



USAID | **JORDAN**
FROM THE AMERICAN PEOPLE

Jordan Vision 2020 – Phase II

AMIR II Achievement of Market-Friendly Initiatives and Results

March 2006

This document was produced for review by the United States Agency for International Development. It was prepared by Chemonics International Inc.

JORDAN AMIR II

Achievement of Market-Friendly Initiatives and Results

Contract No. 278-C-00-02-00210-00

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Jordan Vision2020

Phase 2

An Initiative of Leading Jordanian Business Associations

ACKNOWLEDGEMENT

JV2020 is a living process uniting the efforts of the private sector to create a common vision for Jordan. There is insufficient space to acknowledge every person and organization who has contributed to the current results. Firstly, members of the JV2020 Coalition, representing their business associations, have selflessly volunteered their experience and wisdom to ably lead the process. Secondly, the following business associations have persevered over the past three years to complete their sector strategies:

Architecture and Engineering Forum (AE Forum)

Fruit and Vegetable Exporters Association (JEPA)

Information Technology Association of Jordan (INT@J)

Jordan Association of Pharmaceutical Manufacturers (JAPM)

Jordan Exporters Association (JEA) representing Processed Food Manufacturing

Jordan Garment And Textile Exporters Association (JGATE)

Jordan Stone and Marble Association (JOSTONE)

Private Hospitals Association representing Medical Services

Tourism Associations

Young Entrepreneur Association (YEA) representing the Higher Educational Services

Thirdly, sincere gratitude is due to members of each sector working group, for their insight, commitment and hard work to prepare the sector strategies:

Apparel and Textiles

Manufacturing

1. Fadel Al-Labadi
2. Sameer Maqdah
3. Nadim Assad
4. Juanset Katchet
5. Rashed Darwazeh
6. Dana Bayyat

Architecture and Engineering Services

1. Maisa Batayneh
2. Bisher Jardaneh
3. Izzeddine Katkhuda
4. Izzat Sajdi
5. Rayeq Kamel
6. Hazem Nimri

Higher Education Services

1. Dr. Tahsin Tarawneh
2. Dr. Omar Al-Otoun
3. Dr. Rami Haddad
4. Dr. Isam Masheh
5. Dr. Mahfouz Joudeh
6. Dr. Isam Abu Saleem

Fruit and Vegetable Manufacturing

1. Maher Dajani
2. Walid Awad
3. Basel Al-Deek
4. Saeed Masri
5. Anwar Haddad

Information and Communication Technology

Int@j current board represented by 11 business people, in addition to board advisor, Mr. Marwan Juma

Medical Services

1. Dr. Fawzi Hammouri
2. Dr. Nael Zidan
3. Dr. Basem Dajani
4. Dr. Zuhair Abu-Faris
5. Dr. Rateb Hinawi
6. Dr. Issam Al-Saket

Pharmaceuticals

1. Dr. Adnan Badwan
2. Mr. Mohamad Ali Shaheen
3. Dr. Mohammad Al-Atrash
4. Dr. Eid Abu-Dalboh
5. Dr. Hanan Sbul

Processed Food Manufacturing

1. Lina Hindaileh
2. Khaldoun Zawaideh
3. Abdallah Srouji
4. Samia Al-Haik
5. Ahmed Khodari

Stone and Marble Mining and Processing

1. Nazal Armouti
2. Sultan Skeikh Yassin
3. Yahya Al-Sayed
4. Othman Bedair
5. Rasmi Hamzeh
6. Christine Roberts

Tourism

1. H. E. Munir Nassar
2. Imad Fakhouri
3. Michael Nazzal
4. Awni Kawar
5. Nadim Muasher
6. Hussein Dabbas
7. Marwan Khouri

The following organizations have also supported the JV2020 process:

1. Ministry of Planning and International Cooperation
2. Ministry of Higher Education and Scientific Research
3. Ministry of Industry and Trade
4. Ministry of Tourism and Antiquities
5. Ministry of Information and Communications and Technology
6. Euro-Jordanian Export Program (EJEP)
7. Fastlink
8. Radio Stations: Play 99.6 and Fann FM, and Ghassan Salti.
9. Tritec AV, Mr. Marwan Abujaber
10. National Agenda Team

Special thanks to USAID for funding and supporting the JV2020 initiative and to the USAID-funded AMIR Program for their technical and managerial support from the very beginning.

Finally and most importantly, the following individuals have dedicated more than could ever be expected:

Aref Al-Farra – JV2020 National Coordinator

Laith Al-Qasem – JV2020 Coalition Leader

Matt McNulty – JV2020 Lead Consultant

Randa Muasher – Manager, USAID-funded AMIR Program

YEA Board and staff for hosting and supporting the NCU.

*Cover Photo: Eyad Rabadi,
a future entrepreneur
in 2020!*

TABLE OF CONTENTS

Abbreviations and Acronyms	5
EXECUTIVE SUMMARY	7
Why develop a national strategy for growth?	7
The Road to 2020	8
Jordan's Past Economic Performance	9
The JV 2020 Process and Shared Concerns	10
Core Strategic Recommendations	11
Guiding Principles	11
Sector Strategy Targets and Recommendations	12
CHAPTER 1: The JV 2020 Process	13
Phase I	13
Phase II	16
CHAPTER 2: Sector Strategy Summaries	18
Apparel and Textiles Manufacturing	18
Architecture and Engineering Services	20
Higher Education Services	22
Fruit and Vegetable Exports	24
Information and Communications Technology	26
Medical Services	28
Pharmaceuticals	30
Processed Food Manufacturing	32
Stone and Marble Mining and Processing	34
Tourism	36
CHAPTER 3: Shared Concerns of JV 2020 Participants	38
Chapter 4: Core Strategy and Guiding Principles	44
Core Strategy	44
Guiding Principles	46
CHAPTER 5: JV 2020 Implementation	50
Annex 1	54
Annex 2	62



Photo by Zaid Masamrat

Appendix I – The Complete JV2020 Sector Strategies

1. *Apparel and Textile Manufacturing*
2. *Architecture and Engineering Services*
3. *Higher Educational Services*
4. *Fruit and Vegetable Exports*
5. *Information and Communication Technology*
6. *Medical Services*
7. *Pharmaceuticals*
8. *Processed Food Manufacturing*
9. *Stone and Marble Mining and Processing*
10. *Tourism*

Appendix II – The Role of Clusters in Economic Development

Note: Outlining the nature and impact of sector clusters on economic development

Appendix III – The Private Sector and Policy Formulation in Jordan

USAID - funded AMIR Program report outlining proposals to strengthen the public-private sector partnership and transfer the JV2020 process to JAED

ABBREVIATIONS AND ACRONYMS

AIEE	Aqaba International Industrial Estate
EMU	Export Marketing Unit
ERPS	Enterprise Registration and Permitting System
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IMF	International Monetary Fund
INT@J	Information Technology Association of Jordan
JAED	Jordan Agency for Enterprise and Investment Development
JCN	Jordan Competitiveness Network
JD	Jordanian Dinars
JIEC	Jordan Industrial Estates Corporation
JTB	Jordan Tourism Board
MENA	Middle East and North Africa
MIT	Ministry of Industry and Trade
MOH	Ministry of Health
MOHE	Ministry of Higher Education and Scientific Research
MOP	Ministry of Planning and International Cooperation
MSME	Micro, Small and Medium Enterprises
USAID	United States Agency for International Development





EXECUTIVE SUMMARY



Why develop a national strategy for growth?

Jordan must forge a path towards higher economic growth to improve the lives of its people. Jordan Vision 2020 (JV 2020) is an initiative led by the nation's private sector to plan, achieve, sustain and monitor this growth.

While Jordan's growth has improved significantly in the past five years, it has averaged only 0.3 percent per person each year since 1980¹. This is not enough to improve the quality of life for the country's rapidly growing population, and falls below the pace required to meet the goal set by King Abdullah II in 2000 to double the country's real income within twenty years.

Since Jordan's private entrepreneurs and business leaders compete in the global marketplace, it is they who are ultimately responsible for achieving the country's economic success. In partnership with government, ten business associations have formed the JV2020 Coalition to advocate for necessary reforms and develop strategies that can enhance Jordan's economic performance over the next 15 years.

This document contains ten sector-specific strategies developed by the leaders of these industries, their analysis of issues that affect all Jordanian companies, and core recommendations for how Jordan can accelerate economic growth. It is the result of an intensive, three-year process of focus-group meetings, surveys, and

¹ Jordan's average annual rate of change of real Gross Domestic Product (GDP) per capita in the 1980s was -0.5 percent; in the 1990s it was 0.2 percent and it was 2.3 percent in the period from 2000 to 2004.



Photo by: Zohrab

research, and represents a snapshot of what Jordan's business community believes must be done at this time, both by government and the private sector, to achieve prosperity in coming years.

This phase of JV 2020 has been coordinated by a unit of the Young Entrepreneurs' Association, in collaboration with the National Competitiveness Team at the Jordanian Ministry of Planning and International Cooperation. Work is carried out by up to six representatives from each of the sectors, organized into working groups under the guidance of the Coalition.

The JV 2020 process complements Jordan's recently launched National Agenda, which includes economic targets to be achieved and initiatives to be implemented by successive governments between 2007 and 2017.

This second phase of JV 2020 establishes a process by which the private sector can map its own strategies for development, based on experience, and identify key reforms that can be implemented by both private and public sectors.

JV 2020 Coalition members work closely with their counterparts in government, and are also members of the National Agenda Steering Committee and Task Forces. Therefore, the JV 2020 sector strategies incorporate the sector-specific initiatives proposed in the National Agenda's Investment Development Theme, by developing them into strategies that each sector can implement at its own initiative, in cooperation with government.

The Road to 2020

The JV 2020 process began in 2000, when the Jordanian private sector launched a bold initiative to double the country's per capita real GDP by the year 2020.

27 business associations, 25 companies, 5 governmental and 4 non-governmental organizations came together to create a shared vision for Jordan's economic future. This initiative combined government efforts to improve the business environment with a broad commitment by the private sector to support the government's goals. This was the first time Jordan's private sector had worked proactively to develop a partnership with government in this way.

The initiative's first phase focused on steps Government could take to improve the business climate, which culminated in the publication of the JV 2020 Phase 1 document in June of 2000.

The government responded to this challenge with a sweeping program of reforms to improve the business environment. Of the 141 first-phase recommendations to create a more competitive working environment, 51 have been achieved so far, almost all implemented by the government.

There were fewer recommendations in this first phase that were relevant solely to the private sector. The private sector, at the time, also had few detailed plans of its own that could be executed by different sectors in tandem with government reforms.

Therefore, it became apparent Jordan's private sector needed a methodology to develop sector strategies that would move the economy to a new level of competitiveness. The private sector also needed to be more fully engaged with government to coordinate the planning and implementation of such strategies.

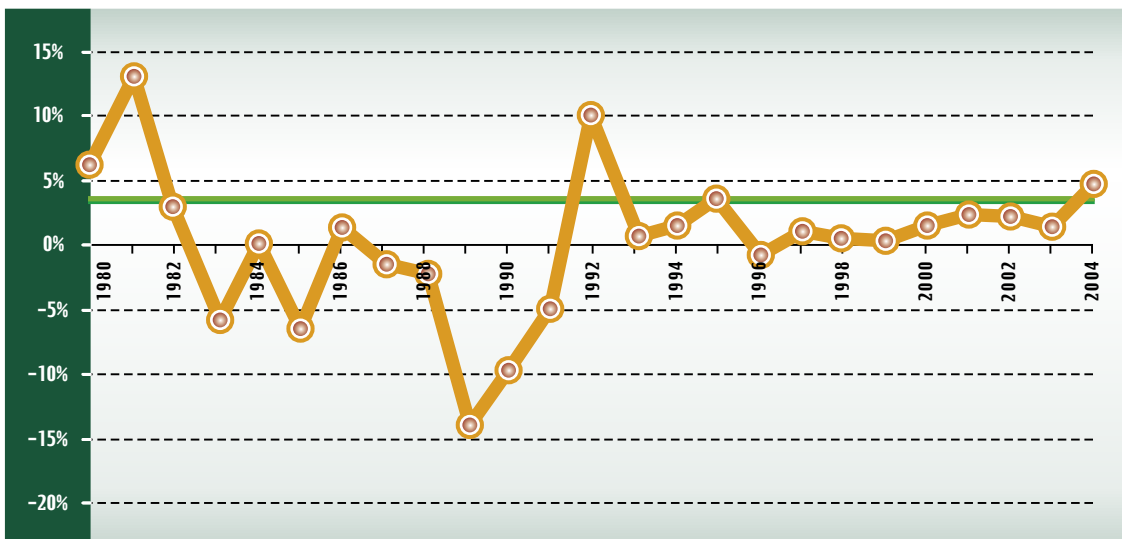
Jordan's Past Economic Performance

To achieve JV 2020's ambitious goal for growth, Jordan needs to maintain average real GDP per capital growth of at least 3.5 percent every year for 20 years.² About 25 countries have sustained this rate of growth over a decade or more since 1980, including both small and large countries. Chile, China, Ireland, Malaysia, Singapore, South Korea, Vietnam have all achieved more than 3.5 percent real per capita GDP growth in the period between 1975 and 2001.

Such growth makes a dramatic difference in the lives of ordinary people, as it increases employment and raises households out of poverty. In Indonesia, for instance, the number of people living in poverty shrank from 60 percent in the early 1970s to 8 percent by the mid-1990s, a period when the country's real GDP per capita grew at over 4 percent per year.

How has Jordan's economy performed over the past 25 years? The Orange line in Figure 1 shows the rate of change in real GDP per capita in the period from 1980 to 2004. The straight line represents the annual growth rate of 3.5 percent that would be required to double the country's real per capita in 20 years.

Figure 1: Jordan's Real GDP per Capita Growth from 1980 to 2004



Source: GDP at constant market prices (1980-2004) from Central Bank of Jordan, Yearly Statistical Series, Table 35, (www.cbj.gov.jo); Population (1980-2004) from Department of Statistics, Statistical Yearbook 2004, Table 2.1

2 GDP growth at an annual, compounding rate of 3.5 percent will double the economy's size in twenty years. With the conservative assumptions of an annual population growth rate of at least 2.5 percent and an annual inflation rate of at least 4 percent over the same period, nominal GDP would have to grow at 10 percent or more each year to double real per capital GDP. (Approximately equal to population growth + inflation + 3.5% a year = 2.5% + 4% + 3.5% > 10%)

During the 1980s, Jordan's economic output declined substantially, while the population continued to grow significantly. Per capita economic growth has only managed a steady growth path since 1999, with real GDP growing at 4.5 percent per capita in 2004 and a similar growth rate forecast for 2005. This is a substantial achievement, given Jordan's historically volatile and low rates of growth.

The JV 2020 Process and Shared Concerns

Built on the successes in the first phase of JV 2020, the initiative's second phase has established a process through which Jordan's private sector can define its aspirations and what it requires from the government, and then link these to its own commitments to meet clearly defined goals and targets for economic performance by each sector.

In this sense, Phase II is essentially a process of self-empowerment through education, in which private sector participants discover the benefits of collective action and learn mechanisms that help them identify opportunities and develop strategies to best take advantage of opportunities as they arise and therefore to compete more successfully, contributing to the growth of Jordan's economy.

The JV 2020 process has confirmed to all participants that competitiveness is indeed the country's principal driver of growth. The process also identified a number of shared concerns that hinder the country's ability to compete and therefore to grow and develop to the best of its ability.

These shared concerns relate to areas under government control, such as legislation and inter-agency coordination, private sector inadequacies, such as the lack of local inputs for production, and ones that affect both public and private sectors, such as transportation and worker training.



Did you know that Amman was the 68th most expensive city in spring 2004 of a total 133 world cities assessed?

Core Strategic Recommendations

Based on the detailed sector study of Jordan's economy that is contained in this document, the participants in Phase II of the JV 2020 initiative have made the following four core recommendations to enhance the country's path towards economic growth and prosperity.

- *A radical effort must be made to transform Jordan's economy to meet its needs, in ways that incremental change and cautious reform cannot*
- *A cluster approach to planning, which examines the relationships and integration of different sectors of the country's economy, is more effective than continuing to address the problems of individual sectors separately*
- *Jordan must attract much more foreign direct investment (FDI) to supplement domestic sources of investment. JV 2020 Phase I estimated that Jordan required an average of JD 2.35 billion in total productive investments every year for 20 years to meet its growth target. Since 2000, total fixed capital investment in Jordan has never exceeded 60 percent of that target*
- *A real partnership between public and private sectors must be maintained in order to plan and implement national strategies to achieve the desired level of economic growth.*



Photo by: Awni Kasht

Guiding Principles

This document also identifies seven guiding principles that are critical for Jordan's success in accelerating economic development. These principles are designed to help define the values that inform and shape economic planning and decision-making within the country. They are not mutually exclusive, but are rather interdependent and mutually supportive.

- *Competitiveness is the key driver of economic growth*
- *Integration of public sector initiatives*
- *Dynamic management of the economy*
- *Benchmark Jordan to similar economies worldwide*
- *Human resource development is Jordan's most enabling factor*
- *Micro, Small and Medium Enterprises (MSME) create great opportunity*
- *Sustainable employment indicates economic stability*

Did you know that Jordan has to create at least 600,000 new jobs over the next ten years to absorb the increasing work force?

