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JORDAN

JORDAN

Country Briefing

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VISIT TO JORDAN, November 14-17, 1974

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>	<u>REMARKS</u>
Thurs. Nov.14	09.00 11.00 13.00		Leave Damascus Syro-Jordan Border Arrive Amman (by car)
Fri. Nov.15			Helicopter trip along Rift Valley possibly, with a visit to Petra.  Return to Amman
Sat. Nov.16			Meetings with King Hussein and/or Prince Hassan  Visit Jerash (afternoon)
Sun. Nov.17	08.45  09.40		Depart Amman  Arrive Beirut MEA 313

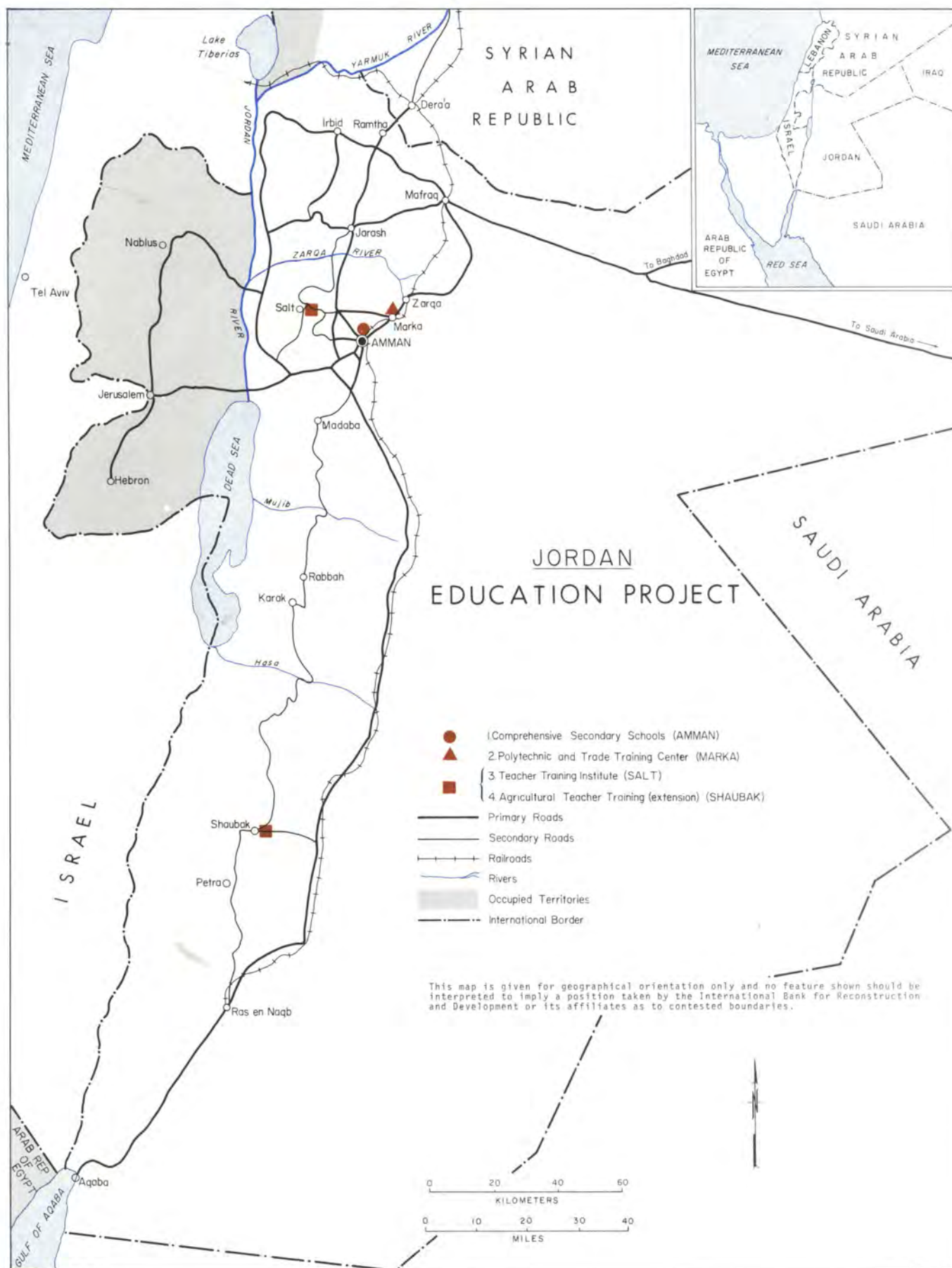
Note: Government has agreed to above outline and is preparing detailed schedule.



