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DEVELOPMENT CREDIT AUTHORITY PLAN

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ACRONYMS

BDS	Business Development Services
BOD	Board of Directors
BoJ	Bank of Jordan
CAB	Cairo Amman Bank
CBO	Community Based Organization
DCA	Development Credit Authority
DoA	Department of Antiquities
GDA	Global Development Alliance
GOJ	Government of Jordan
LG	Loan Guarantee
LPG	Loan Portfolio Guarantee
MFI	Microfinance Institution
MoTA	Ministry of Tourism and Antiquities
MOU	Memorandum of Understanding
MSE	Micro and Small Enterprises
MSME	Micro, Small and Medium Enterprises
NGO	Non-Governmental Organization
PG	Portable Guarantee
SME	Small and Medium Enterprises
USAID	United States Agency for International Development

Summary

This report constitutes SIYAHA deliverable (6.g) Development Credit Authority (DCA) Plan that as referred to in the contract for Task Order PCE-I-21-98-00015-00, and it will be used to encourage discussion about ideas for utilizing USAID DCA guarantees to stimulate private sector credit for the tourism industry. This report is intended to be shared with the USAID CTO and Controller's Office personnel supporting the Mission's existing and planned DCA activities, and the recommendations contained within will contribute to determining the final course of action SIYAHA takes when considering different DCA applications.

As of the date of this report, SIYAHA has accomplished the following related to identifying appropriate DCA applications for the tourism industry:

1. Analyzed credit supply and the risk profile of Jordanian tourism MSMEs to identify gaps in the credit market, pre-screen potential DCA partner lenders, and prepare part of the required analysis for any future DCA guarantee activities supporting MSMEs. Identified several options for consideration by USAID/Jordan where DCA might be an appropriate solution to encourage greater amounts of private sector financing for micro-, small and medium-sized enterprises (MSMEs) in the tourism industry.
2. Coordinated with the USAID-funded AMIR program to integrate tourism into existing and planned DCA guarantees for which AMIR provided support including at Bank of Jordan (BOJ) and Cairo Amman Bank (in process).
3. Created partnerships with MFIs and select banks to support the enterprise development program beginning in the Madaba cluster and expanding in conjunction with SIYAHA's assistance.
4. Initiated a detailed credit demand study, an assessment of insurance products, the design of a referral system, and the design of an awareness campaign which includes a communication plan for the financial and business development service providers.

Critical next steps that must be completed for SIYAHA to advance potential DCA applications include, but are not limited to:

- Continuation of discussion and achievement of consensus within SIYAHA and with USAID/Jordan's Economic Opportunities Office on whether the project will pursue any of the options proposed options for using DCA to stimulate credit for tourism MSMEs.
- Launch of the awareness campaign for financial institutions on tourism market trends and potential opportunities for investing in tourism enterprises and projects.
- Implementation of business development activities including the development and pilot testing of the referral system to link tourism MSMEs to financial and non-financial services, and capacity building of financial institutions and BDS providers in tourism-related specialties.

- Identification of the specific level and type of SIYAHA support that will be provided to public-private partnerships including infrastructure-related PPPs proposed by the World Bank. DCA could be considered as a tool to reduce private investors' perceived risk on these projects.
- Finalization of Year 2 work plan targets related to SIYAHA support to the Tourism Development Center and its sub-projects that may include private concession operation models for public tourism assets, whereby financing for the private sector side of those deals could be enhanced using DCA should it be necessary.

1. Introduction

As part of its efforts to improve the competitiveness of the Jordanian tourism industry, the Jordan Tourism Development Project (SIYAHA) is actively seeking opportunities to increase the level of private sector investment in financially viable tourism enterprises and projects. One of the tools available to increase lending by private sector financial institutions to creditworthy tourism enterprises and projects unable to access finance is USAID's Development Credit Authority (DCA).

DCA gives USAID the flexibility to use credit assistance in lieu of or in combination with grant assistance by offering partial credit guarantees to private sector lenders. DCA is used to facilitate access to credit for financially viable and creditworthy enterprises and projects in areas or sectors traditionally underserved by the financial sector due to lenders' high perceived risk of lending to them. DCA agreements cover up to 50 percent of a lender's risk, encouraging private commercial banks and other private lenders to lend their own capital to enterprises and projects in non-traditional and unfamiliar sectors such as tourism. It is an ideal tool to assist lenders in overcoming perceived risks of loan default and in better analyzing actual credit risks.

This report summarizes work completed to date under SIYAHA to explore options for utilizing the DCA guarantee mechanism as well as related activities to create linkages to stimulate needed financing for tourism micro-, small, and medium enterprises (MSMEs). The report also identifies decisions and actions which must be taken in order to integrate DCA guarantees into the remainder of project Year 1, in addition to presenting ideas that have not been explored yet in detail that could be considered for project Years 2 and 3. The DCA Plan presented within will be discussed with USAID/Jordan and after consensus has been reached, activities in Year 1 will move forward and those planned for Years 2 and 3 will be incorporated into the next annual work plan.

