

Annex H

USAID/Jordan

“Increased Economic Opportunities for Jordanians”

**New Economic Growth Strategy
Strategic Objective Presentation**

March 22, 1997

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List of Acronyms

<i>CIDA</i>	<i>Canadian International Development Agency</i>
<i>DEF</i>	<i>Development and Employment Fund</i>
<i>ECIP</i>	<i>European Community Investment Partners Program</i>
<i>ERDL</i>	<i>Economic Reform and Development Loan (World Bank)</i>
<i>GDP</i>	<i>Gross Domestic Product</i>
<i>IPC</i>	<i>Investment Promotion Corporation (Jordan)</i>
<i>JEDCO</i>	<i>Jordan Export Development Corporation</i>
<i>JICA</i>	<i>Japanese International Cooperation Agency</i>
<i>JLGC</i>	<i>Jordan Loan Guarantee Corporation</i>
<i>MOIT</i>	<i>Ministry of Industry and Trade</i>
<i>NHF</i>	<i>Noor Al Hussein Foundation</i>
<i>ODA</i>	<i>Overseas Development Administration (Britain)</i>
<i>QAF</i>	<i>Queen Alia Fund</i>
<i>SAVE</i>	<i>Save the Children</i>
<i>UNCTAD</i>	<i>United Nations Committee for Trade and Development</i>
<i>UNDP</i>	<i>United Nations Development Program</i>
<i>UNIFEM</i>	<i>United Nations Development Fund for Women</i>

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***Summary Analysis of Assistance Environment and Rationale for
Focusing Assistance in Particular Areas***

A. U.S. Foreign Policy

U.S. assistance to Jordan supports a stable and moderate government committed to democratization and peaceful solutions to the region's problems. Strategically positioned both geographically and politically, Jordan has consistently been a positive force in the Middle East peace process -- manifested most recently in 1996 by the King's key interventions in facilitating the Hebron agreement. The October 1994 peace treaty with Israel was a bold and forthright step toward a comprehensive peace in the region. U.S. regional interests dictate supporting the King's difficult decisions on behalf of peace and his Government's efforts to maintain stability and promote Jordan's long-term economic viability. Strategically targeting U.S. assistance to increase economic opportunities for Jordanians -- especially those who have not benefited materially from the peace with Israel nor from Jordan's ongoing economic reform program -- will make an important contribution to both Jordan's longer-term stability and U.S. foreign policy.

B. Overview of the Political Economy

Despite a growth rate of some 5.6 percent in 1996, Jordan's economy is not providing adequate economic opportunities for the majority of its citizens. Per capita incomes have fallen for the last seven years. Despite relatively high GDP growth rates, the economy will probably need to create at least 42,000 new jobs each year to absorb new workers entering the labor market -- and another 8,000 more jobs to begin to reduce the country's unacceptably high unemployment rate, optimistically estimated at 15 percent. The economic benefits which many expected from new-found peace with Israel and from recent economic reform efforts have not been realized by most Jordanians. Indeed, the success of Jordan's transition to a more open, market-oriented economy depends on how equitably the benefits of economic growth are distributed.

The Government of Jordan (GOJ) continues to pursue policies and programs designed to liberalize its economy in order to promote economic growth through increased savings and greater investment. The GOJ hopes that these actions will contribute to a lowered unemployment rate and increased per capita incomes. It has managed to sustain real economic growth of about six percent and contain inflation at three percent over the past four years. However, these achievements are undermined by political uncertainty over the future of the peace process and the lack of economic policy harmonization within the region. Jordan's economic progress is linked to a significant degree to the success of the Middle East peace process. Slow progress towards a political settlement between Israelis and Palestinians constrains Jordan's opportunities for trade with both parties.

Economic restructuring has also entailed certain political costs. For example, the decision to reduce subsidies as part of an effort to lower Jordan's budget deficit resulted in public protests in Kerak and other southern towns in 1996. These demonstrations served to highlight discontent about important aspects of the economic reform process. USAID's new Increased Economic Opportunities Strategic Objective is a direct response to concerns that the benefits of economic restructuring are spread unevenly and fail to benefit

poorer segments of the population. Only by reaching-out to groups that by and large have not yet benefited from the reform process -- for example, micro- and small business people, the poor, women, and residents of more isolated regions of the country -- will Jordan be able to maintain the momentum of its reform efforts. Only then will Jordan's role as a strong partner for peace in the Middle East be assured into the next century.

1. Macroeconomic Performance

The World Bank estimates that in 1995 GNP per capita for Jordan's 4.2 million citizens was \$1,500, placing Jordan in its lower-middle income country group. In terms of size of the economy, its GDP of \$6.9 billion in 1996 is comparable to that of Qatar and Bahrain. Home to one of the fastest growing populations in the world with an average annual rate of 4.3 percent, significant economic growth must occur in Jordan for per capita income to increase, or even to remain steady.

Jordan is poor in natural resources. Only 8 percent of its land is arable, much of it concentrated in the Jordan Valley which cannot hope to provide a basis for broad-based economic growth for the entire country. While phosphate and potash mined from the Dead Sea are important exports earning valuable foreign exchange, they too offer limited growth potential. Given these constraints, economic growth, particularly from exports, must come from a diversification of Jordan's economy and increased utilization of its educated and well trained work force.

To that end, the GOJ initiated a series of IMF and World Bank-supported economic reforms to liberalize trade and investment policies. Jordan has succeeded in reaching targets established under its IMF Economic Adjustment program. The GOJ is now attempting to meet three major macroeconomic targets: 5.6 percent real GDP growth, inflation at less than 5 percent, and a current account deficit of 3.1 percent of GDP. Expectations are that the GOJ will come close to meeting these targets. Nonetheless, external factors have intervened to frustrate some of these efforts. In 1996, international commodity prices reached record levels, forcing the Government to raise the price of bread, wheat and feed grain. The Government also raised the prices of electricity, water and asphalt during 1996.

2. The Political Context

A number of major political events in the 1990s greatly influenced Jordan's domestic economy, not the least of which were the Gulf War and official peace with Israel. The Gulf War caused over 300,000 Jordanians who had been working in the Gulf to return home. While this large influx spurred a housing construction boom in and around Amman, foreign earnings remittances waned precipitously, unemployment rose, and Jordan's social safety net became overburdened. While some Jordanians have recently been returning to the Gulf to work once again, the bulk of the evacuees remain in Jordan, many without jobs or businesses that provide income anywhere near comparable to their income in the Gulf.

The signing of a peace treaty with Israel in 1994 has not yet yielded the economic fruit expected by many Jordanians. For example, Jordan continues to call on Israel to remove obstacles to the anticipated but unfulfilled promise of Jordanian-Palestinian-Israeli trade (recent figures point to trade between Israel and Jordan in 1996 on the order of only \$18 million). These obstacles are believed to exist because of the political and security interests of Israel. On the other hand, some relations with Israel have been proceeding at a steadier pace, resulting in new opportunities in tourism, transport, the water sector, and a very limited number of joint ventures between Jordanian and Israeli manufacturing firms.

In August 1996, the GOJ, under advice from the IMF, announced its decision to raise prices and lower subsidies for bread. The Government replaced the sales price subsidy with a direct cash subsidy of JD 1.280/month/person to Jordanian citizens for the purchase of bread (and slightly higher for those below the poverty line). Following this decision, the average price of bread rose 160 percent. This was done to avoid adding to the federal budget deficit which would have expanded by about \$225 million in the face of higher world wheat prices.

The public demonstrations in southern Jordan that followed the bread price increases underscored the frustration felt by many Jordanians, who perceived that the price of food staples was rising even as incomes were declining. The protests also seemed to demonstrate that their voices were not being taken into account. As suggested in the section on "customers" below, this Strategic Objective is designed to respond to this challenge. In particular, every effort is being made to ensure that these and other voices are incorporated into the design, implementation and monitoring of individual activities.

C. Customers

In formulating the new Increased Economic Opportunities Strategic Objective, several major analyses were completed. For example, the recent Sector Policy Reform assessment included a formal survey of private sector participants based on a detailed questionnaire concerning the impacts of specific trade and investment reform measures. The final sample consisted of 41 firms, allowing for diversity as to size, sector, geographical location and ownership. Most of the firms surveyed were not large public shareholding companies (which regularly publish a large amount of information on their operations) and conceivably at least some of the firms surveyed might have been reluctant to participate. In the end, only two of the 42 firms contacted refused to release information. The assessment provided an excellent opportunity to receive customer feedback from a range of business interests. It also directly influenced the Mission, the GOJ and other partners in formulating an Intermediate Result that seeks more effective implementation of policy reforms.

Another recent study informing the Mission's understanding of Jordanian business was a private sector assessment completed in early 1997. This assessment included numerous interviews with Jordanian businesspeople and addressed a broad range of constraints to the development of Jordanian businesses of every size. The assessment gave particular attention to the views of micro- and small enterprises as well as the non-governmental organizations that support some of their needs.

How customers benefit from the Mission's economic growth portfolio is addressed in a 1995 assessment of problems and opportunities for increasing the people-level impact of Mission economic growth activities. This assessment specifically addressed assistance to poor Jordanians through alternative forms of economic organization such as microenterprises, producer cooperatives, and employment generation by large and medium-scale firms.

The Mission closely collaborates with three key Government of Jordan entities that are the intermediate customers for this Increased Economic Opportunities Strategic Objective: the Ministry of Planning, the Ministry of Trade and Industry, and the Investment Promotion Corporation. The strategic formulation adopted strategies out of a series of discussions with these three key organizations.