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GEOGRAPHIC AND ECONOMIC DIMENSIONS OF THE DISPUTE 33

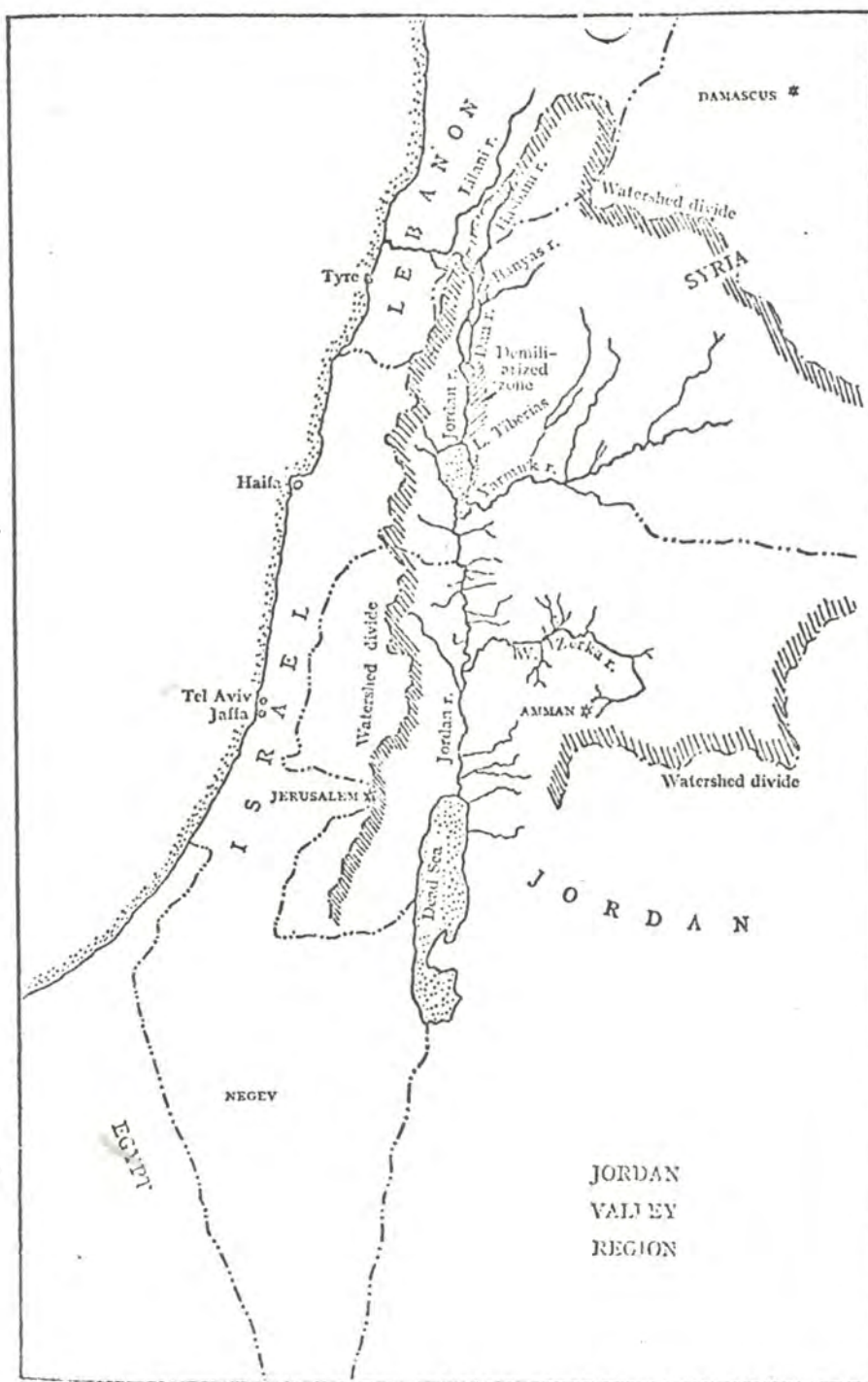


Fig 1



SOLUTIONS ATTEMPTED OR PROPOSED

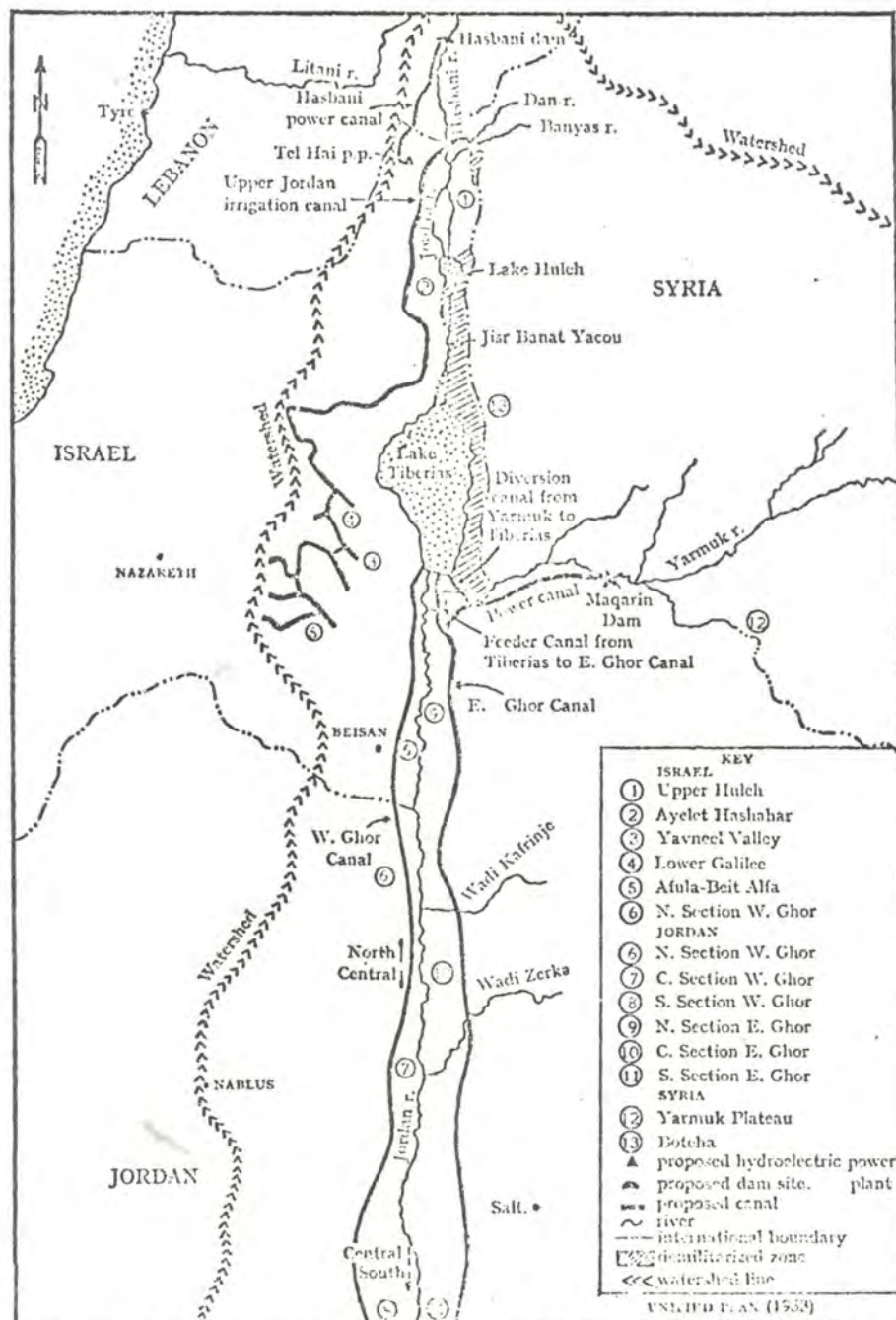


Fig. 2

SOLUTIONS ATTEMPTED OR PROPOSED

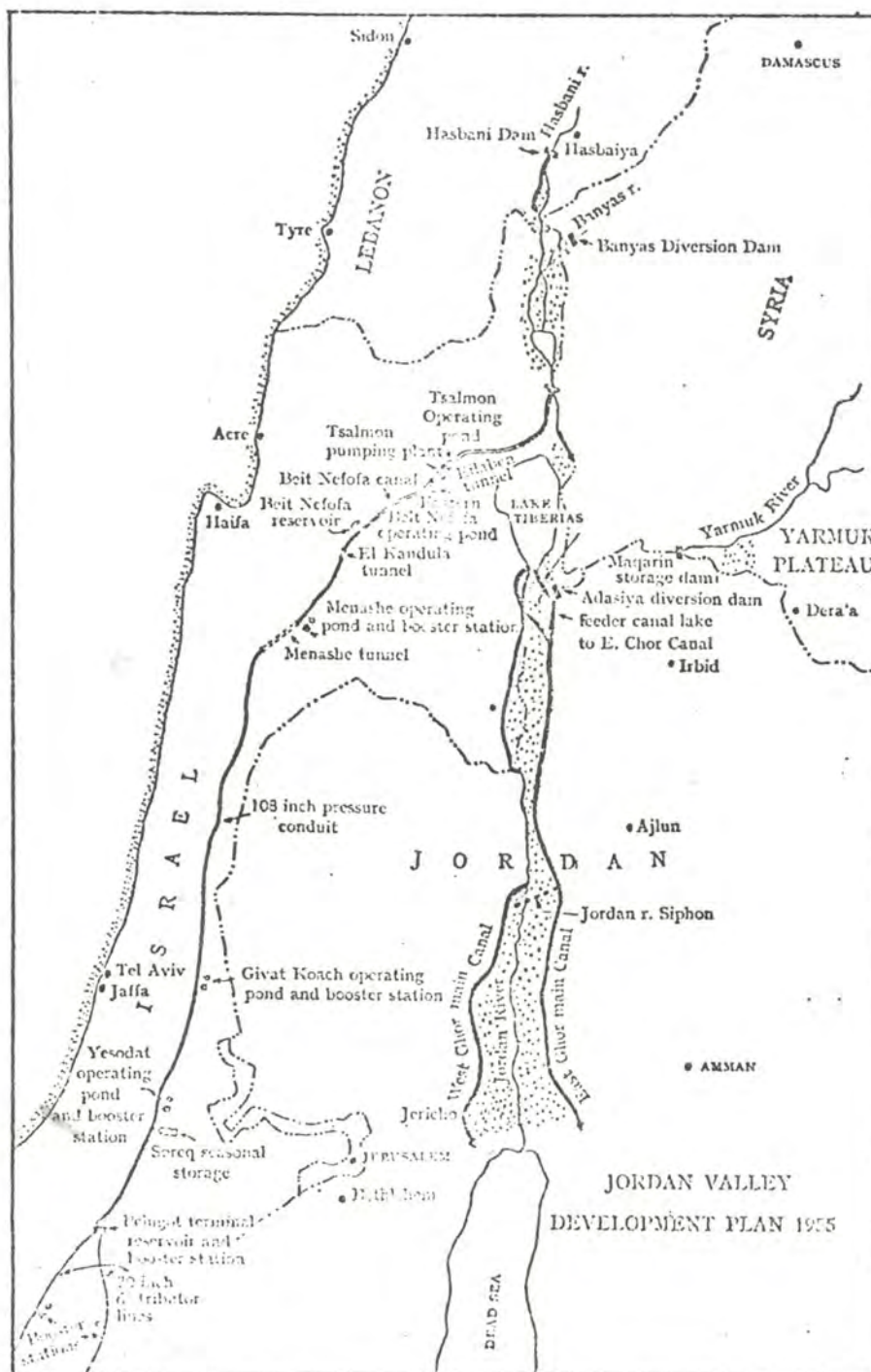
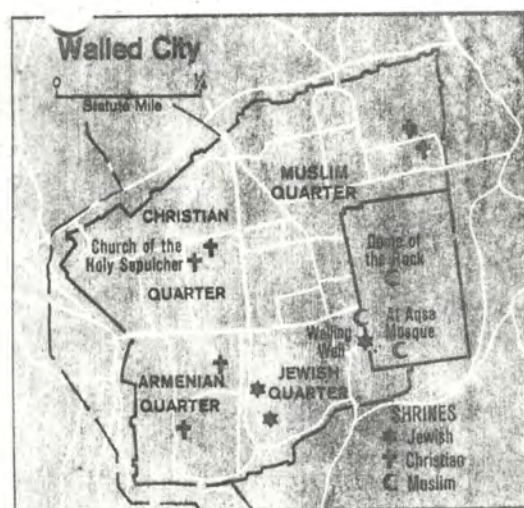


Fig. 4



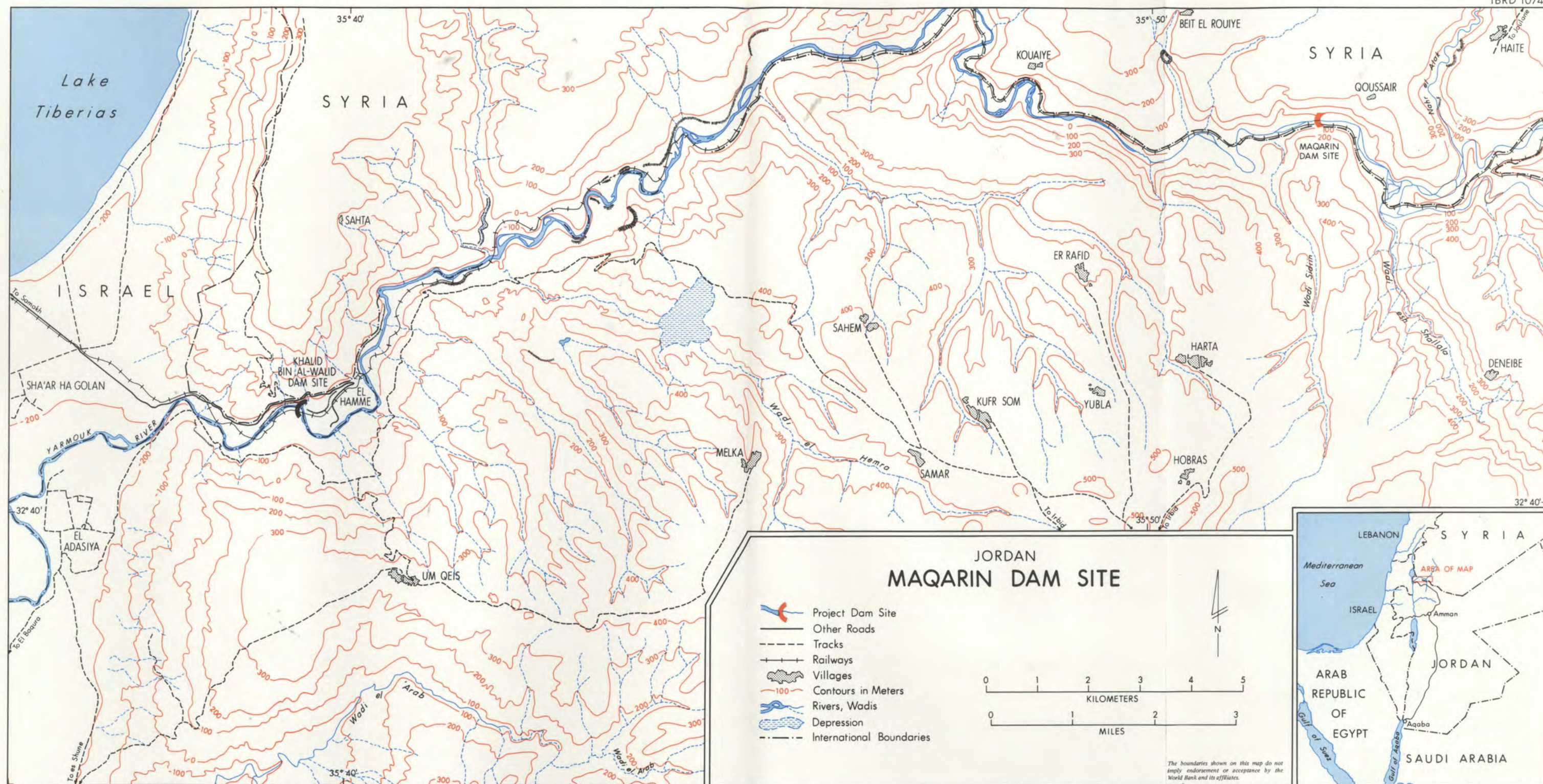
In color, in  
Mr. McManis's  
copy



-  Israeli-expropriated area, December 1971  
 Israeli-administered municipal area, 28 June 1967  
 Built-up area, 1967  
 U.N. armistice line, 1949  
 Municipal boundary, 1947











# HASHEMITE KINGDOM OF JORDAN

## BACKGROUND NOTES

Population: 2.4 million (1970 est.)

Capital: Amman

Jordan, an eastern Arab state, is bounded by Syria on the north, Iraq on the east, Saudi Arabia on the east and south, and Israel on the west. It is landlocked except at its southern extremity where about 16 miles of shoreline on the Gulf of Aqaba give it access to the Red Sea. Jordan has an area of approximately 37,100 square miles (slightly smaller than Indiana).

Jordan is a country of rocky deserts, mountains, and rolling plains and is predominantly arid. The distribution of rainfall, more than anything else, has determined the population distribution. Most of the people live in the northwest on either side of the Jordan River where there is enough rainfall to support normal land cultivation. It is estimated that 88 percent of the land is desert, waste, or urban; 11 percent agricultural; and 1 percent forested.

A great north-south geological rift, forming the depression of the Jordan River Valley, Lake Tiberias, and the Dead Sea, is the dominant topographical feature and divides Jordan into two regions—East Bank and West Bank Jordan. Immediately east of the Jordan River and the Dead Sea is the edge of a high plateau which receives moderate rainfall. The greater part of the East Bank, however, is an extension of the Syrian (or North Arabian) Desert. The small area west of the river is hilly and receives a fair amount of rainfall.

The country has a Mediterranean-type climate. Its major characteristics are a rainy season from November to March and very dry weather for the rest of the year. Temperatures at Amman range from an average of 50° F. in January to an average of 90° F. in August.

Jordan's flag consists of three horizontal stripes—black, white, and green from top to bottom—joined at the hoist with a red triangle on which appears a white star.

### THE PEOPLE

Jordan's 1970 population was estimated at 2.4 million with a growth rate of approximately 3.9 percent annually. There are about 65 people per square mile for the country as a whole, although about one-third of the population lives in West Bank Jordan (a portion of former Palestine

currently under Israel military occupation). There are approximately 750,000 Palestinian Arabs and more than 500,000 registered refugees residing in the East Bank. Amman has over 500,000 inhabitants. Slightly more than 50 percent of the population is rural, about 44 percent is fully urban, and less than 6 percent is nomadic or seminomadic.

Jordanians are of Arab stock except for a few small communities of other ethnic origins, such as the Circassians, Armenians, and Kurds; these groups, however, have long since adapted themselves to the Arab culture. About 94 percent of the Jordanians are Sunni Muslims; the remainder are Christians.

The official language is Arabic, but English is used widely in the commercial and official sectors. Literacy is estimated at 35-40 percent.

