



# USAID | JORDAN

FROM THE AMERICAN PEOPLE

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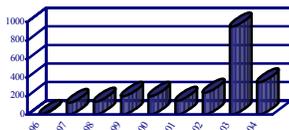
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## USAID/ JORDAN PROGRAM OVERVIEW

U.S. assistance to Jordan supports a forward-looking government and non-governmental organizations in efforts to enhance economic prosperity for Jordanians and stability in the region. Strategically positioned both geographically and politically, Jordan has in recent years been a consistent and positive force in the search for peace. Jordan is a moderating influence and important "bridge builder" among the various political and economic actors within the region.

USAID activities are designed in partnership with the Government of Jordan (GOJ) and its people to help realize the GOJ's long-term

USAID/Jordan Funding Levels  
(in US\$ Millions by Fiscal Year)



economic goals. Despite budget cuts in USAID programs elsewhere, annual funding levels in Jordan have increased dramatically, from \$7.2 million in 1996 to \$950 million in 2003, and \$350 in 2004. The increase makes Jordan one of the five largest recipients of USAID funds worldwide; in terms of per capita USAID assistance, it ranks even higher.

The expanded program stems in a large part from an announcement made in 1997 to acknowledge the importance of providing additional resources for countries making a positive contribution to the peace in the region. Since that time, Jordan has been an important partner for the U.S. in the Middle East.

The United States and Jordan enjoy a fruitful and longstanding relationship. Both countries share the same goals and interests of advancing

economic growth and improving the living conditions of all Jordanians. The USAID program in Jordan builds on this successful partnership in strongly supporting the GOJ's commitment to fully integrate Jordan into the global economy.

### Background



Poor in natural resources, lacking a well-developed industrial base, and surrounded by powerful neighbors, Jordan's economy is

influenced by economic and political conditions elsewhere in the region. During the oil boom of the 1970s, the economy was fueled by remittances from Jordanians employed in the Gulf, financial assistance from the governments of the Gulf States, and regional trade. When the oil rich economies of the region faltered, Jordan's economy receded. To offset declining revenues, the GOJ increased long-term borrowing, much of it on commercial terms, which resulted in a high debt to GDP ratio. The level of debt has declined, but remains at 103 percent of GDP.

The effects of the second Intifada in the Palestinian territories, September 11<sup>th</sup> events, and the war with Iraq led to decreases in investor confidence and tourism, two major sources of foreign exchange. Interestingly, some of that gap has been picked up by remittances, which currently equal 22 percent of GDP.

While the economy has grown in the past three years, rapid population growth continues to place enormous burdens on a water-scarce

country in which jobs are not being created fast enough to absorb a growing workforce. Unemployment is a persistent and growing problem and poverty levels remain high.

Despite these challenges, Jordan has been able to maintain a wide-ranging program of economic restructuring and reform developed in cooperation with the IMF, USAID and the World Bank. Macroeconomic stability has been restored and the debt burden is more manageable than it was a few years ago.

Within the region, Jordan's comparative advantage continues to rest with its well-educated population, world class tourist attractions, stable government, and clear commitment to market-oriented economic reform.

(2003)	
GDP Growth Rate	3.3%
Fiscal Deficit/GDP	5.1%
Inflation	2.3%
Unemployment	15%
External Debt	\$7.7 billion
Overall Debt/GDP	103%
External Debt/GDP	77%
Trade Deficit	\$2.6 billion
Illiteracy Rate	11.0%
Poverty Rate	11.0%

Historically, USAID has been a major factor in Jordan's development. Total economic assistance provided since 1951 now exceeds \$4.1 billion. Over the past five decades, USAID has been associated with significant activities covering a range of sectors, including water, agriculture, economic development, education, health, tourism and infrastructure development. Specific achievements resulting from USAID's cooperative effort with GOJ include construction



of the Ziglab Dam and East Ghor Canal; extensive roadworks, including the Amman-Dead Sea highway; establishment of the

Faculty of Agriculture at the University of Jordan; restoration of tourist sites in Petra, Jerash, and Madaba; and the construction of rural schools and health clinics across the country.

The current USAID program focuses on five main areas: (1) water; (2) economic opportunities; (3) health; (4) education; and (5) democracy and governance. Through these

programs, USAID seeks to assist the Government of Jordan with its recently adopted Social and Economic Transformation Plan (SETP), "Jordan First" Initiative, and Education Reform for the Knowledge Economy Initiative (ERfKE).