Achieving and monitoring the Increased Economic Opportunities Strategic Objective will further reflect this commitment. For example, surveys of business organizations, both large and small, will be conducted to assess the effectiveness of policy implementation under an Intermediate Result (IR). One result that will be measured under this IR is "Greater Public Knowledge of Key Economic Policy Reforms." This indicator will be measured through regular surveys or assessments of a sample group of small and medium enterprises. At present, many policies have been changed, yet the very people who can benefit most are often unaware of the reforms.

Following USAID-supported public awareness activities, the Mission will hear from the beneficiaries themselves whether the campaigns have informed them of key reforms, and where more actions are needed. These surveys/assessments will also be used to address gender issues. To start a dialogue about implementation of the recent social security and labor law reforms and obtain better qualitative data about the very low female participation rate in the workforce, for example, a survey will measure the extent to which there is awareness of how women can contribute to overall business productivity. This information should support the Mission's efforts to increase economic opportunities for Jordanians, including women.

Proposed Strategic Plan for the Economic Growth Strategic Objective

A. Statement of Strategic Objective

The new USAID Strategic Objective for Jordan is designed to "increase economic opportunities for Jordanians." This formulation underscores the fact that individual Jordanians are to be the main beneficiaries, especially those who heretofore have failed to benefit from the economic restructuring process. Mission activities under this Strategic Objective support the Agency goal of encouraging "broad-based economic growth" by expanding access and opportunities through financial services and by encouraging more effective implementation of policy reforms that benefit entrepreneurs, including women. The Strategic Objective also supports the USAID Asia/Near East Bureau priority of strengthening the Middle East peace process. It will provide new opportunities for women and reduce gender disparities. And it will contribute significantly to sustaining Jordan's economic growth while enabling Jordan to remain a strong, stable partner for peace in the Middle East.

A range of constraints to increasing economic opportunities is being addressed by other development partners. The lead partner is the World Bank with its proposed Economic Reform and Development Loan III (ERDL III) and the Social Productivity Program, both of which are discussed in a later section on other donors. This Strategic Objective targets activities which ultimately increase the number of private companies registered, expand the number of micro- and small-entrepreneurs utilizing the commercial banking system, and increase the number of jobs created through the Investment Promotion Corporation (IPC). The Strategic Objective will be achieved by improving access to financial services and by more effective policy reform and implementation, especially in those areas that potentially benefit micro- and small-enterprises.

Increased economic opportunity is absolutely vital for Jordan. Even the current economic growth rate of 6 percent per year does not produce enough jobs to reduce the unacceptably high 15 percent unemployment rate. While USAID cannot address the job creation challenge entirely by itself, it can make a significant contribution in conjunction with other donors. Taken together, these efforts should help improve the lives of the majority of Jordanians, especially men and women with below-median incomes.

This Strategic Objective represents the most ambitious objective that the Mission can attain within the parameters set by anticipated USAID resource allocations. It is more cohesive, better targeted and deals more directly with key economic constraints than the previous Growth Strategic Objective which focused on tourism. It is also based on an extended participatory process, including numerous discussions with the GOJ, business surveys, and a strategic planning workshop involving both USAID and its partners.

In a real sense, formulation of this Strategic Objective represents the culmination of efforts initiated several years ago to further focus Mission activities in the economic growth arena. As part of the process, the Mission critically examined its portfolio and either transferred or will soon complete a number of activities that will no longer directly contribute to the achievement of the new Strategic Objective:

- 1. Cultural and Environmental Resource Management, \$12 million (transferred to the Water Resources Management Strategic Objective);*
- 2. Sector Policy Reform Program and Technical Support, \$29 million (completed);*
- 3. Agricultural Marketing Development, \$8.3 million (completed);*
- 4. Commodity Import Program, \$187.3 million (completed);*
- 5. Private Enterprise and Technical Resources Assistance, \$12 million (completed);*
- 6. Private Services Sector Development, \$10 million (Sept.,1998);*
- 7. Housing Program, \$50,000,000 (mostly completed).*

There are two ongoing activities,however, which naturally fit in with the new Strategic Objective:

1. *Loan Guarantee for Small Enterprise Development, \$10 million (mostly completed);*
2. *Technical Services and Feasibility Studies V, \$21,000,000, (mostly completed).*

The pending completion of these activities helps ensure that new interventions can be specifically designed to promote the new Strategic Objective.

B. Problem Analysis

The key strategic issue for USAID in Jordan is to target U.S. assistance to increase economic opportunities for Jordanians, especially those who have neither materially benefited from peace with Israel nor from Jordan's ongoing economic reform program. Addressing this issue requires a strategy that seeks to increase economic opportunities in such a way that many more Jordanians benefit from continued economic growth during the next five years than has been the case during the recent past.

Annual growth rates of approximately 6 percent in recent years make Jordan one of the better performers in the Near East region. Nonetheless, these growth rates are still not leading to reduced unemployment. Continued six percent growth will produce approximately 42,000 new jobs per year. Yet, with labor force participation rates increasing at approximately five percent annually, the unacceptably high unemployment rate of at least 15 percent will not start to decline unless at least 50,000 new jobs are created each year. Per capita incomes have also been declining for the past seven years, even as unemployment causes growing concern. From a USAID perspective, the critical question through the design process was thus: to what extent can USAID, with its limited funding resources, plan strategically to make the largest possible contribution to stimulating job creation and income generation for Jordanians during the next five years?

The 1997 private sector assessment undertaken by the Mission examined what businesses of various sizes can contribute to the overall challenge of job creation. The assessment also takes into account the Mission's modest budget, the possibility of expanded future funding levels, USAID's relative technical strengths, other donor activities, and those areas in which USAID interventions would have the greatest overall impact on employment.

1. Microenterprise and Small Business Sector

For purposes of this analysis, the microenterprise sector is defined as businesses with fewer than 10 employees. The small business sector includes those firms with between 10 and 50 employees. The key constraint affecting the development of this sector is lack of access to financial services. Other constraints are also present, including deficient entrepreneurial skills, poor market access, lack of production, marketing and administrative skills, an overabundance of regulations and procedures, and poor infrastructure, especially in rural areas. However, these other obstacles appear to pale in comparison with the credit constraint.

a. The Formal Banking Sector

The microenterprise and small business sector have only minimal access to formal banking credit or savings products in any form. Commercial banks refrain from offering credit or savings vehicles for this sector for several reasons:

(1) Perceived Lack of Profit: Commercial banks in Jordan are often unaware that providing financial services to the microenterprise or small business sector can be profitable if activities are appropriately structured and priced;

(2) Gaps in Human Resource Development: Commercial banks currently do not have the appropriately qualified personnel with an understanding of this type of business;

(3) Lack of Appropriate Systems: Commercial banks do not have the appropriate systems, particularly credit Management Information Systems (MIS), to properly manage the credit risk on micro-lending; and

(4) Market Know-How: Commercial banks are unfamiliar with the market for rural microenterprise credit and savings, and lack the exposure to successful microenterprise program methodology, both within Jordan and internationally.

Despite these problems, commercial banks in Jordan represent a significant and efficient distribution opportunity whose inclusion in this sector would complement the efforts of existing microfinance lenders. Significant experience exists in other countries which suggests that commercial banks that develop financial products for this sector can increase both access to and the availability of funds for the small and microenterprise sector and still make a profit.

b. Existing Microcredit Institutions

Microcredit delivery programs now in place in Jordan are for the most part managed by NGOs and PVOs. Organizations involved in such programs include Save the Children (SAVE), Near East Foundation (NEF), Queen Alia Fund (QAF) and Noor Al Hussein Foundation (NHF). Success rates vary. Overall, these lenders have still not achieved a sufficiently broad distribution system that ensures national coverage. Consequently, large segments of the population are still not being served. However, the experience of such organizations can help in identifying and designing potential future models. "Lessons learned" from this experience thus far include:

(1) Interest Rates and Sustainability: There is a general lack of understanding among micro- and small-business lenders of the need to charge sufficiently high interest rates to cover the higher costs of lending to these

businesses while earning a profit. At current interest rates and loan recovery rates, the programs of many of the existing lenders are not sustainable. They are rapidly depleting their "capital," requiring ongoing support from donors or the government.

(2) Management Information Systems (MIS): There is a dearth of effective MIS for tracking microenterprise loan performance, and for rapidly identifying non-performing loans. This has a significant impact on the level of past due loans and loan write-offs. While a variety of donors do promote microenterprise development, use of an effective MIS would provide a far better indication of the extent to which funded activities are sustainable and provide benefits to customers.

(3) Lack of Understanding of Micro- and Small-Business Credit Issues: Micro- and small-business lenders are unfamiliar with successful program methodology as practiced in other countries, which results in unnecessarily small programs, high costs and poor results.

2. Medium and Large Businesses

For purposes of analysis, medium businesses are defined as those with 50 to 200 employees. Large businesses are those with 200 or more employees. Medium and large businesses in Jordan also face numerous constraints to job creation in four major areas, presented in descending order of importance: (a) a deficient policy environment; (b) insufficient skills at most levels; (c) inadequate access to markets and technology; and (d) poor access to credit.

a. The Policy Environment

Several studies by the IMF, World Bank and USAID show that a strong, supportive business policy environment is essential to Jordan's economic growth. A market-oriented business environment necessary to achieve a level of international competitiveness would allow Jordanian businesses to compete more aggressively in the international arena. Over the past three years, there have been significant improvements in the Jordanian policy environment, particularly in those areas affecting expanded trade and investment activities. USAID has played a key role along with the World Bank and other donors in helping the GOJ achieve these improvements through its Sector Policy Reform Program (1993-1996).