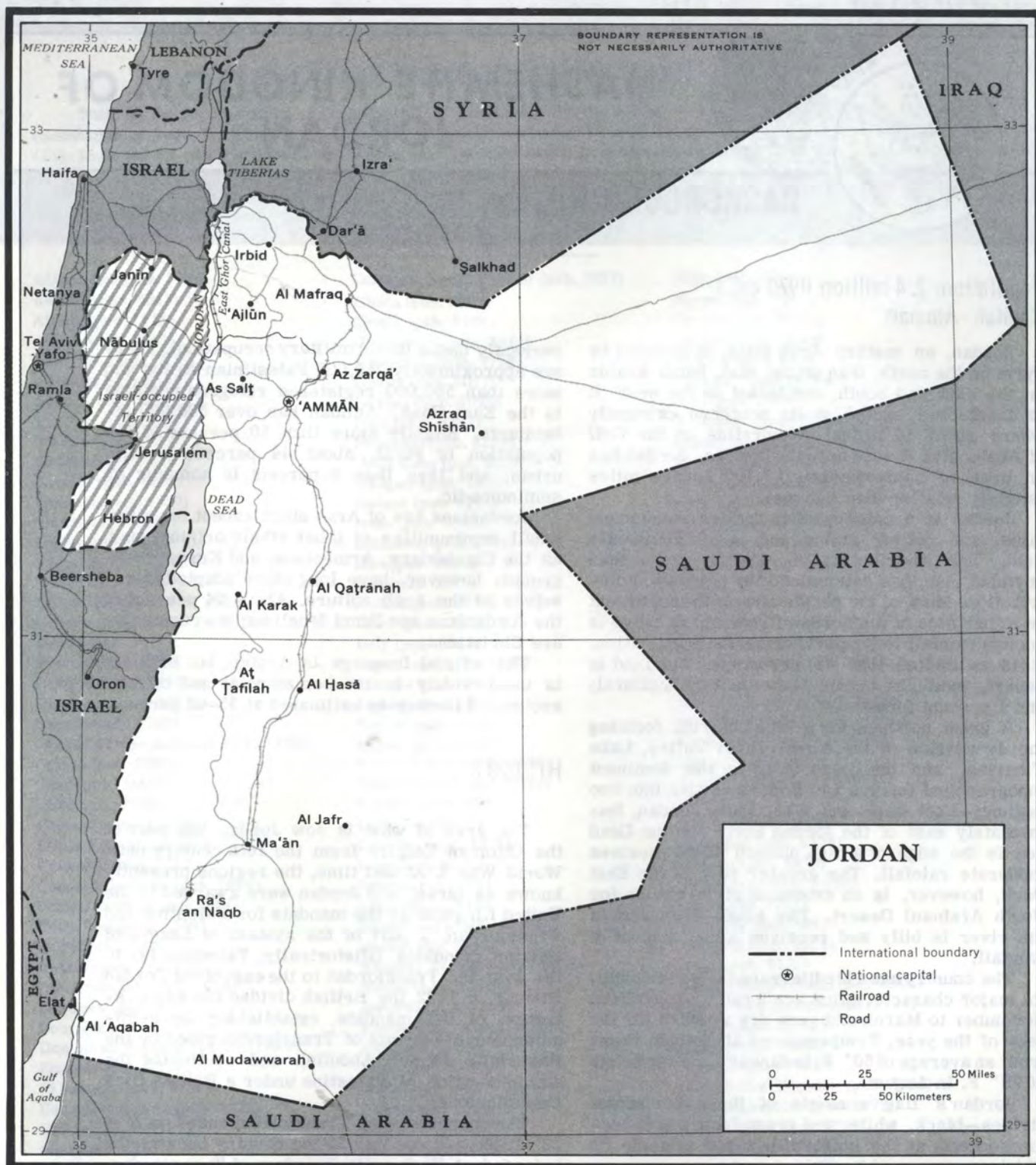
### HISTORY

The area of what is now Jordan was part of the Ottoman Empire from the 16th century until World War I. At that time, the regions presently known as Israel and Jordan were awarded to the United Kingdom as the mandate for Palestine and Transjordan, a part of the system of League of Nations mandates. (Historically, Palestine lay to the west and Transjordan to the east of the Jordan River.) In 1922 the British divided the administration of the mandate, establishing the semi-autonomous Emirate of Transjordan ruled by the Hashemite Prince Abdullah and continuing the administration of Palestine under a British High Commissioner.

The mandate over Transjordan ended on May 22, 1946, and on May 25 the country became the independent Hashemite Kingdom of Transjordan. It continued to have a special mutual defense treaty relationship with the United Kingdom until 1957 when the treaty was dissolved by mutual consent.

When the British mandate over Palestine ended on May 14, 1948, and the State of Israel was proclaimed, an armed conflict developed between the Israelis and Palestinian Arab nationalists, aided by neighboring Arab states (including Transjordan). Jordan's western boundary with Israel was demarcated by the armistice agreement of April 3, 1949, and in 1950 the country was renamed





the Hashemite Kingdom of Jordan to include those portions of Arab Palestine annexed by King Abdullah.

By virtue of its signature to a mutual defense pact in 1967 with Egypt, Jordan participated in the June 1967 hostilities between Israel and the Arab states of Syria, Egypt, and Iraq. The 6-day war resulted in Israel occupation of all western

Jordanian territory as far as the Jordan River, including the formerly Jordanian-controlled sector of Jerusalem.

Since the June 1967 war, efforts have been made to reach a peaceful settlement to the Arab-Israel dispute. However, incidents of violence have occurred along the cease-fire lines, and the basic conflict remains.



## GOVERNMENT

Jordan is a constitutional monarchy based on the Constitution promulgated on January 8, 1952. Executive authority is vested in the King (Chief of State) and the Council of Ministers (cabinet). The King signs all laws, puts them into effect, and holds veto power subject to override by a two-thirds vote of both houses of the National Assembly. He appoints and may dismiss all judges by decree, approves amendments to the Constitution, declares war, and commands the armed forces. All cabinet decisions, court judgments, and the national currency are issued in his name; he is immune from all liability for his acts.

The Council of Ministers, led by the Prime Minister (Head of Government), is appointed by the King, who may dismiss other cabinet members at the request of the Prime Minister. It is responsible to the Chamber of Deputies on matters of general policy and can be forced to resign by a two-thirds vote of "no confidence" by that body.

Legislative power rests in a bicameral National Assembly. The 30-member Senate is appointed by the King for an 8-year term. Senators are from the West and East Banks, but there is no requirement regarding the number to be chosen from each area. The 60-member Chamber of Deputies is elected by direct universal suffrage to a 4-year term subject to dissolution by the King. Traditionally, 30 Deputies are from the West Bank and 30 from the East Bank; the Israel occupation of the West Bank has not affected this balanced representation. Of the 60 seats, 50 must go to Muslims and 10 to Christians.

Three categories of courts—civil, religious, and special—are provided for by the Constitution.

Administratively, Jordan is divided into eight Governorates, each headed by a Governor appointed by the King. They are the sole responsible authorities for all government departments and development projects in their respective areas.

## POLITICAL CONDITIONS

King Hussein is the central figure in Jordan. Since his reign began in 1953, he has weathered a series of difficult crises but has always been strongly and loyally supported by the Jordan Arab Army, the former famed Arab Legion.

There are no officially recognized political parties in Jordan. Candidates for seats in the Chamber of Deputies campaign as individuals. The most recent elections were held in April 1967 but, because of Israel occupation of the West Bank, there have been no subsequent elections.

The aftermath of the June 1967 war saw the rapid growth of the Palestinian resistance movement (fedayeen) in Jordan, Syria, and Lebanon. This movement was particularly strong in Jordan, and by the beginning of 1970 tension between the Palestinian guerrilla forces and the Jordanian Government had led to sporadic outbreaks of fighting. During the first half of 1970 an attempt

was made to resolve the differences between the fedayeen movement and the Government, but it was not successful. Serious fighting between fedayeen forces and the Jordanian Army at Amman in June 1970 ended within 2 weeks through efforts of an Arab mediation committee. However, incidents continued to occur throughout the summer.

The internal situation reached crisis proportions in September 1970 when the Palestinian fedayeen launched a campaign to undermine Near East peace talks, under the auspices of the United Nations, to which Jordan, Egypt, and Israel had agreed. As part of this campaign, a radical fedayeen group, the Popular Front for the Liberation of Palestine (PFLP), hijacked three commercial airlines belonging to U.S., British, and Swiss companies. These planes, with more than 400 hostages aboard, were taken to a desert area east of Amman, where they were held under fedayeen control. After a few days the fedayeen released the hostages and destroyed the planes; in return for release of these hostages a small number of fedayeen held under criminal charges by Switzerland, the Federal Republic of Germany, and the United Kingdom were released.

Amman became the headquarters for the fedayeen movement as it grew in strength following the 1967 war. In mid-September 1970, heavy fighting broke out in Amman and other parts of the country between the fedayeen and the Jordanian Army. This crisis occurred when the Government decided to reestablish full control of Amman. On September 18, as Jordanian Army units were moving against fedayeen units in the north, a Syrian tank force (camouflaged as a Palestinian force) crossed the Jordanian border and took up positions in support of the fedayeen. After several days of tense developments, the Syrian forces withdrew and the danger of an enlarged conflict diminished.

Arab Foreign Ministers met at Cairo on September 22 to seek to mediate the Jordanian situation and sent an inter-Arab committee to Amman to negotiate a cease-fire. The following day both sides accepted a cease-fire but sporadic fighting continued. An agreement on procedures to implement the cease-fire was signed in October between the Jordanian Government and the fedayeen but occasional fighting continued through the summer of 1971, with the Government gradually strengthening its position and reestablishing control of the country.

## ECONOMY

As late as 1958 Jordan was thought to have little economic future. It had few natural resources, no industry, only a handful of hotels to house tourists, a serious need for adequately paved roads, and low agricultural production relying almost exclusively on limited rainfall. Moreover, much of the large refugee population was unemployed or underemployed.



Despite these handicaps Jordan's economy grew rapidly in the decade prior to the June 1967 war. Through effective use of foreign assistance, primarily grant aid from the United States, the gross national product (GNP) rose from about U.S. \$140 million in 1954 to more than \$575 million in 1967. It dropped slightly in 1970 to an estimated \$567 million. Per capita GNP reached \$250 in 1967 and was increasing at an annual rate of 9 percent. In 1970 it was about \$270.

All major sectors of the economy were expanding. Thousands of acres of newly irrigated farmland in the Jordan River Valley were brought under cultivation; a number of light industries were established; modern port facilities were developed at Aqaba; income from tourism increased dramatically; and the Jordanians took steps to preserve their historical sites, built better roads, constructed comfortable hotels, and otherwise promoted tourist activities. Jordan developed its phosphate deposits for export and was developing plans for the extraction of potash from the Dead Sea.

Immediately prior to the 1967 war the prospects for continued economic growth in Jordan were favorable, and it was expected that the country would reach a point of sustained growth by the mid-1970's, thus reducing the need for substantial economic assistance.

The economy suffered a major setback resulting from the 1967 war when Jordan not only lost the income-producing West Bank and a significant portion of its population but also was burdened with about 300,000 additional refugees. Within a year, however, Jordan had made a remarkable recovery from the losses and disruption caused by the war. Employment and demand initially were sustained primarily by heavy government spending made possible by large subsidies from other Arab governments. Thereafter, with a greatly expanded money supply, private sector activity (particularly housing, construction, and trade) rapidly revived.

This general economic revival, together with a high level of military expenditures, created a record demand for imports. Agriculture—the heart of the economy—also has shown improvement, except in the productive Jordan River Valley where fighting kept production down until 1971.

The violent confrontation between the Palestinian guerrillas and the Jordanian Army in September 1970 and July 1971 was an additional setback to the economy. Not only did it disrupt commercial and agricultural activity on a broad scale, but it also led directly to termination of external budgetary support from Libya (\$26 million annually) and suspension of Kuwait's contribution (\$39 million annually). The United States has moved to meet part of the revenue shortfall resulting from these setbacks and is considering ways in which Jordan's interrupted progress toward a self-sustaining economy might be resumed. This effort will require considerable expansion of the country's export capability in foodstuffs and phosphates, reinvigoration of the formerly promising transit industry, and other measures to provide productive employment to the large part of the population

consisting of refugees and other displaced persons.

In the period 1950-71 U.S. economic assistance totaled more than \$650 million and helped to create a base for continued economic growth. Jordan was often cited as an example of what a well-planned and administered assistance program could accomplish. The U.S. Agency for International Development (AID) program for Jordan presently consists of several development projects as well as Public Law 480 (Food for Peace) programs. Several private U.S. voluntary agencies also have programs in Jordan.

In development efforts for Jordan, the United States has been joined by the International Bank for Reconstruction and Development (IBRD), the U.N. Development Program (UNDP), the United Kingdom, and the Federal Republic of Germany. The U.N. Relief and Works Agency (UNRWA), which provides direct support for the refugee population, also enjoys heavy financial participation by the United States.

Jordan's agricultural sector is comprised mainly of small landowners who grow basic crops for domestic consumption. The only agricultural products exported are fruits and vegetables. The major industry in Jordan is the processing of phosphate.

Jordan's exports in 1970 totaled about \$34.1 million and consisted of fruits, vegetables, and phosphate. Imports that same year amounted to approximately \$183.7 million, primarily machinery, transportation equipment, cereals, and petroleum products. Its major trading partners are the United Kingdom, the Federal Republic of Germany, Syria, Kuwait, Lebanon, Japan, and Yugoslavia.

## FOREIGN RELATIONS

Jordan has consistently followed a pro-Western foreign policy and has been particularly friendly to the United States and the United Kingdom. It has never recognized Israel, and since the June 1967 war a major objective of Jordanian foreign policy has been the recovery of those territories occupied by Israel in the course of the war. Jordan has worked persistently for the implementation of U.N. Security Council Resolution 242 of November 22, 1967, which sets forth the principles for a just and lasting peace in the Near East.

Jordan is a member of the United Nations and several of its specialized agencies, the Arab League, and a number of Arab regional organizations.