Sector Strategy Targets and Recommendations

Representatives of ten economic sectors so far have completed sector strategies under JV 2020, which are summarized in chapter 2 of this document. Key performance targets established in these strategies are laid out in the following table. In addition, the seven principles highlighted above are reflected in a total of 230 recommendations to be implemented by the public and private sectors. (see Chapter 5 and Annex 1 of this document).

Table 1: JV 2020 Sector Strategy Targets (JD million)¹

Sector	Current Status of Exports	Projected exports in 2020 if Strategy succeeds	Current Sector Output	Projected Sector Output by 2020	Current Sector Investments	Estimated Investment Required by 2020 ²
Apparel and Textiles Manufacturing	885	5400	1150	7000	510	1000
Architecture, Engineering Services	14	163	70	310	1	17
Higher Educational Services	180	929	NA	NA	NA	NA
Fruit and Vegetable Exports	178	450	300	950	27	185
ICT	57	212	312	1239	59	212
Medical Services	320	499	600	1000	400	623
Pharmaceuticals	177	2000	220	2350	283	1000
Processed Food Manufacturing	154	317	766	2110	280	300
Stone and Marble Mining and Processing	18	100	32	NA	NA	NA
Tourism ³	943	4400	1700	11500	NA	NA

NA: Not Available 1: 2005 or nearest available year unless otherwise indicated 2: Cumulative Data

3: Based on revised Central Bank of Jordan estimates of tourism receipts and AMIR program tourism economic model projections

It is hoped the JV 2020 process will create a new tradition in Jordan for collective and cooperative economic planning. Implementation of the Phase II strategies needs to be reviewed annually for corrective action, and continually expanded through the inclusion of new economic sectors. A committee of private sector leaders should be formed with government to coordinate this review and expansion process.

The recently established Jordan Agency for Economic Development (JAED), under the Minister of Industry and Trade (MIT) is the appropriate national agency to work with the JV 2020 Coalition to review and monitor the implementation of these sector strategies.

The immediate next step for the JV2020 Coalition to take is to establish a working relationship with JAED so that the actions recommended in this document to be taken by Government can be agreed and acted upon.

Jordan's economy is a unique mosaic of small and scattered clusters. The private-sector participants in the second phase of JV 2020 hope their efforts will complement efforts made by the government to promote growth with its National Agenda by shining a light on the main development challenges faced by the country, and what the private sector believes is the right path to follow.

Chapter1: THE JV 2020 PROCESS



The first phase of the Jordan Vision 2020 initiative marked the start of an unprecedented working partnership between Jordan's public and private sectors, of which this second phase is a natural outgrowth. It has become increasingly apparent over time that Jordan's private sector needs to be fully engaged with Government to successfully plan and implement measures to improve both economic performance and societal development.

Phase I

The first phase of JV 2020 included the following seven strategic goals, each of which was matched with a series of recommendations and key performance indicators or benchmarks of progress towards the country's goals for economic growth.

- *Project a dynamic leadership*
- *Establish an effective public-private partnership*
- *Instill international competitiveness*
- *Ensure access to markets*
- *Modernize the business environment*
- *Develop world-class infrastructure*
- *Develop skilled human resources.*



The fundamental assumption of this first phase of the initiative was that Jordan already had a dynamic and proactive private sector, that needed a modern working environment for it to prosper and economically transform the country.

Government embraced this challenge and announced a sweeping reform process, including an all-inclusive privatization scheme, in an effort to curtail the role of the government to that of the regulator and set the stage for the private sector to lead the development process. A large number of laws were enacted or amended in line with the global trends of openness and integration in order to create an environment that would more conducive for both business growth and investment attraction.

However, a review in January of 2003 of the first phase of JV 2020 revealed that while Government was acting on JV2020 recommendations to improve the business environment, the country's private sector was not responding with similar energy. The private sector had no road map of their own to follow in parallel with government efforts. Few consultative mechanisms existed within the private sector, and with government, for business to develop and implement their own sector-relevant strategies. JV2020 was in danger of becoming just another initiative relying on the government to bring about change.

Table 2 below summarizes the successes achieved in the first phase of the JV 2020 initiative, the majority of which were implemented by the public sector. Annex Two describes the current implementation status of these Phase I benchmark recommendations in more detail.



Photo by: Masood Kamandy, image courtesy of Chemonics International

Table 2: Summary of Completion of JV 2020 Phase I Strategies and Recommendations:

Overall Benchmark Status				
Status	2003 Count	2003 %	2005 Count	2005 %
Achieved	51	36%	67	47%
Never Implemented	70	50%	22	16%
In progress/partially implemented	20	14%	52	37%
Benchmark Totals:	141	100%	141	100%

Status by Strategy				
Strategy I: Project Dynamic Leadership				
Status	2003 Count	2003 %	2005 Count	2005 %
Achieved	5	63%	6	75%
Never Implemented	2	25%	0	-%
In progress/partially implemented	1	13%	2	25%

Strategy II: Establish an Effective Private-Public Partnership				
Status	2003 Count	2003 %	2005 Count	2005 %
Achieved	3	25%	2	16%
Never Implemented	9	75%	3	25%
In progress/partially implemented	0	0%	7	59%

Strategy III: Instill International Competitiveness				
Status	2003 Count	2003 %	2005 Count	2005 %
Achieved	2	22%	2	23%
Never Implemented	6	67%	4	44%
In progress/partially implemented	1	11%	3	33%

Strategy IV: Ensure Access to Markets				
Status	2003 Count	2003 %	2005 Count	2005 %
Achieved	7	70%	9	90%
Never Implemented	3	30%	0	-%
In progress/partially implemented	0	0%	1	10%

Strategy V: Modernize Our Business Environment				
Status	2003 Count ¹	2003 %	2005 Count	2005 %
Achieved	19	38%	27	53%
Never Implemented	26	52%	8	16%
In progress/partially implemented	5	10%	16	31%

Strategy VI: Establish World-Class Infrastructure				
Status	2003 Count	2003 %	2005 Count	2005 %
Achieved	7	27%	11	42%
Never Implemented	17	65%	5	19%
In progress/partially implemented	2	8%	10	39%

Strategy VII: Develop Skilled Human Resources				
Status	2003 Count ²	2003 %	2005 Count	2005 %
Achieved	7	28%	10	40%
Never Implemented	7	28%	2	8%
In progress/partially implemented	11	44%	13	52%

¹ No status was reported for Strategy V, Recommendation 13, Benchmark #1 in 2003 accounting for the difference in total counts for Strategy V.

² Strategy VII 2003 status was revised due to duplication of Benchmark #1, Recommendation #9



Photo by: AvnikKasht

Phase II

The central mission of the second phase of the JV 2020 initiative is to focus the private sectors' efforts to foster economic growth through the creation of a coherent framework for strategic planning. Participating private sectors identify comprehensive actions and tasks to help improve sector performance and contribute to achieving the JV 2020 goal of doubling the nation's per capita GDP in real terms by 2020.

The second-phase process was designed in cooperation with ten responsible and progressive business sectors, with the objective of defining necessary private sector commitments and public sector recommendations that can be enacted concurrently.

The second-phase process was designed in cooperation with ten responsible and progressive business sectors, with the objective of defining necessary private sector commitments and public sector recommendations that can be enacted concurrently.

The key to implementing the recommendations and actions charted by the JV 2020 working groups in this second phase is a process designed to enhance the private sector's capacity in the following ways.

- *Helping it to understand the competitive international business environment and the subsequent challenges and opportunities it faces*
- *Developing and articulating relevant objectives, based on their evaluation of the competitive international business environment and the subsequent challenges and opportunities that exist*
- *Defining the goals and tasks required from both the private and public sector to realize these objectives for the benefit of national economic development.*



Photo by: Masood Kamandi, image courtesy of Chemonics International

The result of this proactive approach is a comprehensive development plan, which is relevant to the private sector because it continuously defines what is required from the government, and dynamically links it to performance commitments by industry on a sector basis.

Current results of the second phase include the ten sector strategies summarized in the following chap-

ter and set out in full in the CD-Rom accompanying this document. These strategies include the sector performance targets, summarized in Table 1. in the Executive Summary, and recommendations for public and private sector action, set out in Annex 1 of this document.

CHAPTER 2 : SECTOR STRATEGY SUMMARIES



Photo by: Awni Kasht

This section contains the main findings of the ten associations that have formulated new strategies after thorough analyses of the inner workings of their industries, as a part of this second phase of the ongoing JV 2020 process. The full text of their studies can be found on the included CD-ROM.³

Jordanians from all areas of the private sector are invited to join these industry leaders and demonstrate their commitment to building a prosperous future for the country.

Apparel and Textiles Manufacturing

Jordan's apparel and textile exports have risen dramatically in recent years, from US\$50 million per year before 1999 to US\$1 billion in 2004, and is projected to have grown to over US\$1,258 billion in 2005.

This exponential rise was largely due to the Qualifying Industrial Zone (QIZ) Agreement, which gave

Jordanian exports quota-free and duty-free access to the U.S. market under advantageous rules of origin. The industry is labor-intensive, does not require heavy investment in assets, and competes on a global basis largely on advantages based on cost and tariff or quota regulations.

Jordan's textile producers, however, are vulnerable to global trends that can undermine their competitive advantages and may even determine the sector's survival. Many countries currently seek to grow their textile industries with enhanced technologies, technical skills and productivity.

The margin of Jordan's preferential access to the US in particular, but also to the EU, is being eroded over time. The US and EU are entering into new preferential market access agreements with competing garment exporters. For example, Egypt has established its own QIZs accessing the US market. Also, import quotas on garments and textile products were elimi-

³ Please note that the sector strategies were separately prepared and completed at different times during the period 2003-2006. Data used was the most recent data available when the strategies were completed.



Photo by: Masood Kamandy, image courtesy of Chemronics International

nated on 1 January 2005 by all WTO member countries – members may still impose temporary safeguard quotas on imports, particularly from China, under certain circumstances. Moreover, the current round of WTO negotiations will likely require countries to reduce their tariffs on garment and textile imports.

Did you know that exports of garments and textiles increased to around USD 1.25 billion in 2005?

Therefore, Jordan's garment sector should upgrade its competitiveness and increase export capacity as quickly as possible. Like other middle-cost producers, Jordan can expand and differentiate its operations by integrating value-added functions, such as design, packaging, and marketing.

In the short term, Jordan should focus on maximizing the benefits of its various agreements, at the same time, Jordan should enhance worker productivity, plant efficiency, and support research, development and investment. In the medium term, Jordan can differentiate its products by moving to the medium and higher ends of the garments sector, with an increased focus on niche production.

Looking ahead, Jordan's textile industry should focus on seven areas of strategic action.

- *Advocacy to minimize regulatory, legal, and trade restraints and promote reforms*
- *Networking to generate leads, enhance domestic cooperation, form global export alliances, and publicize industry news and events*
- *Strategic alliances to improve access to supporting industries by linking manufacturers to best-in-class partners including financial institutions, logistics providers, insurance companies and real estate developers*
- *Export readiness to familiarize manufacturers with export provisions by creating guidelines and training seminars in trade agreement compliance, international quality standards, labor laws, and customs requirements*
- *Human resource development for staff and management*
- *Product and manufacturing development to drive innovation in design and production methods by overseeing research initiatives, showcasing technologies, and establishing cooperative enterprises*
- *Investment to facilitate growth by promoting opportunities for local and international investors.*



Photo by: Randa Muasher

Architecture and Engineering Services

The provision of architecture and engineering services is one of Jordan's most developed service industries. Its greatest significance lies in its links with other sectors, especially construction, which contributed 5 percent to the country's GDP in 2004.

Over the past five years the sector witnessed growth in the following areas:

- *Gross output reached JD 70 million, or 1 percent of Jordan's GDP*
- *Employment was 4.4 percent per annum from 1999 to 2003, and 10.9 percent in 2004*
- *The number of enterprises grew from 965 in 1999, to 1,126 in 2003 (3.7% pa)*
- *Investment grew from 402,000 JD in 1999 to 681,200 JD in 2003 (46.5% pa).*

The sector currently exports its services to over 30 countries. These exports are very knowledge-intensive, and since more than 1 percent of Jordan's population, or over 60,000 people, are registered engineers this sector has the potential to significantly contribute to the country's economic growth going forward.

Still, the sector remains underdeveloped, with a capacity to produce at least twice its current output. Current levels of FDI in the sector are negligible. Barriers to growth include the following:

Inadequate training

Internship programs are inadequate, the private sector is disenfranchised in terms of affecting courses and curricula, and universities do not have adequate mid-career education and training programs.

Poor access to finance

Given that half of the sector's firms are small in size, the stringent collateral requirements often placed by local banks impede growth.

Tax burdens

Current sales tax treatment conflicts with the application of Value Added Taxes as they apply internationally. The turnover tax of up to 2.6 percent, also places an extra burden on firms that may not necessarily be making a profit.

Economies of scale

Small firms hire minimal staff, provide low-quality services and have no budgets for research and development of human resources, and are often out of step with market requirements, such as intellectual property rights, and export legislation.

Recently, however, the larger architecture and engineering firms in Jordan have started to influence the market towards higher-quality services. The result has been the supply of a highly competitive Jordanian product on the international market, both in terms of quality and cost advantage.

Jordan's architecture and engineering services industry is ready for expansion; 66 percent of surveyed firms responded that they can increase services to satisfy greater demand within three months.

Factors favorable to growth include the following:

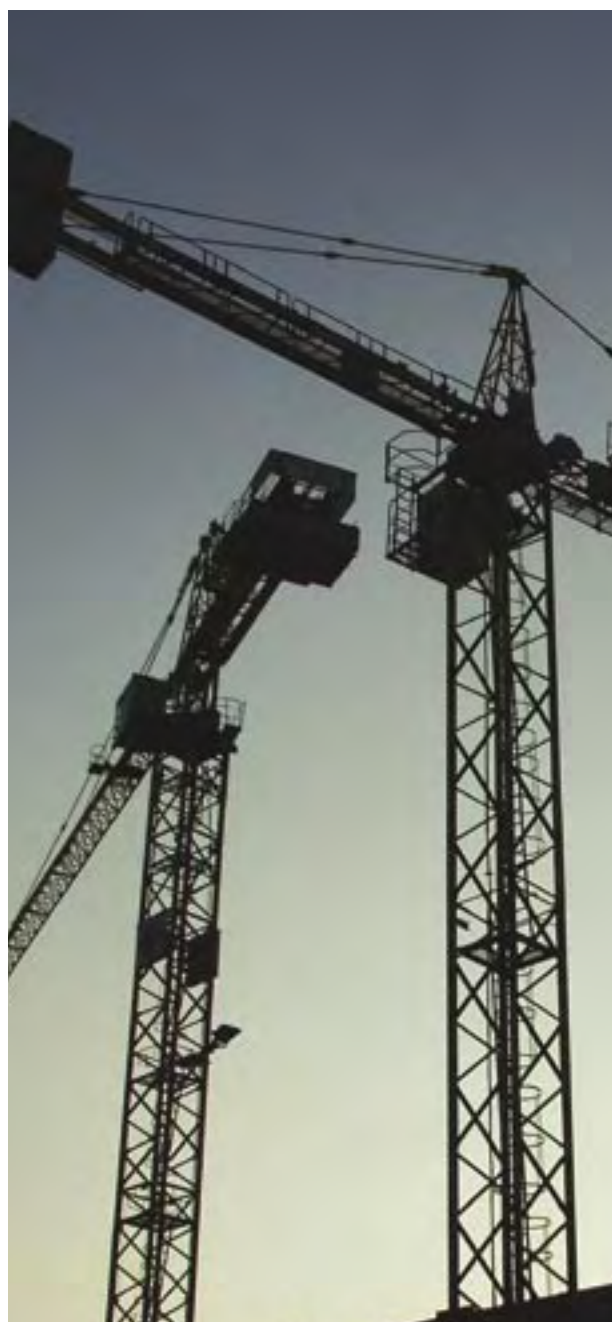
- *Jordan's construction sector grew by 23 percent between 2003 and 2004*
- *The country's tourism revenues are growing at a steady rate of 12 percent per year*
- *Export markets include the Gulf states, Sudan, and Libya, where Jordanian firms have advantages of language, cultural familiarity, and a positive reputation at a time when these countries are also experiencing a construction boom, especially in the Gulf*
- *Jordan can successfully enter the more sizable and sophisticated markets of the U.S. and Europe by identifying local niche competencies*

A strategy to fully develop this sector involves the following actions

- *Have an ever-growing and effective cluster of services*
- *Have a sufficient pool of highly qualified and well-rewarded professionals*
- *Have an increasing number of companies working to international best practices*

- *Become globally competitive and export-driven*
- *Operate under the Cluster Standard of Excellence*
- *Have strong brand equity.*

Jordan's architectural and engineering services sector has great potential to build a name for itself internationally, as well as increasing employment and revenue in Jordan. With support, this sector can achieve its goal of doubling its contribution to the country's GDP by 2010.