Improvements which are widely recognized by the private sector include: an improved temporary admissions and duty drawback system; abolishment of most export and import licenses; the introduction of the harmonized system of tariff nomenclature; improved tax treatment for exporters; reduced paperwork for procedures relating to business registration and licensing; and a new investment law. The creation in 1995 of the Investment Promotion Corporation (IPC), an autonomous agency designed to promote and facilitate new investment in Jordan, has also received significant praise from the private sector.

However, while these gains in the policy environment are impressive, the December 1996 assessment of business impacts from USAID's \$30 million Sector Policy Reform Program and other assessments identified a number of areas where improvements are still

necessary. To an extent, these additional improvements do not require new legislation. Rather, the identified constraints point to difficulties encountered due to ineffective implementation of new legislation and procedures, which can be addressed without further reforms. Specific examples cited by the private sector at virtually all levels include:

(1) Customs: Customs problems typically affect larger businesses, since they are more likely to be involved in foreign trade. The inefficiencies and costs incurred are, however, passed on to all levels of the economy. The types of problems encountered in the customs process include:

(a) Continued difficulties in getting goods cleared rapidly through customs, in part as the result of a system which directly rewards customs officers for finding an "improper" preliminary classification of goods;

(b) Inconsistent application of customs tariffs and fees, accompanied by the lack of clear, written definitions of tariffs, fees and rules for dealing with customs;

(c) High, non-tariff customs costs which amount to additional duties of up to 20 percent or more on goods;

(d) Lack of duty exemption on raw materials imports which makes Jordanian products uncompetitive in export markets; and

(e) In some cases, higher duties on imported components of locally-produced products than on the final imported products themselves, making local production an unattractive business.

(2) Taxation: The change in the Income Tax Law in 1995 significantly reduced the tax rates on corporate and personal earnings, and in this regard most businesses seem satisfied. However, two issues related more to the implementation of the revised tax laws merit close attention:

(a) Vague, poorly-defined tax laws make it difficult to accurately calculate tax liabilities in advance, such as the tax consequences of franchise fees paid abroad. Even major tax and audit firms are unable to reliably predict tax liabilities. This makes it much more difficult to make sound business investment decisions.

(b) While rates have been lowered, it appears that the tax authorities have a great deal of discretion in determining how income is calculated, which in turn can make a significant difference in actual tax liabilities incurred. Again, business tends to shy away from situations (or countries) where uncertainty about such crucial matters is high.

(3) Regulations and Procedures: A large number of businesses cite the excessive time and difficulty in obtaining licenses to establish and/or operate a business. Related to this is the fact that many regulating or licensing agencies do not have clear, written guidelines on how to go about obtaining a permit or license, further slowing down the process.

Even in cases where progress has been made, the business community may remain unaware of changes and potential improvements in the regulatory environment. For example, the background studies for the Mission's (SPRP) indicated that the process of new investment in Jordan had been significantly encumbered by business registration procedures, a condition especially onerous and costly for small and medium enterprises. Applications and registration materials were subject to review and approval by several layers of individuals in several agencies, and "no objections" certificates were required from several line Ministries concerned with various aspects of business registration. The SPRP Grant Agreement specified that the process was to be simplified by, first, delegating authority to register applications to the Controller of Companies rather than the Ministry of Industry and Trade (MOIT) -- in effect removing a layer of bureaucracy from the process -- and, second, by removing the requirement for "no objections" certificates.

Both of these items of conditionality have been met, although certain "no objections" certificates seem to have survived to some extent. The MOIT determined that several such certificates were not required by current law and dropped the requirement for their presentation immediately. Others were to be eliminated by amendments to the Companies Law passed by the Cabinet of Ministers in October 1996. The law and the amendments are expected to be passed during the current session of Parliament. Even after its passage, however, certain "no objections" certificates will be required of new investors, even though they need not be presented to MOIT during the registration process.

As with several elements of Jordan's trade and investment policy reform process, many private investors seem unaware of the business registration reforms. Of those surveyed during the SPRP assessment, 64 percent were unaware of these measures; of those who were aware of them, 75 percent felt that they would improve the registration in their line of business significantly.

(4) Infrastructure: The Free Zone Authority as well as the Industrial Estates Authority came under criticism due to unresponsive management as well as an inability to provide adequate services (e.g. facilitation of licenses and payment of fees, and availability or sufficiency of utility hook-ups) to make the sites attractive.

(5) Intellectual Property Rights: At least one company (Microsoft) moved out of Jordan and relocated to Egypt as a result of insufficient protection of its intellectual property rights. Other software companies in Jordan have expressed similar concerns. There is no way to determine the number of companies which have not even considered Jordan in the first place, due to the lack of such legal protection. In the U.S. and Europe, this issue particularly hurts the pharmaceutical industry, which chooses to license its products elsewhere due to the high rate of piracy in Jordan.

3. Gender Considerations

According to 1995 World Bank and UN WISTAT data, women in Jordan comprise only 11 percent of the total labor force. The female participation rate (i.e., economically active women as a percent of the total female population) is, in turn, only 5 percent. Overall reported unemployment among women in Jordan is high with a 33 percent female unemployment rate versus an 18 percent male unemployment rate in 1995. The percent of women in Jordan's labor force is surprisingly low relative to other lower middle income countries throughout the developing world -- where women make up an average 32 percent of the labor force (World Bank 1995). Women's portion of the labor force in Jordan is also low compared to similar countries in the Middle East region, for example, Morocco, where women reportedly make up 21 percent of the labor force, and Tunisia, where women comprise 25 percent of the labor force (UN WISTAT 1995).

Women's low participation rate in Jordan is not explained by a lack of education. Enrollment rates of males and females on the primary, secondary and tertiary educational levels in Jordan are high and comparable. Systemic discrimination does not appear to occur in the educational system. A 1997 analysis by USAID's Office of Women in Development (G/WID) reports gross female primary school education enrollment in Jordan at 99% and secondary school enrollment for females at 78% (compared to the lower female enrollment in Morocco of 55% primary/30% secondary and 109%³ primary/40% secondary in Tunisia). A recent World Bank study of women in the labor force in Jordan also found that 77% of female participants in Jordan's labor force had at least a secondary school degree while only 37% of men had a secondary degree.

Jordanian women's low participation rates also cannot be explained away by an absence of formal government commitment to improving the economic and employment status of women. Initiatives that give form to the Government of Jordan's official commitment to non-discrimination against, and fuller employment of, women include the 1992 formation of the Jordan National Committee for Women (JNCW); the recent adoption of a national gender strategy, and strong official encouragement and financial support for a large number of government-sponsored organizations and NGOs that focus on the condition of women. In the National Gender Strategy, official support for full participation of women in the economy is articulated in such economic objectives as: a) increasing participation of women in the labor force; (b) non-discrimination against women in all spheres of employment, and (c) the development of support services needed to encourage women's entry into and continued participation in the labor market.

The variables that most likely account for the low participation rate of women in the labor force in Jordan include: (1) Jordan's high fertility rate of 4.6 percent; (2) the structure of Jordan's economy; (3) a residue of women's "protective" laws which tend to make women employees less desirable than their male counterparts - especially to private sector employers (e.g., seven weeks of mandatory, employer-paid maternity leave; early retirement; labor protection in such areas as night work, etc.); (4) women's latent integration into the political process in Jordan (women received the right to vote in Jordan in 1974 versus, for example, 1959 in Tunisia and 1963 in Morocco); (5) religious and cultural values and preferences concerning women's primary roles and multiple

³ Enrollment is expressed as a percentage of the total class age group cohort. The figure cited can exceed 100% because of students of a range of ages in the same class.

obligations within the immediate and extended family, and (6) inaccurate or incomplete data which fails to measure women's actual economic participation in both the formal and informal sectors.

Certain impediments to women's fuller participation in the economy, such as religious or cultural preferences and late integration into the political process will not be addressed directly by USAID. Other constraints, such as those related to the structure of Jordan's economy; Jordan's high fertility rate; "protective" laws or practices which may unintentionally constrain women's employment or their opportunities to start businesses or obtain credit, and inaccurate or incomplete data on gender and the economy, can and will be addressed by USAID under our economic opportunities SO or under our family planning objective.

Very high fertility rates coupled with limited daycare availability for children will continue to inhibit the economic participation of half of Jordan's educated labor pool. USAID, as a lead donor working in the area of family planning in Jordan with the Ministry of Health, is addressing the issue of high fertility rates with considerable success. This work complements the work we intend to do in economic growth. The World Bank, UNICEF and other donors are prepared to work with the GOJ on developing additional day care support.

Regarding structural impediments to women's further participation in the economy of Jordan, these undoubtedly include high and widespread unemployment, conservatively estimated at 20 percent, and limited industrialization. In addition, the agricultural sector, which has traditionally been an important employer of women, does not play an important role in Jordan's economy, contributing only 8 percent to GDP. Further, Jordan's major exporting industries, the parastatal phosphates, potash, and fertilizers companies, are capital intensive with little demand for female labor.

Basically, Jordan's economy has been unable to fully utilize female, or male, workers. For viable long-term economic growth, absorption of labor by the private sector is clearly the best alternative for fuller employment for both men and women.

By promoting policies leading to more rapid, and equitable, economic growth and expansion of the private sector, the GOJ can increase overall participation in the economy. Such an increase will not, however, occur for women automatically with improvements in Jordan's economy. More must be done.