## U. S. POLICY

Relations between Jordan and the United States have been close for more than a decade. Since the 1967 war a primary objective of U.S. policy has been to assist in securing a just and equitable settlement of the issues arising from the Arab-Israeli war. The continued independence and stability of moderate Jordan is an essential



element in the search for peace. Jordan must be strong and viable to make a positive contribution toward an enduring peace in the area. Accordingly, through economic and military assistance and by diplomatic support, the United States has helped to maintain Jordan's independence.

U.S. policy related to a Near East peace settlement is based on U.N. Security Council Resolution 242, adopted unanimously on November 22, 1967, and support for the mission of U.N. Special Representative Gunnar Jarring. Ambassador Jarring's mission is to promote agreement between the parties and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles of resolution 242.

Resolution 242 includes the basic concepts of withdrawal of Israel armed forces from occupied territories; termination of all claims or states of belligerency; respect for and acknowledgment of the sovereignty, territorial integrity, and political independence of every state in the area; and the right of the people in the area to live in peace within secure and recognized boundaries. It also affirms the need for freedom of navigation through international waterways in the area, a just settlement of the refugee problem, and a guarantee of territorial inviolability and political independence for every state in the area.

Because Ambassador Jarring had been unable to make progress on substantive matters with the parties, the U.S. Government in the spring of 1969 entered into Four Power talks with the United Kingdom, France, and the U.S.S.R. at the United Nations and into bilateral discussions with the U.S.S.R. The purpose of these talks was to develop a framework for peace, based on resolution 242, which Ambassador Jarring might use to engage the parties in negotiations.

The U.S. central objective in the Near East is to help the parties in conflict find a way to a just and lasting peace through agreements arrived at by them. The United States continues to support the efforts of Ambassador Jarring. As Secretary of State William P. Rogers declared on December 9, 1969, "... our policy is to encourage the Arabs to accept a permanent peace based on a binding agreement and to urge the Israelis to withdraw from occupied territory when their territorial integrity is assured as envisaged by the Security Council resolution."

Because Jerusalem has a unique international standing as a sacred shrine to three of the world's major religious faiths—Islam, Christianity, and Judaism—the United States believes that its status should not be determined unilaterally but rather by international agreement. As Secretary Rogers explained in a December 1969 address: "... we cannot accept unilateral actions by any party to decide the final status of the city. We believe its status can be determined only through the agreement of the parties concerned, which in practical terms means primarily the Governments of Israel and Jordan, taking into account the interests of other countries in the area and the international community."

## PRINCIPAL GOVERNMENT OFFICIALS

Chief of State—King Hussein I

### Council of Ministers

Prime Minister; Minister of Defense—Ahmad Lawzi

Minister for the Royal Court—Ahmad Tuqan

Minister of State for Prime Ministry Affairs—Abd al-Salam Majali

Minister of Foreign Affairs—Abdallah Salah

Minister of Agriculture—'Umar Abdallah

Minister of Communications—Ali Hasan al-Odeh

Minister of Culture and Information—Adnan Abu 'Udeh

Minister of Education, Chief Qadi, Minister of Religious Affairs and Holy Places—Ishaq Farhan

Minister of Finance—Anis Mo'ashir

Minister of Health—Dr. Muhammad Bashir

Minister of Interior—Ibrahim Hashbani

Minister of Interior for Municipal and Rural Affairs—Col. Yaqub Abu Ghosh

Minister of Justice—Salim al-Masa 'Idah

Minister of National Economy—Omar An-Nabulsi

Minister of Public Works—Ahmad Ash-Shubaki

Minister of Reconstruction and Development—Subhi Amin Amr

Minister of Social Affairs and Labor—'Ali 'Inad Al-Khraya

Minister of Transport, Tourism, and Antiquities—Ghalib Barakat

Ambassador to the U.S.—Zuhayr Mahmud al-Mufti

Ambassador to the U.N.—Abdul Hamid Sharaf

Jordan maintains an Embassy in the United States at 2319 Wyoming Avenue, N.W., Washington, D.C. 20008.

## PRINCIPAL U. S. OFFICIALS

Ambassador—L. Dean Brown

Deputy Chief of Mission—William H. Brubeck

Political Officer—David W. McClintock

Economic Officer—William D. Wolle

Consul—Anthony F. O'Boyle

Consul General, Jerusalem—

The U.S. Embassy in Jordan is located at Jebel Al-Webde, Amman.

## READING LIST

al-I'mar, Majlis. 5 Year Program for Economic Development, 1962-1967. Amman: Jordan Development Board, 1961.

American University. Area Handbook for Jordan. Washington, D.C.: U.S. Government Printing Office, 1969.

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## CURRENT FOREIGN POLICY

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The following pamphlets were issued on the dates indicated:

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- (2) *President Nixon's Supplemental Aid Message to Congress*. Pub. 8559, 10¢ (December 1970).
- (3) *Viet-Nam: Ending U.S. Involvement in the War*. Pub. 8589, 10¢ (June 1971).

- (4) *Congress, the President, and the War Powers*. Pub. 8591, 15¢ (June 1971).
- (5) *The U.S. and Japan: Common Interests, Common Problems*. Pub. 8599, 10¢ (July 1971).
- (6) *Greece: U.S. Policy Dilemma*. Pub. 8604, 10¢ (August 1971).
- (7) *The United States and the People's Republic of China*. Pub. 8607, 10¢ (August 1971).
- (8) *Foreign Economic Policy and the American Interest*. Pub. 8601, 10¢ (August 1971).
- (9) *A Program for Peace in Viet-Nam*. Pub. 8603, 10¢ (October 1971).
- (10) *U.S. National Security Policy and the Indian Ocean*. Pub. 8611, 10¢ (November 1971).
- (11) *International Aspects of President Nixon's New Economic Policy*. Pub. 8619, 10¢ (November 1971).
- (12) *Berlin: The Four-Power Agreement*. Pub. 8620, 15¢ (December 1971).
- (13) *Our Permanent Interests in Europe*. Pub. 8621, 10¢ (December 1971).
- (14) *U.S. and North Africa*. Pub. 8622, 10¢ (January 1972).

Other *Current Foreign Policy* pamphlets now in preparation include such topics as Cuba, the international environment crisis, the battle against international drug trafficking, and tariff preferences for the less developed countries.

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| Austria (pub. 7955)                                | Guyana (pub. 8095)                  | Peru (pub. 7799)                 |
| Bahamas (pub. 8329)                                | Haiti (pub. 8287)                   | Philippines (pub. 7750)          |
| Bahrain (pub. 8013)                                | Honduras (pub. 8184)                | Poland (pub. 8020)               |
| Barbados (pub. 8242)                               | Hong Kong (pub. 8126)               | Portugal (pub. 8074)             |
| Belgium (pub. 8087)                                | Hungary (pub. 7915)                 | Portuguese Guinea (pub. 7966)    |
| Bermuda (pub. 7907)                                | Iceland (pub. 8227)                 | Qatar (pub. 7906)                |
| Bhutan (pub. 8334)                                 | India (pub. 7847)                   | Romania (pub. 7890)              |
| Bolivia (pub. 8032)                                | Indonesia (pub. 7786)               | Rwanda (pub. 7916)               |
| Botswana (pub. 8046)                               | Iran (pub. 7760)                    | Saudi Arabia (pub. 7835)         |
| Brazil (pub. 7756)                                 | Iraq (pub. 7975)                    | Senegal (pub. 7820)              |
| British Honduras (pub. 8332)                       | Ireland (pub. 7974)                 | Seychelles (pub. 8246)           |
| Bulgaria (pub. 7882)                               | Israel (pub. 7752)                  | Sierra Leone (pub. 8069)         |
| Burma (pub. 7931)                                  | Italy (pub. 7861)                   | Singapore (pub. 8240)            |
| Burundi (pub. 8084)                                | Ivory Coast (pub. 8119)             | Somali Republic (pub. 7881)      |
| Cambodia (pub. 7747)                               | Jamaica (pub. 8080)                 | South Africa (pub. 8021)         |
| Cameroon (pub. 8010)                               | Japan (pub. 7770)                   | South West Africa (pub. 8168)    |
| Canada (pub. 7769)                                 | Jordan (pub. 7956)                  | Southern Rhodesia (pub. 8104)    |
| Central African Republic (pub. 7970)               | Kenya (pub. 8024)                   | Southern Yemen (pub. 8368)       |
| Ceylon (pub. 7757)                                 | Korea (North) (pub. 8396)           | Spain (pub. 7800)                |
| Chad (pub. 7669)                                   | Korea (South) (pub. 7782)           | Spanish Sahara (pub. 7905)       |
| Chile (pub. 7998)                                  | Kuwait (pub. 7855)                  | Sudan (pub. 8022)                |
| China, Communist (pub. 7751)                       | Laos (pub. 8301)                    | Surinam (pub. 8268)              |
| China, Republic of (pub. 7791)                     | Lebanon (pub. 7816)                 | Swaziland (pub. 8174)            |
| Colombia (pub. 7767)                               | Lesotho (pub. 8091)                 | Sweden (pub. 8033)               |
| Congo, Brazzaville (pub. 7896)                     | Liberia (pub. 7991)                 | Switzerland (pub. 8132)          |
| Congo, Kinshasa (pub. 7793)                        | Libya (pub. 7815)                   | Syria (pub. 7761)                |
| Costa Rica (pub. 7768)                             | Luxembourg (pub. 7856)              | Tanzania (pub. 8097)             |
| Cuba (pub. 8347)                                   | Macao (pub. 8352)                   | Thailand (pub. 7961)             |
| Cyprus (pub. 7932)                                 | Malagasy Republic (pub. 8015)       | Togo (pub. 8325)                 |
| Czechoslovakia (pub. 7758)                         | Malawi (pub. 7790)                  | Trinidad and Tobago (pub. 8306)  |
| Dahomey (pub. 8308)                                | Malaysia (pub. 7753)                | Trucial Shaikhdoms (pub. 7901)   |
| Denmark (pub. 8298)                                | Maldives Islands (pub. 8026)        | Tunisia (pub. 8142)              |
| Dominican Republic (pub. 7759)                     | Mali (pub. 8056)                    | Turkey (pub. 7850)               |
| Ecuador (pub. 7771)                                | Malta (pub. 8220)                   | Uganda (pub. 7958)               |
| El Salvador (pub. 7794)                            | Martinique (pub. 8320)              | United Arab Republic (pub. 8152) |
| Equatorial Guinea (pub. 8025)                      | Mauritania (pub. 8169)              | United Kingdom (pub. 8099)       |
| Ethiopia (pub. 7785)                               | Mauritius (pub. 8023)               | Upper Volta (pub. 8201)          |
| Fiji (pub. 8486)                                   | Mexico (pub. 7865)                  | Uruguay (pub. 7857)              |
| Finland (pub. 8262)                                | Mongolia (pub. 8318)                | U.S.S.R. (pub. 7842)             |
| France (pub. 8209)                                 | Morocco (pub. 7954)                 | Vatican City (pub. 8258)         |
| French Guiana (pub. 8321)                          | Mozambique (pub. 7965)              | Venezuela (pub. 7749)            |
| French Territory of Afars and Issas<br>(pub. 8429) | Muscat and Oman (pub. 8070)         | Viet-Nam (North) (pub. 8505)     |
| Gabon (pub. 7968)                                  | Nepal (pub. 7904)                   | Viet-Nam (South) (pub. 7933)     |
| The Gambia (pub. 8014)                             | Netherlands (pub. 7967)             | Western Samoa (pub. 8345)        |
| Germany, Federal Republic of<br>(pub. 7834)        | Netherlands Antilles (pub. 8223)    | Yemen (pub. 8170)                |
|  | New Zealand (pub. 8251)             | Yugoslavia (pub. 7773)           |
|  | Nicaragua (pub. 7772)               | Zambia (pub. 7841)               |



D



Mirwan Kusein  
Cabinet of King Prince

October 1974

JORDAN - CABINET

PRIME MINISTER

Mr. Zaid EL-Rifa'i

Prime Minister,  
Minister of Foreign Affairs, and  
Minister of Defense

MEMBERS

Mr. Douqan EL-Hindawi

Minister of Finance

Mr. Fouad Qaqish

Minister of Interior for  
Municipal & Rural Affairs

Mr. Ahmed A. Tarawneh

Minister of Interior

Mr. Omar Nabulsi

Minister of National Economy

Mr. Ghaleb Barakat

Minister of Tourism & Antiquities

Mr. Ahmad Shobaki

Minister of Public Works

Mr. Nadim Zaro

Minister of Transport

Mr. Modar Badran

Minister of Education

Mr. Salem Masadeh

Minister of Justice

Mr. Muhyi-Eddin Hussein

Minister of Communications

Mr. Saleh Al-Sharie

Minister of Supply

Dr. Abdel-Aziz Khayyat

Minister of Awkaf & Islamic Affairs

Dr. Sobhi Amin Amr

Minister for Reconstruction  
and Development

Mr. Marwan Hmoud

Minister of Agriculture

Mr. Adnan Abu Odeh

Minister of Culture & Information

Dr. Youssef Zohni

Minister of Social Affairs  
and Labour



MINISTER OF STATE

Mr. Zuhair Mufti

Minister of State for Foreign  
Affairs

Mr. Taher Nasha'at Masri

Minister of State for Occupied  
Territories Affairs

Mr. Marwan Dudeen

Minister of State for Prime  
Ministry's Affairs

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Mr. Bahaa-Eddin Touqan

Minister of the Royal Court  
(not member of Cabinet)

sh/-



October 1974

LIST OF SENIOR OFFICIALS

JORDAN

Dr. Mohammad Said Nabulsi

Governor & Chairman of the Board  
Central Bank of Jordan  
P.O. Box 37  
Amman, Jordan

Cable: BANKMARKAZI AMMAN  
Telephone: 30300/9

Mr. Omar Abdullah Dokhgan

President, Jordan Valley Commission  
P.O. Box 1970  
Amman, Jordan

Telephone: 41065/41838

Mr. Abdul Hammed Shoman

Chairman, Arab Bank  
King Faisal Street  
Amman, Jordan

Cable: BANKARABI AMMAN  
Telex: 1230 Amman  
Telephone: 3161

Mr. Ali Al-Dajany

President, Amman Chamber of Industry  
Amman, Jordan

Dr. Khalil Salem  
(Governor - Bank)

President, National Planning Council  
P.O. Box 555  
Amman, Jordan

Cable: NPC, Amman  
Telephone: 44035 (H) 44466 (O)

Mr. Hashem Dabbas  
(Alternate Governor - Bank)

Under Secretary, Ministry  
of National Economy

Mr. Zoheir Khoury  
(Advisor - Bank)

General Director  
Housing Bank

./..