Additional assistance is provided through a multi-year balance of payments program in the form of a cash transfer.

## Water

Water scarcity remains the single most critical factor affecting Jordan's chances for sustainable economic growth. The continued availability of sustainable quantities of water is even more problematic when seen in light of Jordan's burgeoning population growth. Annual water demand is projected to increase to 1.3 billion cubic meters by the year 2005,



almost double the amount available during the mid-1990s.

Long-term solutions are likely to involve a combination of new water supplies and reduced population growth. Over the short-term, the gap can only be narrowed by improved water supply management and increased water use efficiency.

USAID-funded activities focus on four main issues. First, USAID promotes *sustainable environmental approaches and policies*, through institutional capacity building, and establishment of appropriate monitoring and enforcement initiatives. Second, USAID supports *optimization of water resources* by promoting reuse of reclaimed water, reducing system leakages, increasing efficiency of water use, and



implementing effective water-related outreach programs. This includes rehabilitating existing water systems and introducing modern water-use technologies, such as the restructuring and rehabilitation of the Greater Amman water supply system, and the design and construction of a desalination plant and water conveyance system from Wadi Zarqa-Ma'in and Zara Springs to Amman.

Third, USAID is *improving resource allocation*, by improving management capabilities and operational efficiency, and eliminating groundwater over-drafting. Furthermore, support is being provided to expand wastewater treatment capacity, such as the expansion of the wastewater treatment plant in Aqaba, and the new public-private partnership Build-Operate-Transfer wastewater treatment plant at As-Samra serving Amman and Zarqa areas.

Improvements in wastewater treatment also focus on increasing the amount of water available for municipal, industrial and agricultural use in Jordan.



Finally, USAID supports *strengthened water policies and systems*, in part by enhancing institutional performance in planning and strategic management, building a comprehensive information platform, and developing an improved policy framework.

## Economic Opportunity

Despite a return to positive economic growth, the condition of the poor and the income gap between the middle-class and the poor has widened. Unemployment remains a persistent concern. Jobs must be created to accommodate at least 45,000 new entrants in the workforce annually. Extending the



benefits of economic growth to a wider segment of the population is important in order to gain public support for both the current program of economic reform and the ongoing peace process.



Accordingly, USAID initiated an economic growth program that addresses these concerns. Activities funded under this initiative focus on three main areas. First, USAID supports *deepening private sector participation in the economy*, from firm-level assistance and microenterprise development programs that place a special emphasis on women, to youth entrepreneurship training, poverty alleviation and rural development. Additionally, USAID has been providing technical assistance for the GOJ's effort to establish the Aqaba Special Economic Zone and the Aqaba International Industrial Estate. This promotes Aqaba as an economic growth pole in the south of Jordan, and a regional trade and transportation hub. Furthermore, on-going technical assistance programs include development of business management skills, encouraging e-learning, strengthening of business associations, promoting tourism, and supporting the implementation of the Free Trade Agreement between Jordan and the USA.

Second, USAID supports a *more effective policy and regulatory reform* that identifies and implements a range of policies and programs related to trade and market access, investment, financial markets, information technology, e-commerce and e-government, privatization, customs reforms and modernization, and other key private sector policy initiatives.

Finally, USAID supports the GOJ's efforts for a *more transparent, efficient and responsive public sector* by creating a customer-oriented public sector, promoting accountability and good governance, and increasing advocacy abilities among private sector and NGOs for a broader participation in public policy formation.

## Health & Population

Jordan has made impressive gains in improving the health of its citizens. Nonetheless, the country's ability to sustain these gains is threatened by its population growth. Jordan's population growth rate has slowed dramatically since the 1970's, but still, at current rates, the country's population will double by 2029. Additionally, its public health systems for primary and reproductive health care still need major improvements. Coupled with these challenges are the poor healthy life style practices and the considerable increase in the rate of chronic diseases, especially among the underprivileged, which significantly impacts the resources invested in curative services.

To address these challenges, USAID's health program will focus on three main issues. First, USAID supports *improvements in the access to and quality of health services and information* through rehabilitating health facilities across Jordan to make high quality primary and reproductive health care services more affordable, instituting health protocols and systems, and expanding community outreach.