Higher Education Services

Quality education is the keystone of Jordan's plan to stake its future on the creation of a modern, knowledge-based economy. With good investment, educational services, fueled primarily by international demand for higher education, can become a strategic sector for the country for the following reasons:

- *It contributes to the balance of payments and the foreign exchange reserves*
- *It decreases the reliance of public universities on government financial support*
- *Foreign students become ambassadors for Jordan after graduation*
- *Jordanian students benefit from networking opportunities with international students.*
- *Foreign students spend an average of \$13,000 per year, including tuition, over their nine month stay in Jordan. Between US\$500 and \$1,100 per month is spent on living expenses*
- *75 percent of Jordan's foreign students are from the Arab World, primarily Palestine, Kuwait, Oman, Syria and Saudi Arabia*
- *51 percent study business just four subjects: administration, computer science and IT, engineering, or law*
- *Jordan's political stability, Islamic culture and the strong reputation of its universities were all important factors in attracting international students*
- *65.7 percent of students surveyed compared universities elsewhere before coming to Jordan, primarily elsewhere in the Arab world and in Europe*
- *14 percent considered distance-learning programs before coming to Jordan, which indicates that there is a market for distance learning*

A survey of international students in Jordan revealed the following facts:

- *The number of international students attending Jordanian universities and colleges has risen by nearly 9 percent each year over the ten years to 2003, reaching a total of 19,669 students in 2004.*

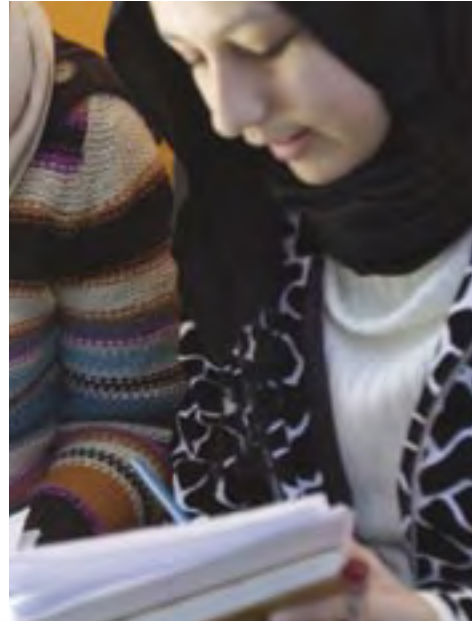


Photo by: Masood Kamandy, image courtesy of Chemonics International

- 78 percent of international students rent a house or apartment while in Jordan, and 47 percent thought finding an apartment in Jordan was difficult
- Other difficulties include government residence requirements, and the embassy's accreditation requirements.

Total student expenditures in Jordan are estimated at JD 183 million per year. If the growth of this sector rises to an average of 10.5 percent, the result will be about 100,000 international students studying in Jordan by the year 2020, contributing around JD 929 million at current prices.

Educational tourism supports traditional tourism. International students studying in Jordan receive on average 2.44 visits per student from family and friends every year, lasting an average of 6.5 days each. This translates into 16 additional days of tourism generated per student, four times the duration of an average visitor. Therefore, this could supplement the efforts of the Jordan Tourism Board and the Jordan Inbound Tour Operators Association to attract more tourists.

If Jordan is to become a regional educational hub, Government agencies and the sector must work together to develop the competitiveness of Jordanian universities, and upgrade the standards of education and support services that Jordan provides.

The detailed action plan included in the sector strategy emphasizes the following areas of initiative, and has identified the steps required to build the skills, knowledge and relationships necessary to expand the export of educational services.

- Institutional and professional development
- Quality monitoring and improvement
- Data and research
- Promoting the Jordanian higher education sector
- Building recognition of Jordan's education and qualifications
- Strategy management and sector liaison.

Did you know that around 20,000 international students attend Jordanian universities spending over JD 180 million yearly?

Some of these recommendations overlap with the Comprehensive Strategy of the Ministry of Higher Education . Both strategies emphasize the introduction of a national quality assurance and accreditation system for educational services, improving the capacity of Jordanian universities to establishing proper distance-learning programs, and support for university scientific research.



Photo by: Awmi Karhit

Fruit and Vegetable Exports

Jordan's agricultural sector is the foundation of integrated rural development. Supporting this sector reduces migration from rural areas by creating employment for rural families and involving women in income-generating activities, will decrease the country agricultural trade deficit by increasing exports, and improve the country's self-reliance in food.

Jordan is self-sufficient in some products, mainly fruits and vegetables. Vegetables represent the bulk of Jordan's fresh agriculture production in volume, but less than half in value. However, Jordan's agriculture sector has declined in many areas as the following figures reveal.

Reasons for the weak performance of Jordan's agriculture include the low educational qualifications of agricultural workers, the lack of training programs in farm management, ineffective agricultural research, technology transfer and agricultural extension. On the administrative side, public and private institutions such as cooperatives and associations have failed to solve farmers' problems, and private sector participation in the planning of agricultural development is limited.

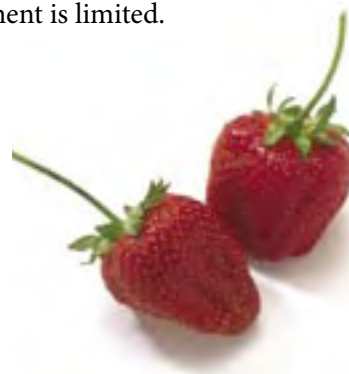


Table 3: Agricultural Contributions to Jordan's Economy from 1960 to the present

Contribution to GDP	1971 14.4%	1975 8.3%	1980 7.1%	1995 6%	2000 3.6%
Employment in total workforce	1960s 33%	1970s 18%	1980s 10%	1990s 6%	-

Outdated laws and regulations also limit growth of the sector. In particular, policies relating to water use lead to inefficient water use and the cultivation of low-value, high-water consumption crops. Other adverse policies relate to the transit of goods, employment of foreign workers, and the effectiveness of wholesale markets. In addition, quality control measures regarding the use of pesticides or their residual impact are almost non-existent. Finally, land fragmentation prevents the benefits of economies of scale.

Commercially, the sector is underfinanced, with agricultural financing limited to the Agricultural Credit Corporation. Marketing infrastructure is very weak

and lacks access to developed markets that require high quality standards and pay higher premiums for quality.

The Greater Arab Free Trade Agreement (FTA), the Euro-Jordan Partnership Agreement, the WTO and the FTA with the U.S. represent opportunities if properly utilized. If not, they present serious competitive threats. So far, Jordan's export strategy has failed to capitalize on its ability to produce off-season fruits and vegetables for the EU winter market and the Gulf summer market. Without an export-oriented strategy and quality control, this opportunity to enter the European market will shrink.



Did you know that our exports in fruits and vegetables reached JD180 Million in 2005?

In order to upgrade Jordan's agricultural sector and increase exports, it should focus on the following actions as part a strategic plan.

- *Training programs to enhance worker efficiency*
- *Raise awareness about linking agricultural production to food processing*
- *Increase the competitiveness of Jordanian products*
- *Provide adequate land and air transportation for agricultural products to Europe*
- *Participate in important agricultural international exhibitions*
- *Build a database on Jordanian exports to Europe on the JEPA and MOA websites*
- *Institutionalize the public-private sector partnership in agriculture*
- *Distribute water fairly and select crops based on returns on a cubic meter of water*
- *Create data on deep water reserves and the possibility of its use as potable water, and reciprocity agreements with neighbouring countries to exploit cross-border aquifers*
- *Establish a reusable plastic container plant and bank and allow their rent and use on the fields and in markets.*

Ensure transparency at central wholesale markets for fruits and vegetables

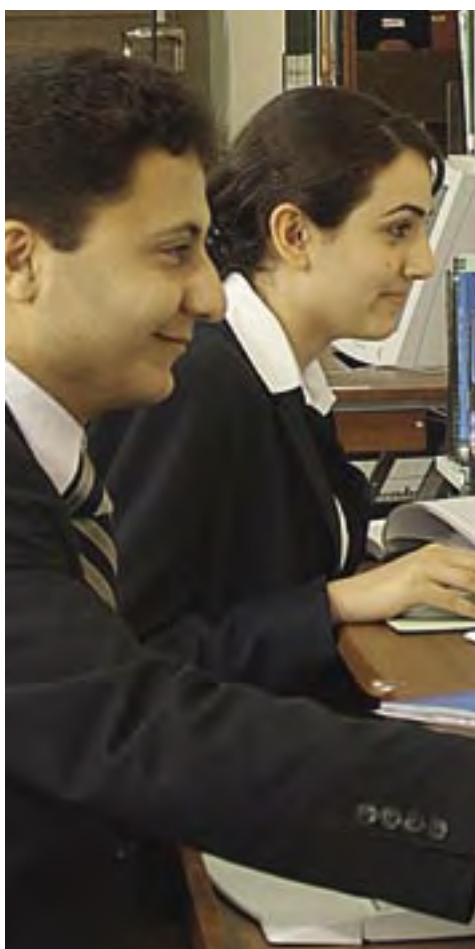


Photo by: Osman Aluz, image courtesy of Jordan Applied University (JAU).

Information and Communications Technology

Information and Communications Technology (ICT) is unique in its role at the heart of developing a modern, knowledge-based economy. It is one of the main forces transforming the world economic environment. Its impact on economic development is a determining factor in driving productivity, competitiveness and market connectivity in the context of ever-increasing globalization.

An effective National ICT Strategy in Jordan must integrate and link the following three separate but closely coupled priorities. Jordan must eventually involve these three components within an overall National Strategy for ICT.

1. ICT Sector Strategy

ICT is itself a vital sector of a productive economy, which produces an array of products and services.

2. Government Strategy

This is the main determinant of the pace and effectiveness of development of the ICT sector. Government has multiple roles that are necessary to empower and support ICT development as well as its own capabilities in implementing e-government. The planning and implementation of proper infrastructures, hard and soft, by the Jordanian government will be critical to empowering a new generation of knowledge workers to take advantage of global opportunities while living in Jordan and contributing to its development.

3. ICT Deployment Strategy

ICT is an enabler of virtually every other sector of the economy. Its deployment in the industrial, manufacturing and service sectors is now a major determinant of their productivity and competitiveness as well as access and connectivity to global markets. In addition ICT is the most significant new driver of social change and social development.

Given this importance and complexity it is easy to comprehend why strategic integration is so necessary as ICT occupies such a special place in modern economic development and particularly in relation to the following.

- The growth of the knowledge economy
- The connectivity of suppliers of goods and services with the global economy
- The development of location independent services in Jordan
- The development of the “information society”
- The development of e-government
- The creation of digital capability and competitive advantage
- Communication capabilities at all levels.

Four primary elements impact all aspects of ICT in Jordan, and addressing these will act as a catalyst to releasing the potential of the private sector for more rapid growth and contributing to the growth of all linked sectors

1. Education

This is primarily a qualitative issue, to create the capacity needed by the sector for growth

2. Investment in infrastructures

Internet penetration is a cornerstone of economic expansion and growth of the sector

3. Regulation

A strong independent regulator who aggressively strives to eliminate monopolistic barriers to expansion is required to create a favorable environment for investment, enterprise and growth

Did you know that since Jordan started promoting its IT sector in 2000, within four years more than 8,000 jobs were created for Jordanians?

4. Communications

Int@j and other groups can aggressively drive value creation and efficiency in member companies by facilitating best practice deployment, and thereby enable business in Jordan to engage with global markets government to modernize through the deployment of e-government.

Any plans, which do not first address these issues, have a high potential of failing to realize the proper return on the investment objectives of both government and the private sector.

The ICT sector’s potential for growth to the year 2020 is projected in the following fashion.

Table 4: Performance and Potential for Growth of Jordan’s ICT Sector

ICT Sector	End 2004	2010	2015	2020
Gross output ³	440	900	1300	1750
Employment	8523	16000	20000	25000
Investment (FDI) ³	83	140	200	300
Exports ³	80	140	200	300

³: million US Dollars



Medical Services

Medical services are a significant source of foreign exchange income for Jordan, as foreign visitors to Jordan for medical treatment spend an average of US\$5,500 per stay, compared to the average US \$518 spent by a conventional tourist.

Patients are usually accompanied by up to 5 family members, and they often combine their stay with sightseeing and leisure activities. Most foreign patients come from neighboring countries such as Yemen and Libya to seek medical treatment in Jordan. The reasons for this include the following.

- *Jordan's medical services are among the most advanced in the region, particularly compared to the countries from which most of these patients come*
- *Medical facilities in Jordan have highly qualified medical staff*
- *Medical services are cheaper in Jordan relative to many countries in the region*
- *Jordan has medical cooperation protocols with a number of countries in the region*
- *Jordanian hospitals promote their medical services through marketing efforts in the region, which include contracts with companies in neighboring Arab countries.*
- *Regional competitors of Jordanian private hospitals do not target the same Arab markets.*

The number of Arab patients who sought treatment in Jordanian hospitals increased from 21,000 in 1998 to slightly over 29,000 in 2002, a rise of more than a third over five-years. This coincided with an 11.5 percent increase in the number of available beds, and a drop in occupancy rates at private hospitals from 45 percent in 1998 to 43.5 percent in 2002.

These figures indicate a clear lack of strategy to accommodate the growing influx of Arabs seeking



Did you know that Jordan receives more than 100,000 foreign patients a year, spending over 500 million dollars in treatment and living expenses in Jordan?

treatment in Jordan, and ultimately a mismatch between supply and demand.

The sector is not performing at its full potential, because of weak coordination between the public and private sectors in attracting foreign patients, and the lack of a strategy to promote Jordan as a premier medical center. Promotional activities are fragmented because there is no body to represent the sector and develop a healthcare promotion strategy to attract patients from traditional markets and new ones.

There is also a dire need to upgrade supporting institutions such as the Association of Private Hospitals, tour agents, and the Office of Arab Patients at Queen Alia International Airport, which was established to facilitate the entry and stay of Arab patients.

Many other countries in the region are currently working to enhance their medical services, and Jor-

dan needs to develop a strategy to cope with this rising competition. Jordan also needs a strategy to retain its human capital and patients from competition from the Dubai Healthcare City, due to be completed by 2010, which is expected to become a globally acclaimed center of excellence for specialized medical services.

Jordan's medical services strategy should also aim to raise the revenues generated from the sector to US\$1 billion by 2010; or to attain 8 percent annual growth, whichever is greater.

The first part of the two-track strategy developed for this sector as a part of the second phase of the JV 2020 initiative aims to enhance the overall medical climate by upgrading laws and regulations to improve the framework that governs the medical sector and activities that support it, to bring them up to the highest global standards. The second track focuses on boosting marketing efforts, which are currently weak and fragmented.



Photo by: Masood Kamandy, image courtesy of Chemonics International

Pharmaceuticals

Jordan's pharmaceuticals industry has developed a regional reputation as a pioneer in the production of high quality pharmaceuticals over the past four decades. Jordanian companies export to more than 60 markets worldwide, which attests to their competitiveness, particularly with regard to brand generic drugs.

In spite of a variety of obstacles, Jordanian pharmaceutical exports have more than quadrupled since 1991, reaching USD 225 million in 2004. This export growth continued after Jordan signed the WTO accession agreement in 2000. Sector growth was fuelled by specific strategies implemented by individual companies, which include the following.

- *Increasing and diversifying the markets to which they export*
- *Obtaining international certifications such as the FDA to indicate product quality*

Today, Jordanian pharmaceutical companies face increasingly severe competition for the following reasons

- *Chinese and Indian companies have entered the international generic drugs market. Their larger economies of scale will enable them to undercut Jordanian products*
- *The traditional regional markets of Jordanian pharmaceutical companies have established their own pharmaceutical industries, which will increase competition in regional and local markets*
- *European pharmaceutical companies have moved to block the legal loopholes which enabled Jordanian companies to enter their markets, by preventing these companies from exploiting first-mover advantage for drugs whose patents have just expired.*



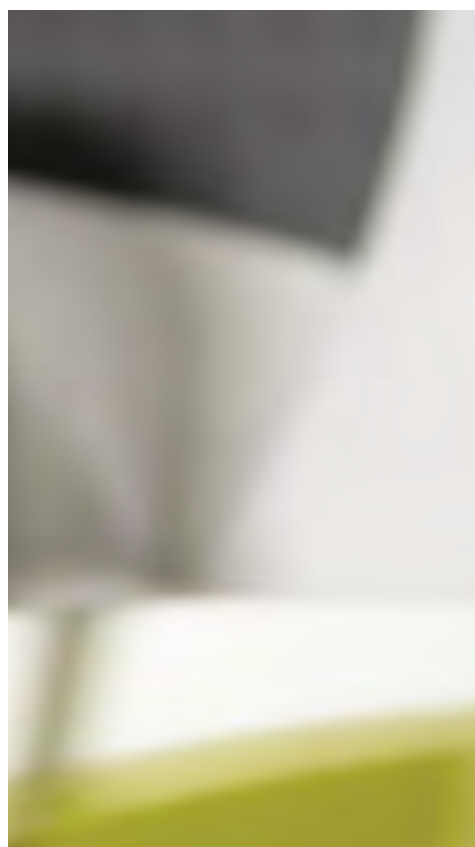
Did you know that more than 8,000 Jordanian families depend on the Jordanian pharmaceutical industry to make their living?

As such, the Jordanian pharmaceutical sector needs to develop new operational and investment strategies that build on the sector's current reputation and capabilities and help create and sustain new competitive advantages. The sector needs to be increasingly proactive and cooperative with the public sector to develop and sustain these advantages.

The following points highlight key actions this sector can take to enhance its competitiveness.