1.1 Contract Requirements

The SIYAHA project is mandated to develop "distinct, high-quality tourism products that produce a higher return per tourist overall", using DCA as a supporting mechanism to assist the financial sector in understanding the viability of the Jordanian tourism industry and to promote private sector participation in "the development of products as well as the management of and investment in Jordan's tourist sites..." The contract specifically states that USAID/Jordan would incorporate the cost of the Development Credit Authority (DCA) subsidy into its internal budget and that the contract would bear the costs associated with conducting an assessment, designing and developing any DCA guarantee activities, and for implementation of the guarantees.

According to the contract, DCA-linked indicators were to be included in the project's Performance Monitoring Plan and systems were to be developed in order to assess the potential environmental impacts of activities funded by DCA guaranteed loans, along with activities funded by grants or the Special Activities Fund (SAF). A more

detailed description of the work completed as of the date of this report related to these aspects of DCA is presented in Section 1.2.

1.2 Integration of DCA into SIYAHA Operational Framework

DCA and other proposed financing linkages activities are included under SIYAHA's Component 2 – Product, Site and Enterprise Development. Through this component, SIYAHA will develop competitive tourism destinations in Jordan, improve availability and attractiveness of tourism products, improve site management based on private sector principles, and strengthen tourism marketing. Tourism products will be supported to develop into profitable enterprises, creating employment and new MSMEs.

Activities under this component are organized in four areas:

- a) Developing competitive destinations based on tourism clusters and routes;
- b) Supporting the creation and growth of tourism-based enterprises, including business development services and financial services for enterprises;
- c) Improving publicly-owned tourism sites based on private sector management principles;
- d) Strengthening tourism marketing; and
- e) Enhancing the competitiveness of tourism enterprises, financial institutions and business development service providers servicing the tourism sector.

Per contract requirements, indicators to measure the impact of financing stimulated by DCA as well as other financing linkages have been incorporated into SIYAHA's Performance Monitoring Plan, approved by USAID/Jordan on 30th of April, 2006. Access to financing falls under:

- Project Intermediate Result (PIR) 2: Expanded Investment in Tourism Development and Management.
- Key Results Area (KRA) 2.1: Options for tourism project financing enhanced.

KRA 2.1 will be measured by two indicators which will demonstrate the effectiveness of SIYAHA assistance in this area:

- **Number of tourism sector loans**, defined as: Number of loans disbursed by banks, MFIs, or other partner lenders for tourism-related activities supported by the project; and;
- **Value of tourism sector loans**, defined as: Value of loans disbursed by banks, MFIs, or other partner lenders for tourism-related activities supported by the project. Both measurements will include, but not be limited to, loans disbursed under a Development Credit Authority (DCA) guarantee, or loans that are part of project-supported activities in clusters, routes, or specific sites.

For DCA and DCA related activities to support tourism industry financing led by and/or coordinated by SIYAHA, data to monitor and measure the impact of SIYAHA assistance in KRA 2.1 will be collected by the monitoring and evaluation specialist at

SIYAHA, SIYAHA's Monitoring & Evaluation Specialist on a quarterly basis and reported to USAID/Jordan through the standard quarterly report format. Cumulative figures will also be presented in the project annual report.

1.3. Year 1 Project Work Plan

Since DCA is a powerful tool for leveraging private sector financing and was envisioned by USAID/Jordan as an integral part of the project to augment current levels of investment in Jordanian tourism enterprises and projects, a Chemonics short-term financial services advisor with experience using DCA in Jordan participated in the September 2005 project work planning process. The consultant supported the development of a three-year strategy and annual work plan for the project's Industry Competitiveness Component which is now under Component 2: Product and Site Development.

The consultant's work included the design of specific task level work plans for examining the supply and demand for credit in the tourism industry, designing and developing DCA loan guarantee facilities as appropriate, and increasing investment by other private sector partners in complement to the project's Global Development Alliance (GDA) activities.

The emphasis of SIYAHA's Year 1 activities were on cluster level support to micro, small, and medium sized enterprises (MSMEs), and therefore the work plan included DCA activities designed to be integrated with enterprise development efforts both within the clusters and nationally. The work plan included that as part of this effort, partner Business Service Providers were to be trained on how to support enterprises in preparing for and presenting themselves to lenders including microfinance institutions, commercial banks, and non-bank financial institutions, to increase the likelihood of tourism MSMEs receiving loans under any guarantees.