Second, to sustain improvements in health services, USAID supports the adoption and implementation of *better health policies, strategies and management systems*. This effort includes improving monitoring systems, expanding health insurance for the poor, strengthening the accreditation principles for health institutions and service providers, developing systems for continuous medical education, and adopting health provider incentives. USAID will also begin to work closely with the GOJ to better integrate on-going primary health services strategies and programs that prevent and treat chronic diseases.



Third, USAID will assist in the development and implementation of a five-year national health communication strategy encouraging Jordanians to *practice healthy lifestyles*. Efforts will include developing public-private partnerships to support healthy lifestyles, assisting community organizations advocate for healthy behaviors, and support policy reforms to remove barriers to and motivate efforts toward health improvement. The strategy will be designed to respond to the unique needs associated with key life-stages within the Jordanian population, especially as related to youth and people at risk.

## Education

A highly educated population is one of Jordan's most impressive characteristics. The 89 percent literacy rate and 70 percent enrollment in secondary education attest to this fact. However, significant gaps still remain between the skills acquired through education and those required by the job market.

Assisting the GOJ with its ERfKE initiative, USAID is embarking on a new initiative to improve the quality and availability of education in Jordan focusing on two main areas. First, USAID promotes *expanding early childhood education (ECE)*, through modernizing and updating the ECE curriculum, training of ECE teachers and professionals, and the renovation of ECE facilities.

Emphasis will be placed on the use of information and communications technology (ICT) in training and service delivery.



Second, USAID supports *enhancing secondary school education and developing youth life skills* to better prepare youth for the workforce. This will be accomplished mainly by enhancing the Management Information Systems (MIS) educational stream curriculum, training MIS stream teachers, integrating the use of ICT into teaching, developing an e-learning curriculum

for the MIS stream, and instituting school-to-work programs to equip youth to successfully participate in a competitive labor market.

## Democracy & Governance

To sustain gains made in economic and social reform, the Government of Jordan recognizes the need to advance political development and strengthen democracy in Jordan. A more effective and accountable system of governance needs to be instituted in Jordan. Furthermore, the low level of civic participation in the decision-making process is still a concern.

To this end, USAID programs will focus on two main areas to support national efforts for improving governance, transparency, and civic participation. First, USAID will support *legislative strengthening*, through training parliamentarians to enhance their skills in the areas of law-making, budget review, and monitoring of public expenditures.



Improving legislative research capacity, enhancing public access to and participation in the legislative process, and enhancing public visibility and credibility of the legislature are also part of this effort.

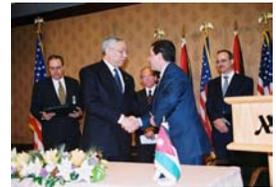
Second, USAID will support *rule of law* and justice sector reform to increase the effectiveness and independence of the judiciary. This will include judicial training, improving the transparency of the justice sector, supporting the modernization of Jordan's court system and case management, and promoting a more competitive judicial environment.

Special attention will be paid within those two areas to liberalize the media, improve the status of women, and increase civic participation. Improving transparency through increasing public accountability and developing a national strategy to combat corruption will also be a key component of USAID's democracy initiatives.

## Cash Transfer

In addition to providing assistance to the water, health, economic growth, education, and democracy & governance sectors in Jordan, USAID/Jordan implements a multi-year, policy-based balance of payment program. This assistance is provided in the form of a cash transfer, which has constituted a major portion of the U.S. assistance program since 1997.

The Cash Transfer program helps Jordan expand its foreign exchange reserves and reduce its heavy debt burden. It also helps support the process of



economic and social restructuring now underway through linking, each year, a series of policy reform objectives in the water, health, economic and social development sectors to the disbursement of the Cash Transfer program funds. During 1997 - 2004, USAID has provided over \$800 million for the cash transfer program. In addition, \$700 million was provided in FY2003 to offset the economic effects of the war in Iraq.

In return, the GOJ provides an equal amount of money in Jordanian dinars to support a variety of priority development programs in Jordan. The local currency program associated with the Cash Transfer is programmed jointly by the Ministry of Planning and International Cooperation and USAID. This program has made possible several development initiatives through the freeing-up of money that would have otherwise been used to pay off Jordan's debt. Since 2002, a large portion of the Cash Transfer has been utilized to support the GOJ's Social and Economic Transformation Plan (SETP). Total local currency associated with the Cash Transfer since 1997 totaled approximately JD 531 million, of which almost half went to supporting the SETP.