- *Invest in research and development to develop innovations that can be protected through intellectual property rights. This also calls on the sector to cooperate with universities and the Ministry of Higher Education (MoHE) to ensure that required skill sets are made available by the educational system*
- *Invest in production facilities within the sector's traditional markets through joint ventures or independent investments, so they may continue to serve these markets as well as exploit established manufacturing and marketing capabilities*
- *Develop market presence by establishing joint ventures and distribution channels in new markets such as Eastern and Central Europe. Through such activities Jordanian companies would get access to neighboring Eastern European and Central European countries, as well as the potential for preferential access to the EU through these nations' applications for membership. Finally, such investments would create access to valuable research and development undertaken in these countries, which can potentially increase the competitiveness of the venture*
- *Migrate the capabilities of the sector to encompass new growth areas such as biotechnology, clinical testing and links between pharmaceuticals and the technologies from which collaboration new products and services are emerging.*

Only through such aggressive strategies can Jordanian pharmaceutical companies build opportunity and advantage to sustain themselves in an increasingly competitive global environment.



Processed Food Manufacturing

The manufacture of food products and beverages is one of Jordan's largest and an important creator of new jobs. Total output in the sector grew from JD 545 million in 2000 to JD 820 million in 2004 representing 3.4% of GDP in 2004. The sector's contribution to GDP grew 60% faster than total GDP growth over this period. Employment grew over the same period from 24,119 to 28,648 or 21% of total manufacturing employment in 2004. This employment is distributed over an estimated 3,500 firms..

Individual sub-sectors, such as dairy products, confectionary, juices, olive oil, vegetable oil and canned goods enjoyed high levels of export growth in terms of value in 2000 and 2003, but the sector has low levels of local value-added input, which indicates high dependence on imported inputs and limited ability to add real value to the products.

Most of Jordan's food processing firms are owned by the private sector. Despite an encouraging start, there is limited Arab and international investment.

Most of the industries are small, whether in terms of invested capital, number of workers or production capacity, and have few competitive indigenous sources of raw material. Furthermore, competition from imported food and beverage products has been increasing as Jordanian import duties decline.

All food producers are committed to Jordan's standards for food production. Nevertheless, several products manufactured in small and rural locations do not meet standards for packing and packaging, but there is demand for them by low income groups due to their low price.

Jordan does not have a reference center for scientific research and technical development for food industries. With encouragement from the state, some universities conduct research, mostly of a purely scientific nature or for technologies that require feasibility studies to determine the possibility of benefiting from them.

Recommended actions for the sector to take include the following:

- *Define storage, packaging and filling requirements and enhance investment opportunities in and beyond the sector*
- *Build capacity for associations that represent the industry, develop a national export strategy, and consolidate small producers through mergers or cooperatives*
- *Improve equipment performance and reduce production costs, including water use, electricity and harvesting costs*
- *Improve research relations with universities and improve the quality of Jordanian university graduates*
- *Improve quality control and testing procedures, increase the number of testing laboratories, and reduce testing time in local labs one day*
- *Increase government support for exporters, improve export procedures at Aqaba, reduce bureaucracy related to exportation, and eliminate transit problems for Jordanian goods*
- *Define clear, unambiguous and transparent government policies and procedures*
- *Reduce the cost of financing*
- *Understand European tastes and modify Jordanian olive oil through appropriate mixing*
- *Organize training for producers in marketing methods and supply goods in package sizes required in target markets*
- *Develop an export quota and duty-free access to the EU as part of the Jordan-EU Partnership Agreement*
- *Cooperate with other subsectors to develop refrigerated transport capability.*



Did you know that 26,000 employees work in the processed food sector in Jordan, with processed food exports reaching around 150 million JD?

Photo by: Bill Lyons



Source: JOSTONE

Stone and Marble Mining and Processing

Jordan's stone and masonry sector has a number of technically advanced and well-managed companies that encourage the sector to develop its export capacity. Several companies already export to markets in the Arab Gulf, Europe and elsewhere.

Donor funded business development programs have supported a variety of activities, including technical development, foreign market assessments, financial support for overseas missions and fairs, and training services. The companies at the top of the sector have benefited most from these services, and consequently lead the industry in presenting Jordanian stone products on the international market.

Jordan also has a strong supply of raw materials. The country's natural stone resources cover a range of stone types used in construction. Of particular note

is the stone from Ajloun, which is the most competitive of all Jordanian stones, being both aesthetically desirable and mechanically strong. The stone is available in sufficient quantity to give it good potential for export.

Problems in Ajloun district, however, reveal one of the sector's key weaknesses Jordanian mining law in general is outdated and in need of revision. This is a major problem confronting domestic producers wishing to open quarry operations, and contributes to the historically low level of capital investment in quarry activities in Jordan.

Another area of weakness that needs immediate attention is human resources. The stone industry desperately needs training in international marketing, business and quarry management, and mechanical

operations. This lack has been identified in more than one assessment of the Jordanian stone industry and still needs to be addressed.

Externally, the Jordanian stone sector is facing serious competitive threats from several markets, including India, China, Palestine and more established competitors such as Italy, France, and Spain.

One major action Jordan can take to expand its stone sector is to establish an export-marketing unit (EMU), dedicated to promoting these products. An EMU would identify new target markets, undertake complete assessments of those markets, develop a comprehensive marketing strategy to introduce Jordanian products into foreign markets, build a network of contacts in target markets, and help introduce Jordanian producers into overseas markets.

Jordan has significant opportunities available in twelve national markets: Saudi Arabia, Qatar, Oman, UK, Germany, France, Hungary, Czech Republic, Poland, US, Canada, and UAE. Several of these markets have already been the focus of international marketing efforts. Delegations have been sent to Qatar, UK, Poland and UAE within the past year. For 2006, participation from the stone sector in missions to North America, Saudi Arabia and the Arab Gulf are planned.

Despite the obstacles confronting the industry, the Jordanian stone sector has a very positive outlook for future development. There are significant markets around the world for Jordanian stone products. Just as important, Jordanian stone producers are making significant effort to increase their capacity and exports. Better coordination of these efforts to address gaps will be a key to strengthening the sector and its presence in the global marketplace.



Did you know that the Stone and Marble sector provides 15,000 jobs and its exports approach JD18 Million?



Photo by: Zaid Masamrat

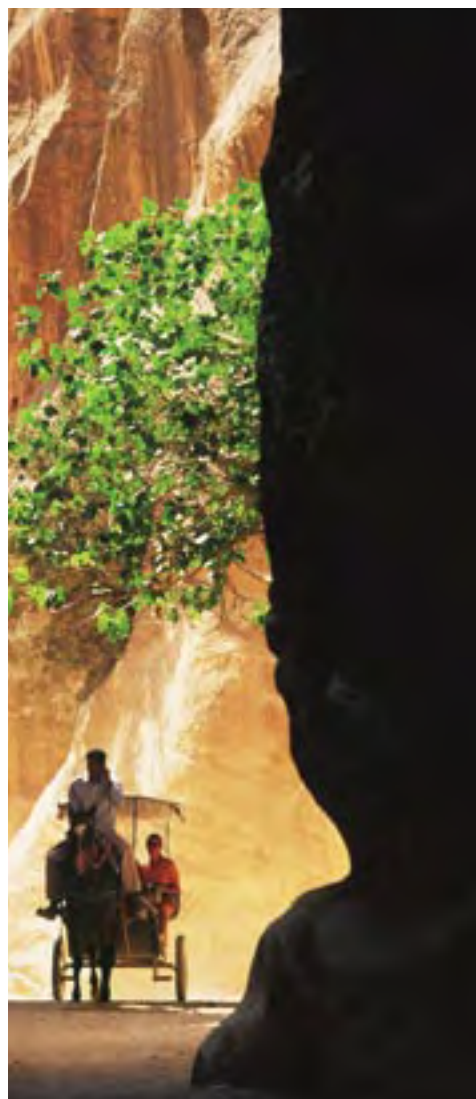


Photo by: Osman Akuz

Tourism

Tourism is a strong economic driver for Jordan that generates income from foreign exchange, contributes to domestic economic development and helps distribute income and opportunities across society. Its growth potential is also positive, and is more sustainable than some sectors. Tourism is an intensive employer and its jobs are not replaceable through capital investment. Hence tourism is an essential and vibrant growth sector that can help improve the quality of life for all Jordanians.

Security issues have disrupted the sector's strategic objective of doubling its contribution to the country's economy by 2010 through increased interna-

tional visitor arrivals and expenditures. The immediate need to recover growth and future strategy to upscale the tourism economy involve both a change in public investment policy and in marketing Jordan as a destination.

The most effective way to achieve this is through a re-launched marketing drive at the right level of investment. The initial focus of such a campaign is likely to be on close and regional markets, but some nontraditional markets such as Eastern Europe also appear to be potentially productive and responsive to "special offers" and incentives.



Did you know that tourism contributes around 8% of GDP?

Photo by: Zahab

The priority of such a campaign should be to remedy certain weaknesses, such as correcting the market perception that Jordan may be an “unsafe” destination for travelers. Tourism in general, and in particular its international marketing efforts, are under-resourced. The current working partnership between public and private sectors is also weak, with a fragmented approach and low visitor value.

While the country’s traditional attractions are important, their importance declines unless they are sustained by investment that enhances the visitor experience and introduces innovative developments that add to the impact of the attraction. In this area,

developing synergy between public and private investment is essential, so that both parties focus on an integrated way to ensure higher product competitiveness.

Other actions this sector can take to increase its contribution to Jordan’s economy include improving international air access, structuring tourism for inclusive participation from national to community levels, creating more satisfying visitor experiences through presentation, customization and market research, and improving “the welcome” to Jordan at all appropriate entry points.

CHAPTER 3: SHARED CONCERNS OF JV 2020 PARTICIPANTS



Photo by: Awmi Kasht

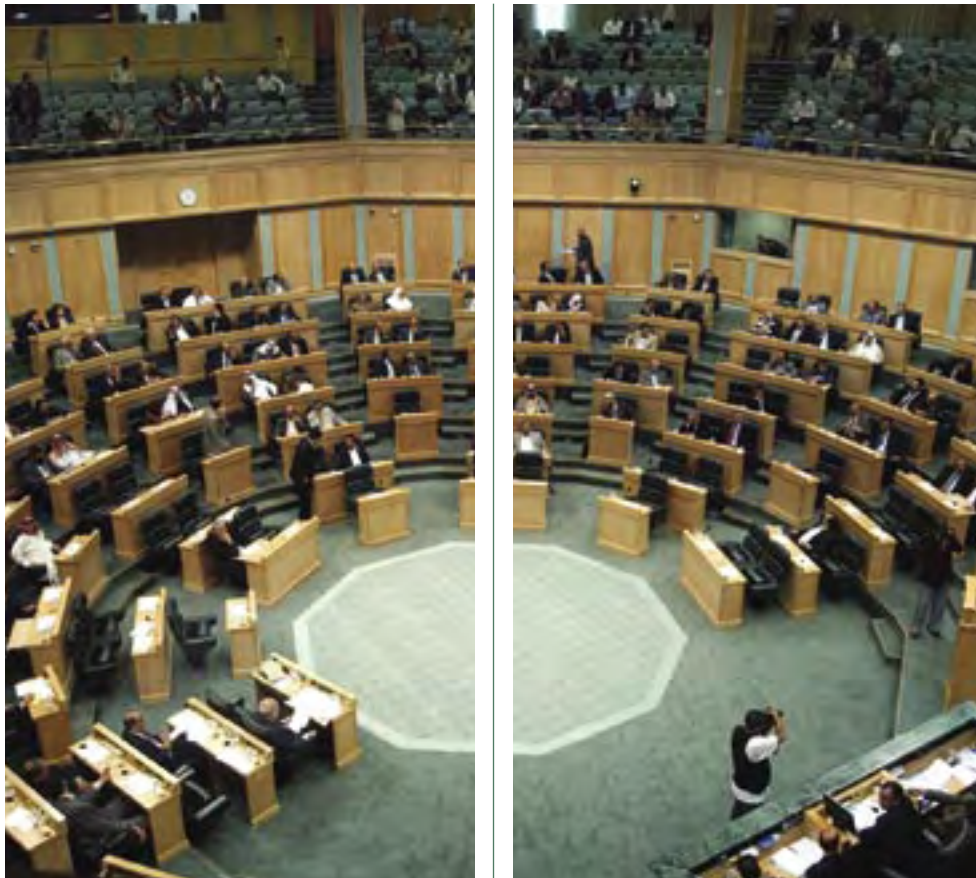
Participation in the JV 2020 process has enhanced its participants' understanding of the importance of competitiveness to economic vitality. Private-sector competitiveness can be enhanced from within when industry increases its productivity and sales, and externally when the government and others increase the provision of supporting infrastructure, such as education, an effective legal framework, more adequate transportation and facilities.

The sector strategies formulated by JV 2020 members for this report identify a number of factors that undermine the nation's competitiveness, and therefore its capacity for growth and development. These shared concerns are predominantly related to Jordan's business environment and thus are within the control and influence of the public sector.

The most important concerns shared by JV 2020 participants at this stage are as follows:

Poor Climate for Encouraging both Foreign and Domestic Investment

Productive investment is essential to increase output and employment. Every element of the investment climate must promote efficient and fair treatment of all investors. Jordanians should not be discouraged from investing in productive opportunities in Jordan. Participants highlighted the negative impact Jordan's income tax and labor law has made on their decisions to invest. Moreover, since domestic savings are insufficient to meet growth targets, further foreign direct investment (FDI) is indispensable. Without a consistently competitive investment climate Jordan will not reach its growth targets.



Source: Ad-Dustour Newspaper Archives

Inadequate Legislative Framework

Legislation is the one part of the investment climate government can directly control. Jordan's Labor Law has been identified by a number of the business associations that participate in JV 2020 as an obstacle to investors' ability to dismiss incompetent workers.

The World Bank's annual survey of doing business in Jordan notes the difficulty of using the judicial system to enforce contracts, in particular, for creditors to resolve bankruptcies. The survey also notes the low level of protection against self-dealing by corporate directors, and the ability of shareholders to challenge company transactions.

Weak Public-Private Partnership

While the principle of public-private dialogue is widely accepted in Jordan, its implementation in practice is weak. Such dialogue is often ad-hoc and happens on a personal level, rather than through official channels that can represent and resolve the concerns of an entire sector.

A permanent consultative mechanism needs to be established to ensure appropriate input and feedback from the private sector into the policymaking process. This process has been pioneered and then elaborated in the two phases of the JV 2020 process, and must now become an integral part of Jordan's business culture. The preparedness of the private sector to contribute to this partnership is limited by the effectiveness of its associations and structures, which currently lack capacity to carry out research, monitor progress, propose solutions to barriers and identify opportunities.



Image courtesy of Keizer Group

Underdeveloped Transport and Logistics Services

As import tariffs decline in Jordan's export markets, more attention is being focused on reducing transport and other trade facilitation costs in order to increase the competitiveness of Jordan's exports. Moreover, transport costs are an integral component of all business sectors in Jordan, especially tourism. The Government has been working to deregulate transportation. However, when compared to the region, Jordan's transport services are expensive. The following aspects of transportation increase the cost, and therefore create an unnecessary burden, to doing business in Jordan.

- *Deficient roads, airports, railways, and other infrastructure*
- *Insufficient private sector investment in transportation, such as railways and airlines*
- *Inefficient border controls cause unnecessary delays in clearing goods*
- *Regulation hinders competition by setting prices for land transportation within the Kingdom and slow progress on implementing an "Open Skies" agreement*
- *Excessive taxes and additional charges*
- *Travel restrictions and exit visa costs.*

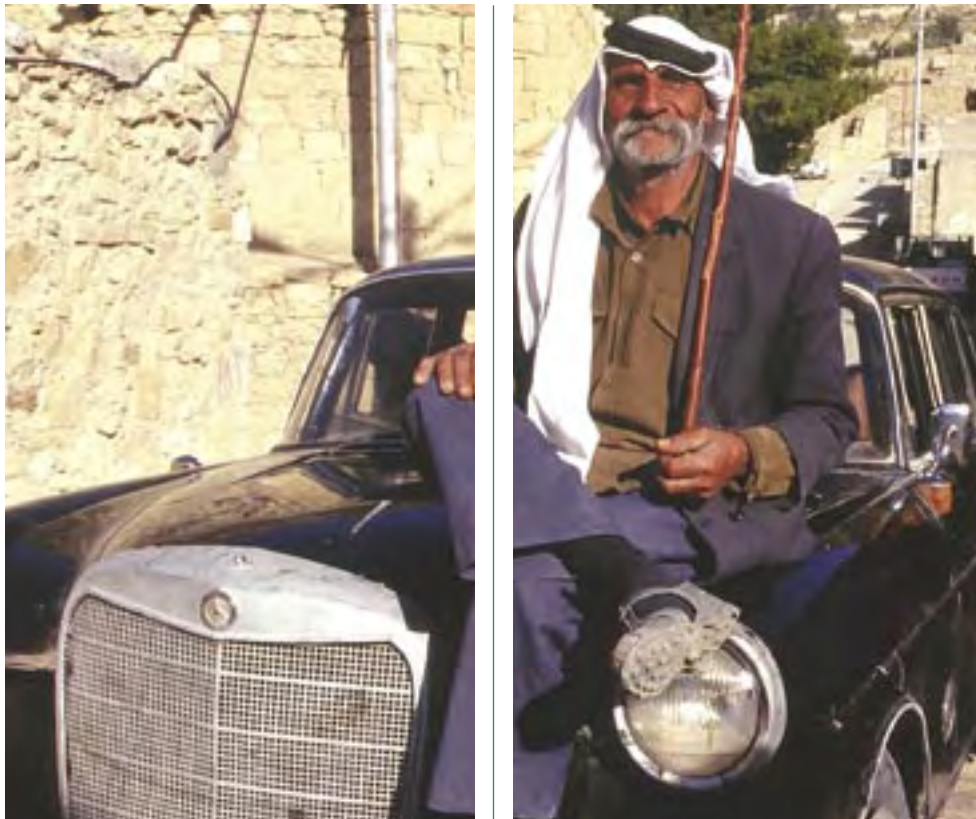


Photo by: Awni Kasht

Public Sector Inefficiency

The government has started the long path towards a more accountable and responsible civil service, by establishing the Ministry of Government Performance, and the King Abdullah Award for Excellence. Significant reforms are still required to focus the public sector on effective economic regulation and efficient delivery of public services, rather than its traditional role of job creation.