The Honorable  
Mr. Mohammed O. Quran

Director General  
Agricultural Credit Corporation  
P.O. Box 77 & 684  
Amman, Jordan

Mr. Muraiwud Tell

Economic Adviser to His Majesty  
The King, The Royal Court  
Amman, Jordan

Mr. Muhammad Tuqan

Lord Mayor of Amman  
Amman, Jordan

IBRD's Washington Contact

HE Abdullah Salah

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Washington D.C. 20008

Telephone: 202-265-1606

Mr. Sultan N. Lutfi

First Secretary  
Embassy of Jordan

---

Mr. Jean- Claude Aimé

UNDP Resident Representative  
P.O. Box 565  
Amman, Jordan  
(3rd Circle Jabal Amman)

Cable: UNDEVPRO  
Telephone: 41202/06

sh/-



JORDAN

HUSSEIN I  
(Phonetic: hooSANE)

King

Addressed as:  
Your Majesty

Age - 38

Ascended throne in 1953.

British-educated.

Divorced British wife Princess Muna.  
Married Queen Alia.

Friendly to West.  
Accomplished pilot and amateur radio operator.

Speaks English well.

October 1974



JORDAN

HASSAN ibn Talah  
(Phonetic: hahSAHN)

Crown Prince

Addressed as:  
Your Highness

Age - 27

Acts as regent in the Kings absence and is intensely interested  
in economic development.

Is head of the Royal Scientific Society.

Political Science Degree from Oxford University.

Married to a Pakistani.

Speaks English and knows some French and has studied Hebrew.

October 1974



JORDAN

Zayd al-RIFA'I  
(Phonetic: rifEYE)

Prime Minister;  
Foreign Minister;  
Defense Minister

Addressed as:  
Mr. Prime Minister

Age - 37

A.B. degree in political science from Harvard University - 1956  
M.A. degree in international affairs from Columbia - 1957.

Has served both in the Foreign Ministry and at the Royal Court.

Was formerly married to an American. Is now married to a Jordanian and has two children.

He speaks excellent English and some French.

October 1974



JORDAN

Zuhayr Mahmud al-MUFTI  
(Phonetic: MOOFtee)

Minister of State  
for Foreign Affairs

Addressed as:  
Mr. Minister

Age - 52

B.A. and M.A. from American University of Beirut

Entered the Foreign Ministry in 1947. Has held posts  
in Washington, Paris, London, Baghdad, the Scandinavian  
countries and the Netherlands.

Was married to an American. Is now married to a Turk  
and has three children.

He speaks English.

October 1974

JORDAN

Dhugan HINDAWI  
(Phonetic: hinDOWEE)

Minister of Finance

Addressed as:  
Mr. Minister

Age - 47

Born in Irbid

Graduated from Cairo University - 1950  
M.A. from University of Maryland - 1959  
Has held positions with the Ministry of Education, UNRWA.  
Was Minister of Information in 1965 and Minister of Education  
1965 and Minister of Social Affairs and Labor in December 1966.  
Reappointed Minister of Education in April 1967 until 1970.

Has written several secondary school textbooks.

Married and has two children.

Speaks excellent English.

October 1974



JORDAN

Sa'id al-NABULSI  
(Phonetic: nahBULLsee)

Minister of National Economy

Addressed as:  
Mr. Minister

Age - 43

Minister of National Economy since February 1972.

Palestinian by birth.

B.A. Degree in Law from Damascus University

M.A. and Ph.D degrees from Georgetown University

Was employed by the Syrian Central Bank, the Syrian Commercial Bank and the Arab World Bank. Was Adviser to the Governor of the Jordanian Central Bank in 1968 and later became Executive Director.

Is a member of the Executive Committee of the Jordanian Economists Association.

Is author of Monetary Integration Problems in the Developing Countries.

Speaks excellent English.

October 1974

JORDAN

Khalil SALIM  
(Phonetic: SAHlim)

President, National  
Planning Council

Addressed as:  
Mr. Salim

Age - 52

President of National Planning Council since May 1973.  
Had been for previous 10 years Governor of the Jordanian  
Central Bank.

Graduated from American University of Beirut - 1941

Education Degree from London University  
PH.D from Columbia University

Participated in seven annual meetings of the Governors  
of the IMF and IBRD.

Married and has several children.  
Author of numerous articles and children's textbooks  
on mathematics, economics and administration.

He speaks English.

October 1974



CURRICULUM VITAE

NAME:	AIME, Jean-Claude	NATIONALITY:	Haiti
DATE OF BIRTH:	10 September 1935	MARITAL STATUS:	Married
		LANGUAGES:	French English Spanish (fair)
EDUCATION:	1955-1958	Harvard University, Massachusetts - B.A.	
	1960-1961	Wharton Graduate School of Finance, University of Pennsylvania - M.B.A.	
EXPERIENCE:	1962 to present	United Nations Development Programme	
	1974 to present	Representative, UNDP Liaison Office, Amman, Jordan.	
	1972-74	Representative, UNDP, Liaison Office with the East African Community, Arusha, United Republic of Tanzania.	
	1971-72	Detailed to UN Relief Operation, Dacca as Area Co-ordinator	
	1969-71	Deputy Resident Representative, Amman, Jordan	
	1967-69	Seconded to the International Labour Organization (Field Department), Geneva	
	1964-67	Assistant Resident Representative, Algeria	
	1963-64	Programme Officer, Tunis, Tunisia	
	1962-63	Professional Assistant, Programme Div., Headquarters, New York	
	1958-59	Trainee, First National Bank of Boston, Massachusetts	

E



JORDANTopics for Discussion**DECLASSIFIED****APR 09 2013****WBG ARCHIVES**Background

1. "Uneasy lies the Head" was the title of a book by King Husain years ago. Since the dearly paid decision to join Egypt and Syria in a military alliance on the eve of the 1967 war, Jordan and the Hashemite dynasty have experienced the most traumatic challenges of their existence: they lost the West Bank, faced the mounting power of, and civil war with, the Palestinians, were outlawed by most Arab countries. Yet supported by the allegiance of the Transjordanian Bedouins, King Husain has continued to walk the tightrope of changing political and financial support from abroad, with as uneasy a head and as skillful a policy as ever.
2. The Bank's posture in Jordan has to take account of the fundamental imbrication of the political and economic issues which, hopefully, should be resolved in the context of a Middle East settlement. In the political sphere, Jordan has to contend with Israel for the recovery of the West Bank, and if it recovers it, with the Palestinian Liberation Organization and its supporters in the Arab world and in the UN (where it was just admitted to participate in the Middle East debate). The chances of restoring Jordan integrally in its pre-1967 borders are slim since, despite the interests of the US and of Israel, the price of settlement might be a Palestinian entity. While this may emerge as a compromise solution, more extreme changes should not be ruled out if the peace settlement and the creation of a Palestinian entity triggered a weakening of the so far solid Jordanian political and military apparatus or resurrected old hopes -- and pressures -- for Greater Syria. Against this background, Bank assistance in the planning, project preparation and financing tasks the Government has asked it to assume should of necessity be limited at this stage to the East Jordan framework -- as the Government wants it -- but cannot ignore the economic, social, employment and creditworthiness implications of the various settlement alternatives.
3. Until the prospects for, and shape of a peace settlement are better defined, the most urgent task for the Bank will be to put in shape those projects which can safely help Jordan reduce its dependence on external financial support and at the same time, withstand economically and financially the alternative solutions which may emerge as regards territory and transfers of population. Such projects (highly capital intensive and with a **very** limited direct employment content) are contained in the ambitious Rift Valley package, the key points of which are discussed below. In parallel, the Bank should help Jordan build up progressively its planning machinery so as to be prepared to add to the projects it needs to cure the structural disequilibrium in its balance of payments other projects which would provide secure employment outside the Army to the poorer classes, correct the skewed income distribution pattern and build at long last a stable and hospitable environment to the large refugee population which has been at the root of the Middle East unrest for a quarter of a century. No doubt, for several years to come, Jordan's decisions in the economic field will be governed by the survival imperative rather than by social objectives.



4. The Bank's key role will be to prepare such a transition. Its influence will hinge on its ability to muster the financing of the projects immediately at hand, and to tactfully and convincingly pursue the longer-term social objectives.

#### Development Plan and the Rift Valley Package

5. Preparation had progressed of an outline 10-year plan, handed over by Crown Prince Hassan to Mr. McNamara in May (see Annex F.5a). This was not based on any comprehensive and correlated analysis. No work is currently being done on its consolidation as focus has shifted onto the Rift Valley package mentioned below. However, the National Planning Council, which is maintaining the need for development investment also outside the Rift Valley, is talking of preparing a 5-year plan for 1975-80 which would essentially include the Rift Valley scheme and some other relatively small investments in other areas. These would include certain projects in our current CPP and September 24 Postscript such as Education, Water Supply and DFC.

6. The Rift Valley package (see Annex F.5c) was discussed by Crown Prince Hassan in May 1974 with Mr. McNamara and US officials. Prince Hassan wrote in July asking for Bank assistance in its formulation and coordination, which the Bank agreed, in principle, to do. The package consists of two dams on the Yarmouk River and related irrigation works, housing and social services in the Jordan Valley; mining projects of phosphate rock and copper and related further refining and fertiliser processing in Wadi Araba in the south; potash evaporation and processing as well as some agricultural development in the central Dead Sea area; an integrated system of infra-structure and services in the Rift corridor, including railway construction in the South and additions in the Aqaba Port; and miscellaneous studies and other smaller projects and schemes.

7. The package has a total cost of about \$1.5 billion in 1975-80 according to Jordanian estimates made in early 1974, but, given revised cost estimates and the prospects of continued price escalation, could be twice this amount. This, together with projects in other parts of Jordan, would require annual investments of about \$600 million of which at least \$450 million from external sources. This compares with about \$100 million of commitments and \$50 million of disbursements from external sources currently. This program is made up of well conceived, imaginatively prepared and sensible projects, which would be expected to ultimately increase production by about \$800 million annually, most of which constitutes foreign exchange earnings (compared to current exports of \$50 million annually). If, as is likely, it proves impossible to mobilize financing on such a large scale, priority should be given to the safest projects, and to those with the quickest payback, essentially the expansion of phosphate mining and phosphoric fertilizers.

8. The Rift Valley scheme would only provide direct employment opportunities for about 80,000 persons, or less than one quarter of the jobs to be created in 1975-80. If viewed solely as a creator of jobs, in the setting of the need for employment generation and improvement of incomes in Jordan, the cost of the Rift Valley package would be exorbitant at US\$50,000 per job, directly, or about \$35,000, if indirect employment (50,000) is also considered. However,



this has to be weighed against the benefits of this package to the country's output, balance of payments and government revenues, and the resulting enhancement in creditworthiness.

