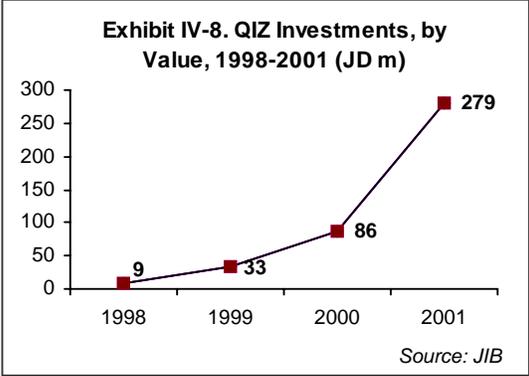
As a result, the number of working factories in the QIZs and those in the pipeline exceeded expectations, despite the political unrest that engulfed the region due to the October 2000 Intifada in Palestine and the events of September 11 in New York City. Through the direct outreach efforts of JIB promotion staff, interest in the QIZs was sustained, counteracting investor fears about Jordan's security and stability. According to the JIB, after the official QIZ designation was granted in March 1998, planned investments in QIZs rose in value from JD 9.25 million in 1998 to nearly JD 280 million in 2001 (see Exhibits IV-8 and IV-9 below).

A survey of QIZs conducted by the JIB at end of year 2001 indicates there were 45 QIZ projects worth \$389 million in investment operating at that time, and 29,368 jobs had been

<sup>2</sup> Source is the Ministry of Industry and Trade's Web site, [www.mit.gov.jo](http://www.mit.gov.jo)

created. In addition, there were 31 additional QIZ projects in the pipeline, representing \$104 million in potential investment and 27,200 new jobs. The nationality of investors included those from Jordan, Pakistan, India, China, the United States, Taiwan, Hong Kong, Sri Lanka, the United Arab Emirates, and Korea. Most investment is Asian, and often involves joint ventures with U.S. or Jordanian firms. Products are mainly garments and some luggage.

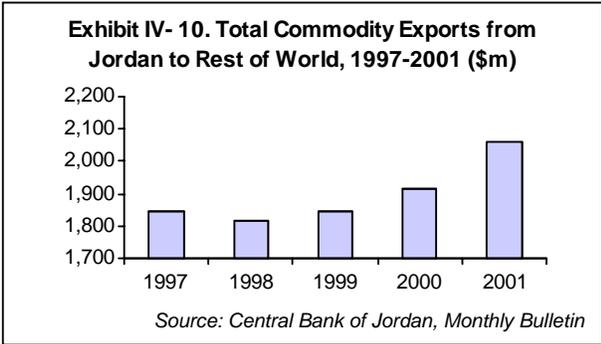
The success of the current QIZs in attracting investors also prompted ambitious plans for additional zones. Since the Al Hassan industrial park at Irbid was designated as the first QIZ in early 1998, eight new zones were established throughout the country, and there are plans for seven additional QIZs in the next few years.



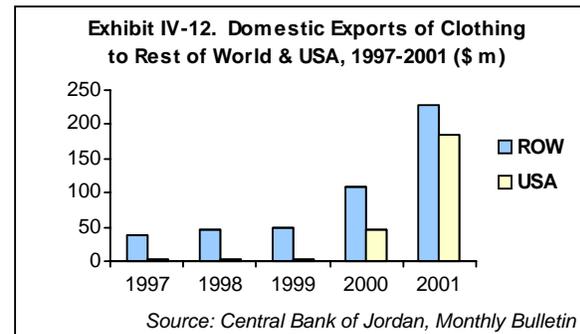
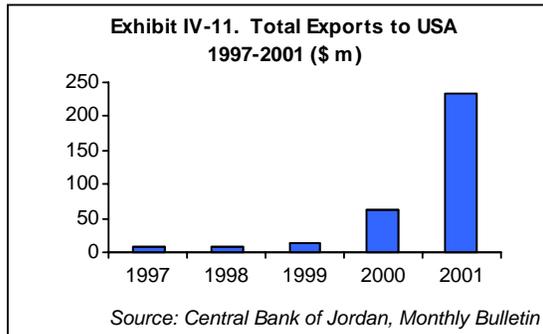
**E2. Increase in Exports**

According to Wellons and Wieland, WTO accession, the Jordan-U.S. Free Trade Agreement, and other related policy reforms assisted by AMIR will continue to play a significant role in likely export growth. The major impact will be in providing wider and easier access to markets under WTO rules, benefiting a range of manufactured goods. Fewer immediate benefits are likely for agricultural products due to a more gradual lowering of tariff barriers, particularly in European Union markets. In addition, trade-related investment reforms will attract export-oriented investment. For example, WTO-related intellectual property rights (IPR) protection should attract more pharmaceutical investments and potentially increase regional exports.