A third of Jordan's workforce is still employed in the public sector; this is a very high percentage and is indicative of disguised unemployment and underemployment. In addition to reform measures that have been successfully implemented in other countries, the JV 2020 sector strategies recommend the following public-sector reforms:

- *Outsource non-regulatory public functions to the private sector*
- *Eliminate non-essential and burdensome governmental regulations and practices*
- *Build capacity by providing continuous result-focused training to public sector employees*
- *Clarify the mandates of government agencies and reduce the duplication of responsibility for similar functions among different agencies*
- *Improve reporting and monitoring systems within government agencies to permit key staff, such as government Ministers, to delegate most operational functions and focus on strategic decisions*
- *Greater acceptance of the value of long-term strategy to avoid sudden policy changes.*

The last two points above will greatly ease the current detrimental impact of the frequent appointments of new Ministers on the private sector.

Multiplicity and Lack of Credible of Inspections

It is worth separately describing the high compliance costs imposed on businesses due to the exercise of a particular bureaucratic function: inspections. Rather than rely on a risk-based inspection system, most government agencies in Jordan expend their limited budgets inspecting every relevant event or enterprise.

This results in undue interruption to enterprise and fewer resources spent on inspections that matter. Moreover, inspections are often a precondition for the enterprise to be able to begin operating rather than an ongoing compliance concern. Representatives in the food sector, for instance, stated that the average firm undergoes over 15 inspections from different governmental bodies every year. This is not the case in any of the countries that Jordan tries to benchmark against.



Photo by: Zaid Masannet

Human Resource Development

It is an self-evident that the way forward for Jordan will rely fundamentally on the quality of its human capital. Therefore, ongoing and sustained investment in the country's human resources is critical and must be congruent with economic needs.

Industry participants in the JV 2020 process have complained that graduates do not possess a number of skills required by the private sector, including language, technology, computer proficiency, marketing and presentation. This must be addressed and remedied with the utmost urgency. It is also indicated that vocational training does not provide the output that it should in providing students with relevant skills for employment.

In the short term, linkages between industry and services with higher education should be transformed. These linkages must look at the relevance and quality of graduates to careers in the modern economy. The private sector should contribute to curriculum development, quality standards and work experience, as well as supporting the research and development aspect of the work of higher education.

Universities and technical colleges should be more active in directing students to enterprise through the encouragement of campus companies and the establishment of incubation units and innovation centers during the educational cycle.



Photo by: Randa Muasher

Weak Marketing Skills

Marketing is a core skill of the modern economy, and an admitted weakness in Jordan that must be corrected. The organization of market-bridging institutions is also weak, particularly in supporting exporters of services, such as consulting, education and medicine. Marketing education needs to be upgraded and the skills of marketing need to be brought to the business community.

Production Inputs: Dependency on Imported Packaging

A number of export sectors appear to have difficulty

sourcing packaging for their products that is fit for use and internationally competitive in quality. This is reported by representatives of the pharmaceutical, chemical, Dead Sea products, and fruits and vegetables sectors, all of which appear to largely or at least partially depend on imported glass and plastic containers and packaging. This is an area where the identified gap should be filled quickly by private sector action that is facilitated and encouraged by Government, which may consider providing incentives for foreign or local firms to invest in the packaging industry.

CHAPTER 4: CORE STRATEGY AND GUIDING PRINCIPLES



Core Strategy

Based on their in-depth analysis of the outlook for Jordan's economy and business sectors, the industry participants in this second phase of the JV 2020 initiative have made the following four core strategy recommendations to enhance the country's path towards economic growth and prosperity.

Transformational change

Jordan must transform its economy to meet its needs in ways that incremental change and cautious reform cannot. Policymakers must choose between these two paths. A transformational strategy is required, as the analysis in this document has revealed that current ad-hoc development plans, even with incremental gains, are not capable of meeting the country's anticipated future needs. A radical approach through transformation can be achieved through the combined implementation of the National Agenda and the action priorities identified through the JV 2020 strategy priorities.

A cluster approach to planning

An enhanced cluster approach examines the relationships and integration of different sectors of a country's economy, and is more effective than looking at the problems of individual sectors separately. This is especially true in Jordan, where the economy consists of a unique mosaic of interrelated sectors and services.

Most new products and services emerge from a combination of skills, thereby creating new lateral relationships between clusters, and in this way, offer “complete solutions.” For instance, the global pharmaceutical industry, which has previously focused on manufacturing drugs is now also focused on areas such as providing systems that deliver these drugs in hospital or lifestyle contexts.

Jordan must attract more FDI

Jordan can only reach its targets of accelerated employment generation, exports and wealth creation if it can attract higher levels of foreign direct investment (FDI) to supplement domestic investment. JV 2020 Phase I estimated that Jordan required an average of JD 2.35 billion in total productive investments every year for 20 years to meet its growth target. Since 2000, total fixed capital investment in Jordan has never exceeded 60 percent of that target.

To achieve these levels of FDI, Jordan must model itself on best practice and more ambitious benchmarks from selected countries outside the MENA region. In addition, the private sector must empower and activate itself in concert with Government actions to create a more vibrant economy able to attract the needed levels of FDI for productive versus speculative investments as has become the norm in recent months.

Real partnership between public and private sectors

Planning and managing a growing economy is complex work that cannot be undertaken by either the public or private sector on its own. The pace and quality of implementation to achieve any effective vision requires integrated action within a national framework that would synergize the considerable energies being expended. Implementation must be central, urgent, coordinated and benchmarked in a result-driven way. The JV 2020 sector strategies have been developed with these criteria in mind.



1



2



3



4

- Future Projects in Jordan:
- 1 Jordan Gate
- 2 Saraya Aqaba
- 3 Al Abdali Project
- 4 Tala bay



Source: Jordan Tourism Board

Guiding Principles

This document also identifies seven principles that can guide Jordan's path to success in accelerating economic development. These principles are designed to help define the values that inform and shape economic planning and decision-making within the country. They are not mutually exclusive, but are rather interdependent and mutually supportive.

Competitiveness is the key driver of economic growth

The JV 2020 process has confirmed to all participants that competitiveness is the foundation of Jordan's economic development – factors and systems that impact negatively on competitiveness must be quickly identified, eliminated or corrected.

For the private sector competitiveness means the ability to improve productivity and quality, while lowering costs and accelerating delivery time, and the ability to market these products and services effectively and efficiently to global markets. In the public sector competitiveness involves creating the context in which the private sector can do this which means removing burdens and restrictions and providing adequate infrastructure and competitively priced public services.

Integration of public sector initiatives

The public sector has to think and act more strategically, so as to improve coordination and integration between public institutions and avoid duplication



among similarly tasked agencies. Integration of implementation maximizes the synergy of effort.

The concept of planned integration is central to capturing all of the available energies and capacities of the public sector and private sectors. Both sectors must agree on targets and coordinate their achievement of those targets. In particular, the public sector must ensure coordinated implementation of a common plan by all government agencies. Independent action by ministries and interest groups always diminishes the effectiveness that can be achieved through coordination and integration.

Dynamic management of the economy

The public sector should establish and maintain a network to continuously monitor competitiveness conditions and receive input from the private sector to policymaking.

Economic forces are in constant change and require such continuous monitoring by both the public and private sectors. This requires that both the public and private sectors remain attentive to the changing competitive challenges they face.

This is one of the most difficult tasks for all governments, and can only be undertaken successfully where the public sector has established and maintains a network of processes and mechanisms that provide for continuous consultation with the private sector and fast tracking of their views to inform government and public sector decision making.

These processes and mechanisms must operate in a real time context, because the global economy is continuously creating challenges that Jordan must react to in order to preserve economic competitiveness and a positive business environment.



Photo by: Masood Kamandy, image courtesy of Chemonics International

Benchmark Jordan to similar economies worldwide

Jordan may lead the Middle East and North Africa (MENA) region in selected economic indicators, the region as a whole lags behind the rest of the world. If it wishes to have a truly world-class, competitive economy, Jordan should benchmark itself against growth experienced in other small countries that have demonstrated an ability to successfully implement development strategies. The Investment Task Force established by His Majesty, King Abdullah II, in 2001 identified Costa Rica, Malaysia, Ireland and Singapore as countries in this league.

Human resource development is Jordan's most enabling factor

For Jordan to be able to double per capita real GDP by the year 2020, it will need to constantly invest in human resource development. The quality of higher education will be the determining factor. There is currently a mismatch between university curricula and private sector needs. This is further exasperated by poor linkages between universities and the private sector, theoretical versus practical education and poor development of curricula.



Photo by: Osman Akur, image courtesy of Jordan Applied University (JAU).

Micro, Small and Medium Enterprises (MSME) create great opportunity

MSMEs are essential for providing opportunity and engaging with the enterprise economy. The majority of employment and income growth in more developed economies is generated by MSMEs. Therefore, increased effort must be channeled towards supporting the establishment and growth of MSMEs in Jordan, through minimizing risks for the small investor, extending venture capital, financial support and technical/management know-how, and creating an overall climate that is conducive to MSME growth. Current enterprise development efforts undertaken by Government tend to be unstructured and duplicative.

Sustainable employment indicates economic stability

Sustainable employment should be the focus of economic planning and implementation. It is well-known that one severe socio-economic challenge faced by Jordan is its high unemployment and skilled-worker emigration. Rampant unemployment can become a national political and social threat. Thus, developing sustainable employment is essential for long-term national and economic stability. This document demonstrates this can only be achieved through increasing opportunities for internationally competitive businesses to set up and operate in Jordan, for they alone can create the necessary jobs.

CHAPTER 5: JV 2020 IMPLEMENTATION



Jordan Vision 2020 is an ongoing process that draws on the deep knowledge of the private sector to create and implement coordinated sector strategies to develop the country's economy, and in so doing to support and ultimately achieve the country's ambitious goals for economic stability and prosperity.

An integral strength of this process is the communication that takes place between government and the private sector to facilitate public policy reforms, which in turn will enable each sector to reach its performance targets.

Government must act in this way as a partner to the private sector, ready to receive and provide strategic thinking, enact necessary legislation, fulfill regulatory responsibilities and provide essential public services.

As part of JV 2020 process, each sector working group reviews the competitive environment in which their members operate. Specifically, this requires each group to thoroughly examine and understand conditions of supply and demand and to identify their sector's strengths, weaknesses, opportunities and threats.

To guide each sector's contribution to doubling per capita GDP by 2020, targets were set for key economic indicators. These performance targets are described in Table 1. in the Executive Summary of this document. After determining appropriate performance targets to be achieved by 2020, each sector then has to map out the steps necessary to achieve these targets. An important task in this mapping process is to determine steps that can be taken by government, and steps that the private sector must take at its own initiative.



Photo by: Awni Kasht

In the comprehensive sector strategies included in the CD-Rom attached to this document, the sector working groups make a total of 230 recommendations for action. These actions are detailed in Annex One of this document. These recommendations are broadly concerned with legal and regulatory reforms, human resource development, improving research and development, and strengthening production and marketing. The public sector is responsible for about 15% of these recommended actions, the private sector is responsible for about 60%, and the remaining 25% require joint public-private sector action.

Identifying these actions is the first step towards success in implementation. The JV 2020 Coalition has to work with Government to explain and monitor the implementation of the recommended public sector actions. The Coalition also has to ensure the private sector implements its own commitments.

However, JV 2020 is more than just the implementation of a set of recommendations. The process also involves monitoring performance against targets and the continuous review of existing sector strategies. Successful strategies need to be adjusted to meet changing competitive conditions.

The recently established Jordan Agency for Economic Development (JAED), under the Minister of Industry



Photo by: Osman Akuz. Image courtesy of Jordan Applied University (JAU).

and Trade is the appropriate national agency to work with the JV 2020 Coalition to review and monitor the implementation of these sector strategies.

JAED is the national agency mandated to advise Government on trade and investment strategy through research and consultation with the private sector, and to coordinate the implementation of that strategy with the Jordan Investment Board (JIB) and the Jordan Agency Enterprise Development Corporation (JAED). JAED is also intended to host the National Competitiveness Observatory, which will monitor competitiveness conditions in Jordan and can, therefore, help the private sector monitor implementation of the JV 2020 strategies.

JAED can also coordinate and consolidate the private-public partnership that Jordan requires for economic success. The JAED board of directors includes both private and public sector representatives, and can therefore support and encourage this partnership.

This partnership will not only improve the input of the private sector into public policymaking, but could also provide new data and research to JV 2020 participants, in order to update their sector strategies.

JAED can maintain relations with the associations who have already contributed to the second phase of



the JV 2020 initiative, as well as attract new business associations to develop new sector strategic plans. This could be accomplished by establishing sector working committees in JAED to develop new strategies and review existing sector strategies.

JAED can also take responsibility for designing a collective process, with private-sector input, through which industry associations would be able to inform their constituents of international business opportunities and as well as threats, and collectively plan how to address them. After consistent application of the JV 2020 methodology, JAED will have created a more knowledgeable business community, capable of taking full advantage of international opportunities in a true partnership of private and public sectors.

The immediate next step for the JV2020 Coalition to take is to establish a working relationship with JAED so that the actions recommended in this document to be taken by Government can be agreed and acted upon.

JAED and the Coalition also need to jointly create a system to monitor implementation of each action by both public and private sectors, monitor achievement of performance targets and review the strategies in light of changes in the competitive environment. In the meantime, each sector working group can plan with its members how to implement their own recommended actions.







ANNEX 1: JV 2020 Implementation Matrix







Ten sectors of Jordan's private sector are determined to implement the following specific actions which demonstrate their commitment to helping the country achieve its goals for economic growth, for this second phase of the Jordan Vision 2020 initiative. In order to implement these actions government support is also required. Necessary government actions that are recommended by the private sector are highlighted in table below. These actions can best be achieved through an effective public private partnership. These actions are explained with greater depth in the detailed sector strategies on the CD-ROM.

Apparel and Textiles Manufacturing		
Area	Actions to Implement	Sector
Laws and Regulation	<ol style="list-style-type: none"> Review and amend legal and regulatory environment to minimize trade restraints Lobby for policy development and promote necessary reform through position papers and meetings with government 	Public Private Partnership
Human Resources	<ol style="list-style-type: none"> Increase worker productivity through training to enhance technical skills, knowledge of exports, diversification, management, preferential agreements, international quality standards, labor laws, and customs requirements Build a coalition of reputable garments manufacturers, suppliers, traders and marketers 	Private Sector
Marketing	<ol style="list-style-type: none"> Help to identify and contact potential buyers Establish and maintain professional linkages with national and international trade and business related organizations Participate in and hold regional and international conferences and exhibitions such as COLLABO-TEX, and Expo-edge Coordinate trade delegations and outside sourcing missions to access new markets Develop an online listings of "Who's Who" in the sector Create a National Calendar of Events to coordinate scheduling Matchmake with strategic HTS codes buyers in the U.S. 	Private Sector
Operations and Products	<ol style="list-style-type: none"> Target production of high-value garments: conduct awareness sessions to identify high-value products, and to highlight the benefit of targeting those products; create a resource database for online and offline use of high-value products; and provide trade information and counseling services through the business association representing the sector Enhance product quality and market diversification Upgrade industry design capabilities Drive innovation and collaboration in design and production methods by overseeing research initiatives, showcasing technologies, and establishing cooperative enterprises Publish a handbook on preferential access agreements, customs, logistics, and financing Create linkages and enhance cooperation between local producers Increase local workers' participation in the sector and productivity program in order to enhance employment Invest in state-of-the-art technology, equipment and inspection laboratories Build strategic alliances with stakeholders such as financial institutions, credit organizations and banks, and support areas such as input manufacturing and insurance Disseminate material about designs favored by international markets and participate in International Fashion Week Conduct basic feasibility studies with startup costs on attractive areas of investment 	Private Sector
	<ol style="list-style-type: none"> Use quality systems such as the Kaizen Model to produce high-standard products and enhance productivity Improve the efficiency of logistical services. Develop and improve supporting services and industries including investment incentives and access to financing. Also, Create linkages and enhance cooperation between local producers and exchange information with supporting industries and service providers Control costs by avoiding substantial increases to wages or utility costs due to changes to the laws and regulations Identify and participate in "international procurement fairs" to make individual and group purchases, and build alliances Develop and implement Compliance Certification for Jordanian products Develop incentives and Exporter Award Programs to support the sector Provide access to financing, such as a mutual credit guarantee scheme, via a Guarantee Purchase order by USAID Identify core and backward linkages of manufacturing investment opportunities Facilitate growth by promoting investment opportunities to both international and domestic investors 	Public Private Partnership