A comprehensive credit access assessment was scheduled to be conducted in Q2 2006 to evaluate supply and demand for credit by tourism MSMEs, gaps in the credit markets, and the overall risk profile of the tourism borrower group. From the assessment recommendations an action plan was to be developed for the Life of Project (LOP) to create linkages for MSMEs and other tourism projects to financing sources and applications for using USAID's Development Credit Authority (DCA) loan guarantees. The shortlist of options for DCA guarantee activities to support the tourism industry would be evaluated in coordination with USAID/Jordan and for any DCA guarantees developed, SIYAHA included budget resources to prepare the required inputs for the Mission from the concept paper stage all the way through the presentation to USAID's Credit Review Board.

2. Work Completed

Section 2 of this report summarizes the work completed as of the date of this report related to furthering SIYAHA's exploration of appropriate uses for the DCA

mechanism to increase private sector investment in tourism. Table 1 provides an overview of activities undertaken in chronological order with an explanation of each.

Table 1 – Summary of DCA Related Work Completed

Date	Activity
September 2005 (Project Inception)	Integrated DCA into work plan; trained component leader and others on DCA
January-February 2005	Conducted credit access assessment and prepared borrower cohort report
April-May 2006	Coordination with AMIR program on including tourism SMEs in qualifying borrower definition for new Cairo Amman Bank DCA Loan Portfolio Guarantee.
May-June 2006	Initiated detailed credit demand study, design of referral system design, designed awareness campaign, researched insurance and other financial products and services.
June 2006	Developed SIYAHA DCA Plan

2.1 Credit Access Assessment

In January-February 2006, SIYAHA funded a credit access assessment to determine the availability of credit for MSMEs, as the first step in preparing a life of project (LOP) plan for creating financing linkages using USAID Development Credit Authority (DCA) loan guarantees or any other mechanisms to stimulate private sector lending to the tourism sector. The assessment identified opportunities for and partners with which SIYAHA can create linkages for micro-, small- and medium-sized enterprises (MSMEs) (including community based enterprises), and other tourism projects to financing sources.

This assessment included 8 commercial banks, 5 microfinance institutions (MFIs) and 2 NGO lending programs. The assessment supported conclusions of earlier work on SME finance under USAID's AMIR program that lenders do not extend credit to SMEs generally due to existing information asymmetry between lenders and MSMEs. Many enterprises in Jordan are family operations that are not professionally managed, with opaque or nonexistent business plans and financial statements, and there is no credit reference information system in Jordan to provide lenders with a borrower's credit history. As a result, lenders may have little information about a prospective MSME borrower when making a decision about whether or not to extend a loan to them. Commercial banks were found to be particularly averse to lending to enterprises in the tourism industry due to its volatility, historic non-performance of loans in this industry, and lack of market information. Banks also mentioned insurance and an improved product for travel agency letters of guarantee as potential products and services that should be explored further. The majority of the MFIs and NGO lending programs were already lending to micro and small businesses, but saw possibilities for expanding lending in SIYAHA's target clusters and developing new

credit products, such as seasonal loan products, to better suit the cyclical nature of cash flows in the tourism industry.

Additionally, a DCA “Borrower Cohort Report” was prepared as part of the assessment in anticipation of any DCA guarantee activities SIYAHA might pursue, and to simultaneously examine the constraints and risks faced by tourism MSMEs in Jordan. The report examines in detail key risks facing MSMEs’ ability to access credit and potential mitigants that should be considered when designing credit facility interventions, including credit enhancements such as USAID’s DCA.

2.2 Summary of Assessment Recommendations

The assessment offered recommendations for possible interventions both directly and indirectly related to DCA that could increase access to credit by tourism MSMEs. Recommendations for financing linkages activities in addition to utilizing DCA guarantees are summarized below, and five DCA-specific options were presented for SIYAHA and USAID/Jordan’s consideration, presented in Section 2.2.b.

2.2.a Financing Linkages Recommendations

- Collect more specific demand information through interviews and focus groups and use findings from analysis to better inform business service providers and lenders.
- Design and implement a referral system by which tourism MSME clients could be referred from business service providers to appropriate partner lenders, and vice versa.
- Organize and deliver awareness events to engage lenders by sharing market information, presenting creditworthy tourism enterprises, and for the lenders to share their credit criteria and requirements with MSMEs and business service providers.
- Support financial products and services development that will benefit tourism MSMEs such as insurance and improved letters of guarantee.
- Explore other opportunities to engage lenders including through the planned Adopt-a-Village program, and explore a potential partnership with Cities Villages Development Bank (CVDB) to support complementary local government financing to support tourism cluster development activities.

At the time of this report, SIYAHA has a scope of work actively underway to follow up on the recommendations presented in the first four bullets above as described in Section 2.3.

2.2.b. DCA Recommendations

USAID’s DCA guarantee products can be used by SIYAHA to encourage private lenders to extend loans to creditworthy tourism MSMEs that are unable to access

financing due to perceived risk or other credit market imperfections. The five options presented in the assessment are summarized below with the activities that have been underway through SIYAHA and the AMIR program to directly contribute to these options.