Total exports of goods were valued at above \$1.8 billion in 1997, dipped slightly in 1998, and rose to \$2.063 billion in 2001 (see Exhibit IV-10). Phosphates and fertilizers retained their dominant share (about 20 percent), followed by pharmaceuticals and manufactured goods, each with a share of about 10 percent. Reasons for export growth included stronger import demand in regional markets, particularly in the Gulf, as a result of rising oil revenues and higher demand for imports in the European Union and Asia. Growth, however, was dampened by continued sanctions against Iraq, formerly a major export market for Jordan. In the long term, however, the Jordan-U.S. Free Trade Agreement is likely to stimulate trade with the United States as well as help attract more U.S. direct investment.



*QIZ Exports.* New investments in the industrial sector, particularly the QIZs, had a positive impact on Jordan's exports, especially to the United States. Total exports to the United States from both QIZ and non-QIZ investments rose from \$7 million in 1997 to \$229 million in 2001 (see Exhibit IV-11). Much of this gain can be attributed to the attractiveness of the QIZ scheme. Garment manufacturers locating in the QIZs benefited from duty- and quota-free status to the United States, helping raise clothing export totals from \$37 million in 1997 to \$184 million in 2001, according to Central Bank of Jordan statistics (see Exhibit IV-12).



### E3. Increased Employment in QIZs

The JIB estimates that QIZ projects operational as of the end of 2001 have generated around 30,000 direct jobs. Of these, Jordanians hold about 70 percent, while foreign workers brought in by investors to start up operations hold 30 percent of the positions. Moreover, around 27,200 additional jobs planned by current investors are in the pipeline and likely to materialize by the end of 2002. Employment numbers generated by the QIZs could be even higher, according to Wellons and Wieland, who estimate that for every direct job, an additional indirect job is created.

The benefit to Jordanian labor is considerable, although the use of foreign labor has generated some controversy. The JIB negotiates allotments of foreign labor with investors for a limited start-up period for initial operations, administration, and training of the first groups of Jordanian workers hired. Initial investors apparently received more generous quotas for imported labor than recently. The government benefits through charges for permits of about \$500 per foreign worker.

#### How Sustainable Are QIZ Investments?

QIZ investments vary in sustainability depending on the sector. Most light manufactures such as luggage or electrical appliances appear likely to continue expanding export markets. "Quota-driven" sectors may be more at risk, including textiles and ready-made garments. These may come up against increased competition, particularly for a share in the major U.S. market as textile quotas are phased out by 2005 under WTO agreements. Most interest in QIZs has come from East and South Asian textile manufacturers facing quota restrictions in the U.S. market. But in the first wave of investors, most were multinationals interested in long-term investments (e.g. Hong Kong-based Boscan and Sari International of Sri Lanka, which employs 7,000 there). Backward linkages should strengthen QIZ sector roots. Moreover, as long as the United States permits QIZ quota exemptions to continue, textile investments are not likely to depart precipitously from Jordan.

A more likely threat to sustainability is that Jordanian textiles will come up against increasingly stiff competition for U.S. markets. Competitive pressure is likely not just from China and Southeast Asia, but also from competitors close to home. Israeli exports to the United States have grown by \$3 billion over the past five years, amounting to more than \$9 billion in 1999. Turkey's exports to the United States totaled \$5.5 billion, and Egypt's were over \$3 billion, with textiles a major share of merchandise exports. Moreover, the QIZ concept is spreading beyond Jordan. Egypt is already eligible, although it has not implemented them largely due to greater political sensitivity to business ties with Israel. And Turkey has raised proposals to use QIZs in its southeastern provinces to improve peace prospects through economic development.<sup>1</sup>

<sup>1</sup> *Egypt Business Monthly*, "QIZs: A Window of Opportunity?," U.S. Chamber of Commerce in Egypt, May 2000.