Architecture and Engineering Services

Area	Actions to Implement	Sector
Laws and Regulation	1. Leverage regional, bilateral and global agreements to become a globally competitive and export-driven cluster	
	2. Review regulation of the sector	
	3. Encourage cooperation between cluster members to enhance the sector's competitive position	
	4. Advocate regulatory changes to encourage companies to become export-oriented	
	5. Advocate the creation of national insurance for export risk	
	6. Build an effective, results-driven partnership with government	
Human Resources	7. Motivate and maintain a sufficient pool of highly qualified professionals through training and incentives	
	8. Upgrade university curricula to match Cluster needs	
Marketing	9. Conduct a cluster competitiveness analysis	
	10. Promote blanket professional indemnity coverage for exporters	
	11. Develop a cluster branding and positioning strategy	
	12. Create a master communications plan for the cluster	
Operations and Products	13. Implement Branding Plans and ensure cluster branding is in line with 'Brand Jordan'.	
	14. Create a dynamic framework for interaction between suppliers and beneficiaries of the cluster	
	15. Evaluate performance through professional exams for Architects and Engineers	
	16. Establish a transformation program for local companies to have an increasing number of companies working at par with international best practices	
	17. Create and adhere to a Cluster Standard of Excellence, introduce a seal of excellence and develop a code of conduct and ethics	
	18. Encourage companies to obtain national and international accreditations	



Higher Education Services

Area	Actions to Implement	Sector
Laws and Regulation	1. Remove the current student admission ceilings for private universities of 800 students per specialization and 8,000 students per university	
	2. For specializations in high demand, comply with criteria to ensure quality such as adequate ratio of students to professors and computers	
	3. Allow students to transfer between specializations	
	4. Address the bureaucratic procedures that international students from some countries face when dealing with their embassies in Jordan.	
	5. Allocate an admissions quota at Jordanian universities for international students who would otherwise be unable to study	
	6. Reduce the fees that a university needs to pay for offering a new specialization from JD 20,000 per specialization to the actual cost	
Human Resources	7. Establish a national information database for qualified and experienced Jordanian faculty who are unemployed	
	8. Revisit the maximum compensation packages offered to university professors to reduce brain-drain and possibly entice Jordanian professors working abroad to return	
	9. Increase the number of Jordanian professors in the private and public universities through increasing budgets for PhD Scholarships	
	10. Review and amend the MoHE regulations to allow Jordanian universities to independently attract quality professors from abroad when Jordanians of similar academic standing are unavailable	
	11. Require training courses for staff of both private and public universities to deal with cultural diversity and the needs of international students	
	12. Allow excelling international students in graduate programs to work as teaching assistants and/or research assistants and for the same pay given to Jordanian students in the same position	
	13. Reinvigorate the existing MoHE committee on research, that would be responsible for the development of scientific research in universities to raise the quantity and quality of Jordanian university publications	






Higher Education Services

Area	Actions to Implement	Sector
Marketing	14. Offer niche specializations that are absent in the region and have international appeal, such as Middle Eastern Studies, Arabic and Islamic specializations	
	15. Offer courses to enhance soft skills needed by businesses	
	16. Allocate a larger portion of university budgets to spend on educational trade missions, regionally and globally, having identified potential countries to target, especially in non-traditional markets with high growth potential, such as Arabs in Canada, the U.S. and Australia	
	17. Create publications about universities, their specializations, visa procedures, and the life in Jordan for use at exhibitions, by trade missions and embassies.	
	18. Ensure each university has an active International Student Office to offer prospective and enrolled students information on curricula, residence requirements, life in Jordan, and to help assimilate international students into Jordanian culture	
	19. Support graduates to establish Alumni Chapters in different countries through a Volunteer Program: alumni would volunteer their time, the university would incur other costs	
Operations and Products	20. Create a higher education seat on the Jordan Tourism Board	
	21. Empower targeted Jordanian embassies through the provision of information, quality brochures and multimedia that embassies can use to promote Jordanian universities abroad	
	22. Use Jordan Satellite TV to market universities through interviews with international students and faculty which showcase different universities and faculties on a weekly basis.	
	23. Allocate annual tax revenue from international students to universities for promotion, based on the percentage of international students	
	24. Encourage universities to focus on different fields in order to differentiate specialization offerings and develop core competencies	
	25. Invest in quality infrastructure and support facilities, such as presentation rooms and videoconferencing	
	26. Create a national Internet database of scientific research developed by Jordanian faculty and students, and make it accessible to all students and faculty in both public and private Jordanian universities.	
	Operations and Products	27. Establish national standards for quality assurance and accreditation that rank Jordanian universities and colleges within universities, including capacity to offer additional specialties or programs
28. Ensure that Accreditation Committees have equal representation from public and private universities		
29. Apply standard entry and exit exams in Jordanian universities		
30. Offer and market accredited distance-learning programs to capture international students that would otherwise not travel outside their home, such as conservative female students in the Gulf and elsewhere		
31. Modernize registration procedures to allow students to register for their classes, by phone or online, and to pay their tuition online		
32. Examine all public transportation options available for local and international students in the vicinity of the universities, and suggest means of development to private sector		
33. Examine health insurance options for all students to identify problems they face and suggest remedies to private sector		
34. Provide government incentives to universities to double the required university budget allocated to scientific research, faculty development, and laboratory facilities		






Fruit and Vegetable Exports

Area	Actions to Implement	Sector
Laws and Regulation	1. Set a legislative framework for the agriculture work force	
	2. Activate Bilateral agreements with Romania and others Countries	
	3. Institutionalize a public-private agricultural partnership	
	4. Review agriculture sales tax and its competitive impact	
Human Resources	5. Raise awareness of farmers on the importance of linking agricultural production to food processing	
	6. Prepare a training program for agricultural workers and promote it through the media.	
	7. Improve working conditions and circumstances for agriculture workers	





Fruit and Vegetable Exports

Area	Actions to Implement	Sector
Human Resources	8. Open labor market to other nationalities	
	9. Study the status of agricultural workers by geographic distribution	
Marketing	10. Participate in international agricultural exhibitions	
	11. Establish a permanent electronic exhibition	
	12. Study supply and demand: there is no data on demand in many markets for agricultural products which can be produced in Jordan, and there is no data in some markets on Jordanian products which might be available	
	13. Establish an annual international exhibition on conveying and promoting agricultural production techniques of producing and marketing Jordanian fruit and vegetables	
	14. Develop and implement a plan to promote Jordanian Agricultural Products	
Operations and Products	15. Establish an export area in central wholesale markets	
	16. Invest in technology transfer to enhance product effectiveness and quality	
	17. Invest in provision of packaging materials and storage areas	
	18. Implement technical standards for garden agricultural products	
	19. Examine availability of refrigerated transport of agricultural products by land to Europe: there is an insufficient number of carriers with technical capacity to ensure arrival of goods in an adequate state for Jordanian products to compete in the target markets	
	20. Address inadequate room on Royal Jordanian aircraft to transport vegetables and fruit, the canceling of some shipments and lack of regular cargo flight, especially to airports important for exports, such as London	
	21. Manage irrigation water distribution in individual and joint projects via an efficient water utilization plan	
	22. Study returns on the volume of water used in irrigation and availability of deep water, its quantity, quality, reserve and the possibility of use as potable water, as an alternative to expanding the use of irrigation water for drinking and industry	
	23. Monitor pumping of ground water for drinking purposes.	
	24. Increase the pumping of ground water from water reserves shared with neighboring countries	

Information and Communications Technology (ICT)

Area	Actions to Implement	Sector
Laws and Regulation	1. Establish a strong independent regulator to eliminate barriers and inertia caused by anti-competitive practices	
	2. Accelerate regulatory approvals	
	3. Ensure government regulation is transparent and consistent to encourage foreign and local investment	
	4. Initiate and coordinate cross-ministry initiatives to drive growth	
	5. Activate e-government services to facilitate and enhance the business environment	
Human Resources	6. Build capacity of ICT sector personnel in areas such as project and program management, and knowledge of niche sectors targeted for ICT service development	
	7. Transition int@j from a lobbying group to a value-added association that adds measurable value to their members through business efficiency development programs	
Marketing	8. Develop strategic and work plans for branding	
	9. Form long-term partnerships to meet market demands	
Operations and Products	10. Ensure all University courses are tailored to the needs of industrial employers by encouraging partnerships between industry and academia, such as mandatory internships and campus incubator companies	
	11. Invest in R&D in areas to be supported by ICT	
	12. Form alliances with international partners to increase ICT productivity for customers	
	13. Aggressively license and deploy low-cost broadband, which currently costs ten times more in Jordan than Europe	
	14. Expand the base of PC owners from 20 to 60 percent and their access to low-cost broadband, which would create demand for specialized products and services	
	15. Improve project and project management processes to international standards	
	16. Facilitate access to funds for SMEs in the ICT sector	



Medical Services

Area	Actions to Implement	Sector
Laws and Regulation	1. Change rules that govern the medical field to reflect the best practices of modern medicine	
	2. Draft a law on medical practice that includes monitoring, accountability and insurance against mistakes	
	3. Activate laws that commit medical service providers to preserve the patient's right to know his medical condition and the expected effects of any surgical interventions	
	4. Review tax-related laws, including property taxes and tax on revenue from foreign patients	
	5. Revise current hospital regulations and Ministry of Health pricing controls	
	6. Issue new regulations related to medical waste and methods of disposition	
Human Resources	7. Adapt the available database at the Union to determine the available medical specializations in the Kingdom and use to direct academic curricula	
	8. Study ways to facilitate the duties of doctors with specializations that are in demand and encourage them with scholarships, courses and other incentives	
	9. Activate the role of the Jordanian Medical Council in continuing medical education	
	10. Encourage investment in human resources through activating continuing health education and intensifying the convention of regular courses and training workshops for training staff and supporting medical professions	
	11. Offer financial incentives to nursing staff and their non-Jordanian counterparts who come to work in the same field	
Marketing	12. Exempt the fees and expenses of the participation of medical staff in conferences and forums from taxable income, as incentive for continuous progress	
	13. Create rules for public-sector doctors so they share some of the privileges enjoyed by their doctors in Royal Medical Services, in the private sector and university hospitals	
	14. Study how to increase flights to and from countries where demand for Jordanian medical services is the highest	
	15. Develop a competitive marketing strategy focused on promoting Jordan as a regional medical hub for visitors from countries with weak medical systems and high out-of-pocket expenditures on health services.	
	16. Enhance the efficiency of processing applications for medical visits and shorten the period needed to issue visas to incoming foreign patients to 48 hours.	
Operations and Products	17. Create hospital protocols to ensure the fair distribution of foreign patients, according to official agreements, among specialized doctors, and guarantee the collection of doctor's fees from those foreign patients.	
	18. Create hospital protocols to guarantee the facilitation and expedition patient admissions and release	
	19. Entrust a local organization to accredit and classify hospitals in Jordan for international recognition	
	20. Amend the current regulation of the Association of Private Hospitals to expand its scope and strengthens its role in managing private hospitals	
	21. Encourage quality assurance for laboratories by creating a mechanism to guarantee a high level of quality and reliable, credible results	







Pharmaceuticals

Area	Actions to Implement	Sector
Laws and Regulation	1. Improve registration speed for imported and locally manufactured drugs	
	2. Allow local pharmaceutical companies to freely set domestic prices according to market trends, which affects the registration of prices in export markets	
Human Resources	3. Build skills capacity appropriate to qualify personnel needed in the pharmaceutical industry.	
Marketing	4. Orient industry away from generic drugs and towards proprietary drugs, novel delivery systems and other innovations	






Pharmaceuticals

Area	Actions to Implement	Sector	
Operations and Products	5. Raise local legal expertise up to international standards for drug registration, patent registration and process litigation		
	6. Enhance manufacturing and laboratory procedures		
	7. Improve basic research in Jordanian pharmaceutical companies and universities		
	8. Increase production efficiency among Jordanian companies to reach full capacity		
	9. Leverage existing Jordanian knowledge and experience to develop new products, services, markets and strategic relationships		
	10. Diversify risk by increasing exports to new markets		
	11. Strengthen the cluster's competitiveness by defining the needs and the investment opportunities of the pharmaceutical cluster.		
	12. Continually improve the standards and performance of the Jordanian Food and Drug Administration		
	13. Improve the auditing and inspection standards at Jordan Food and Drug Administration or local consulting companies		



Processed Food Manufacturing






Area	Actions to Implement	Sector
Laws and Regulation	1. Define MoH and other relevant governmental policies so they are clear, unambiguous and transparent	
	2. Reduce bureaucracy at Ministry of Health and Ministry of Foreign Affairs in relation to export of Jordanian goods	
	3. Improve partnership with relevant government bodies	
	4. Increase government support and provide incentives for exporters	
Human Resources	5. Train producers in marketing methods to assist them in identifying target markets for specific products	
	6. Improve quality of Jordanian university graduates both in managerial and technical specializations	
Marketing	7. Understand European tastes and other aspects of target markets and modify Jordanian olive oil accordingly	
	8. Supply goods in package sizes required by target markets	
	9. Increase trust in locally produced goods through appropriate promotion campaigns focused on the high quality of products and packaging	
Operations and Products	10. Create an association to organize the sector and collectively develop a national export strategy for olive oil producers	
	11. Activate the dairy producers' association	
	12. Identify packaging and filling requirements and create an investment opportunity for packaging and filling within and beyond the sector	
	13. Improve equipment performance and technology transfer to reduce production costs	
	14. Work within the sector and with other sectors to make investments to create refrigerated transport capability	
	15. Gather small producers through mergers or formation of cooperatives to meet market demands.	
	16. Identify storage requirements and create an investment opportunity within and beyond the sector	
	17. Improve R&D relations with universities	
	18. Reduce costs of production, such as electricity and water	
	19. Improve availability of financial resources and reduce financing costs	
	20. Improve research cooperation with universities for improved productivity and product quality	
	21. Improve testing procedures and the efficiency of MoH, Municipality, JISM, to cut testing time in local labs from an average of 5 days to 1day	
	22. Increase number of certified government and private testing laboratories	
	23. Eliminate transit problems through Saudi Arabia for Jordanian goods	
	24. Improve export procedures at Aqaba	
25. Develop an export quota and duty-free access to the EU as part of the Jordan-EU Association Agreement		

Stone and Marble Mining and Processing

Area	Actions to Implement	Sector
Laws and Regulation	1. Review the legal framework of this sector including: ambiguous mining laws; unclear quarry regulations, policies and licensing, such as restrictions on foreign ownership and environmental aspects.	
Human Resources	2. Develop capacity building program for labor force on operational skills, managerial skills and marketing for management level covering both quarry and DStone sub-sectors to enhance the productivity and quality of product. 3. Replace the high dependency on foreign labor for quarry/factory work with skilled Jordanian labor force.	
Marketing	4. Develop a clear national marketing strategy to improve product and company profiles in international markets. 5. Develop incentives for both domestic and foreign investors, eliminate business impediments, and develop investment promotion plans highlighting the advantages for this sector such as low production cost etc. 6. Develop National Export marketing unit to accommodate the varying nature of the market demands.	
Operations and Products	7. Increase number of companies willing to invest in new technology, state-of-the-art equipment and technologically advanced systems. 8. Strengthen association representing sector to assume its role in advocacy support, sector development, capacity building for human resources and interest of the sector including facilitation of resources especially financial.	
	9. Develop a system for best utilization of limited resources and good potential supply of raw materials. 10. Provide further export support programs, to sustain the competitiveness of this sector through ensuring quality products to meet EU certification.	

Tourism

Area	Actions to Implement	Sector
Laws and Regulation	1. Adopt and implement sustainable tourism policies 2. Tourism shall be a results-driven partnership between public and private sectors to develop and implement policies and structures that facilitate collaboration, cooperation and investor confidence 3. Tourism policies should always consider social impacts and the erosive effects on underlying resources and should plan to minimize them 4. Pool resources and skills of public and private sectors in developing goals and implementing steps to achieve them	
Human Resources	5. Target citizens and communities of Jordan as the primary beneficiaries of tourism by offering opportunities for income generation and employment, supporting quality of life, environmental excellence and by positively contributing to Government programs 6. Strategic implementation must be positioned centrally and incorporated into normal work, rather than as something that operates in parallel. It must be planned as continuous activity to achieve excellence through training and capacity-building measures to improve the quality and contribution of human resources 7. Increase the JTB budget, approve structural changes and recruit skills to improve its capacity and capabilities 8. Establish a "Surrogate Tourist Board" with 3 to 5 experienced management-level staff to work within the JTB over the course of a year to train existing and new staff and enhance their capacity to plan and implement short-term projects 9. Leaders must remain continually engaged and must follow through from planning to action 10. Assign responsibilities for implementing strategic and change elements 11. Continually educate wider stakeholder groups to understand the strategy, its benefits and program of action. Communication is a continuous requirement and not a one-off element 12. Structure tourism for inclusive participation from national to community levels 13. The Minister, in consultation with the National Tourism Council and the Jordan Tourism Board and investing partners, should agree and set a number of mandatory targets for the sector 14. Tourism enterprises should invest in skill development and training to enhance human resource development and capacity building.	