9. Despite the difficult institution building and organizational problems it will bring, as well as the need for a more formal settlement of the riparian issues of the Jordan waters, the Bank Group should be ready to assist the Government in the development of the Rift Valley, in its evaluation in the context of the five-year National Development Plan, and in its integration with the rest of the country. Implementation of the package will be determined by the size of the commitments which Jordan will secure from the various aid donors, predominantly Arab sources, and the corresponding pace at which the Government will be able to undertake the institutional reforms needed to improve absorptive capacity, and to tackle the general problems of employment and income distribution, also by other means. This is essential in view of the huge investment cost of this package, almost half of which are for enclave projects, ~~that would enhance balance of payments, government revenues and therefore creditworthiness, but contribute relatively little to creation of jobs.~~

#### The IBRD/IDA Program, Coordination and Creditworthiness Constraints

10. The constraints on IDA funds have led to discontinuing consideration of lending operations that we had started studying with the Jordanian authorities last year (DFC and Urban Penetrator Road) and will lead to the IDA contribution being small compared to total costs of projects, such as Education, Agricultural Credit and Power in FY75 and FY76. Later IDA credits are likely to become of diminishing importance, and possibly vanish in the late 1970's if peace prevails and the country's creditworthiness builds up. The Jordanian Delegation was informed of these constraints during the Annual Meeting and encouraged to contact other sources of soft finance, probably Arab, to supplement IDA. In response to Bank requests, the Omani Delegation expressed interest in the Education Project and both the Arab Fund and the Abu Dhabi Fund are considering participation in the Power project.

11. Although the Jordanian Government has not yet made any specific suggestions as to the **role** they wish the Bank to assume regarding the Rift Valley package it is clear to them that the Bank could assist them, as needed, in mobilizing and coordinating the external financial assistance required. The Government has already submitted the Rift Valley package to the US, Germany and the UK with which we are in contact. Jordanian officials have been made aware of the various fund-mobilizing and coordinating roles which the Bank has undertaken in various countries.

12. The National Planning Council (NPC) has been the coordinating agency for planning and external borrowing in Jordan. The Crown Prince personally oversees economic matters and NPC. However, the linkages and collaboration between NPC and the concerned ministries, such as Finance, Economy, Agriculture, etc., in the new investment programs is poor. Furthermore, in both agriculture and industry, major schemes have been undertaken by creating



a new "authority" -- such as the Jordan Valley Commission and the Founders Committee for Phosphatic Fertilizers, which is discussing this project with IFC -- rather than using either the existing government ministry or the NPC. These committees are appointed by and report directly to the Prime Minister. If the Bank is going to play a coordinating role in national planning and in the Rift Valley scheme, there must be a central interlocutor in Jordan that will help with internal coordination and linkages between the large number of existing and new institutions and prevent that the Bank be dragged into internal rivalries. The King's views on this question are of basic importance.

13. While a substantial part of the external financing required by the Rift package is expected to be provided on grant or concessional terms, the size of the package will necessarily require conventional loans from various sources to be blended, on a project basis, with soft aid since no external donor is likely to underwrite fully projects of the contemplated magnitude. Thus financing from the Bank (as opposed to IDA) and from western and OPEC donors (over and above the limited amounts of soft aid they can allocate to Jordan) is predicated on creditworthiness. While all lenders to Jordan are implicitly willing to assume the political risk, they would be less willing -- and in the case of the Bank cannot -- accept the financial risks related to project execution and marketing. Thus it is essential that the first generation of projects for which the Bank would organize the financing be "enclave" ones, with sufficient safeguards as to their management, marketing, profitability and foreign exchange earnings. The most obvious choices in this regard are phosphate development (mining and fertilizers) and, possibly, potash and copper.

14. This would still leave uncovered the financing of the related infrastructure and of the projects without direct foreign exchange earnings. For such projects, which are required for the implementation of the others (e.g., transportation) or needed to maintain an adequate economic and social balance between sectors (e.g., Agriculture), Jordan will have to rely chiefly on soft aid.

15. In the longer run, when foreign exchange earning projects will have started to pay off, Jordan's creditworthiness for conventional borrowing is expected to increase substantially and it will then be possible to consider other Bank lending irrespective of the capacity of the projects to pay their way. The Government should be cautioned that such a stage is still far away and that it will be essential for its development to direct foreign borrowings to those projects which can safely and quickly help solve its balance of payments disequilibrium.



F

COUNTRY PROGRAM PAPER

JORDAN

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APR 09 2013

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		(Current US\$ millions)		
		IBRD/IDA Lending Program		
		<u>FY69-73</u>	<u>FY74-78</u>	<u>FY76-80</u>
1973 Population (millions)				
East Bank	1.82			
West Bank	<u>0.72</u>			
Total	<u>2.54</u>	IBRD	-	49.0
				62.0
1972 per cap GNP: \$270 <u>1/</u>		IDA	<u>30.3</u>	<u>32.0</u>
Current Population				<u>42.0</u>
Growth Rate: 3.3% p.a.		Total	<u>30.3</u>	<u>81.0</u> <u>2/</u>
				<u>104.0</u>
Current Exchange				
Rate: JD 0.322 = US\$1.00		Operations Program		132.0
		<u>Annual Average Per Capita (\$)</u>		
		IBRD/IDA	2.39	6.38
		IDA	2.39	2.52
				8.19
				3.31

A. INTRODUCTION

1. The last Country Program Note for Jordan, dated February 9, 1973, was reviewed at a meeting in Mr. McNamara's office on March 2, 1973. An economic mission visited Jordan in January 1974 to update the last economic report (EMA-54a, of October 10, 1972). The mission's report is in green cover.

<sup>1/</sup> World Bank Atlas, 1974.

<sup>2/</sup> In current terms, the proposed FY74-78 program of \$81.0 million compares with \$38.5 million for the same period, approved in February 1973. In constant (FY74) dollars, the proposed FY74-78 program is \$65.7 million (for deflator see Attachment 1) representing a 70% increase over last year's program of \$38.5 million. Annual average per capita commitments in real terms for FY74-78 would be \$6.38 compared with \$2.39 during FY69-73.



2. A number of developments suggest the need for intensifying Bank Group assistance to Jordan, especially during the critical years of adjustment of its economy that would follow a peace settlement in the region. A calm domestic political climate and prospects of a peace settlement in the Middle East are beginning to have favorable effects on economic activity, which is recovering from the 1970-1972 stagnation. Export prospects have been enhanced by the increase of phosphate, potash and copper prices on the world markets. Four large, foreign exchange earning, enclave projects planned in phosphatic fertilizers, phosphates, potash and copper mining are expected to enhance Jordan's prospects for external creditworthiness and, providing peace is established and Jordan can reduce its military expenditure to more normal levels, permit external budgetary assistance to be terminated. The Government has established a number of new development institutions, and project preparation and response to our advice have become very good. The Government has requested Bank assistance in formulating and implementing an integrated development package for the Rift Valley region for which financing would be mobilized under the Bank's auspices. This package includes the potash, phosphates and copper projects; the related port and railway development; the development of Aqaba; and the development of the water resources of the Jordan Valley and the region south of the Dead Sea. The Government has also requested the assistance of IFC and the Bank in the preparation of a large phosphatic fertilizer project.

3. Taking into account Jordan's improved economic performance, prospects and absorptive capacity; the importance of the enclave projects for its creditworthiness; and the limitations of IDA resources, the CPP proposes: (i) the allocation of manpower resources to coordinate the development, preparation and financing of the Rift Valley package; (ii) Bank lending for enclave projects (fertilizer and potash initially) as proposed in the past CPP, in conjunction with IFC especially where it can appropriately take an equity position and play a promotional role; (iii) increased reliance on co-financing, particularly from oil-rich donors, for a larger number of projects than envisaged in the past, with a corresponding decrease of IDA's stake per project; and (iv) if political and economic developments confirm the favorable prospects, some Bank lending for non-enclave projects in the late seventies.

## B. COUNTRY OBJECTIVES AND PERFORMANCE

### Political Situation

4. The domestic position of the Government has continued to strengthen. The Government has kept full control in the East Bank after suppressing Palestinian commando activity in September 1970 and King Hussein has continued to command support from the bedouin tribes, which supply the backbone of the army and are the main source of his political strength. Unrest in the army last February was rapidly allayed by changes in the high command, openly criticized for corruption by the soldiers, and by increases in pay similar to those granted to civil servants.



5. Jordan's participation in the hostilities on the Syrian front in October 1973 has enabled it to regain support from the Arab world, after it had been largely withdrawn as a consequence of Jordan's suppression of Palestinian commandos in 1970. The King has underscored the improved relations with official visits in the neighboring countries, while at the same time consolidating Jordan's ties with the USA, which has become the main source of budgetary support since 1970. In spite of the progress in external relations, however, the King still faces the difficult problems of the future of the West Bank and East Jerusalem in an eventual peace settlement in the Middle East, and the political and, possibly, territorial arrangements with the Palestinian organizations. The King seems to have assumed a flexible and pragmatic posture, as indicated by his declared willingness to accept the participation of Palestinian representatives in the Geneva peace talks and to let the West Bank population decide on their future links with Jordan. Much will hinge in coming months on the King's ability to chart Jordan's course between the varied interests of the Arab countries, Palestinian organizations and Israel.

#### Development Objectives

6. The war of June 1967, and the consequent loss of the West Bank, interrupted a trend of substantial economic growth (10 percent per year in real terms in 1960-67) and progress in achieving the Government's objective of phasing out foreign budget support by the mid-seventies, when foreign aid would have been channelled to development projects only. During the post-1967 years, the emphasis of the Government's policy shifted to the short-run aim of revitalizing the economy. Some economic recovery occurred in 1969, but at the cost of an increased reliance on foreign support. The disruption of economic activities during the civil disturbances of 1970-71, the subsequent economic sanctions by Arab countries and the resulting economic recession kept the Government's attention focused on short-term stabilization rather than medium- and long-term development policies. The Jordan Development Board, responsible for planning, lost its prominent role during these years as well as many of its staff.

7. The return of internal stability in 1971 permitted the Government to devote considerably more attention to medium- and long-term economic issues. **Spurred by the special interest of Crown Prince Hassan, the planning machinery was reactivated with the establishment of the National Planning Council (NPC), replacing the Jordan Development Board, in late 1971.** To support NPC and provide for decentralization, planning units in Ministries and coordination committees with the private sector were also created, while the need for more efficient project preparation, execution, and follow-up was stressed. As a first step a three year Plan (1973-75) and an outline for a development program over the following ten years were prepared, for the first time almost exclusively by Jordanians. The Plan aims at achieving an 8 percent annual rate of growth in a situation of relative price stability; creating new jobs in an attempt to reduce the 8 percent open unemployment rate and the serious underemployment in the East Bank; improving manpower skills through vocational and technical instruction; fostering a more equitable distribution of economic gains between the various income groups and geographical regions, mainly through rural development and improvement of housing and public services; and



phasing out the economy's heavy dependence on foreign budget support by reducing the budget and trade deficit through increased domestic revenues and foreign exchange earnings. Presentation of the Plan in November 1972 at a three day conference in Amman was attended by representatives of the Development Commissions of the EEC, potential donor countries from the Arabian peninsula, the US and several European countries, and restored some confidence in Jordan's future development.

8. The Plan's strategy aims at thoroughly restructuring the economy by reducing its heavy reliance on services (about two-thirds of GDP), especially on defense (about 22 percent of GDP <sup>1/</sup> in 1973), and by developing agriculture, manufacturing and mining, both through institutional and infrastructure support to private initiative and through public investment in production enterprises if needed. In agriculture, which accounts for about 18 percent of GDP, one-third of commodity exports and 30 percent of employment, emphasis is placed on development of irrigation and, to a lesser extent, on improvement of rainfed farming to exploit the substantial potential for export--especially citrus and other fruits--and for import substitution of wheat and meat. Support of manufacturing and mining, which accounts for about 12 percent of GDP, 7 percent of employment and two-thirds of commodity exports (half of which are phosphates), aims at making manufacturing production more competitive and export-oriented, particularly to neighboring countries; developing fertilizers production based on the country's phosphate reserves; increasing the production of Jordan's high quality phosphate rock; and exploiting the country's deposits of potash and copper. Four large projects, in phosphates, potash, fertilizer and copper production, aim at reducing budget and trade deficits by generating a large amount of foreign exchange earnings.