Option 1: Encourage commercial banks with existing DCA Loan Portfolio Guarantees for SME lending to include tourism SMEs under DCA coverage.

Bank of Jordan. In 2005, with support from the AMIR program, USAID/Jordan established a \$5 million DCA Loan Portfolio Guarantee (LPG) for SME lending with Bank of Jordan (BoJ). Qualifying borrowers under this guarantee are Jordanian SMEs in any sector of the economy with between 5 and 250 employees, and the guarantee will be active during the life cycle of SIYAHA. By the date of this document, BoJ had signed a Memorandum of Understanding (MOU) with SIYAHA and had indicated openness to receiving referrals of bankable tourism SMEs from SIYAHA's partner BDS providers. BoJ will analyze and consider extending financing to referees under their existing guarantee.

Cairo Amman Bank. USAID/Jordan through the AMIR program has developed a separate \$5 million DCA LPG with Cairo Amman Bank (CAB) as a potential partner lender to stimulate SME lending in all sectors of the economy. This guarantee is in the final stages of USAID's review process and is expected to be established by October 2006. CAB will primarily target small enterprises with its guarantee, whereas BoJ is targeting medium and the larger small enterprises. Tourism is one of CAB's key sectors for SME lending expansion. CAB is considering of layering private insurance coverage for their SME clients with the reduced risk provided by the DCA guarantee, and is interested in learning more about what insurance products might cover risks specific to tourism that would assist them in including tourism SMEs in their guaranteed portfolio. This is being researched as per Section 2.3 below.

Option 2: Use DCA Loan Portfolio Guarantees to encourage commercial banks to expand lending to SMEs in the tourism industry. Some commercial banks may be interested in a DCA LPG to cover SME lending limited only to the tourism industry, although this is unlikely due to the tourism industry's perceived volatility and sensitivity to the regional political and security situation. However, some portion of the banks' perceived risk may be overcome by SIYAHA awareness events targeted toward the financial sector, SIYAHA provided market information, and possibly referrals of clients. The only bank of the group interviewed that seems to be proactively planning intensive research on tourism is Housing Bank for Trade & Finance, which already has SME lending experience. SIYAHA will continue to explore the level of interest in such a LPG for tourism lending with a select group of the commercial banks that participate in future awareness events and other activities.

Option 3: Encourage microfinance institutions (MFIs) to expand lending to tourism microenterprises using DCA Loan Portfolio Guarantees. All of the four active MFIs in Jordan are already lending to many micro and small (in some cases) enterprises in tourism-linked activities. Some of the MFIs indicated interest in developing new credit products that would be appropriately tailored for the tourism

industry, including seasonal/cyclical loans and possibly leases for which a DCA LPG might support them in pilot testing these new products. Those MFIs that have branches in SIYAHA's target clusters - Madaba, Wadi Rum, Jerash, Ajloun – could use the guarantee to expand lending to micro/small enterprises in those clusters, with the expectation that more than half of their clients would be tourism-linked. While most of the MFIs noted that they would finance start-up businesses only in very rare cases, it is possible that a DCA LPG could also provide a risk mitigation tool to help them finance some of the bankable start-up enterprises identified and assisted through SIYAHA's cluster competitions.

Option 4: Use DCA Loan Guarantees or Portable Guarantees to help microfinance institutions (MFIs) source commercial capital to expand lending to tourism micro and small enterprises. Some of the MFIs, including Microfund for Women and Tamweelcom, noted that they had trouble sourcing local currency financing at reasonable interest rates from the Jordanian commercial banks which was constraining their growth since they do not have sufficient loan capital to expand lending operations. The assessment did not include detailed discussions or research into the financial situation of these MFIs, and therefore a complete analysis could not verify that access to capital was the most pressing constraint to expanding lending to tourism. However, SIYAHA could explore with the MFIs and USAID their interest in establishing DCA Loan Guarantee (LG) or Portable Guarantee (PG) facilities to facilitate commercial lending to MFIs. Since the MFIs' existing portfolios contain a large percentage of loans to tourism-linked enterprises, a guarantee to help them access more loan capital could facilitate their outreach to a greater number of clients.

Option 5: Use DCA Loan Guarantees or Portable Guarantees to enhance credit for specific tourism enterprises or projects with significant development impact and demonstration effect for the industry. A number of promising tourism projects were identified in early 2006 that could be promoted to potential private sector investors through business integration approaches or through public-private partnerships supported by USAID's GDA mechanism. If any of these potential projects are found to be financially viable, of a sufficient size, privately owned and managed, and the development impact and demonstration effect created by these projects is important to achieving the objectives of SIYAHA, they could be considered individually for credit enhancement using DCA LGs and PGs. Ideally, it would be most practical to encourage DCA partner lenders through existing LPGs to include this type of project under their existing facilities. However, if the size of the required financing is significant (i.e., more than \$500,000), and after other types of private sector investment have been attracted there still remains a financing gap, establishing DCA LGs and PGs could be explored. Of those identified in the SIYAHA *Business Integration* report, the opportunity with the most DCA applicability is the proposed Wadi Rum Vehicle program. A portfolio of eligible public private partnership projects will be promoted by MoTA as part of the Third Tourism Project (that is co financed by the World Bank). SIYAHA will play a part in promoting these projects and will consider DCA for application on these projects.