## F. World-Class Capital Markets

AMIR Goal	Impact on Jordanian Economy	Impact on Jordanian People	Impact on Jordanian Government
Deepening capital markets	<ul style="list-style-type: none"> <li>• More businesses listed</li> <li>• More investment opportunities</li> <li>• More participants in the market</li> <li>• Expanded capital flows</li> </ul>	<ul style="list-style-type: none"> <li>• Increased wealth and income opportunities for Jordanians</li> <li>• Benefits from reduced financial costs for enterprises (e.g. lower prices)</li> </ul>	<ul style="list-style-type: none"> <li>• Increased tax revenues from expanded business activities</li> </ul>
Development of mutual funds	<ul style="list-style-type: none"> <li>• Expansion in volume of capital in the market</li> </ul>	<ul style="list-style-type: none"> <li>• Increased wealth and income opportunities</li> </ul>	
Public awareness campaign	<ul style="list-style-type: none"> <li>• More informed buyers</li> <li>• Demand for higher standards in reporting and financial audits</li> </ul>	<ul style="list-style-type: none"> <li>• Wiser investing</li> <li>• Reduced superfluous volatility</li> </ul>	

The capital market development (CMD) component has spent the past two years assisting in the expansion, institutional strengthening, and deepening of Jordan's three capital market entities and market participants. As a result, accomplishments in AMIR-stated objectives and tasks have vastly improved the operation, reputation, and success of the three institutions and Jordan's stock market as a whole.

The component was successful in instilling a higher degree of fairness, efficiency, liquidity, and transparency into the market. A securities law and regulations were prepared to strengthen market fairness. Efficiency was improved through automation of the registry, depository, clearing and settlement system, information dissemination, and electronic connection between all market participants.

In addition, organizational development, business planning, and automation contributed to boosting efficiency. Liquidity was enhanced by attracting new listings and investors through the JSC and ASE investor production program and mutual fund development work. The ME-NEX is an innovation that has the capacity to contribute significantly toward increasing liquidity and investment. The development of laws, procedures, and modern systems for market monitoring and information dissemination has improved transparency.

The impacts of achieving a fairer, more efficient, liquid, and transparent market are already being realized in terms of enhanced market activity and investment capital for growth. At the inception of the CMD component, there were 149 listed public-shareholding companies with a market capitalization of approximately \$6 billion and 33 broker firms. In the past two years, the number of listed companies has risen to 162, with 32 broker firms.

Today, the Amman Stock Exchange is one of the most attractive in the region, with a market capitalization of around \$6 billion, an increase of 23 percent for the year to date (November 10, 2001). This trading volume has increased by 54 percent as of November 10, 2001, and half-year profits of listed companies is up by 134 percent. The market index is up by 31

percent for the year to date. The banking sector, which accounts for more than 55 percent of market capitalization, has seen its profits rise by 28 percent to date. Foreign and emerging market funds are starting to include Jordan in their investments — another strong barometer in the growing strength and reputation of the country’s stock market.

Outlined below are some of the most significant impacts made by the CMD component:

- Preparation of a modern Bankruptcy Law and Leasing Law
- Preparation of an ASE business plan and listing strategy. A new market structure and associated rules have been implemented at the ASE, resulting in a first market for established companies, a second market for newly established companies, and a third market for over-the-counter companies.
- Establishment of a modern world-class depository. This includes the creation of an automated clearing and settlement system, depository, and share registry system in less than one year at the Securities Depository Center (SDC). EFA software systems used by the AMIR Program have also been selected by nine other Middle Eastern countries. A comprehensive business plan for the SDC and institutional strengthening have been delivered and implemented.
- Following an AMIR initiative, Jordan, Bahrain, and Dubai are working on establishing the Middle East New Exchange (ME-NEX) for technology, media, telecommunications, and other growth sector companies. This is the first such market in the Middle East. The AMIR Program was selected by all three countries as the project management unit and AMIR has prepared a comprehensive legal framework for the new market. NASDAQ has expressed interest in a potential linkage with this new market.
- Jordan’s first two mutual funds have been established in the last year. The AMIR Program prepared a mutual fund and market development strategy and has been working actively with the regulators and industry to develop the mutual fund industry.
- Launch of public awareness and investment education activities, including a newspaper investment education series and “The Economy” news program on Jordan TV in conjunction with ECI. A series of brochures on the capital market and a CD in English and Arabic are being prepared.
- Development of Web sites for the Jordan Securities Commission, the Securities Depository Center, and the Amman Stock Exchange. ASE’s Web site receives up to 2 million hits per month, with over 200,000 hits per month from the United States.
- A broker certification program was established and its sustainability secured. A leading local training institute is working with the Jordan Securities Commission to implement and ensure the future success of the program.