9. The Plan envisages aggregate investment of \$557 million over 1973-1975, an increase of 79 percent over the level of the depressed 1970-1972 period. External financing is expected to cover 42 percent of the total. Two-thirds of this ambitious investment program may be realized, in projects detailed in the Plan which offer an adequate balance between economic growth, employment generation, income distribution, and institution building. Transport is expected to account for 20 percent of total investment; mining, power and industry 20 percent; construction 20 percent; agriculture 15 percent; social sectors 17 percent; communication, tourism and trade 8 percent. The bulk of investment in transport is for railroad construction, to enable the planned increase in exports of phosphate rock. Special emphasis is placed on providing non-subsidized, low-cost housing which is needed in the cities, especially Amman. The outline program for the ten years 1976-85 proposes the continuation of the strategy of the 1973-75 Plan, with more ambitious objectives of economic growth (11 percent per year) and aggregate investment (\$4,665 million over the period).

#### Recent Performance

10. Thanks to the more settled domestic conditions, economic recovery seems well underway, although an exceptional drought resulted in a very poor crop in 1973 and kept GNP at the 1966 level. The October 1973 conflict did

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<sup>1/</sup> This percentage includes imported equipment and extra-budget direct military aid; the GDP refers to both the East and West Banks (33 percent for the East Bank alone).



not affect the economy significantly. The increase in world oil prices so far had little impact on Jordan, which still receives its crude under an expired package agreement covering also transit fees for the pipeline passing through the country. So far none of the parties has asked to renegotiate this package but, in any new deal, the Government would expect to obtain a special price on oil or an offsetting increase in transit fees. Industry reached high capacity utilization in 1973 and it seems that the Plan's target of 14 percent annual growth for this sector may be achieved. A high level of construction activity and workers' temporary migration also contributed to relieve unemployment. Export receipts from phosphates, cement, other commodities and non-factor services continued to grow rapidly, and reached \$188 million in 1973, compared to \$83 million in 1971. The resource gap remained large in 1973, at about 29 percent of GDP, mainly because of large expenditures on defense (22 percent of GDP) related with the tense situation in the Middle East. As in 1972, foreign budget and defense support approximately equalled defense expenditures. The resource gap on civil operations, i.e. excluding defense expenditures, was only 7 percent of GDP in 1973, down from 14 percent in 1969, and was more than covered by worker's remittances and other factor services receipts. As a result, the current account of the balance of payments showed a \$24 million surplus, which, together with net capital inflow of \$15 million, resulted in an increase of foreign exchange reserves by \$39 million.

GAP ANALYSIS  
(\$ millions)

	1969	1970	1971	1972	1973
Resource Gap Excluding Defense	84	57	80	49	57
Defense and Public Security Outlays <u>/1</u>	129	106	109	174	167
<u>Resource Gap</u>	<u>213</u>	<u>163</u>	<u>189</u>	<u>223</u>	<u>224</u>
Net Factor Revenue and Private Current					
Transfers	41	37	30	37	69
Foreign Budget and Defense Support <u>/1</u>	116	90	89	162	160
United Nations and other Economic Assistance	12	19	10	22	19
<u>Financial Gap</u>	<u>44</u>	<u>17</u>	<u>60</u>	<u>2</u>	<u>-24</u>

/1 Includes extra-budget direct military aid.

At the end of 1973, gross official reserves reached \$312 million, equivalent to nine months of imports of goods and services.

11. The Government's domestic revenues maintained their growing trend since 1970, and increased by 18 percent in 1973, mainly because of increased receipts from custom duties. A further 24 percent increase is budgeted for 1974, based on higher revenues from the Government's participation in the



phosphate company. The burden of defense and public security on the budget, though it decreased from 64 percent of current expenditures in 1972 to 60 percent in 1973, remained high, but was about equalled by foreign budgetary support. Domestic revenues exceeded non-defense recurrent expenditures, with a surplus of \$44 million (up from \$27 million in 1970) available to finance development expenditures and service external and domestic debt in 1973.

CENTRAL GOVERNMENT'S RESOURCES AND EXPENDITURES  
(in millions of JD's)

	1969	1970	1971	1972	1973
Domestic Revenues	32.5	30.3	36.1	38.5	45.5
Foreign Support	38.4	35.4	35.1	41.9	45.0
Civilian Expenditures	19.0	20.8	21.6	25.4	30.7
Defense and Public Security	46.2	38.2	39.1	45.1	47.0
<u>Current Surplus</u>	<u>5.7</u>	<u>6.7</u>	<u>10.5</u>	<u>9.9</u>	<u>12.8</u>
Development Expenditures <u>/1</u>	22.6	21.3	20.6	29.1	37.0
<u>Budget Deficit (-)</u>	<u>-16.9</u>	<u>-14.6</u>	<u>-10.1</u>	<u>-19.2</u>	<u>-24.2</u>
Drawings on Cash Balances and					
Bank Advances	3.6	8.1	-8.2	3.5	3.7
Bonds and Treasury Bills	8.4	4.2	11.4	5.0	6.8
Gross Foreign Loans	4.8	2.3	3.5	9.6	12.6
Other Foreign Finance	-	-	3.4	1.1	1.1

/1 Includes debt service on foreign loans and repayments on domestic loans. (JD 9.2 million in 1973).

12. Progress on institutional developments and project preparation was substantial and has opened the way to project implementation during the following years of the Plan. An Industrial Development Corporation has been created, to act as a holding for existing State participations and to promote, assist and finance new enterprises until they become attractive to private investors' participation. The Government is also considering a special fund for credit to small scale business, a Housing Development Bank, a Housing Savings and Loan Association and a Public Mining Corporation. In agriculture, a Jordan Valley Commission was established in 1973 for the implementation of the integrated development of the Jordan Valley. The Government also is building up research and training facilities to improve extension services, and has established a farmers' association in the Jordan Valley with responsibility for determining cropping patterns, providing inputs and organizing produce marketing with the help of the Government's Agricultural Marketing Organization.



## Prospects

13. Prospects for economic growth have improved considerably with the favorable outlook for a peace settlement in the Middle East. The planned re-opening of the Suez canal would make easier the access of Jordan's mineral products to the Mediterranean countries to facilitate market diversification. The recent increase in cash flow of neighboring oil producing countries may increase the potential of the traditional Arab markets for Jordan's exports. Available indicators point to a sharp increase in private industrial investment, and also public investment is likely to pick up considerably with the start of a number of projects in 1974. Recovery of agricultural production from the bad crop of 1973 may also contribute to a high rate of economic growth, around 8 percent, in 1974.

14. Export prospects have been enhanced by the recent increases of world prices for phosphates, potash and copper, although major investment activity has still to be initiated. Probable market arrangements among Mediterranean producers would most likely keep phosphate prices at the present high levels. The Government is planning to increase production of phosphate rock from 1.0 million tons in 1973 to 3.0 million tons in 1975, and to 8 million tons by 1980. The Government is also planning to construct a \$100 million fertilizer plant, a project for the exploitation of potash deposits in the Dead Sea whose start had been interrupted by the 1967 war, and a 20,000 to 40,000 ton copper mine to exploit recently identified deposits. Geological explorations have indicated the possible existence of oil resources. Manufacturing exports, mainly to neighboring Arab markets, are also expected to grow fast from the present low level. Oil transit income, development of the planned Aqaba resort, workers' remittances and, more generally, economic growth in the surrounding countries should lead to rapidly increasing foreign income from services.

15. Against the background of this improved economic outlook, the Government's objectives of sustained growth, transformation of the economic structure, and gradual phasing out of external budgetary support seem attainable in the early or mid eighties. If peace conditions are firmly established in the Middle East in the course of 1974/75 and the Government can concentrate on the transformation to a peace economy, projections in the following table indicate that even without the West Bank, Jordan can become financially viable, and budget support could be phased out in parallel with a decrease of defense expenditures to more normal standards. If external assistance continues until 1980 at about the same level, but shifting from defense aid and budget support towards commitments for development loans, an economic growth rate of about 8 percent annually can be achieved.

16. The projections are based on the reasonable assumptions that about 70 percent of the 1973-75 plan is carried out on schedule, phosphate rock production will reach the 8 million tons level by 1985 instead of 1980, as planned by the Government, the fertilizer plant will start operations in 1978, the copper mine by 1980 and the potash plant in 1983. In the coming three years, export revenues are expected to grow very quickly mainly due to \$200



million additional annual income from phosphate rock exports arising from expansion of production and a five fold increase in world market prices since 1973. The required investment is large compared to the size of the economy -- particularly during the construction period of the enclave projects when investment rates may climb to 27 percent of GDP -- and will put a heavy burden on the administrative capacity of the public sector, which will need to be strengthened by large amounts of foreign technical assistance. The labor requirements can be met partly by manpower that otherwise would work in the oil states. Private consumption may be expected to increase by 6 percent a year given the high rate of population increase (3.2 percent a year), prosperity in surrounding countries and the related growing flow of workers' remittances. If the army is reduced, public consumption could be cut down from roughly 40 percent of East Bank GDP in 1973 to 15 percent in 1979. Broadening of the tax base and profits from the 83 percent Government participation in the phosphate company (estimated at \$100 million by 1975) should enable the Government to finance its current expenditures and an increasing part of its development expenditures from domestic sources. The reduction of the defense expenditures and the development of commodity production, also for domestic use, will probably bring the import bill down to a size that is more in line with the size of the economy; in 1985, after imports for the construction of the enclave projects have been completed, imports may account for 55 percent of East Bank GDP, down from 67 percent in 1973. Foreign reserves are likely to continue to increase in the coming three years, but in the second half of the seventies, construction for the enclave projects would create deficits on current account between \$150 and \$200 million a year which would reduce reserves to about four months of imports by 1985.

PROJECTION EAST BANK BALANCE OF PAYMENTS  
(millions of US dollars)

	<u>1973</u> <sup>/1</sup>	<u>1976</u>	<u>1979</u>	<u>1985</u>	Annual Growth <u>1973/85</u>
<u>Constant 1972 Prices</u>					
GNP	568	676	847	1331	7.4%
Population East Bank (millions)	1.82	2.00	2.20	2.66	3.2%
Per Cap. GNP	270	292	333	432	4.0%
GDP	516	624	789	1264	7.8%
Investment	90	176	228	290	10.2%
Domestic Savings	-97	81	91	206	-
National Savings	112	187	157	275	7.8%
Private consumption	429	511	609	863	6.0%
Public consumption (incl. budgeted defense)	183	120	118	190	0.3%
Exports (goods and N.F.S.)	160	225	313	610	11.8%
Imports (goods and N.F.S.)	347	408	479	689	5.9%
<u>Current Prices</u>					
Resource Gap	224	175	316	285	
Workers remittances	47	78	124	280	
Capital revenues	13	17	8	-55	
Budget support and other transfers (net)	188	100	20	10	
Current account	24	20	-163	-50	
Private capital inflows (net)	-2	10	25	55	
Gross public capital inflows	39	91	155	95	
Debt service ratio (percent)	6.6	2.8	5.1	5.8	
Total debt outstanding	190	379	796	1246	
Net total reserves	321	565	737	726	
Grant element on new commitments	68	22 <sup>/2</sup>	29	13	

<sup>/1</sup> Based on staff estimates.

<sup>/2</sup> Depressed because of commitment for enclave project in that year.

17. Reaching the above objectives will require a rapid start of the enclave projects, and is predicated on the introduction of Government measures for: (i) a rapid readjustment of the economy to peace conditions, especially the creation of new jobs, particularly if Jordan's large army (reportedly between 70,000 and 90,000) and military expenditures are to be reduced and Jordanian refugees permanently settled; (ii) a sustained effort in public savings, particularly through reduced underemployment of the civil servants, broadening of the tax base and implementation of the tax measures recommended



in the Plan (i.e. improvement of tax assessment and collection, introduction of an inheritance tax, and a reassessment of real estate values); and (iii) monetary policies aiming at absorbing the excess liquidity in the economy caused by de-hoarding of cash savings accumulated during the recent period of disturbances.

### C. EXTERNAL ASSISTANCE

18. The pattern of external assistance to Jordan in the recent past has largely been influenced by the unsettled conditions of the region. Transfers to the Government, mostly in the form of budgetary support and military aid, averaged \$140 million per year during 1967-73. Under the Khartoum Agreement, Jordan received subsidies amounting to about \$105 million annually from Kuwait, Libya and Saudi Arabia in 1967-69. Saudi Arabia maintained financial assistance in 1970 and increased its aid from \$40 million to \$64 million in 1972. Substantial US transfers (\$100 million in 1972 and \$89 million in 1973) compensated for the suspension after 1970 of the payments from Kuwait and Libya; Kuwait resumed its support in April 1973, raising total official transfers received by Jordan to \$179 million in that year.