2.3. Financing Linkages Follow Up

Based on the recommendations of the Credit Access Assessment, a follow on *Credit Demand Survey, Insurance Research, and Client Referral System* consultancy was designed to conduct a more comprehensive demand assessment for credit and financial products and services and to design an awareness program and referral system for banks, business development services (BDS) providers and enterprises. During this assignment which will be completed in July 2006, interviews and/or focus groups were held with tourism MSMEs to identify constraints at a very specific level related to their needs for financial products and services to grow and improve the competitiveness of their businesses.

Additionally, the consultancy will design an awareness campaign targeted at financial institutions to convey information about the tourism industry, highlight market opportunities in expanding lending in the tourism sector, and share strategies for risk mitigation, including tools such as DCA to reduce risk in lending to tourism MSMEs. The final outputs and report from this assignment are still in process, but the findings related to the elaborated demand assessment through the interviews or focus groups as well as interest sparked among potential partner lenders as a result of the planned awareness campaign events will contribute to SIYAHA's plans for using DCA.

3. DCA Activities Going Forward

Section 3 of this report outlines options for SIYAHA use of the DCA mechanism to increase private sector investment in tourism in the remainder of Year 1 as well as Years 2 and 3 of the project, depending on certain factors, including the progress of other Product and Site Development Component activities. These options include those put forth in the credit access assessment and those that have arisen as more recent targets of opportunity. Table 2 provides a summary of specific options, their status, and next steps for SIYAHA to move forward on any of these potential applications.

Table 2 – DCA Options for SIYAHA

Target Borrowers	Options for Utilizing DCA	Status	SIYAHA Next Steps
SMEs	Encourage commercial banks with existing DCA Loan Portfolio Guarantees for SME lending to include tourism SMEs under DCA coverage.	Work has been completed through AMIR program to create two \$5 million DCA LPGs with commercial banks to stimulate credit to SMEs in all sectors (one guarantee still in process). It is expected that one of the banks will make loans to tourism SMEs.	Fulfill roles and responsibilities of MOUs with BoJ and CAB. Ensure referral system provides banks with viable tourism SME clients.
SMEs	Use DCA Loan Portfolio Guarantees to encourage commercial banks to expand lending to SMEs in the tourism industry.	The credit access assessment did not identify any banks interested in a DCA LPG limited to tourism at that time, but this is partially due to lack of information about the sector. Housing Bank for Trade & Development indicated they were beginning research on tourism as a potential SME market.	Promote DCA for tourism lending during financial sector awareness events and training, and approach more banks about being SIYAHA partners. Invite Housing Bank in particular to participate. Ensure referral system providing partner banks with viable tourism SME clients. Approach more commercial banks about potential partnership with SIYAHA through an MOU.
MSEs	Encourage microfinance institutions (MFIs) to expand lending to tourism microenterprises using DCA Loan Portfolio Guarantees.	Not pursued to date.	Discuss with USAID/Jordan Economic Opportunities Office to ensure consistent application of criteria for DCA “additionality” such as a new credit product, a new higher risk location, etc. If consensus reached on additionality, and MFI interested and suitable, develop guarantee.
MSEs	Use DCA Loan Guarantees or Portable Guarantees to help microfinance institutions (MFIs) source commercial capital to expand lending to tourism micro and small enterprises.	Not pursued to date.	Conduct more detailed discussions and research with partner MFIs to identify funding needs, and specific credit market imperfection that DCA could address, such as local currency matching, higher cost of local funds, etc. Discuss with USAID/Jordan Economic Opportunities Office to ensure consistent application of criteria for DCA “additionality”. If consensus reached on additionality, and MFI

			interested/suitable, develop guarantee.
MSMEs and large businesses	Use DCA Loan Guarantees or Portable Guarantees to enhance credit for specific tourism enterprises or projects with significant business integration impact potential and demonstration effect for the industry.	Not pursued to date.	Prioritize short list of business integration and GDA opportunities. If support will be offered, work with Chemonics home office DCA specialist to provide preliminary evaluation of DCA applicability of projects.
Large Businesses and Projects	Use DCA Loan Guarantees, Portable Guarantees, or Bond Guarantees to stimulate credit for private management companies operating public tourism sites/assets per Annex A and other potential projects.	Not pursued to date. Developing the legal framework for management concessions was not priority of Year 1.	Consider this use of DCA for Year 2 and/or Year 3 project work plan, should SIYAHA assistance be directed at this objective.
Tourism-related infrastructure projects	Use DCA Loan Portfolio Guarantees, Loan Guarantees or Portable Guarantees (depending on size) to enhance credit for the private sector portion of World Bank cost shared infrastructure projects per Annex A.	DCA aspect not pursued to date.	Once SIYAHA has defined its relationship with the CHTUD I project, identify whether the private sector portion of these projects requires any credit enhancement. Approach commercial banks and other potential debt investors about interest in participating.

