

# Boosting Economic Growth in Jordan

## Challenge

Historically, Jordan has relied on remittances, foreign assistance, and tourism to generate income. The reduction of these revenue flows in the mid-1980's exposed fundamental structural constraints to Jordan's economic growth. By the late 1980's, high national debt and rising inflation triggered a fiscal crisis. Disadvantaged Jordanians, especially women and the rural poor, faced a lack of employment opportunities and persistent poverty.

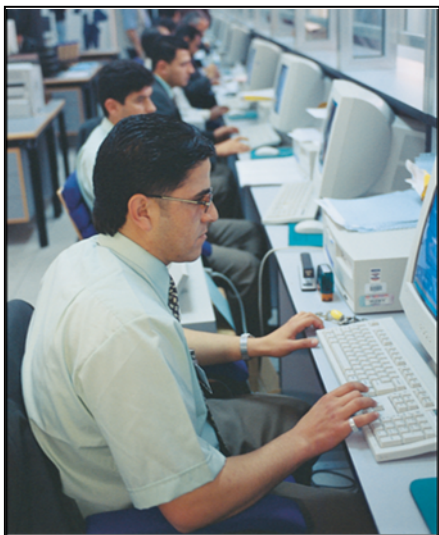


Photo: Laura Miller

A new computer system helps customs officials at Jordan's Port of Aqaba.

## Initiative

USAID is funding a four-year project to help boost Jordan's economic growth rate and reduce unemployment through a number of initiatives including policy reform, promotion of international trade, expansion of small- and micro-businesses, and capital markets development.

The project has worked with institutions, which lend to small- and micro-businesses, to improve their internal financial structures, train personnel in management, and create long-term sustainability. These institutions are improving their capacity to deliver financial and technical support to small- and micro-entrepreneurs.

The private sector is being encouraged to take a leadership role in the free-market economy by helping business associations upgrade member services and

advocate private sector issues more effectively. The program is helping develop strategic management plans for these associations and monitors their progress. With USAID's assistance, Jordan's business associations have begun drafting legislation and are working with the government for changes that affect their members. At the policy level, rigorous analysis of Jordanian law was conducted, impediments to economic growth were identified, and the government was helped in implementing reforms. The project also helped build capacity in the Jordanian Investment Promotion Corporation and promotes a modern securities market that will attract domestic and foreign investment.

## Results

USAID helped reform and automate the customs process and develop industrial zones in Jordan - increasing foreign direct investment by almost \$34 million and creating 13,000 new jobs. By bringing more than 40 trade laws and regulations into conformity with international standards, Jordan became the 136th member of the World Trade Organization in an unprecedented eight months. Microfinance institutions have provided more than 50,000 loans - two-thirds of which went to women - resulting in a 45 percent average increase in borrower income. In addition, small-enterprise membership in project-supported business associations increased by 56 percent.