USAID can contribute to supporting the GOJ's economic reforms, and assuring that women participate more fully in the economy, by supporting improved implementation of policy reforms designed to support increased investment in the manufacturing sector. In recent years this sector has tended to generate 50% of jobs for women. In addition, in the policy area, we plan to work with the Investment Promotion Corporation to identify, through selected studies, those economic policies which may be impeding women's economic opportunities in ways not anticipated by policy-makers.

The Mission will also support increased economic opportunities for women by developing initiatives to support improved access by women to financial services, especially in the areas of increased credit for micro- and small-entrepreneurs. With high female literacy

and an overall high educational level for women in Jordan, coupled with very high female unemployment and decreasing per capita incomes, there is clearly a need and opportunity to support women micro-entrepreneurs. Competent, entrepreneurial women do, in fact, exist in all areas of Jordan. A number of NGOs are working with women on micro-enterprise and small business development. These NGOs have identified the large, unmet credit needs of these women.

4. Other Constraints of Lower Priority to USAID

a. Human Resources: Jordanian businesses note an overall weakness in the quantity and quality of trained personnel at many levels. There is also a tendency for owners and entrepreneurs to either not hire or insufficiently pay skilled supervisors and managers. Instead of providing appropriate compensation, many business owners assume a wide range of responsibility directly. While this approach gives them more "control" of the business, it limits the potential for growth. Although training resources do exist, the quality of such resources is inadequate to meet private sector needs.

Given the relatively low levels of permanent benefits which generally can be attributed to formal training programs, combined with the relatively low anticipated level of USAID funding and the high impact likely in the other areas identified, USAID concluded that human resource results are not the best strategic option for the Mission's Economic Growth Strategic Objective.

b. Access to Export Markets and Technology: Many companies cite a lack of market information and marketing skills which would allow them to more readily enter regional and other foreign markets. Specifically, they mention a lack of experience in undertaking successful marketing programs outside of Jordan. Many also indicate an inability to identify and negotiate with foreign buyers for technology and product know-how. The Jordan Export Development Company (JEDCO) is not well-known; even those who are familiar with it do not believe it can provide them with the level and type of assistance they need. In some instances, the export tax imposed on exports to help support JEDCO is seen as a penalty and disincentive to exports.

While market access is sometimes viewed as a constraint, for the most part Jordanian companies are not competitive due to a lack of know-how and experience which allows them to compete internationally. Before smaller and even medium-sized companies can export successfully, they need to address the much more difficult issues of identifying and understanding what potential buyers are interested in purchasing, and what is required in terms of product quality and cost, product quantities, packaging and consistency. Also, successfully addressing these market and production constraints is unlikely to be accomplished through the large training programs or broadly-based technical assistance programs often favored by donors. It generally requires significant levels of costly, one-on-one assistance in order to be effective and sustainable, a factor which is beyond the reach of USAID's more modest Increased Economic Opportunities Strategic Objective for Jordan.

c. Access to Credit for Larger Businesses: While access to financial services is clearly a constraint to micro- and small-enterprises, the "perceived need" among larger businesses for access to credit is due to poor

financial, operational and marketing management on the part of business owners. These issues need to be addressed before any thought is given to additional financing assistance. Without such change, additional or easier access to financing tends to further inhibit business growth and may even condemn the borrower to insufficient returns or loss on their investment.

Many larger businesspeople also note the lack of what they consider to be reasonable business opportunities for which they would require credit. Thus, credit demand is inhibited by the lack of perceived opportunities to make money in Jordan. While it is believed that financial institutions need to be less conservative regarding establishing sufficient collateral requirements and learning to lend against cash flow, the high risk of doing business in this region is a legitimate reason for Jordanian banks to be especially cautious. Since there is some evidence that a few banks are becoming more aggressive, are training loan officers to analyze credit against cash flow, and are slowly expanding their client base, there may be some limited opportunity to be engaged in this area.

Critical Assumptions

This Strategic Objective is predicated on three critical assumptions:

- The Middle East peace process will continue, with Jordan maintaining a central role;*
- The GOJ will maintain its commitment to structural policy reforms; and*
- The GOJ will continue to support equity objectives that balance the needs of the poor with continued fiscal restraint.*

Based on USAID's understanding of the situation as well as ongoing discussions with partners and customers, these assumptions appear reasonable. The Government of Jordan continues to pursue policies and programs to liberalize its economy in order to continue economic growth through greater investment. The vision for continued reform will be addressed in ERDL III. However, given the rapidly evolving Middle East peace process and the relative fragility of Jordan's recent economic and democratic gains, these assumptions will be monitored on a regular basis and revised if necessary.

Commitment and Capacity of Other Development Partners

The Increased Economic Opportunities Strategic Objective not only complements other donor activities in Jordan; it also provides an important "added-value" to a number of ongoing donor activities. For example, the Strategic Objective supports two important and large World Bank efforts, namely the Economic Reform and Development Loan III (ERDL III) with its emphasis on economic policy reforms; and the Social Productivity Program, with its emphasis on economic opportunity and its promotion of microenterprise finance. Similarly, this Strategic Objective contributes a badly-needed "best practice" experience to a number of ongoing

microenterprise activities in Jordan, most of which have not been nearly as successful as world-wide practice suggests should be the case. As indicated below, the Strategic Objective supports other ongoing donor activity in a variety of ways.

1. Increased Access to Financial Services (IR 5.1)

a. World Bank: The World Bank supports various NGOs, including the Housing and Urban Development Corporation and the Development and Employment Fund which in turn wholesales resources to the Queen Alia Fund, Noor Al Hussein Foundation, General Union of Voluntary Societies (an umbrella organization for about 600 community-based NGOs) and the Near East Foundation. These foundations are active in microbusiness development and income-generating programs, some of which are targeted at women's development and include some limited microfinance activity. The Development Enterprise Fund also provides credit directly to individuals involved in small and microbusiness. In addition, the World Bank finances support programs in education, vocational training and human resource development.

Under its proposed Social Productivity Program, the World Bank plans to provide technical assistance to the micro- and small-business sectors, as well as to develop employment opportunities for the unemployed and employed poor. A portion of its resources will go toward a microfinance effort, although the delivery mechanisms have not yet been determined. The program will also help create small public works using short-term contractual labor, which in turn should aid skills development in poor communities.

While the World Bank clearly provides the bulk of resources that support IR 5.1, their programs typically lack the management intensity provided by USAID. Also, the USAID emphasis on "best practices" -- including ensuring that relevant international experience is brought to bear in Jordan -- fills an important niche, as does the provision of technical assistance in an area in which USAID is regarded as a technical leader. Indeed, an important priority of USAID's agenda under IR 5.1 is to find ways to work with the World Bank to share its experience with the broadest possible number of Jordanian institutions active in micro- and small-business development and finance.

b. United Nations: UNDP has helped improve vocational training through the Vocational Training Center in partnership with the International Labor Organization. It also helped develop an assistance program to micro- and small-enterprises aimed at improving their capability in business and financial planning. UNIFEM is providing limited technical assistance to the GOJ related to both gender issues and microenterprise development, especially related to policy concerns. It is also providing technical support focused on developing women's entrepreneurial skills through the Jordan Women's Business Association.

UNDP's emphasis on vocational training complements USAID's IR 5.1. In particular, it provides support in an area which USAID's own limited resources preclude direct involvement. UNIFEM clearly has some experience on gender issues as they relate to policy dialogue, and USAID will consider their experience in developing the gender-specific results for both IR 5.1 and IR 5.2.

c. Japanese International Cooperation Agency (JICA): Is now financing 50 percent of the costs to establish a new vocational training center and supporting it with technical assistance. The training center's focus will be in welding, metal processing, and machine dye production. It is also funding a study to establish ways to stimulate employment in the southern regions of Jordan.

JICA's program complements USAID's in the sense that JICA's efforts are likely to make an important contribution to vocational training, with trainees in turn emerging as potential entrepreneurs and prospective beneficiaries of microenterprise lending programs. Once again, the Japanese will help fill a training gap that USAID is itself unable to address.

d. Canadian International Development Agency (CIDA): CIDA's support is focused on providing revolving loans, business advisory services and technical assistance support to the Queen Alia Fund, with an emphasis on creating employment for women. It also supports vocational training through the National Council for Human Resource Development. Here too, USAID welcomes other donor involvement in vocational training, an area that USAID is itself unlikely to support. At the same time, CIDA's efforts in business services (including credit) will benefit from USAID's best practices experience.

e. Overseas Development Administration (ODA): Britain's ODA provides \$400,000 annually to NGOs supporting income generation and gender-related programs. It also allocated one million Pounds Sterling to the Ministry of Social Development aimed at capacity building and institutional strengthening, and for technical assistance for a "training the trainer" program at the Queen Zein Al Sharaf Center (a part of the Queen Alia Fund) in business, credit and project management, specifically targeting women. The ODA also provides about JD 400,000 to the Corporation for Development (CD), a local NGO for credit and business services to micro- and small-scale entrepreneurs in animal husbandry, horticulture and medical technology services. Loans under the CD program carry an 11 percent interest rate on declining balances, plus management fees. While ODA's resources are modest, their micro-loan work will benefit from USAID's experience, while their training programs will complement USAID's emphasis on financial service access.

f. Other Foreign Donors: Switzerland, Holland, Sweden and Germany provide technical assistance to a number of microenterprise support institutions such as the Development and Employment Fund (DEF), Queen Alia Fund, and the Noor Al Hussein Foundation.