Stimulating credit for MSMEs. DCA and related activities in Year 1 have focused on exploring uses of the guarantee mechanism to stimulate credit to tourism MSMEs. There are still a number of follow on activities that should be undertaken as detailed above, and the focus of the DCA-related activities will be determined by the outcome of the most recent consultancy evaluating detailed credit demand, and designing the awareness campaign and referral system.

SIYAHA has already signed MOUs with seven micro credit providers to establish collaborative relationships around Madaba and the other SIYAHA clusters in the future. Through the project's expanding relationship with these MFIs, awareness events and training, SIYAHA should identify whether there are specific needs to use DCA guarantees to stimulate credit to tourism MSEs that would not occur without the guarantee. This will require in depth discussions and information collection at each of the MFIs, including in particular those that mentioned in the credit access assessment that access to commercial capital was a key constraint to their expansion into more tourism lending.

In order to expand financing to tourism SMEs, SIYAHA must launch and continue an intensive awareness campaign and capacity building (as required) aimed at commercial banks about tourism trends, opportunities for investment, and the specific types of opportunities for new credit product development and new areas for expansion identified in the most recent consultancy. Once a broader awareness has been achieved about opportunities in the tourism industry, whomever is managing SIYAHA's relationships with the banks can approach those more interested in tourism lending about tourism-specific guarantees if they are still reluctant to lend to creditworthy tourism SMEs. Additionally, as opportunities identified by the business integration/GDA consultancy are short-listed and developed, DCA should be

considered if private sector financing cannot be obtained without the guarantee.

DCA to support public-private partnerships. As SIYAHA activities move forward in Years 2 and 3 on supporting the development of a legal framework for private tourism management companies, DCA could be used to assist concessionaires and other companies obtain financing should they not be able to source it without a guarantee. Additionally, a number of the different DCA structures could be used to enhance loans to the private sector partners engaged in infrastructure development supported by the World Bank such as parking garages and heritage house conversions.

Resources. The Year 1 work plan included five weeks of Level of Effort which has already been expended for the credit access assessment and borrower cohort report preparation as described in Section 2. Considering the number of actions required to launch the awareness campaign and referral system, maintain close ongoing relationships with the lenders, and to continue to progress on laying the groundwork for some of the other options for using DCA to finance larger projects and enterprises, it is critical that SIYAHA have a dedicated team member focus on leading these activities and integrating them into other facets of Component 2 and other project components as appropriate.

For any of the DCA guarantees developed specifically for the tourism industry (as opposed to SMEs more broadly but inclusive of tourism SMEs under AMIR) by SIYAHA, the project will provide support on guarantee design and development, as well as implementation, monitoring and evaluation. The Chemonics Home Office-based DCA Team will continue to support SIYAHA DCA activities as needed.

Monitoring & Evaluation. As described in Section 1.2, for DCA and DCA related activities to support tourism industry financing led by and/or coordinated by SIYAHA, data to monitor and measure the impact of SIYAHA assistance in KRA 2.1 will be collected by the monitoring and evaluation specialist at Siyaha, SIYAHA's Monitoring & Evaluation Specialist on a quarterly basis and reported to USAID/Jordan through the standard quarterly report format. Cumulative figures will also be presented in the project annual report.

As with the project's grant and SAF activities, assessing the environmental impact of DCA loans for tourism businesses and projects is critical. DCA guarantee legal agreements signed between USAID and the lender already include restrictive language as to types of activities DCA covered loans may not be used for, and SIYAHA will ensure that any partner lenders and/or borrowers as appropriate are educated on the application of these criteria.