- The Chartered Financial Analyst (CFA) classroom teaching program resulted in Jordan exceeding the United States and worldwide pass rates in the first year of implementation.
- The U.S. SEC has agreed to conduct regional training on securities regulations in Jordan next year.
- Comprehensive management information systems were established at the JSC, SDC, and ASE. These included human resources, payroll, general ledger, and database management software.
- A wide area network linking the JSC, SDC, ASE, brokers, listed companies, as well as the ASE, Dubai Financial Market, and Bahrain Stock Exchange was established. The impact of information dissemination is reflected in enhanced trading volumes.
- Complete automation, including hardware for the SDC, ASE trading, ME-NEX, computers for all departments and staff of the JSC, SDC, and ASE, presentation equipment, wide area network equipment, and office equipment such as printers and photocopiers was successfully procured and installed.
- The EFA trading system software was procured and installed to connect the ASE and ME-NEX.
- Comprehensive IT training to ensure that all equipment provided was fully used. This included training in MS Word, PowerPoint, Excel, Internet research for staff and managers, CISCO Network Management, and Microsoft Certified Engineer for IT staff. As a result, the staff of the JSC, SDC, and ASE are all computer literate.
- Capital markets training was provided to financial journalists.
- English-language training was provided through the American Language Center for JSC and ASE staff.
- Surveillance, enforcement, and market development training was provided through the annual U.S. SEC training program in the United States.
- Sponsorship was provided for participation by JSC Commissioners at World Bank conferences related to capital markets and IOSCO conferences.
- “The Economy” news program was established at Jordan TV and training provided to Jordan TV on financial news coverage.
- With AMIR support, the SDC established a database consisting of all the share registers of listed companies and the holdings of most Jordanian shareholding. This database is also cross-referenced to the Jordan National ID numbers.

## F1. Specific Impacts

- Increased participation in investor training programs

Chartered Financial Analyst Program						
	Level I		Level II		Level III	
	2000	2001	2000	2001	2000	2001
Number of participants in the CFA program	13	6	5	5	3	4
Number of candidates who took examination	9	2	3	4	3	5
Number of candidates who passed examination*	7 (78%)	1 (50%)	3 (100%)	2 (50%)	2 (67%)	4 (80%)

\* The pass rates for the CFA program in Jordan are at or above the worldwide averages.

- Improved and broadened access to and information about Jordan's capital market institutions

Jordan Capital Market Web Site Statistics			
Institution	Hits for Year 2001*	Average Monthly Hits for Year 2001	Hits by Country (Top 3) for September 2001
ASE	13,415,744	1,117,978	<ul style="list-style-type: none"> <li>• US Commercial: 23.5%</li> <li>• Jordan: 16%</li> <li>• United Arab Emirates: 3%</li> </ul>
SDC	89,059	7,421	<ul style="list-style-type: none"> <li>• US Commercial: 25%</li> <li>• Jordan: 13%</li> <li>• Saudi Arabia: 2%</li> </ul>
JSC	35,275**	7,710	<ul style="list-style-type: none"> <li>• US Commercial: 38%</li> <li>• Jordan: 13%</li> <li>• Saudi Arabia: 9%</li> </ul>

\*YTD November 2001

\*\*From 7/01/01 until 11/14/01

## G. Telecommunications Ministry Implementing a National ICT Policy

It would be difficult to overstate the impact of a program of assistance to a key ministry in which the strategy, the staff, the technical assistance, and the facilities that allow the ministry to exercise its most basic functions have been provided by an outside contractor. The goals, as specified in the implementation plan, were extremely ambitious. While individual initiatives were delayed, the broad goals were all achieved:

- An amended Telecom Law and a new Postal Law were drafted and enacted.
- The MoICT officially became the successor to the MoPC with the passage of the amended Telecom Law.

- Staff were recruited and assigned to the new entity based on private sector hiring principles.
- The basic constituents of the e-government strategy were identified and the institutions created to oversee their implementation.
- Two key fast-track projects were implemented, serving as benchmarks for additional efforts.
- A national ICT strategy paper was drafted and published on the ministry's Web site.
- Significant reductions in the price of Internet access were achieved to the benefit of Jordan subscribers.
- Assistance in preparing a strategy for mobile market liberalization was agreed upon with an outside agency.
- The MoICT as a key player in the sector was widely recognized as a result of its promotional and outreach efforts.
- ICT Minister Fawaz Zu'bi received the e-Visionary Award at GITEX in October 2001. He generously credited the AMIR team with responsibility for the award.