Tourism		
Area	Actions to Implement	Sector
Marketing	15. Position Jordan as a “Boutique Destination” through an expanded emphasis on niche marketing	
	16. Jordan will establish a “Destination Image” that can lead to “Branding” at a suitable stage during strategic implementation	
	17. Tourism should be inclusive in its approach to involving people, culture and communities	
	18. Develop and invest in market research to empower target and segmented marketing	
	19. Develop JTB’s Internet capacity so this becomes a key infrastructure to interface with customers and support the distribution system for Jordan’s holiday products	
	20. Research information for target marketing	
	21. Establish a “Tactical Bridge Strategy” in JTB to create appropriate short-term measures then bridge them to the National Strategy	
	22. Upgrade and improve selected types of marketing channels that can deliver benefits within a short time cycle	
23. Enable, support and facilitate investment		
24. Create awareness, understanding and support for tourism at the community level		
Operations and Products	25. Develop the relationship between Royal Jordanian and the National Tourism Authority (JTB) through e.g. a protocol should be agreed between the organizations to govern the series of relationships they need to develop, to succeed in international markets.	
	26. Improve product design, diversity, presentation and innovation to build more satisfying visitor experiences	
	27. Increase government and private sector investment in tourism, and work to achieve defined deliverables as returns on this investment	
	28. Increase funding and raise priority of developing the tourism economy	
	29. Increase destination and product marketing to deliver targets in the strategic tourism contract	
	30. Clarify to the Ministry, JTB, industry, carriers and other partners their roles in the implementation of the strategy	
	31. Improve international air access under a competitive “open skies” policy	
	32. Improve “the welcome” to Jordan at all appropriate entry points	
	33. Assess barriers to strategic implementation	
	34. Benchmark the core national target to tourism revenue	
	35. Develop greater involvement with and recruit support from all beneficiaries of the tourism economy	

ANNEX 2: JV 2020 Phase I / 2005 Status Matrix





















Strategy I: Project Dynamic Leadership

Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: H.M. King Abdullah II continues strong future-oriented economic and private sector focus emphasizing technology, investment climate improvement and exports, and benchmarking against the best.				
Benchmark #1: Number of speeches and variety of forums maintaining strong, future-oriented economic and private sector focus emphasizing technology, investment climate improvement and exports, and benchmarking against the best.			Royal Court	Achieved in 2003.
Recommendation #2: Leaders across all segments of society emphasize interest in Jordan's future, need for technological orientation, foreign investment and exports, and a commitment to global standards of excellence.				
Benchmark #1: Number of speeches and variety of forums emphasizing interest in Jordan's future, need for technological orientation, foreign investment and exports, and a commitment to global standards of excellence.			Parliament, Cabinet, business associations, heads of private sector companies and institutions	Achieved in 2003.
Recommendation #3: Establish shared public and private sector vision on long-term economic strategy for Jordan.				
Benchmark #1: Number of advertisements and other media activities emphasizing Jordan's future, need for technological orientation, foreign investment and exports, and a commitment to global standards of excellence.			Heads of private sector companies, heads of public sector organizations	Achieved in 2003.
Recommendation #4: Jordan stays the course on economic issues critical to its long-term future.				
Benchmark #1: Extent to which continuity is maintained on key economic issues despite changes in governments and/or cabinet members over time.			Prime Ministry, Cabinet, Parliament	National Agenda is expected to satisfy this benchmark.
Recommendation #5: Design "e-government" and "e-commerce" initiatives with clearly-stated goals to create systems and enhance transparency, accountability, and efficiency.				
Benchmark #1: E-government and e-commerce initiative designs published, including benchmarks and methodology for measuring progress toward stated goals			Prime Ministry, Cabinet, Parliament	Achieved in 2003.
Recommendation #6: Implement "e-government" and "e-commerce" initiatives.				
Benchmark #1: E-government legislation enacted.			JCN ¹ , INT@J, MOP (Note: See footnote 1, Strategy II regarding JCN)	Achieved in 2003.
Benchmark #2: Broader e-commerce legislation enacted.				While an "e-transaction" law is on the books, broader e-commerce legislation has yet to be enacted. This is pending legislative action.
Benchmark #3: E- government procurement actions undertaken on regular basis with progress toward goals published.				General tendering and Government procurement are moving to web-based platform/methods.









Strategy II: Establish Effective Public-Private Partnerships

Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: Modify approach to economic management to formally integrate future-oriented private sector thinking by establishing a joint private-public council for economic affairs and including the private sector in all government decisions on the economy.				
Benchmark #1: Launching of the joint private-public council for economic affairs with strong private sector presence.			Prime ministry, Cabinet, JCN, REACH initiative's new IT Association, Business associations.	Achieved in 2003, but council no longer meets regularly.
Benchmark #2: Chairpersons of JCN ¹ and INT@J ² regularly participate in Cabinet's economic committee meetings.				Many business association professionals participated in social and economic-oriented committees of the National Agenda.
Benchmark #3: JV 2020 foundations and strategies adopted by the Cabinet for ongoing implementation.				Many tasks implemented individually.

Recommendation #2: Design new system of measurable standards to track Jordan's economic progress over time.				
Benchmark #1: Publish new system of measurable standards to track economic progress over time			JCN ¹ (system design); Prime ministry and cabinet (legal and regulatory)	The National Competitiveness Team at the Ministry of Planning monitors competitive conditions in terms of international comparison. A Competitiveness Observatory at the Ministry of Industry and Trade is expected to take over this function.
Benchmark #2: Amend laws and regulations as necessary to ensure effective implementation of new system.				The Jordan Authority for Enterprise Development (JAED) law passed in 2003 included responsibility to study the investment climate.
Recommendation #3: Track Jordan's economic progress over time.				
Benchmark #1: Growth in GDP per capita over time with a view toward doubling the figure in real terms by 2020.			MOP Competitiveness Unit	GDP per capita is growing but inconsistently. Growth is not broad enough in terms of sector participation.
Benchmark #2: Per capita income rank compared to other countries in the region and beyond.				Jordan's per capita rank has improved within the MENA region.
Benchmark #3: Reach annual average growth rate of real GDP per capita of 3.5% and economic growth figure of 5.8% attained and sustained over extended period of time.				Real per capita GDP growth target of 3.5% exceeded in 2004 and 2005.
Recommendation #4: Expand private sector participation in a wide range of public boards and other bodies.				
Benchmark #1: Number of public boards and other bodies chaired by private sector individual.			Prime Ministry, Cabinet	Private sector participation on boards and committees has occurred (i.e. National Agenda), but often in a temporary and ad-hoc fashion. Deepening is required.
Benchmark #2: Number of boards and other bodies in which private sector has majority representation				Status unchanged since 2003
Recommendation #5: Ensure greater information flows and mandate greater transparency among all government ministries, departments, and other bodies.				
Benchmark #1: Number of government ministries, departments, and other bodies reachable by Internet and with Web sites.			Prime Ministry, Cabinet	Achieved in 2003, but has degraded as many Government websites lack updated information. Maintenance must be addressed to maintain return on investment, value, and relevancy of these sites.
Benchmark #2: Objective ranking of Ministries and Government departments according to annual customer service satisfaction survey.				Six ministries and 26 departments participate in the King Abdullah II Award for Excellence of which customer satisfaction surveys are required. This includes a "Mystery Shopper" component. It is not clear how broadly the ranking are communicated to the public to facilitate transparency.

1. The JCN had initial meetings, but has since ceased. The public and private sectors have since been cooperating through varied initiatives such as JV 2020 and the National Agenda.
 2 INT@J created as REACH Initiative's new IT Association



Strategy III: Instill International Competitiveness



Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: Empower JCN to drive the activities of the MOP's Competitiveness Unit and to serve as the primary proponent for competitiveness in the new economic management approach as may be created pursuant to Strategy Two above.				
Benchmark #1: JCN established by the private sector with seven-person board consisting of five persons from the private sector, one from the MOP's Competitiveness Unit, and one from the educational community.			Jordan business associations and the MOPs Competitiveness Unit on the establishment of JCN; MOP on amendment of MOP regulations to empower JCN with respect to the Competitive Unit management	Status unchanged since 2003. There have been discussions about forming a competitiveness council. (Note: See footnote 1, Strategy II regarding JCN).
Benchmark #2: Number of JCN meetings and forums held, publications issued, Web sites established, etc.				Same as above.
Benchmark #3: Amended MOP regulations empowering the JCN to oversee the management of the MOP's Competitiveness Unit published.				Status unchanged since 2003. (Note: See footnote 1, Strategy II regarding JCN).
Recommendation #2: Convey sense of urgency about international competitiveness as one of the critical issues facing Jordan.				
Benchmark #1: Competitiveness communications campaign designed and implementation ongoing.			JCN	Achieved in 2003. (Note: See footnote 1, Strategy II regarding JCN).

Recommendation #3: Design a new system of measurable standards to track Jordan's competitive position over time.

Benchmark #1: New system to track Jordan's competitive position published.			JCN	Achieved in 2003 – see Strategy II, Recommendation #2, Benchmark #1. (Note: See footnote 1, Strategy II regarding JCN).
--	---	---	-----	---



Recommendation #4: Implement competitiveness-related change in public and private sector entities.

Benchmark #1: Number of formal linkages with public (e.g. educational institutions) and private sector entities (e.g. business associations and private firms).			JCN, MOPs Competitiveness Unit	Status unchanged since 2003. Formal linkages are continuing and increasing with programs such as incubators, Professor in Every Factory, through cooperation with and support from the Chamber of Industry. Specialized University labs are also being supported and utilized by private sector (i.e. non-destructive testing, etc.)
---	---	---	--------------------------------	--















Benchmark #2: Number of documentable changes within public and private sector entities			(Note: See footnote 1, Strategy II regarding JCN).	Certain Ministries (i.e. Trade, Justice, ICT) have upgraded systems but bottlenecks remain at implementation level. Training is required to facilitate streamlined implementation practices between entities.
--	---	---	--	---

Recommendation #5: Implement new system of measurable standards to track Jordan's competitive position.

Benchmark #1: Improvement in agreed measures of competitiveness within an agreed time frame.			MOPs Competitiveness Unit	JV 2020 and other efforts have increased awareness of the need for competitiveness, but no agreed upon measures of competitiveness have been established. Suggested benchmarks are included in sector strategies for consideration.
--	---	---	---------------------------	---





Benchmark #2: Steadily improve Jordan's competitiveness ranking as determined annually by the World Economic Forum (WEF) so that Jordan will rank number one among the nations of the Middle East and North Africa by the end of 2003, and rank in the top 10 percent of all nations measured by the end of 2010.				Jordan dropped from 34th place to 45th globally in the WEF Growth Competitiveness Index Ranking in 2003 and 2005 respectively. In terms of MENA, Jordan dropped from 2nd place in 2003 to 7th in 2005. More info at: http://www.weforum.org/
---	---	---	--	--

Strategy IV. Ensure Access to Markets



Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: Complete accession negotiations and legislative changes and join the World Trade Organization (WTO) by mid-2000.				
Benchmark #1: Multilateral/bilateral negotiations completed.			Prime Ministry, Parliament, Ministry of Industry and Trade (MIT)	Achieved in 2003.
Benchmark #2: Required WTO laws/regulations enacted.				Achieved in 2003.
Benchmark #3: Jordan formally accedes to WTO.				Achieved in 2003.
Recommendation #2: Formalize enforcement of international intellectual property rights protections.				
Benchmark #1: Intellectual property rights enforcement procedures formalised and approved by Parliament.			Prime Ministry, Parliament,	Achieved in 2003.
Benchmark #2: Article 20 removed from the Labor Law to conform to international standards limiting the rights of employees to claim ownership of products and services they assisted in developing.				Achieved in 2003.
Recommendation #3: Ratify Jordan-EU Partnership Agreement with revisions to remove exclusions for Jordan's free zone merchandise and restrictions on Jordan's IT sector.				
Benchmark #1: Agreement ratified by Parliament.			Prime Ministry, Parliament,	Achieved in 2003.
Recommendation #4: Redirect foreign assistance to help private sector adjust to new trading regimes.				
Benchmark #1: Foreign assistance packages reviewed and revised to increase firm-level assistance in order to boost international competitiveness.			MOP	While total levels of aid remain uncertain, assistance for competitiveness is increasingly shifting to firm-level orientation (i.e. EU, USAID, JIICA, JUMP, NAFES, etc.) via mechanisms such as BDC/JUSBP, etc.

1 Note: Total participating countries increased during this time from 101 to 117. MENA countries increased from 7 to 11

























Recommendation #5: Ensure that bilateral and multilateral trade agreements truly benefit Jordan. In particular, add amendments that remove any exclusions for Jordan's free zone merchandise and any restrictions on Jordan's IT sector.

Benchmark #1: Trade agreements reviewed and upgraded.			Prime Ministry, Parliament	Government driving this but participation and engagement of private sector is noticeably lacking. Requires private sector action.
Benchmark #2: Ministries that sign agreements held accountable for implementing them.				Achieved in 2003.































Recommendation #6: Promote inter-Arab trade through multilateral agreements and the creation of a free trade zone.

Benchmark #1: Number of agreements and percentage of inter-Arab trade			Cabinet, Parliament, private sector associations	Jordan's inter-Arab trade has improved under the Arab Free Trade Agreement that provides for free trade among member countries. Regional trade continues to grow.
---	---	---	--	---









Strategy V. Modernize Our Business Environment

Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: Enact new investment law based on international best practices.				
Benchmark #1: New investment law enacted.			Prime Ministry, MIT, IPC ¹	Achieved in 2003.
Recommendation #2: Enact changes to all other laws or regulations that impede the Investment Promotion Corporation ² (IPC)'s performance as a world-class investment promotion agency.				
Benchmark #1: Other JIB-related laws/regulations amended.			Prime Ministry, MIT, JIB	Achieved in 2003.
Recommendation #3: Reinvent and streamline the JIB.				
Benchmark #1: JIB placed under office of Prime Minister.			Prime Ministry, MIT, JIB	Status unchanged since 2003.
Benchmark #2: JIB given administrative autonomy and budgetary control.				Autonomy is well advanced and progress is continuing.
Benchmark #3: JIB board chaired by private business and reflects majority private sector representation.				Status unchanged since 2003.
Benchmark #4: JIB represented on Cabinet's economic development subcommittee.				JIB has indirect representation as the Chairman of the JIB board of Directors sits on the development committee in his role as Minister of Industry and Trade.
Benchmark #5: JIB resources focused on investment promotion and investor before- and after-care.				Resources are focused in this area such as the One-Stop-Shop and other mechanisms. JIB's 2005-2007 strategic plan emphasizes effective investment promotion.
Benchmark #6: JIB offices modernized and moved to prominent business district.				Achieved in 2003.
Benchmark #7: JIB given lead responsibility for government participation in Jordan Vision 2020.				Lead role for Government participation in JV 2020 has been moved to the MoPIC's Competitive Unit due to a better fit relative to the skill sets required for JV 2020 Phase II.
Benchmark #8: JIB given a special budget to promote Jordan abroad as an attractive investment location.				JIB has a specific budget
Recommendation #4: Design public sector modernization program based on international best practices.				
Benchmark #1: Action-oriented public sector modernization program published.			JCN (Note: See footnote 1, Strategy II regarding JCN).	Achieved in 2003. Ministry of Government Performance recently created.
Recommendation #5: Implement transparent investment regulatory regime based on international best practices.				
Benchmark #1: All applications and other forms directly or indirectly related to investment published in standardized format with accurate and clearly written instructions, in Arabic and English, and readily available on Web pages of individual regulatory and licensing agencies concerned.			Prime Ministry, Cabinet, Ministry of Finance	Online availability of applications and forms at regulatory and licensing agencies is inconsistent and error prone. That said, the Government has made significant progress in simplifying investor licensing requirements and streamlining company registration considerably. JIB established a "One-Stop-Shop" for its clients, USAID has funded a pilot project to reduce approval times, and legislative reforms are being considered.























¹ NOTE: The Investment Promotion Corporation was renamed to the Jordan Investment Board (JIB).

























Recommendation #6: Design tax reform program based on international best practices.				
Benchmark #1: Action-oriented tax reform program published.			Prime Ministry, Cabinet	Status unchanged since 2003 although tax reform is an ongoing process within government.
Recommendation #7: Implement public sector modernization program based on international best practices.				
Benchmark #1: Job descriptions and organizational charts mandatory for all government departments.			Prime Ministry, Cabinet	Status unchanged since 2003. Expected to be addressed indirectly as part of public sector reform programs.
Benchmark #2: Merit-based recruitment systems in place.				Hiring practices are becoming more merit-based, but not in a systemic way.
Benchmark #3: Incentive systems established to reward strong performers.				High unemployment continues to hamper progress in this area to excess supply of workers.
Benchmark #4: New economic, management, and computer courses initiated for government employees.				Achieved in 2003.
Benchmark #5: ISO 9000 certification introduced for selected government ministries and departments.				Achieved in 2003.
Benchmark #6: Corporate-style accounting systems adopted in all central government departments and all autonomous government entities, such as municipalities and utility companies.				Indirectly achieved to a degree via utility and other privatizations. Discussions have also occurred related to decentralizing municipalities and granting autonomy at the regional level.
Benchmark #7: Role of Public Audit Department limited to auditing only.				Achieved in 2003.
Recommendation #8: Implement efficiency and fairness within the Customs Department.				
Benchmark #1: Inspection of every item within a shipment halted			Ministry of Finance, Customs Department Reviewed by Government	Single item inspections partially halted, but needs further improvement. Inspections based on risk management principles of due diligence, reasonable care and compliance are not in place. Amendments to Jordan customs law to introduce and encourage this are still being, few private sector companies joining the Customs Golden List Program.
Benchmark #2: Arbitrary assessment of invoices halted.				General principles of WTO valuation were introduced by Customs. Private sector should exercise reasonable care and join the voluntary self-compliance program (i.e. Golden List Program).
Benchmark #3: Penalties for fraudulent documents increased.				No amendment to legislations was proposed and other amendments related to concept still at the Opinion and Legislative Bureau
Benchmark #4: Input materials exempted for customs duties.			Ministry of Finance, Customs Department	Exemptions exist for inputs but definitions are unclear and arbitrary.
Benchmark #5: General customs duties reduced by 10-20 percent.				Achieved in 2003.
Benchmark #6: Introduction of ASYCUDA and other EDI-based systems complete and all Customs Department operations become paperless environments.				Achieved in 2003.
Benchmark #7: Customs Department operations streamlined according to international best practices with respect to trade logistics and facilitation.				SGS visited Aqaba Custom's department in 2005 and assessed systems as being close to international best practices.