Annex A

Cultural Heritage, Tourism and Urban Development Project CHTUD I

Public-Private Partnerships Sub-Projects

Project appraisal preparation

Project	Description	Approximate Investment Size JD	Public Sector Contribution	Private Sector Contribution	Potential Investor	Arrangements to be taken, MoTA and Municipality
MADABA						
Cultural Center in the Saraya building	Saraya was built in 1896 and it is currently used as a police station. Its approximate area is 550 sqm and the surrounding space is app. 860 sqm. The Three main project components proposed for the Saraya Cultural Centre are:(1) Cultural legacy, life and traditions: providing a research and archival center for Madaba; cultural facilities including interactive exhibits (photograph and handicrafts, and a collection of exhibits about traditional life for visitors, students & academicians).(2) Tourism: provide a gateway to the understanding of the historical and cultural identity of the city in relation to its surrounding region for tourists and visitors.(3) Architectural heritage conservation: introduce new activities in Madaba historic centre by the adaptation and reuse of an heritage building, and allow for the interpretation of the historical and architectural significance of the formal memory of the institution (Saraya) & site.	400,000	<ul style="list-style-type: none"> Relocation of the police station. Rehabilitation of the building. Landscaping and upgrading of the surrounding public space. 	<ul style="list-style-type: none"> Internal space organization, furnishing and display. Management and Operation. 	Madaba heritage society	<ul style="list-style-type: none"> Arrange for the relocation of police station. Set terms of agreement with the investor(s) and insure their commitment.
Leisure Park	The project comprises the transformation of a vast decayed void, located within the urban fabric of the city core into a leisure park	700,000	Scenario 1 <ul style="list-style-type: none"> Facilitate consolidation of land. 	Scenario 1 <ul style="list-style-type: none"> Public and commercial space 		<ul style="list-style-type: none"> Prepare land and property ownership file.

	supported by a series of existing heritage structures to be rehabilitated and dedicated to the promotion of local handicrafts and to the provision of spaces where the local population can meet and socialise. The project provides an approximate area of 5500 sqm of public space and 850 sqm app. area of rehabilitated buildings as well as new additions for multipurpose commercial functions.		<ul style="list-style-type: none"> • Set architectural image and regulations (give special incentives in terms of building regulations). • Facilitate and coordinate required infrastructure works. <p>Scenario 2, in addition to 1:</p> <ul style="list-style-type: none"> • Construct public space and infrastructure works. 	<p>design and construction.</p> <ul style="list-style-type: none"> • Management, Operation and maintenance of both; public and commercial private spaces <p>Scenario 2, as one but: Exclude public space construction from private sector responsibility.</p>	<ul style="list-style-type: none"> • Arrange for owners consultation and asses willingness to participate. • Identify potential investors and preferences • In case of assured available investor, facilitate preparation of business plans considering alternate scenarios (USAID project) • Set terms of agreement between potential investors, land owners, and the Municipality.
KARAK					
Multi Storey Car Park	Multi storey car parking building to accommodate the parking vehicles within the city core. Two alternatives are proposed for the land available, one is a privately owned land near the bus terminal and the other is owned by the municipality at the center of Karak city. The decision is dependent on the traffic study to be carried-out under the third tourism project.	1.5 millions	<ul style="list-style-type: none"> • Set architectural image and regulations (give special incentives in terms of building regulation) • Facilitate and coordinate required infrastructure works. 	<ul style="list-style-type: none"> • Parking design, construction and furnishing. • Management, Operation and maintenance of Parking and other facilities. 	<ul style="list-style-type: none"> • Define suitable location. • Identify potential investors and preferences • In case of assured available investor, facilitate preparation of business plans considering alternate scenarios

						(USAID project). <ul style="list-style-type: none"> • Set terms of agreement between potential investors and the Municipality.
Hotel	Proposed location is within the rehabilitated bus terminal premises. A 40 double room hotel with a panoramic roof terrace café/restaurant complying with international hotel standards. In addition to some transitional shopping area and offices space within the building.	1.2 million	<ul style="list-style-type: none"> • Facilitate consolidation of land or provide land if owned by the Municipality. • Set architectural image and regulations (give special incentives in terms of building regulations). • Construct surrounding public spaces and links to adjacent promenade • Facilitate and coordinate required infrastructure 	<ul style="list-style-type: none"> • Detailed design of the hotel and commercial facilities. • Construction, furnishing of the Hotel building and commercial space • Management, Operation and maintenance of the hotel and commercial space. 		<ul style="list-style-type: none"> • Identify potential investors and preferences • In case of assured available investor, facilitate preparation of business plans considering alternate scenarios. • Set terms of agreement between investors and the Municipality
SALT						
Historical Houses and Compounds (Sukkar, Khatib, and Sakit)	The project identified three historical complexes at the back of Saha to be rehabilitated and renovated to their unique heritage style. Each identified historical house will be externally rehabilitated to restore its heritage nature to be reused for cultural/heritage related activities.	600,000	<ul style="list-style-type: none"> • Facilitate owners and investors (if different from each other) negotiation to utilize property • Rehabilitation and reinforcing of the structure and facades. • Upgrading and landscaping of the surrounding public 	<ul style="list-style-type: none"> • Internal rehabilitation, space organization and furnishing. • Management and Operation of the investment • Maintenance of the heritage buildings. 		<ul style="list-style-type: none"> • Relocation of complexes current occupants. • Identify owners and discuss potential investments and assess willingness to participate. • Identify potential investors and