### G1. Data

The following are measures of activity in the sector since the component was launched. While credit must accrue to many players, there is no question that the role of the new ministry has been critical to these successes:

Measure	Figure at 11/2000	Figure at 11/2001
Total ICT Market Size	JD 347 m	JD 515 m
ICT Contribution to GDP	5.9%	8.3%
Teledensity, Fixed	12.3%	13.6%
Teledensity, Mobile	7.7%	14.7%
Cost, 30 Hours Internet Access	JD 38	JD 24
Internet Subscribers	31,960	53,300

### H. ICT Industry Developing Rapidly

Policy and BAI component support to the REACH Initiative was instrumental in strengthening and developing Jordan's nascent information and communications industry. Despite political turbulence in the region and a global economic downturn in technology spending and investment, Jordan's ICT industry has not only been weathering the storms, but has been garnering regional and international recognition. AMIR support to REACH has had the following impact:

- A new, vibrant, pro-active ICT industry association is operating sustainably with more than 100 dues-paying members.
- According to an end-of-year survey conducted by the Jordan-United States Business Partnership (JUSBP) for 2000, IT-related employment in the private sector IT industry had more than doubled; annual exports had grown to an estimated \$40 million (a growth rate of 349 percent since the launch of REACH); and the sector had attracted \$59.75 million in foreign direct investment.
- Int@j has launched an online research program to collect updated information on industry exports, local sales, investments, employment numbers, etc, on a quarterly basis. Numbers for 2001 are to be published under the REACH 3.0 process.
- The REACH strategy was adopted by all relevant stakeholders, both public and private. ICT sector development is at the top of the nation's agenda.
- Human resources development and improved government services are now public sector priorities. The Ministry of Education is working with the Ministry of Post and Communications, in coordination with the ICT industry, to implement the "Connecting Jordanians" initiative, an umbrella initiative to implement public sector reforms in the areas of e-learning and technology access.
- 11 pieces of key legislation have been adopted by the Government of Jordan to facilitate ICT industry growth in e-commerce, intellectual property rights, and telecommunications.
- 14 additional laws are in the pipeline and awaiting adoption, primarily in the areas of investment and corporate structuring.
- Signing and implementation of TRIPs has resulted in Jordan's removal from the U.S. watch-list of countries failing to ensure intellectual property protection. The Business Software Alliance (BSA), an international organization committed to advancing free and open world trade for legitimate business software, has bestowed the internationally esteemed BSA award on Jordan in October 2000.
- Electronic commerce has taken root in Jordan and is now legally protected. As evidenced in the e-commerce workshop held in May 2000, private sector firms and individuals are exploring ways to take their products and services online.
- Int@j has led the effort to advocate the easing of censorship controls on IT-related software and media and the liberalization of the Internet café sector.
- Marketing and public relations efforts for the industry are now spearheaded by Int@j. Jordan is receiving increasing recognition for its ICT development efforts in high-profile international events like the Cairo IT Forum in March 2001 and GITEX Dubai in October 2001.

- Access to and information about Jordan's ICT industry and initiatives has significantly improved. This is evident in the number of visits to the REACH Web site, as illustrated in the table below:

ICT Web Site Statistics			
Institution/ Initiative	Hits for Year 2001	Average Monthly Hits for Year 2001	Hits by Country (Top 3) for December 2001
REACH	119,120,000	9, 926	<ul style="list-style-type: none"> <li>• United States: 67.24%</li> <li>• United Kingdom: 8.39%</li> <li>• Jordan: 7.93%</li> </ul>

- Earning internationally recognized Quality Certifications for developers and companies is now a priority in Jordan.

## H1. Data

In the second half of 2001, Int@j developed, with AMIR support, the www.it.jo online database to collect information on the qualifications of Jordan's IT human resources. The core objectives of the project were to assess available skills/talents, assess demand within the private sector, and conduct a gap analysis. The results of this analysis are as follows:

- Based on a total of 3,508 registrants in the IT professionals database, university graduation doubled from 1999 (457) to 2000 (930), with almost half (413) of the 2000 graduates holding a computer science degree.
- Of the total 3,508 registrants, 750 hold one or more certifications, representing 21.38 percent of the entire database. With the total number of certifications at 1,698, the average number of certifications per holder is 2.26. The majority of certifications are Microsoft (42.52 percent) and Oracle (41.34 percent) related, indicating Jordan's high percentage of Microsoft and Oracle professionals per capita.
- Experienced registrants include 518 systems developers, 343 application support services professionals, and 88 IT strategy developers. Current demand indicates that the greatest gaps are in the supply of experienced IT strategy developers, system documenters, and system designers.
- This report clearly demonstrates that although Jordan offers a wide pool of educated and experienced IT professionals, there is a gap between existing human resources and the needs of the private sector. Growth of the sector is hampered by that gap.