2. More Effective Implementation of Policy Reform (IR 5.2)

a. World Bank and Japan: The World Bank is in the process of developing its Economic Reform and Development Loan III (ERDL III), which will be funded by the Japanese. The program will assist the GOJ by providing technical assistance for removing anti-export biases, supporting privatization, promoting financial sector reform and helping to streamline Jordan's overall regulatory framework. The World Bank is also planning to support GOJ efforts in strategic planning and investment programs in tourism in 1997.

ERDL III is essential to the successful achievement of USAID's Increased Economic Opportunities Strategic Objective in Jordan. The reforms anticipated under ERDL III are the best single indicator of the GOJ's continued commitment to the economic policy reform process (a critical assumption of this Strategic Objective). Reform areas to be pursued under ERDL III include areas of critical importance to achievement of the USAID Strategic Objective, namely financial sector and business regulation. Other ERDL III concerns such as privatization and export reform may be considered under IR 5.2 if the budget for this Strategic Objective is more than the \$5 million now planned under the "core" program. In addition, USAID's program complements ERDL III in that the focus of USAID will be on effective implementation of policy reform measures that have already taken place, even as the World Bank pursues entirely new areas of reform.

b. European Union (EU): The EU has allocated approximately \$8.75 million over the next three years for private sector expansion. Strategies and implementation details are still being developed. USAID will work closely with the EU to see that the EU program complements what USAID is planning under this Strategic Objective.

Under the European Community Investment Partners Program (ECIP), the EU also provides interest-free advances, up to a maximum of \$312,000, to medium and large enterprises for joint venture projects with the EU. These advances are later converted to grants, loans or equity. The Arab Bank is the local implementing institution. USAID does not foresee assistance along the lines of ECIP, given that our own problem analysis suggests that access to credit is not a critical constraint to enterprises of this size in Jordan.

c. United Nations: UNDP was instrumental in establishing the Jordan Export Development Corporation. It also plans to assist the Investment Promotion Corporation under the auspices of UNIDO in developing investment promotion and marketing strategies. In addition, UNDP has initiated various projects concerned with reforming income tax and customs policy and administrative procedures. The UN will assist the GOJ in improving its budget strategy and planning capabilities. It will also broaden Jordan's international competitiveness by helping the GOJ in their negotiations with the EU and WTO. It will focus on supporting local and foreign investment in Jordan at two levels: first, through UNCTAD in helping the GOJ develop policies to improve the investment climate; and, second, to assist directly in the legal reform of selected commercial laws and codes. It also plans to introduce a computerized system aimed at enhancing, monitoring and reconciling the volume of imports and customs revenues.

The UN's work on export reforms, with a focus on international competitiveness, will complement USAID's policy implementation work with its own emphasis on increased investment and a more efficient Customs authority. USAID's role with the Investment Promotion Corporation and in the general area of investment reform will benefit Jordanian entrepreneurs as well as potential American and other investors and trading partners.

d. Overseas Development Agency: ODA has allocated \$9-11 million during 1995-98 to assist the Government of Jordan in privatizing the telecommunications industry, an area where USAID is not planning to be involved.

Illustrative Activities

1. Increased Access to Financial Services (IR 5.1)

a. Sharing Best Practices: There is a wealth of international experience on micro-finance lending that can be effectively applied to the Jordanian situation. These "best practices" should be introduced to a range of organizations currently active in Jordan, and will serve to improve existing techniques as well as to identify potential candidates for more intensive technical assistance in a later phase. These best practices, once adapted widely in Jordan, will significantly increase overall financial service access, thus contributing to increasing economic opportunities.

b. Donor Coordination: A range of NGOs provide microenterprise credit services in Jordan. There is, however, only an informal exchange of experience among the NGOs themselves as well as among foreign and domestic experts. While the World Bank is providing the bulk of the money in this area, USAID is the lead donor in terms of its technical approach, and the donors (including the World Bank) are anticipating that USAID will shoulder responsibility for coordinating at a technical level so that the "best practices" contributed by USAID can be adapted and applied by other donors and implementing organizations. If USAID can make overall microfinance activities in Jordan more effective in terms of outreach and sustainability, access to financial services should also increase. This in turn should expand economic opportunities for Jordanians throughout the country.

c. Information Systems: Most microfinance institutions do not have information systems that can rapidly indicate the status of portfolio performance. Short-term loans with multiple repayments are generally shown to be the most effective for microenterprises. Also, deposit services are needed in order to make deposits easier to transact, thereby making the deposit funds immediately accessible. If the information systems within the organization do not reflect the immediate situation with any given loan, the loan can become problematic for the lender. An intervention designed to help existing organizations understand the value of an adequate information system, and to assist with the system installation, will improve overall management of microfinance service delivery in Jordan. This in turn should significantly increase access to financial services and expand economic opportunities in a variety of sectors.

d. Assistance to Commercial Banks: The most sustainable way to address many constraints in the development of micro- and small business finance is to fully engage formal financial institutions such as commercial banks. While USAID's involvement in this area will depend to an extent on greater resources than the currently anticipated \$5 million "core" program, the core program will seek to increase the number of micro- and small-entrepreneurs utilizing

the commercial banking system. Beyond identifying and placing these "graduate" repeat borrowers from programs such as SAVE, a number of additional activities are currently under discussion. One approach is to engage top local bank management in order to secure a commitment to micro and small-entrepreneurs. A second is to use mechanisms already at the Mission's disposal such as the Jordan Loan Guarantee Corporation to facilitate movement of high performing entrepreneurs into the formal finance sector. A third approach involves assisting banks directly in developing loan packages, credit cards, and savings instruments that make expanded commercial bank outreach to micro- and small entrepreneurs less costly and more profitable.

2. More Effective Implementation of Policy Reforms (IR 5.2)

a. Assistance to the Investment Promotion Corporation (IPC):

Assistance to IPC would support USAID efforts to eliminate bottlenecks that affect investment. The IPC is starting to make significant strides in this area, although additional support is still needed. Working with the IPC offers several advantages to USAID in Jordan: it has proven to be an effective agency in bringing about improvements in the policy environment; it is legally empowered to work towards the streamlining of government procedures that affect investment; it has demonstrated its ability to work with USAID support; its mandate and existing efforts are concentrated in areas which coincide with, and directly support USAID's Economic Growth Strategic Objective; it enjoys broad private and public sector support; and it already has a good track record in promoting and facilitating investment, both domestic and foreign. If additional funding is forthcoming, USAID could also assist IPC in developing an investment promotion campaign aimed at attracting increased foreign investment in Jordan.

b. Technical Assistance: *USAID has a strong track record of providing technical assistance that is highly targeted, timely and specialized. The Mission will make use of short-term technical assistance where it is requested by Jordanian partners and beneficiaries, and where it contributes to achievement of the Strategic Objective. The Mission will rely primarily on Jordanian expertise, and will only call on American expertise when Jordanian expertise is unavailable or American expertise is explicitly requested. At a minimum, technical assistance beyond that associated with the IPC (discussed above) will consist of survey work to show progress towards achievement of IR 5.2. If the budget for this Strategic Objective is more than \$5 million, some technical assistance could be provided aimed at identifying and promoting potential new policy reform areas.*

c. Non-Governmental Organizations (NGOs): *While work with IPC and technical assistance represent USAID's contribution to policy "supply" through the transmission of ideas, policy "demand" will be mobilized by working with a variety of business associations, trade associations, civic groups and other pressure/advocacy groups that have a special interest in achievement of the results in IR 5.2. USAID will help these groups define the audience for a specific policy message, and the appropriate way to engage that audience. The audience may be the Government of Jordan, commercial banks or other private entities. The manner in which the NGOs engage their audience may consist of informal or formal meetings, seminars, pamphlets or radio messages. This approach should allow USAID to help sustain the policy reform process by better mobilizing local demand for dealing with policy concerns.*

How Sustainability Is To Be Achieved

1. Definition

The Mission will address several sustainability concerns in implementing this Increased Economic Opportunities Strategic Objective, ranging from sustainability of the economic reform process to sustainability of USAID-supported micro-finance institutions.

Perhaps the most important definition of sustainability as it pertains to the achievement of this Strategic Objective is the following:

"Sustainability is the ability of the Jordanian Government and private sector to produce an economic policy reform process that is sufficiently valued by the majority of Jordanians (including the poor), such that Jordan continues its commitment to the reform process."

This definition of sustainability underscores the fact that Jordan's economic reform process will continue if -- and only if -- a majority of Jordanians see the benefits of the reforms in their daily lives. For example, can most Jordanians obtain the financial services they need for their business activities on a continuous basis? Have recent policy reforms been implemented in such a way that they are likely to produce broad-based benefits? How can the Government define a sustainable balance between efficiency concerns on the one hand, and equity concerns on the other? Addressing these questions will contribute to the Mission's sustainability approach.

2. Sustainability of Access to Financial Services

Sustainability is also defined in terms of the best practices USAID contributes to the myriad of donor-supported micro-finance activities in Jordan. SAVE's Group Guaranteed Lending and Savings (GGLS) activity has been more successful in cost recovery than other micro-finance activities in Jordan and the organization has clearly defined goals for attaining overall institutional sustainability. These goals are represented as an indicator under IR 5.1.