			<p>space and adjacent Saha</p> <ul style="list-style-type: none"> • Facilitate and coordinate required infrastructure works • Grant commercial use approval (give regulatory incentives) 			<p>preferences</p> <ul style="list-style-type: none"> • In case of assured available investor, Facilitate preparation of business plans considering alternate scenarios. • Set terms of agreement between owners, investors and the Municipality
Leisure park and commercial space within Salt plaza	Commercial and restaurants facilities are proposed within the premises of the plaza as well as youth indoor activities which shall be chosen and scaled so as not to activate any sort of competition with the already existing traditional activities. The approximate indoor space is 120 sqm.	500,000	<ul style="list-style-type: none"> • Construction of the provision • Construction and management of the surrounding public space • Facilitate and coordinate required infrastructure works 	<ul style="list-style-type: none"> • Management, Operation and maintenance of the commercial space. • Operation of the commercial services within the public Saha, outdoor seating and services. 		<ul style="list-style-type: none"> • Identify potential investors and preferences • In case of identified available investor, facilitate preparation of business plans considering alternate scenarios. • Set terms of agreement between investors and the Municipality
JERASH						
Parking and Commercial Complex	Multi storey car parking building to accommodate the parking vehicles within the city core. In addition to commercial space and	3 million	<ul style="list-style-type: none"> • Provide project land • Set architectural image and regulations (give 	<ul style="list-style-type: none"> • Parking and commercial space design, construction 		<ul style="list-style-type: none"> • Identify potential investors and preferences

	lots within the parking building. The approximate area available for the multiplex building is 3200 sqm.		special incentives in terms of building regulation) <ul style="list-style-type: none"> Facilitate and coordinate required infrastructure works 	and furnishing <ul style="list-style-type: none"> Management, Operation and maintenance of Parking and other commercial facilities 		<ul style="list-style-type: none"> Municipality commitment to contribute land In case of assured available investor, Facilitate preparation of business plans considering alternate scenarios (USAID project) Set terms of agreement between potential investors and the Municipality.
FOUR CITIES (MADABA, KARAK, SALT AND JERASH)						
Street Parking Meters	To better manage and control the parking stalls within the city core parking meters are proposed. Each parking lot shall be controlled by one meter towards a certain fee for each time category. The operator along with the municipality shall enforce and collect the fees.		Scenario 1 <ul style="list-style-type: none"> Construction of the suitable road infrastructure Installation of the parking meters Scenario 2 <ul style="list-style-type: none"> Construction of the suitable road infrastructure Installation of the parking meters 	Scenario 1 <ul style="list-style-type: none"> Management and operation of the system including fee collection and maintenance Scenario 2 <ul style="list-style-type: none"> Installation of the parking meters Management and operation of the system including fee collection 		<ul style="list-style-type: none"> Identify size of investment and potential investors coordinate control responsibilities between investors, municipality and traffic police, set terms of

				and maintenance		<ul style="list-style-type: none"> • agreement • prepare management system
Commercial Investment in Cultural and Historical Building	Each identified historical/heritage house can be rehabilitated to restore its heritage nature to be reused for cultural/heritage related commercial activities, cafés, restaurants...etc.		<ul style="list-style-type: none"> • Facilitate benefiting from the heritage fund, set rules and guidelines. • Provide technical assistance to rehabilitate • Grant licenses and use approvals (give regulatory incentives). • Launch a pilot case and provide good cost share 	<ul style="list-style-type: none"> • Rehabilitate properties. • Management, Operation in case of commercial investment 		<ul style="list-style-type: none"> • Promotion of heritage funds • Identify potential beneficiaries and pilot candidates • In case of assured available beneficiary for the pilot case, launch rehabilitation works. • Set terms of agreement between beneficiary and Municipality
Shops along streets type A	Each shop along street type “A” can benefit from the general design to rehabilitate its façade and sign to improve its appearance to correspond with the total urban rehabilitated image along street type “A”.		<ul style="list-style-type: none"> • Provide technical assistance to improve facades, signage and outdoor usage. • Provide technical assistance in case of use change • Grant licenses and use approvals (give regulatory incentives). • Launch a pilot case and provide good cost share 	<ul style="list-style-type: none"> • Rehabilitate properties. • Operate with higher standards 		<ul style="list-style-type: none"> • Promotion of assistance initiative • Identify potential beneficiaries and pilot candidates • In case of assured available beneficiary for the pilot case, launch rehabilitation works. • Set terms of agreement

						between beneficiary and Municipality
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Notes

1. Some of the preparation of business plans can be through a parallel line by the (SIYAHA , USAID Project) in case of identified investors who are ready to approach the SIYAHA Project for this purpose. There will be a need to discuss to what extent the CHTUD I can contribute in business plans preparations.
2. Aalternate partnership scenario will be identified upon discussions with potential investors