Having concluded the analysis, Int@j will work on further enhancing the functions and services offered through its online database to ensure continuous growth of the site's population. To that end, Int@j intends to convert the site into a powerful online skills development and recruitment portal. The association is also actively advocating measures that will address and resolve Jordan's IT skills gap.

## SECTION V

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### Lessons Learned and Recommendations

#### A. Project Design

##### A1. Broad Project Mandate Coupled with Contractor Flexibility

A broad USAID mandate allows the contractor necessary flexibility to adjust to changing economic and social conditions, government imperatives and needs, as well as shifts in USAID priorities. Project design for the AMIR Program focused on broad issues and expected outcomes, with the contractor empowered to fill in the details as to how these outcomes would be achieved. Because AMIR was not restricted by a mandate that dictated a particular strategy or approach, it was able to shift gears dramatically during the course of the program to take advantage of new government priorities and initiatives as they arose. Where components were able to target support to such initiatives, they achieved their greatest successes: WTO accession, the REACH Initiative, e-government, and the Aqaba Special Economic Zone.

Originally a one-year project with a budget of \$13 million, AMIR was eventually extended into a four-year program with a \$58-million budget. The prime contractor, in this case, had to be flexible enough to respond to changing circumstances and priorities, organized enough to facilitate smooth transitions and quick start-ups, and experienced enough to pursue and maintain a long-term vision of development.

King Abdullah's accession to the throne in early 1999, for example, presented new opportunities and challenges to both USAID and AMIR. A new emphasis was placed from the top down on increasing economic opportunities, attracting foreign direct investment, and building up the IT industry as an engine of growth in Jordan. To gain the confidence of the new monarch, support his economic liberalization efforts, and take advantage of the changing political will engendered by his leadership, the AMIR Program responded quickly to shift resources in support of these developments. In response to His Majesty's focus on the IT industry, starting in mid-1999, both the policy and business association components of AMIR immediately began rolling out extensive support to the REACH Initiative.

Similarly, whereas telecommunications and capital markets were not a part of original program design, these sectors were added later as key subcomponents to the Policy Reform Initiative. This major amendment to program design aimed to take advantage of changes in leadership and political will toward adopting the reforms necessary for attracting foreign investment to Jordan. The design of the new subcomponents was a result of extensive consultations between the counterparts, USAID, and the AMIR Program. Hence, the tasks and technical assistance undertaken reflected the latest realities on the ground.

In another example, AMIR's original mandate was to work with three BAs with a total membership of 468 in 1998. However, as the program was extended and expanded, the BAI component added three more BAs to its roster, raising the total membership to 32,893, and launched a mini-grants program to reach out to other BAs. In this case, the AMIR Program made best use of increased resources by significantly expanding the impact of the program's activities on the business community.

The key lesson learned is that projects should not be static but dynamic organisms, able to adjust to — and take advantage of — changing circumstances. This is particularly true of the USAID program of assistance to Jordan, where the length and scope of assistance under a single contractor meant that program implementation *had* to be flexible, particularly in the face of increasing political instability in the region. Additionally, certain areas of development like the ICT sector are subject to technological developments and a volatile market that could change circumstances radically over the life of the program.

## **A2. Emphasis on Long-Term Sustainability**

In October 2000, Wellons and Wieland made recommendations to improve the long-term impacts of AMIR activities as they relate to program design. In the case of the SMI component, for example, they found that while the ultimate goal of the SMI activity is improved access to finance for a segment of the population that does not currently enjoy such access, the immediate objective is the creation of sustainable financial institutions. This is important because a focus on the ultimate beneficiaries can sometimes distract attention from the goal of sustainable institutions. The history of development finance is littered with projects that focused on moving credit, but ignored the commercial needs of institutions that provided the channels for doing so.

- AMIR should continue its focus on the sustainability of partner MFIs, particularly with respect to their future access to funds and local governance.
- With regard to access to funds, the difficult commercial decisions that MFIs must make will not be made as long as they retain access to heavily discounted loan funds. It is preferable to wean them from zero cost of capital while the program is still in place to help them.
- With regard to local governance, a reduction in the start-up subsidy that MFIs have enjoyed will result in greater independence in decision-making. Care should be taken to ensure that leadership and proper incentives are in place before this happens.
- For future projects, consideration should be given to stimulating microenterprise (demand) along with microfinance (supply). This program did not have a mandate to directly stimulate microenterprise, but only to assist indirectly by increasing the provision of microcredit.
- Performance indicators should be set carefully with regard to targets levels and the methodology to measure performance. Performance indicators should not go beyond the mandate established in component design, but should accurately reflect the component's objectives. (For example, the design of AMIR's BAI component did not put any particular focus on SMEs, but the performance indicators included reference to SMEs).