3. Sustainability of Pricing Policy and Public Expenditures

GGLS is able to plan for long-term institutional sustainability, in part, because it sets sufficiently high interest rates. Their current effective annual interest rate is over 24 percent. This is part of a broader trend in Jordan in which the market is allowed to set prices. For example, prices for wheat, flour and bread are now set according to international market prices. The Government also is designing a plan to remove itself from the importing of basic foodstuffs such as cereals, sugar, milk and frozen meat.

While these measures were taken to avoid severe budget deficit problems and meet IMF targets, they are part of a pattern that enhances opportunities for USAID's own involvement in helping the GOJ achieve fiscal sustainability. For example, in the environmental sector, market pricing for water use is a key element of demand management, involving a sensitive policy dialogue effort that is now moving forward. In the health sector, while still in the initial consultation stage, health service cost recovery can make available more GOJ resources for preventive health and family planning services, thus supporting achievement of the Mission's Health and Family Planning Strategic Objective.

These far-reaching initiatives support conclusions from the World Bank's recent Poverty Assessment of Jordan, which proposed a number of ways to sharpen the focus and improve the management of the social safety net so as to protect the vulnerable poor more efficiently and effectively. Indeed, these initiatives reflect a Government that is committed to sustaining economic growth by balancing efficiency and equity objectives.

Results Framework and Causal Relationships

Increased economic opportunity is the theme around which this Strategic Objective is built. This will be achieved by increasing access to financial services (IR 5.1) and by more effective implementation of policy reforms (IR 5.2). By simultaneously addressing these critical constraints, a significant number of Jordanian firms that are currently unable or unwilling to invest or expand business operations will be able to do so, thus generating expanded economic opportunities for Jordanians.

Achieving increased economic opportunities will require showing significant results in three areas:

- First, the number of new businesses registered for both men and women should be increased. Registered businesses are more likely to create jobs for Jordanians than those businesses that remain relatively more informal.*
- Second, the number of micro and small-entrepreneurs who move from NGO-supplied microcredit services to credit and savings services provided by commercial banks needs to be expanded. Greater involvement of commercial banks is essential, both to ensure sustainability and to provide the kind of investment capital needed to expand businesses and increase employment.*
- Third, the extent to which this Strategic Objective is being achieved will be assessed by measuring the increased number of jobs created through the Investment Promotion Corporation (IPC). While the IPC by itself cannot directly ensure drastic reductions in national unemployment rates, it can make a contribution and will provide a sense for the extent to which policy reforms and improved access to capital are making a difference.*

Taken together, measurement of smaller businesses making use of commercial bank services, registered businesses that are more formal in nature, and creating jobs through the IPC are significant benchmarks that will reflect a broad yet achievable definition of economic opportunity.

The two Intermediate Results will be achieved through a mix of activities carried out by U.S. Private Voluntary Organizations, U.S. contractors, Jordanian Private Voluntary Organizations, Jordanian Contractors, Jordanian commercial banks, and autonomous organizations such as the Investment Promotion Corporation.

1. Increased Access to Financial Services (IR 5.1)

This Intermediate Result includes activities to increase both the sustainability and the outreach of financial service delivery institutions (outreach here includes an expansion in services offered as well as improvements in the depth and quality of the services offered). Particular emphasis will be given to encouraging repeat borrowers, the best of whom will "graduate" from NGO-provided loan programs and move on to rely on commercial banks for future credit and savings services.

Once these entrepreneurs have access to commercial bank services, they will also have access to a broader range of services than credit alone, the most important of which is savings mobilization. Greater female participation will also be promoted, including increasing the number of women obtaining micro- and small-enterprise credit. Financial sustainability of the SAVE microfinance institution will be achieved by the end of this strategy period, assuring a sustainable mechanism for future outreach to repeat borrowers and women. It is anticipated that the SAVE program will reach full financial sustainability in month 29. By the end of the strategy period, the program will have reached 120 percent financial sustainability with a net income approaching \$19,000 per month. To the extent that USAID's best practices for achieving financial sustainability can be adapted to other NGOs working in Jordan, their results will be measured under IR 5.1 as well.

The "core" program under IR 5.1 focuses on strengthening access to microfinancial services. At the same time, activities under this IR will begin to move the focus beyond NGO-type microfinance institutions and towards the commercial banking sector, where the potential capital for small and microbusinesses far exceeds what the NGOs can achieve acting alone. If additional funds become available for achieving IR 5.1, an additional result will focus on taking further steps to move "graduates" of NGO programs into the commercial banking system as well as establishing dialogue with the commercial banks about instruments they may wish to develop to further encourage smaller entrepreneurs (for example, lower deposit requirements for opening savings accounts, among other possibilities). The Mission cannot have a significant impact on this latter result without additional resources beyond the core program funding.

In further support of IR 5.1 "core" program objectives, the Mission will, once additional funds become available, identify opportunities to provide direct equity to selected micro-lending institutions working in areas of Jordan where access to financial services remain a critical problem for potential microentrepreneurs. Mission resources will focus on selected institutions that have adopted microfinance best practices established under the "core" program activities. The Mission cannot have a significant impact on this result without additional resources beyond the core program funding.

The three results under IR 5.1 that comprise the core program should start to show results immediately, given the fact that the base program (including the SAVE microcredit program) is in place and achieving results, while the additional NGOs contributing to the Mission strategy are already operational as well. Assisting other Jordanian and international microcredit NGOs will allow the Mission to improve overall quality of financial service delivery by increasing NGO capacity to better manage information systems, and to make progress towards financial sustainability.

The World Bank's Social Productivity Program will provide more resources to this area than will USAID. At the same time, USAID will serve as a technical leader in accessing financial services based on its best practices experience in Jordan and around the world. While several donors are engaged in microcredit service delivery, USAID/Jordan has an excellent opportunity to leverage its limited resources to improve other donor/NGO microcredit programs by: (1) introducing more effective management information systems; and (2) adapting USAID's strong methodology for achieving institutional sustainability. As discussed earlier, several other donors will complement USAID's efforts with activities related to vocational training, an area in which USAID will not invest its own scarce resources.

As noted, USAID's focused approach to IR 5.1 led to a Mission decision to complete or cancel several activities which do not contribute significantly to IR 5.1 results. The \$12 million Private Enterprise and Technical Resources Assistance project is completed; the \$10 million Private Services Sector Development activity is mostly completed; the \$10 million Loan Guarantee for Small Enterprise Development is mostly completed; and the \$612,000 in TA support for the Housing Program is mostly completed.

2. More Effective Implementation of Policy Reforms (IR 5.2)

This Intermediate Result derives in part from an assessment of the Mission's now-completed \$29 million Sector Policy Reform Program (SPRP). The assessment concluded that despite important reforms and some initial impacts, a number of implementation issues remain that prevent the reforms from benefiting businesses of all sizes. While the World Bank plays a critical role in supporting the Government of Jordan's ongoing commitment to economic policy reform through its Economic Reform and Development Loan III (ERDL III), USAID cannot now contribute in any large-scale way to the World Bank's policy agenda. Yet the Mission's focus on policy implementation issues complements the Bank's role in new reform areas, and additional funding for this Strategic Objective may present opportunities for further collaboration with the World Bank in a range of new policy reform areas.

Results that comprise the core program under IR 5.2 include greater public knowledge of key economic policy reforms, increased number of firms granted investment incentives, and better training for customs officers in order to perform their duties in a more efficient and transparent manner. If additional funds become available for this result, further work will likely deepen the Mission's contribution to investment promotion. New policy reform areas may be explored such as privatization, competitiveness policy, trade policy and select areas of financial sector reform.

The Investment Promotion Corporation (IPC) was created as a result of a USAID financed SPRP conditionality. Established in 1995, the IPC is financially and administratively independent of the Jordanian Government. It is responsible for marketing Jordan internationally, creating links between national and foreign companies through joint ventures, assisting investors in all stages of the investment cycle and acting as a liaison between investors and other bodies whose services they require.

Collaborating with the IPC offers many advantages to USAID in Jordan. For one, IPC is legally empowered to work towards the streamlining of government procedures that affect investment. It enjoys broad private and public sector support, and it already has a

good track record in promoting and facilitating investment. Last but not least, its mandate and existing efforts are concentrated in areas which coincide with, and directly support, this Strategic Objective. In fact, in 1995 IPC completed its own strategic plan, the "main goal" of which is to create 200,000 jobs over a five-year period.

Whether or not IPC comes close to achieving its goal, it will help the Mission increase economic opportunities by contributing significantly to the number of jobs that are necessary to start reducing the unemployment rate in Jordan over the next five years. More immediately, USAID's assistance to strengthen the IPC will allow IPC to increase the level of overall assets generated by investment incentives. This indicator will provide a proxy for both business growth and increased investment. It will also provide a measure of IPC's day-to-day success in helping investors overcome the burdensome procedures that might otherwise cause investors to give-up and go elsewhere with their ideas and money.

Increasing public knowledge of key economic policy reforms stems from the key SPRP Assessment conclusion, namely that the GOJ has made significant reforms, including some in areas which the broader business community is not yet aware. USAID will consider simple survey methodologies for assessing and increasing overall awareness of key reforms so that more Jordanians may benefit from the reforms and increase their own opportunities for economic advancement.

Since the SPRP assessment found that government awareness campaigns have been especially well received in the past, and respondents remarked that they went a long way towards dispelling the image of obstructionist government, the Mission will discuss ideas for increasing knowledge of reforms with the Government of Jordan. Policies to be assessed under this result may include income tax exemption, business registration and licensing reforms.