Recommendation #9: Implement tax reform program based on international best practices.			
Benchmark #1: Tax assessment and payment process streamlined.			Achieved in 2003. Unification of Income Tax and General Sales Departments took place in 2004.
Benchmark #2: Uniform international accounting standards adopted.			Achieved in 2003
Benchmark #3: Company self-assessment introduced.			Status unchanged since 2003. Self-assessment introduced, but audits are still frequent
Benchmark #4: Random auditing introduced, with stiff penalties for falsified tax claims.			Status unchanged since 2003.
Benchmark #5: Targeted tax incentives introduced for firms engaged in research and development.			R&D can be expensed, but inconsistently defined and arbitrarily applied by assessor case-by-case
Benchmark #6: Tax collection burden shifted toward indirect approaches (value-added, sales tax).			Government has shifted from border taxes to value-added tax, while enhancing income tax collection.
Benchmark #7: Effectiveness and impact of fiscal and non-fiscal incentives within and outside JIB reviewed and upgraded to reduce duplication, eliminate redundancy and bureaucratic inefficiency, and attract foreign investment without eroding the tax base.			Investment incentives are currently under review by government.
Benchmark #8: Double Taxation Avoidance (DTA) agreements reviewed to include tax sparing provisions.			Tax sparing provisions are included in all negotiations for DTA agreements. Established agreements may not have them however, and may or may not be able to be re-negotiated. Countries following the OECD model generally do not accept tax sparing provisions.
Benchmark #9: New Double Taxation Avoidance agreements negotiated with all major trading partners and investment source countries.			DTA agreements have been negotiated with 12 partners. DTA policy is constantly reviewed as part of Jordan's income tax policy. For more information visit: http://www.incometax.gov.jo/
Recommendation #10: Broaden and deepen Jordan's financial markets.			
Benchmark #1: Best practices microfinance industry established.			Jordan Microcredit Corporation enjoys one of the lowest default rates globally.
Benchmark #2: Banking law and security interests in movable property laws approved and implemented.			Achieved in 2003.
Benchmark #3: Government securities market launched.			Achieved in 2003.
Benchmark #4: Changes effected at Jordan Securities Commission, Amman Stock Exchange, and Securities Deposit Centre.			Achieved in 2003.
Benchmark #5: Venture capital and infrastructure project finance funds launched.			Several banks offer mezzanine level venture capital (i.e. Atlas, Foursan, Accelerator Technology Holdings). Still a strong need for seed and angel investors to emerge to provide a market for venture capital. It is hoped that Jordan's first business plan competition launched by YEA in 2005 will inspire others and build momentum.
Benchmark #6: Financial disclosure on companies enforced.			Achieved in 2003.
Benchmark #7: International codes and accounting standards for companies implemented.			Achieved in 2003.
Benchmark #8: More rapid privatization and listing of public companies on the Amman Stock Exchange.			Achieved in 2003.
Recommendation #11: Design judicial reform program.			
Benchmark #1: Action-oriented judicial reform program published.			Ministry of Justice Achieved in 2003.
Recommendation #12: Implement judicial reform program.			
Benchmark #1: Caseload system reorganized and computerized.			Prime Ministry, Ministry of Justice Ongoing training and workshops continue.
Benchmark #2: Judges trained on WTO, new technology, international trade, and investment issues.			

Benchmark #3: Specialized courts established to deal with international trade conventions				Status unchanged since 2003; no specialized courts established.
Benchmark #4: Alternative dispute resolution measures introduced.			Ministry of Finance, Customs Department	Continuing and awareness/understanding has increased the use of alternative resolutions. Ministry of Justice is also promoting alternative resolution as a means to reduce caseload.
Recommendation #13: Grant complete autonomy to the Department of Statistics.				
Benchmark #1: Autonomous budget and administration.			Cabinet, Parliament	Currently the Department of Statistics has autonomous administration. Budget is approved by the government under supervision of the Minister of Planning. (No status from 2003.)
Recommendation #14: Promote continuing education for the private sector.				
Benchmark #1: Exemption from educational expenses			Prime Ministry, Ministry of Education	Exemptions are in place under Schedule III of the tax law for corporate training and continuing education. Tax deductions and exemptions also exist for individuals and dependents on higher education expenses.

















Strategy VI: Establish World-Class Infrastructure

























Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: Encourage private investment in Jordan's telecommunications network.				
Benchmark #1: Jordan Telecommunications Company (JTC) linked with strategic investor and privatized.			Prime Ministry, Cabinet, JTC	Achieved in 2003.
Recommendation #2: Encourage future-oriented basic infrastructure and public services through innovative financing and contracting mechanisms that promote competition and private sector participation.				
Benchmark #1: Procurement regulations reformulated to encourage transparency and ensure that both quality and costs are taken into account.			Prime Ministry, Cabinet, JTC	Government procurement is more transparent with web-based feedback and scoring.
Benchmark #2: Build-operate-transfer and other approaches to finance and basic infrastructure introduced.				Achieved in 2003.
Benchmark #3: Internet service providers permitted to uplink directly through private carriers vs. having to go through the JTC.				Achieved in 2003.
Benchmark #4: JTC required to provide high-speed data lines to Jordan's IT companies at international competitive rates.				Achieved in 2003.
Benchmark #5: Telecommunications deregulated within any current or future free ports and technology parks.				Telecom sector is fully deregulated nationally since 2004.
Benchmark #6: Transform the free zones corporation and the industrial estates corporation into purely regulatory bodies functioning according to international best practices.				Status unchanged since 2003.
Benchmark #7: Privatize the ownership and operation of industrial estates and existing free zones.				Some private QIZs have been formed, although Government-owned QIZs have not been privatized.
Benchmark #8: Design and implement innovative legislation based on international best practices encouraging the private sector to develop technology incubators and technology parks.				Status unchanged since 2003. Legislation has not been enacted. Development of technology incubators and parks would complement existing business incubators and other efforts. Private and public university sectors are collaborating and sharing resources and research facilities to a degree. Appropriate legislation can provide momentum in the marketplace of ideas.
Recommendation #3: Develop Jordan's telecommunications network in accordance with international standards.				
Benchmark #1: Full and open competition among telecommunications providers in place.			Prime Ministry, Cabinet, JTC	Achieved in 2003.
Benchmark #2: Costs of telecommunications in Jordan compares favorably with regional and international standards.				While Telecom costs for consumers and businesses have decreased dramatically in Jordan during the past 2 years, the costs are still more expensive when compared regionally and internationally. Europe, for example, enjoys telecom costs some 7-10 times less than Jordan normalized for GDP.











Benchmark #3: All regions of Jordan have prompt access to quality telecommunications services.				Partially implemented as land lines and cell phones are ubiquitous. Internet penetration remains low overall. EduWave education platform will help, but real benefits will come from home and community access.
Recommendation #4: Create efficient transport infrastructure.				
Benchmark #1: Efficiency and costs at the Aqaba port meet regional and global standards.				In 2004, the incoming and outgoing goods through the port increased by 3.2 million tons or 17.9% compared to 2003. Aqaba Container Terminal (ACT) ranked in the top three of Lloyd's 'Best Container Terminal in the Middle East Awards 2005.
Benchmark #2: New regional transport linkages and strategic master plan in place.				Efficient, multi-modal transportation is becoming increasingly important regionally. The Aqaba Development Corporation (ADC) is finalizing multiple Master Plans to upgrade and improve Aqaba's Sea, Air and Land transport routes and services standards.
Benchmark #3: Operations of the Aqaba port leased to private operators with a clearly demonstrated capability				Operations and Management of ACT tendered out and terminal is now managed by APM Terminals, part of A.P. Moller – Maersk under a two-year management contract. ADC currently negotiating a 25-year Joint Venture for Phase II. General port is still under Aqaba Ports Corporation (APC).
Benchmark #4: Aqaba Ports Corporation* privatized and re-structured into a maritime regulatory body that owns the ports physical assets. (*Was incorrectly named "Aqaba Ports Commission" in previous JV 2020 documents)			Ministry of Transport	Aqaba Development Corporation was launched in 2004 as a public-private corporation to develop the Aqaba Special Economic Zone. ADC is part owned by ASEZA, the main regulatory body. Among other assets, the ownership of (maritime and air) ports were transferred to ADC. Aqaba Ports Corporation (APC) is the current manager/operator of the main port. APC has not been privatized, but manages the main port and re-structuring is in process.
Benchmark #5: All provisions of laws and regulations that give monopoly rights to any entity in the transport of passengers and freight eliminated.				Air, road, and rail have been partly liberalized. Maritime passenger transport is still state-run and many state-owned transport companies existed as of 2004 (MoT website). Land transport regulations have been liberalized to permit any land transport company registered and licensed to operate in Jordan access to Aqaba port terminals.
Recommendation #5: Ensure adequate water availability.				
Benchmark #1: New water infrastructure approaches involving private sector participation introduced.				Achieved in 2003.
Benchmark #2: Procedures for prioritizing water use based on economic return established.				Status unchanged since 2003. Some sector strategies are specifically asking for clarification in order to better coordinate sector resources and minimize risk of the rules changing (i.e. Fruit and Vegetable)
Benchmark #3: Water pricing structures that encourage and reward efficiency in place.				Achieved in 2003.
Benchmark #4: Amount of water leakage reduced.			Ministries of Water, Health, Municipal Affairs, and the Environment	Amman municipal water network upgrade has made progress and is still underway.
Benchmark #5: National campaign on water conservation and other environmental issues launched.				Status unchanged since 2003.
Benchmark #6: Water supply better protected from pollution.				Status unchanged since 2003. Frequent industrial waste spills and other contamination continue to threaten increasingly valuable water supply. Requires immediate attention including analysis of real costs and private sector involvement in both mitigating and assuming these costs.

Recommendation #6: Ensure cost efficient and reliable sources of energy.				
Benchmark #1: Costs of energy in Jordan compare favorably with regional and international standards.			Ministry of Energy	New natural gas pipelines and investments in shale oil extraction will offset gradual elimination of subsidies. Further cost reductions will require increasing investment in alternative fueled vehicles and increasing power generation from renewable sources (solar/wind).
Recommendation #7: Expand availability and use of computers in all regions of the country.				
Benchmark #1: Number of computers per person in Jordan increases from 1 in every 143 to 1 in every 25.			Prime Ministry, Cabinet, Private Sector	Achieved in 2003.
Recommendation #8: Protect Jordan's environment.				
Benchmark #1: Environmental quality in Jordan compares favorably with regional and international standards.			Ministry of Environment	While quality is generally good compared to regional neighbors, internationally Jordan compares poorly, especially in urban, industrial, and port areas.

Strategy VII. Develop Skilled Human Resources

Benchmark Status by Recommendation #	2003 Status	2005 Status	Actors	2005 Status Comments
Recommendation #1: Design new skills training strategy.				
Benchmark #1: New skills training strategy published.			INT@J, INJAZ program	Achieved in 2003.
Recommendation #2: Design private sector-driven "Centre of Excellence" focused on software development.				
Benchmark #1: Design for private sector-driven "Centre of Excellence" published.			INT@J	Status unchanged since 2003.
Recommendation #3: Design education reform programme based on future, technology-oriented economy, international best practices, and promotion of creativity and innovation.				
Benchmark #1: New education reform program published; relevant laws and regulations in need of change identified.			JCN, INT@J, Ministry of Education, MOP	Reform program published and well underway. (Note: See footnote 1, Strategy II regarding JCN).
Recommendation #4: Enable education reform program by amending relevant laws and regulations.				
Benchmark #1: More rigorous academic standards established.			Parliament, Prime Ministry, Ministry of Education	Status unchanged since 2003
Benchmark #2: Improvements in Tawjihi system introduced.				Achieved in 2003.
Benchmark #3: New teacher preparedness and academic delivery systems introduced.				Achieved in 2003.
Benchmark #4: Targets for ensuring that every school and classroom has access to the Internet and a computer established.				Achieved in 2003.
Benchmark #5: Private sector-driven "Centre of Excellence" focused on software development provided for.				Status unchanged since 2003. No "Centers of Excellence" for software created, although progress continues via firm's cooperation with public university incubators contributing to software innovations. Private-sector is apparently not the driving force.

Recommendation #5: Implement education reform integrating science and technology into the Jordanian educational system at all levels.				
Benchmark #1: Scholarship funding for students entering scientific and technical fields increased.			Ministry of Education, INT@J	Status unchanged since 2003. JV 2020 is aware of no scholarships for science and technology students beyond the standard programs available to all students. Benchmark requires private-sector action.
Benchmark #2: Number of links with universities and private firms for research and development.				Links have been increased via multiple mechanisms; i.e. "Professor in Every Factory" initiative, collaborative research and testing facilities, incubators, etc. AS noted in sector strategy reports, momentum must be maintained and appropriately incentivized.
Benchmark #3: Number of links with Jordanian and international universities on science and technology issues.				Achieved in 2003.
Benchmark #4: Targets for ensuring that every school and classroom has access to the Internet and a computer established.				Excellent progress via EduWave program.
Benchmark #5: An effective system of advisory committees to formalize industry input into university programs, with particular emphasis on the IT industries, established and in operation.				While the software incubator program mentioned in Recommendation #4, Benchmark #5 provides for industry and university coordination, this is not a formal forum for exchange. Other informal avenues include various committees at INT@J. INT@J has also lobbied to advance formal industry input into university programs, but no success to date.
Recommendation #6: Implement new skills training strategy within the educational system.				
Benchmark #1: New links between educational system and work-place introduced.			INT@J, Ministry of Education, public and private universities	Links are continuing. INJAZ is advancing its Vocational Training program linking vocational students with the Processed Foods, Furniture, and Printing industry sectors. The Jordan Customs department has introduced model programs linking internal and educational programs to work place competencies.
Benchmark #2: Career guidance offices at colleges and universities established.				King Abdullah II Fund for Development has established Campus Career Counseling Offices for career counseling in the deanships of student affairs at public universities
Benchmark #3: Tax credits to encourage student internships with private sector firms introduced.				Status unchanged since 2003. While certain organizations are doing this (i.e. BDC) via a subsidy for a portion of intern's salary and providing training, these are not tax credits.
Benchmark #4: Positions within academia to encourage links with private business community established.				Initiatives such as "Professor in Every Factory", as well as collaborative R&D and testing are advancing linkages (see Requirement #5, Benchmark #2 above)
Recommendation #7: Anticipate current and future business requirements.				
Benchmark #1: National data bank on labor markets established and placed on the Internet.			Ministry of Education, Ministry of Labor	Achieved in 2003.
Benchmark #2: National working group on training and labor market issues involving private sector established.				Status unchanged since 2003.
Benchmark #3: Private business management school established.				German Jordan University began its first term in 2005/2006 in a temporary location at the Royal Scientific Society. GJU offers eleven Bachelor Courses including logistics and management. An MBA is anticipated in cooperation with Berlin School of Economics.

Recommendation #8: Plan for population growth.				
Benchmark #1: Population planning concerns highlighted in all government planning documents.			MOP, National Population Centre	The recent National Agenda takes into consideration the population growth when addressing the Kingdom's development plans during the coming 10 years.
Recommendation #9: Increase the resources allocated for the development of education.				
Benchmark #1: Percentage of public budget allocated for the development of education.			Ministry of Education, Ministry of Finance, business associations	Education spending was 5.6% of GDP in 2001. Ministry of Finance reports public expenditures on education ranging from 13% to 15% of general budget.
Recommendation #10: Upgrade levels of education in English, science, math, and computer science at early stages of basic education.				
Benchmark #1: Upgraded programs added to syllabi and curricula of public and private schools.			Ministry of Education, private schools	Status unchanged since 2003. Progress made and continuing.
Recommendation #11: Develop entrepreneurship skills.				
Benchmark #1: Number of small and medium enterprises started.			Ministry of Education, colleges and universities, business associations, private enterprises	Achieved in 2003. Momentum continues in this area with strong support from national as well as multi-lateral actors. Training related to entrepreneurship has been particularly strong. Business Plan Competitions from the Young Entrepreneurs Association as well as regional players are encouraging the Jordanian entrepreneurial spirit.
Recommendation #12: Introduce career guidance offices into the educational system.				
Benchmark #1: Number of career guidance offices in schools, colleges, and universities.			Ministry of Education, community colleges, universities, private schools, INJAZ program	See Recommendation #6, Benchmark #2 above. Further research is required from (high) schools re: their career guidance programs.