The lesson learned here is the importance of being aware of the trade-off between reaching a target group and achieving institutional sustainability. Without sustainability, expenditure for projects like AMIR cannot be justified on economic grounds. That is, the cost of moving funds through such channels far outweighs the economic benefits derived over the life of the

program. It is only the prospect that institutions supported by the program will continue to provide services long after the program ends that justifies the expenditure.

## **B. Project Management**

### **B1. Management, Monitoring, and Evaluation**

As the AMIR Program was expanded, it became necessary to design new ways of managing a growing number of complex activities and to measure their impact. A Management, Monitoring, and Evaluation (MM&E) system was created by AMIR for this purpose. Fully operational by the end of 1999, the MM&E system automated, standardized, and stored key USAID documents electronically, including scopes of work, approvals, and purchase orders. It also allowed staff to maintain and share a continually updated work plan, and generated invitations and reports necessary for the efficient operation of the training department.

Implementation of the MM&E system enabled staff to organize and share information from a central database. It also relieved some of the administrative burdens of project management, allowing staff to increase the volume and improve the quality of their work. Additional automation for measuring the direct impact of AMIR activities is also important, and should be undertaken in AMIR 2.0.

### **B2. Streamline Approvals Process**

For a program as complex as AMIR, there is a tremendous volume of documentation necessary for processing training activities, procurements, and tax exemptions. Ensuring that the contract has as many vehicles as possible for short-cutting the approvals process is one way of making sure these documents do not overburden the program and the USAID Mission. Some time-saving suggestions for consolidation include:

- Ceiling values under which no approval is required (grants, procurements)
- Blanket exemptions for taxes and customs
- Agreed-upon format for training approvals that highlight information critical to the USAID decision-maker
- Electronic submission, particularly for letters from which USAID will quote extensively in seeking down-the-line approvals

### **B3. Communication with USAID**

The primary reason for the success of the AMIR Program was the close working relationship fostered between AMIR staff and USAID. Early on, AMIR's chief of party set a tone of cooperation with and support for USAID at all levels of the program. AMIR's stated mission was to act as the implementing arm of USAID and provide creative and innovative ways for the Mission to fulfill its strategic objective.

This attitude permeated the staff's thinking and led to an extraordinarily close relationship between the Mission and the prime contractor. This relationship was maintained by keeping the Mission's requirements for information and performance in mind at all times, and creating open and easy communication channels with USAID. Some recommendations for streamlining the communication process are as follows:

- Meet with the Cognizant Technical Officer (CTO) and Contracting Officer (CO) and seek their explicit guidance on the level of information detail they want, and comply. Revisit after six months to see if they are satisfied or need to alter the system.
- Request Mission guidance on whom to release information to in the government, the type of information to be provided, and the protocol for conveying this information.
- Determine which counterparts can be met without prior USAID concurrence. Establish if there are senior figures that the Mission wishes to limit contact with, or for whom permission must be granted by the Mission Director.

## **C. Project Implementation**

### **C1. Centers of Excellence Approach**

During the course of the AMIR Program, certain institutions and organizations developed the leadership capacity and political will to undertake serious reforms. Wherever possible, AMIR supported those leaders with the technical assistance, commodities, and training they needed to implement change based on best practice principles. AMIR used a “Center of Excellence” approach, providing assistance in the background to help a “champion of change” achieve success for his/her institution, while allowing that leader to shine publicly.

The best example of this strategy occurred under the telecommunications subcomponent. In 1999, His Majesty appointed a new Minister to head the Ministry of Post and Communications (MoPC) and guide its transformation into the Ministry of Information and Communications Technology. The new Minister’s private sector background and enthusiasm for reengineering the institution made the MoPC an ideal candidate for AMIR assistance. Through a confluence of interests, the MoPC received much-needed support, the Minister earned kudos for having implemented significant reforms, and AMIR achieved USAID objectives.

### **C2. MFI Oversight**

Because of both its direct and indirect command of the resources for strengthening the microfinance industry, the SMI component managed to exert a great deal of control over the program and process of industry building, an essential factor for success. Where control was most necessary, however, was in the building and oversight of the microfinance institutions themselves.

In the case of two of the institutions, the grants provided that a member of the component serve as observer on the boards, and this status did confer considerable influence. However, this control and influence could have been more effectively exercised had it been stipulated in the capitalization grants that a member of the component must be a full member of each of the institutions’ boards of directors. Having a staff member as a full board member both fosters a feeling of partnership between the institutions and the program, and enables the funding program to more directly influence the institution being funded.