Another issue that will be assessed under this result is the level of knowledge on how women contribute to business productivity. Recent reforms in the area of social security and labor have benefited women by allowing them to keep social security earnings when they leave a job and by providing maternity leave without pay for up to one year. Policy implementation for women means taking these reforms to the next step and increasing female participation in the labor force. The survey work under this result will help inform Mission understanding about critical constraints and what needs to be done to help overcome them..

Regarding customs, the Minister of Finance recently endorsed a new program for customs reform. The program entails setting up a permanent training center, streamlining and decentralizing all customs procedures, improving computer and networking systems, and upgrading anti-smuggling and laboratory testing systems at the Customs Department.

As discussed earlier, the myriad of problems associated with the Customs Department are far greater than what USAID can address alone. In cooperation with the IPC, the World Bank and UNDP, however, USAID can play an important role focusing on some of the training needs. Seventy-two percent of Customs employees now have only a high-school education or less. While a new Customs Law is in place, it will not be truly operational or become a part of the institutional culture until the lower-levels of the department are adequately trained. More effective implementation will require this training as a first step towards making Customs more

supportive of increased economic opportunities. Achievement of this indicator will be based on reduced time required for key Customs functions as well as improved attitudes towards their customers, with baseline figures being provided by a soon-to-be-completed study by the IPC.

The result associated with USAID's investment in Customs training, more than any other result in the Increased Economic Opportunities Strategic Objective, will require a longer time horizon to achieve. While training activities will be pursued in years one and two, the results of the training will require a third year to begin measuring how it benefits the department's customers. Yet, in order to effectively direct limited USAID resources towards increasing economic opportunities, customs training is essential and will therefore be pursued with full awareness of the time-lag required to demonstrate the impact of that training.

How Achievement of the Strategic Objective Will Be Judged

The Performance Monitoring Plan (Annex I) and Performance Data Tables (Annex II) for the new Increased Economic Opportunities Strategic Objective are included here. These matrices, taken together, serve to highlight the proposed performance indicators, baseline's and targets which convey the anticipated magnitude or significance of the results. These charts not only serve to explain how USAID will assess achievement of the Strategic Objective, but also serve as an important management tool for the Increased Economic Opportunities Strategic Objective Team in Jordan.

Resource Requirements

The Increased Economic Opportunities Strategic Objective will require, at a minimum, one U.S. Direct Hire (USDH), one U.S. Personal Services Contractor (USPSC), two professional level Foreign Service National (FSN), one administrative level FSN and one secretary. The USPSC will be program funded. As previously discussed, this Strategic Objective will replace the previous Strategic Objective in support of tourism. Thus, the overall personnel requirements for the Mission should not increase due to the new Strategic Objective. As the Mission Operating Expense (OE) requirements already includes the OE funded positions, the overall OE requirements are not changed.

The life of Strategic Objective budget is currently planned at \$25 million, all ESF funds: \$5 million in FY 1997; and \$10 million in each of FY 1998 and FY 1999. If funding is not available at the \$5 million level, the Strategic Objective cannot be realistically achieved and the Mission would not proceed with further design or development. The Mission plans on accessing the Global Bureau PRIME Project for a total of \$500,000 in FY 1997. Further access to PRIME will depend on the final development of the Results Packages. Technical support in the form of microenterprise business and financial service expertise will be requested from USAID/Washington as required throughout the life of the Strategic Objective.

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
STRATEGIC OBJECTIVE 5: Increased Economic Opportunities for Jordanians			
Indicator SO5(a): Increased Number of Companies Registered.			
Unit of Measure: Growth rate (%)	Year	Planned	Actual
Source: Central Bank of Jordan Statistical Bulletin	Baseline 1996		0%*
<p>Comments:</p> <p>This indicator measures the growth rate of the number of new business entrants. While not all businesses that register actually start up operations, business registration is a proxy measure for investor optimism. The Mission believes that the baseline year may be uncharacteristically high due to recent policy reforms and has made projections based on more realistic assumptions for growth.</p> <p>Business registration results are to be achieved through improved knowledge of recent business registration reforms and easing registration procedures of investment activities through the Investment Promotion Corporation (IPC).</p> <p>* Baseline growth rate estimated on company registrations through 11/96.</p>	1997	1%	
	1998	1.5%	
	1999	2%	
	2000	2.5%	
	2001	3%	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
STRATEGIC OBJECTIVE 5: Increased Economic Opportunities for Jordanians			
Indicator SO5(b): Increased Number of Micro- and Small-entrepreneurs Utilizing the Commercial Banking System			
Unit of Measure: Number of micro- and small-entrepreneur clients who have obtained at least one loan from a commercial bank and/or have utilized savings services	Year	Planned	Actual
Source: Save the Children (SAVE), Jordan Loan Guarantee Corporation (JLGC), and two microfinance institutions to be identified by the Mission	Baseline 1996		2,908
<p>Comments: SAVE's borrowers are required to save via group savings accounts and most accounts are with the Housing Bank.</p> <p>The two microfinance institutions to be identified by the Mission will receive investment in MIS and targeted technical assistance aimed at instilling microfinance best practices during the first two years of the program. With a grounding in best practices, they will begin to make an impact on this indicator beginning in year three.</p> <p>Actual data for the out years is displayed as followed: Women/Men/Total.</p>	1997	4,560	W/M/T
	1998	6,350	
	1999	7,060	
	2000	8,080	
	2001	8,840	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
STRATEGIC OBJECTIVE 5: Increased Economic Opportunities for Jordanians			
Indicator SO5(c): Increased Number of Jobs Created Through the Investment Promotion Corporation (IPC).			
Unit of Measure: Number of jobs created per year by companies receiving investment incentives	Year	Planned	Actual
Source: Investment Promotion Corporation (IPC)	Baseline 1995		3,482 est.
<p>Comments: Despite GDP growth of 5.6% in 1996, and a labor force participation rate of around 5%, Jordan's economy has not been able to provide adequate economic opportunities for a majority of its citizens. The economy would have to create about 50,000 additional jobs per year rather than the approximately 42,000 jobs per year that are currently being generated in order to reduce Jordan's unacceptably high unemployment rate, presently estimated at an optimistic 20%. While this Strategic Objective will not create the number of jobs that are necessary to drastically reduce the unemployment rate, it is expected that IPC will help increase economic opportunities by contributing significantly to the number of jobs that are necessary to start reducing unemployment on an annual basis. The IPC, however, has stated in its own strategic plan its intention to create 200,000 jobs during the next five year period. Whether or not IPC comes close to achieving this goal, it is expected that IPC will contribute significantly to the additional 8,000 jobs per year required to begin to reduce the unemployment rate.</p> <p>Actual data for the out years is displayed as follows: Women/Men/Total.</p>	1996	3,550	W/M/T
	1997	3,620	
	1998	3,700	
	1999	3,770	
	2000	3,840	
	2001	3,920	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
INTERMEDIATE RESULT 5.1: Increased Access to Financial Services			
Indicator IR 5.1.1: Increased Number of Women Obtaining Micro- and Small-enterprise Credit			
Unit of Measure: Number of micro- and small-enterprise credit clients who are women	Year	Planned	Actual
Source: Save the Children (SAVE), Jordan Loan Guarantee Corporation (JLGC) and two other microfinance institutions to be identified.	Baseline 1996		2,708
Comments: This indicator is intended to convey the "depth" of outreach, in other words, whether credit services are reaching the poor (including women). SAVE lends exclusively to women, however USAID expects that the other microfinance institutions it works with may not necessarily have the same focus towards women. Likewise, JLGC guarantees loans both to men and women.	1997	4,320	
	1998	6,060	
	1999	6,700	
	2000	7,630	
	2001	8,260	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
INTERMEDIATE RESULT 5.1: Increased Access to Financial Services			
Indicator IR 5.1.2: Operational Sustainability of USAID-supported Microfinance Institutions			
Unit of Measure: Percent of operational costs covered.	Year	Planned	Actual
Source: Save the Children (SAVE) for baseline and 1997 / SAVE and other USAID-supported microfinance institutions for out years	Baseline 1996		8%
<p>Comments: Operational sustainability is the microfinance institution's ability to cover non-financial expenses out of program fees and interest. These expenses include salaries, administrative costs, depreciation of fixed assets, and the cost of loan principle lost to default. It is a significant step for microfinance programs and achieving it indicates that operations are generally efficient.</p> <p>Since USAID cannot expect that these other institutions will reach operational sustainability at the same time as SAVE will, projections were made on the basis that SAVE itself only expects to be operationally sustainable (100%) after five years of experience. (SAVE began lending in Jordan using GGLS in 1994 and project operational sustainability in 1999) Therefore, an ultimate goal of 80% operational sustainability after 5 years for all (3) institutions is appropriate given that SAVE will likely be well over 100% and the other two will likely be less than 100% given they will only be beginning to use best practices in 1997 or 1998.</p>	1997	21%	
	1998	40%	
	1999	63%	
	2000	76%	
	2001	80%	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
INTERMEDIATE RESULT 5.1: Increased Access to Financial Services			
Indicator IR 5.1.3: Increased Extent (Scale) of Repeat Borrowers for Micro-Enterprise Finance.			
Unit of Measure: Number of repeat borrowers as a percentage of total cumulative borrowers in USAID-supported micro-enterprise finance institutions	Year	Planned	Actual
Source: Save the Children (SAVE) and two other microfinance institutions to be identified by the Mission.	Baseline 1996		17%
<p>Comments: This indicator conveys outreach, specifically the extent to which repeat borrowers have access to finance. Repeat borrowers are important to track, since the best of them may eventually qualify to receive commercial bank financial services and they contribute to sustainability of the microfinance program.</p> <p>The number of repeat borrowers as a percentage of total cumulative borrowers is expected to grow slowly in the early years due to an influx of first-time borrowers as projected by SAVE's growth and due to the inclusion of the other microfinance institutions whose borrowers will necessarily be first-time.</p> <p>Actual data in the out years is displayed as follows: Repeat women borrowers as a % of total / Repeat men borrowers as a % of total / Repeat borrowers as a % of total borrowers.</p>	1997	19%	%W / %M / %T
	1998	21%	
	1999	26%	
	2000	31%	
	2001	35%	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
INTERMEDIATE RESULT 5.2: More Effective Implementation of Policy Reform			
Indicator IR 5.2.1: Greater Public Knowledge of Key Economic Policy Reforms			
Unit of Measure: Knowledge level of reforms among sampling of small and medium enterprises	Year	Planned	Actual
Source: Annual Survey	Baseline 1996		TBD
<p>Comments: Policies to be assessed for knowledge level include income tax exemption, business registration and licensing and other reforms initiated under the World Bank's ERDL-III program. The recent SPRP assessment found that government awareness campaigns have been especially well received in the past, and respondents remarked that they went a long way towards dispelling the image of obstructionist government.</p> <p>An additional area to be assessed in the survey will be knowledge of how women contribute to business productivity. Recent reforms in the areas of social security and maternity leave, while socially desirable, may negatively impact the way women are viewed by potential employers. The assessment intends to identify the constraints women face in participating in the labor force both in terms of policy and in terms of perception on the part of business owners.</p>	1997	TBD	
	1998	TBD	
	1999	TBD	
	2000	TBD	
	2001	TBD	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
INTERMEDIATE RESULT 5.2: More Effective Implementation of Policy Reform			
Indicator IR 5.2.2: Increased Investments as a Result of Investment Incentives			
Unit of Measure: Increased Investment Expressed in Millions of US Dollars	Year	Planned	Actual
Source: Investment Promotion Corporation (IPC)	Baseline 1996		\$ 492
<p>Comments: Under the law, the IPC is an autonomous agency of the Government which grants incentives to investors, and which is charged with monitoring those companies granted incentives in order to insure compliance.</p> <p>In the Sector Policy Reform Program assessment of Business, 95 percent of the firms rated IPC services as important to business growth in Jordan. This indicator is a measure of both business growth and investment growth. However, this indicator, perhaps more than any other in this strategy, is contingent on the critical assumption that the Middle East Peace Process continues with Jordan playing a critical role.</p> <p>* The exchange rate used for 1996 baseline and projections is US\$/JD = 1.41.</p>	1997	\$ 590	
	1998	\$ 730	
	1999	\$ 940	
	2000	\$ 1,200	
	2001	\$ 1,540	