At the same time, a balanced approach to exercising control over the operations of those entities being funded must be maintained by ensuring adequate oversight and direction, while not interfering too directly or often in the management of those entities. The management of those entities must be given space to grow in competence and responsibility, while maintaining adequate control and influence over the entities' direction and performance.

### **C3. Facilitate Public-Private Cooperation**

The AMIR Program provided technical assistance, training, and commodity support to both government (through the policy component) and private sector BAs (through the BAI component). There were times between 1998 and 2001 when relations between the public and private sector were tense and communications between them weak. This put the AMIR Program in a delicate position as it sought to assist both, while encouraging public-private dialogue and partnership.

Moreover, changes in governments, ministers, elected BA chairpersons and of boards of directors, as well as turnover in executive directors of targeted BAs, all created elements of uncertainty. Component leaders had to navigate the political waters carefully to maintain relations with BAs, the government, and the private sector in a positive and cooperative framework. AMIR's BAI component placed a high priority on earning the credibility, respect, and cooperation of the Jordanian BAs and private sector during times of high change and uncertainty.

### **C4. Subcontractor Management**

In cases where the relationship between the prime and subcontractors is new, or where the subcontractor has limited experience with USAID projects, establishing standard operating procedures reduces the possibility of misunderstandings. This applies to the way work is scoped and level of effort is defined, as well as the way invoicing is carried out and how allowable expenses are defined. A significant amount of time should be invested early on in training subcontractors in Chemonics' methods.

During AMIR's most active phase, the work flow increased dramatically and the methodology for keeping up with task orders and invoicing was stretched. The use of omnibus task orders for categories of work that were generic (general consultation) or repetitive (post-task follow-on work) allowed a great deal of flexibility.

## **D. Institutionalization**

### **D1. Flexible Funding Mechanisms for Microfinance Industry Building**

Institutionalization of sustainable microfinance requires the development of an integrated microfinance industry rather than simply strengthening a number of existing microfinance institutions (MFIs). For this reason, the AMIR Program served essentially as an investor in the industry. By setting up the Wholesale Funding Facility, for example, a vehicle was created for providing the capital necessary to expand MFI operations and develop their creditworthiness with commercial banks. Future projects should ensure that financial resources are adequate and flexible enough to build an industry that will endure.

## **D2. Long-Term Financial Sustainability of BAs**

During the course of the AMIR Program, it became apparent that some BAs had a tendency to expect AMIR support rather than develop their own capabilities. What appeared to these BAs as short-term funding victories created a culture of dependency with no real long-term benefit to the client. Requiring clients to share 10 to 25 percent of an activity's cost can ensure their commitment to a quality outcome.

Fostering the financial independence and sustainability of BAs is critical for institutionalizing the reforms introduced by the BAI component. For this reason, AMIR focused considerable efforts on improving BA capacity to serve and attract members. Emphasis was placed on increasing BA revenues from membership fees by actively increasing and retaining membership. This was achieved mainly through public relations campaigns and improved member services.

One of the most important services a BA can provide its members is public policy advocacy of the issues that affect member businesses. To that end, the BAI component also found it critical to develop the managerial and organizational capacity of BAs to analyze and conduct public policy advocacy.

## **D3. Quality Management Techniques to Embed Policy Reforms**

A successful tool that the policy component used to promote sustainability of procedural reforms was the reengineering/quality management technique. This was implemented in the Company Registrar Department and with the Industrial Property Protection Department, both in the Ministry of Industry and Trade. This process entailed the following: a critical assessment and reengineering of the entity's operations to ensure maximum efficiency in meeting mandated objectives; establishing operating procedures, job descriptions, and an organizational structure that reflected the reengineering; implementation through training; and subsequent periodic audits to ensure that the new processes were being properly carried out.

This technique can be particularly useful with respect to WTO implementation. As stated above, a consequence of WTO accession, at least for some government entities, is that new or altered functions and procedures must be adopted. By reengineering operations with reference to the particular government entity's WTO obligations (for example, by pairing a WTO technical expert with a quality management specialist), WTO compliance can be embedded in the resulting system.

In Jordan, however, process reengineering can be a complicated affair, depending on the depth of commitment to reform. In the case of company registration, AMIR was able to streamline the CCD's institutional processes, leading to improved performance. However, fundamental changes that could streamline the entire investment process and attract increased investment were not explored. Such reform would require the redrafting of numerous legal and regulatory requirements associated with registering a business, and the full cooperation of the dozen or so other institutions that have a stake in the registration process.