PERFORMANCE DATA TABLE FOR JORDAN SO5

JORDAN			
INTERMEDIATE RESULT 5.2: More Effective Implementation of Policy Reform			
Indicator IR 5.2.3: Better Trained Customs Officers Perform Duties in More Efficient Manner			
Unit of Measure: Less time associated with the inefficiency of the Customs authority	Year	Planned	Actual
Source: Customs documents (IPC study completed Winter 1997 for baseline information)	Baseline 1996		TBD
<p>Comments: Cumbersome customs procedures continue to undermine Jordan's business and investment climate. Overlapping areas of authority and cumbersome clearance procedures remain in place. Actual commodity appraisal and tariff assessment practices frequently differ from written regulations. Customs officers often make discretionary decisions about tariff and tax applications when regulations and instructions conflict or lack specificity. Delays in clearing customs are routine.</p> <p>The Minister of Finance recently has endorsed a new program for customs reforms. The program entails setting up a permanent training center, streamlining and decentralizing all customs procedures, improving computer and networking systems, and upgrading anti-smuggling and laboratory testing systems at the Customs Department. Since 72% of all customs employees are high-school graduates or less, training will be a critical approach to helping Customs become more efficient and transparent.</p> <p>USAID will provide limited assistance to the training center and will coordinate its assistance with the World Bank, UNDP and other donors.</p>	1997	TBD	
	1998	TBD	
	1999	TBD	
	2000	TBD	
	2001	TBD	

PERFORMANCE MONITORING PLAN FOR JORDAN SO5

Strategic Objective 5: Increased Economic Opportunities for Jordanians

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	DATA SOURCE/ SET DATA QUALITY	EVALUATION METHOD / APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON / OFFICE
1) Increased Number of Companies Registered	Growth rate calculated as the average annual growth rate of the number of companies registered with the GOJ	Central Bank of Jordan Statistical Bulletin / Excellent	Internal database / While not all businesses that register actually start up operations, business registration is a proxy measure of investor optimism	January / Annual	No cost. Public data.	Rula Omeish / Economic Opportunities Office
2) Increased number of micro- and small-entrepreneurs utilizing the commercial banking system	Number of micro- and small-entrepreneur clients who have obtained at least one loan from a commercial bank and/or have utilized savings services	Save the Children, Jordan Loan Guarantee Corporation, and other microfinance institutions to be identified / Excellent	Internal records / Shows how many USAID-supported small and micro-credit clients are utilizing the commercial financial services sector	January / Annual	\$100,000 for MIS investment at other microfinance institutions	PSC, Rula Omeish and Jamal Jabri / Economic Opportunities Office
3.) Increased Number of Jobs Created Through the Investment Promotion Corporation (IPC)	Number of jobs created by businesses whose investment was facilitated by IPC	Investment Promotion Corporation reporting / Excellent	Internal records / Through its follow-up division, IPC will verify the number of jobs created as a result of investment facilitation.	January / Annual		PSC and Rula Omeish / Economic Opportunities Office

PERFORMANCE MONITORING PLAN FOR JORDAN SO5

Strategic Objective 5: Increased Economic Opportunities for Jordanians

Intermediate Result 5.1: Increased Access to Financial Services

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	DATA SOURCE / SET DATA QUALITY	EVALUATION METHOD / APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON / OFFICE
1) Increased Number of Women Obtaining Micro- and Small- enterprise Credit	Number of micro- and small- enterprise credit clients who are women.	Excellent for JLGC and SAVE; other microfinance institutions may not have capacity to track without investment in MIS.	This indicator captures the "depth" of outreach; in other words, whether credit services are reaching the poor (including women).	January / Annual	Will require significant investment in MIS under the EG SO results package. \$250,000	PSC, Rula Omeish and Jamal Jabri / Economic Opportunities Office
2) Operational Sustainability of USAID-supported Microfinance Institutions	Indicator is % of operational costs covered including salaries, administrative costs, depreciation of fixed costs, and the cost of principle lost to default.	Excellent for SAVE; other microfinance institutions will need to incorporate USAID's best practices before they are ready to attempt this result.	Internal database/ Achieving operational sustainability indicates that a microfinance program is generally efficient at lending and collecting funds.	January / Annual	Costs incorporated under IR 5.1.1 above.	PSC, Rula Omeish and Jamal Jabri / Economic Opportunities Office
3) Increased Extent (Scale) of Repeat Borrowers for Micro- enterprise Finance.	Number of repeat borrowers as a percentage of total borrowers in USAID-supported micro-enterprise finance institutions	Excellent for SAVE; other microfinance institutions may not have capacity to track without investment in MIS.	This indicator conveys outreach; the extent to which borrowers have access to finance and may be candidates for graduation to the commercial banking sector.	January / Annual	Costs incorporated under IR 5.1.1 above.	PSC, Rula Omeish and Jamal Jabri / Economic Opportunities Office

PERFORMANCE MONITORING PLAN FOR JORDAN SO5

Strategic Objective 5: Increased Economic Opportunities for Jordanians
Intermediate Result 5.2: More Effective Implementation of Policy Reform

PERFORMANCE INDICATOR	PRECISE DEFINITION OF INDICATOR AND UNIT OF MEASUREMENT	DATA SOURCE/ SET DATA QUALITY	EVALUATION METHOD / APPROACH	TIMING AND FREQUENCY OF DATA COLLECTION	FUTURE COSTS OF COLLECTING INFORMATION AND SOURCE OF FUNDS	RESPONSIBLE PERSON / OFFICE
1) Greater Public Knowledge of Key Economic Policy Reforms	Knowledge level of reforms among a sampling of small and medium enterprises	Annual Survey / Excellent	Policies to be assessed include income tax exemption, business registration and licensing; including policy and other constraints to women's participation in the labor force.	January / Annual	Annual survey Cost: \$100,000 per year	PSC and Jamal Jabri / Economic Opportunities Office
2) Increased Investment as a Result of Investment Incentives	US dollar value of investments in Jordan of firms who were granted investment incentives by the Investment Promotion Corporation	Investment Promotion Corporation (IPC) / Excellent	Indicator will measure the ability of the IPC to facilitate investment incentives to encourage foreign and domestic investment.	January / Annual	No Cost. This indicator is tracked annually by IPC.	Jamal Jabri / Economic Opportunities Office
3) Better Trained Customs Officers Perform Duties in More Efficient Manner	Less time associated with the inefficiency of the Customs authority	Customs reports and Investment Promotion Corporation (IPC) / Excellent	This indicator is aimed specifically at improving the efficiency of the Customs authority to facilitate both exports and imports.	January / Annual	Annual survey by IPC. Funded by EG SO results package.	Alonzo Fulgham, PSC and Jamal Jabri / Economic Opportunities Office