19. The new emphasis on development and an extensive project list presented in the Plan have led to a sharp increase in development aid. New commitments over the last two years amounted to \$137 million, mostly from Western sources, Kuwait and IDA. Average terms on \$92 million committed in 1973 were about 1 percent interest, 7 years of grace and 30 years maturity. The gross inflow of long and medium-term capital to the central and local governments, which had averaged \$10 million per year during 1967-70, increased sharply to an average of more than \$30 million annually after 1970. The external public debt, including undisbursed amounts, was about \$221 million at the end of 1972, of which about 10 percent was held by the Bank Group. The outstanding and disbursed debt at the end of 1973 was estimated at \$180 million. Because of the concessional terms, the debt service ratio was low, at 6.6 percent in 1973.

20. To attain the objectives indicated in paragraphs 15-16, Jordan needs in the coming years about \$400 million of total external capital for the enclave projects, in addition, to a gross inflow of about \$100 million per year of development assistance. With budgetary and defense assistance assumed to phase out over five years from about \$179 million in 1973, the total of budget support and commitments for development assistance including enclave projects would average about \$250 million per year until 1980, which is comparable to what Jordan is already receiving. Prospects for continued substantial external assistance are good, in view of the ties with oil-rich Arab countries, the USA, Germany and the UK; the importance these prospective donors give to economic prosperity and political stability in the area; and the interest shown recently by France and Italy. For FY75, the US Congress is considering \$130 million in military aid, \$67.5 million in budgetary support and \$10 million in development loans. For the longer term, increasing amounts of development assistance from the US and Saudi Arabia are likely to be available, while their military assistance is expected to decrease. Other



official sources from Germany, UK, and IDA might increase somewhat their contribution, to about \$25-30 million per year, while Arab development funds are likely to assume an increasing share of the financial assistance to Jordan.

#### Creditworthiness

21. As a result of the increase in prices and the ongoing program for expansion of phosphate production, export earnings are expected to grow rapidly, at 45 percent per year (an increase of \$215 million) between 1973 and 1976, and at a lower rate, 13.5 percent per year, from 1976-1980 at current prices. During the years after 1976, growth in exports will be progressively reinforced by the other projects to further expand rock phosphate production and to produce fertilizer and copper, and, from 1983, potash. Assuming a continual and conservative hardening of aid terms with a growing element of aid on conventional terms (grant element dropping from 68 percent in 1974 to 23 percent by 1980) the projected debt service ratio would remain below 10 percent until 1985. In case of a long term peace settlement, it would appear possible for Jordan to reduce the level of defense expenditure from the present peak of 22 percent of GDP in 1973 to a more normal level of about 5 percent of GDP by 1980, and to phase out budget support over the same period while the economy grows at a healthy rate. Provided that the uncertainties affecting Jordan's territorial future are resolved, and assuming that any increase above the 5 percent military expenditure level would be covered by external grants in excess of the \$20 million forecast for 1979, Jordan would qualify for some Bank lending for other than enclave projects. Once a comprehensive peace settlement has been established it should be possible, in the light of progress in implementing the enclave and other projects and as the prospects for rapid economic growth and large public savings begin to materialize, to confirm Jordan's creditworthiness for nonenclave projects in the late seventies.

22. Because of the difficult development problems arising from the country's limited natural resources, serious underemployment, the refugee problem and the progressive reorientation of the economy and redistribution of the population which is likely to follow a peace settlement and the development of new centers of economic activity, Jordan still needs as much aid as possible on concessional terms with financing of a high share of project costs and some local currency financing. However, the large mining projects and the fertilizer project can be regarded as generating their own debt servicing capacity and, providing they are implemented successfully as presently projected, should be regarded as eligible for Bank finance, subject to continuing review of Jordan's performance.

#### D. PROGRESS TOWARDS PRIOR CPP'S GOALS

23. Considerable progress has been made towards the previous CPP's goal of intensifying Bank Group support to Jordan during the first critical year of its Plan implementation, with positive impact on project identification and preparation, institution building and cooperation with other aid donors. In FY73 the Kuwait Fund participated in the financing of the Zerqa Thermal



Power Project, jointly with IDA, and the project marked the start of the Jordan Electricity Authority in its active role of public agency responsible for electricity generation. The Amman water supply and sewerage project, also in FY73, includes institution building for Amman's water supply and sewerage authority, and studies for the development of industry, transport and tourism in the Aqaba region. The North East Ghor Irrigation and Development Project, whose board presentation was delayed to July 2, 1974 because of unavailability of IDA funds, also has an important institution building component for agricultural extension, credit and marketing facilities, in addition to providing schools, health centers and water supply at four sites where US-AID housing projects are to be undertaken. The Bank Group has also given direct assistance to the Government in long-term economic planning by acting as executing agency for a three year UNDP Planning Assistance Project, and by seconding two staff members to the six-man project team in Amman. In February 1974, IFC made its first investment in Jordan, in a ceramics project developed by the Government in close cooperation with a group of local businessmen, IFC, and Agrob Anlagenbau, one of the largest ceramic producers in the Federal Republic of Germany.

24. Generally, the Government has responded quite effectively to our advice on project preparation. The latter has progressed fairly rapidly and has reached very good standards in recent years as compared with countries of similar size and stage of development. As an example, a comprehensive regional scheme for the development of the Jordan Valley Region, which includes the North East Ghor Project, was prepared almost entirely by Jordanians with little assistance by expatriate consultants, and has attracted financial assistance from US-AID, the Kuwait Fund, West Germany and the Abu Dhabi Fund, besides the IDA financing for the North East Ghor part of the scheme.

#### E. BANK GROUP STRATEGY

25. Strong Bank Group support during the critical years of adjustment after a peace settlement could give significant impetus to the realization of the Government's objectives of transforming the economy--from its heavy reliance on military services and external budgetary assistance to a self--sustaining productive structure--and of exploiting fully the opportunities for economic growth offered by peaceful conditions in the region. A special effort is justified in the case of Jordan, since the country's adjustment problems are made more difficult than in neighboring countries by limited natural resources and by the pressing need to create productive jobs to settle refugees and reduce the army's size, while trying to absorb a rapidly growing labor force and reduce serious underemployment. The Bank Group's assistance will be especially needed in management of project preparation and execution and in institution building, which are fields where the Bank Group seems to have been able to obtain much better results than other development institutions in Jordan in the recent past. This type of assistance would permit to mobilize financial assistance from other sources, especially from Arab development institutions which might as yet be unable to offer sufficient technical



backing. The Government's interest and receptivity to our advice offers the Bank Group the opportunity to make a significant contribution in both the key areas of foreign exchange-earning enclave projects and labor intensive employment-generating projects.

26. The recent Government's request for Bank assistance in formulating, implementing and mobilizing multilateral financing for the Rift Valley package offers the opportunity of playing a key role for the effective development of a large portion of the Jordanian economy and the improvement of incomes and living standards of very poor population. The large mining projects in potash, phosphate and copper included in the package and the related port and railway development are essential to establish Jordan's creditworthiness and to increase its future debt capacity. Development of the water resources of the Jordan Valley and the region south of the Dead Sea have highest priority for agriculture and rural development, and Bank assistance could also be useful in the possible question of international allocation of waters in the Jordan basin. Projects in rainfed areas could expand wheat production and reduce the country's dependence on agricultural imports and would follow after completion of the preparatory studies underway. These developments and the creation of an industrial free zone and supporting services for light manufacturing and tourism in the area of Aqaba would contribute to offset the present trend of excessive concentration of economic activities in the Amman-Zarqa area. The inclusion of site and services schemes and other housing, water, electricity and social services in the package provides the basis for a satisfactory settlement of the population in the development areas.

27. The Bank's role in assisting the Government in formulating and implementing an integrated development package for the Rift Valley will require a substantial commitment of our manpower resources for sector studies, project identification, preparation and coordination, above that associated with the projects proposed for Bank Group financing. The Region proposes to discuss with the Government a detailed program of action and related manpower requirements for an assessment of the agricultural sector absorptive capacity, including rainfed farming; for the formulation of an industrial development program including labor intensive industries; for the coordination of infrastructure investments for the large scale mining and fertilizer projects; for the formulation of a construction and housing program; and for the development of the tourism and service industries. Based on these discussions, the Region will propose a manpower budget for the additional background and sector work required for the Bank to play the role requested by the Government; additional projects may also be proposed. The lending program now proposed makes provision only for the potash and some of the other projects in the Rift Valley package.

28. With regard to the enclave projects, it is proposed that the Bank Group assist in financing the phosphatic fertilizer and potash projects, in addition to following closely the programs and execution of the phosphate and copper mining projects within the Rift Valley package. IFC has assisted in the preparation of the fertilizer project with reviews of initial proposals and is promoting the establishment of a seed company. The Government has



recently indicated interest also in Bank financing. Bank Group assistance would include monitoring of the final stages of the consultants' work, advice on suitable technical and commercial partners, if any, and participation in the financing by IFC and by the Bank, at standard terms, jointly with other sources of external financing. The potash project had been appraised for Bank and IFC financing in 1967, when the outbreak of hostilities stopped it. The Bank is now helping the Government in reformulating and updating the project and an engineering loan for about \$1 million is proposed in FY 1975 to complete the preparation. IFC would consider participating in the financing provided that a suitable equity structure can be established.

29. The other main area for Bank Group financing is a number of projects, mostly in the Rift Valley package, which we have helped identifying and preparing in sectors with growth prospects and direct or indirect employment opportunities--such as irrigated agriculture, credit for small and medium industries, tourism and vocational and technical education--or in the removal of bottlenecks in production or services, such as water supply, transportation and electric power. If sufficient progress in the enclave projects and political developments over the next twelve months will confirm Jordan's creditworthiness for a Bank/IDA soft blend, some Bank financing would be possible for non-enclave projects scheduled for FY77-78 and thereafter. In the shorter term, the amount of IDA financing is the main constraint. The allocation for FY75-77 under the fourth replenishment has been set at \$22 million. Against this, six priority projects with total foreign exchange requirements of about \$45 million need to start execution during this period, for: (i) the North East Ghor irrigation, approved by the Board in July, 1974; (ii) technical and vocational education, appraised in May 1974; (iii) an urban development project in Amman involving improved housing for squatters; (iv) a DFC line of credit for small and medium industries; (v) the second stage of the Zerqa thermal power station development; and (vi) an agricultural credit project needed in 1976 to assist in the agricultural development of the Jordan Valley.

30. Since IDA can not cover a significant share of foreign cost of all these projects, let alone finance local costs as we did in the past, it is proposed to keep IDA's stake per project at a minimum and make a strong effort to encourage co-financing by other aid-donors, especially regional institutions, rather than cutting out of projects. We would thus bring to fruition the substantial amount of manpower resources we have already invested in most projects under consideration, and, more importantly, we would maximize our contribution in terms of institution building and management of project preparation and execution. It is therefore proposed to:

- (1) complete the processing and presentation of a \$2.5 million credit in FY75 for the education project, which, together with the \$7.5 million irrigation credit, would use up the \$10 million IDA allocation for FY75;



- (ii) appraise the urban development and the power projects in late 1974, for small credits (\$3 million and \$5 million respectively) in early FY76, and actively seek co-financing;
- (iii) defer to FY77 the appraisal of the DFC project, for a possible Bank loan;
- (iv) slip Board presentation of the agricultural credit project to FY77 and Board presentation of a credit for the regional development of Aqaba, for which studies are about to start, to FY78.

31. The proposed IDA lending program for FY75-77 would thus total \$22 million for four credits. Over FY75-79, the proposed IDA lending program of \$42.0 million for seven credits (10 operations) is lower than the \$38 million for six credits approved in May plus the \$7.5 million irrigation credit postponed from FY74 to FY75. A Bank lending program of \$55 million is proposed over FY75-79 for four loans, rather than \$30 million for three loans approved in May, the main difference consisting in the inclusion of two rather than one enclave projects. The lending program approved at the last CPP review for FY74-78 included \$33.5 million for seven credits (ten operations) and \$5 million for one Bank loan to assist an enclave project. Taking into account the postponement of the irrigation project from FY74 to FY75, and price increases, the main difference is in the Bank program, and is due to the inclusion of one more enclave project and two non-enclave Bank projects. The composition and timing of the proposed operations program compares as follows with the program approved in May:

<u>May 1974 Op. Program</u>		<u>Proposed Op. Program</u>
FY74	Jordan Valley I	-
FY75	Education II Urbanization	Jordan Valley I Education II Urbanization
FY76	Agricultural Credit III	Agricultural Credit III Industry I - Fertilizer Power II
FY77	Jordan Valley II DFC I Industry Enclave I Power II	Aqaba Regional Development DFC I Industry II - Potash
FY78	Education III	Jordan Valley II Water Supply IV
FY79	Irrigation Unidentified DFC II Water Supply IV Tourism	Agricultural Credit IV Education III DFC II
FY80	Not considered	Agric. Rainfed Areas Tourism



The main differences consist of i) advance of Industry I and Power II, which are urgently required and have reached an advanced stage of preparation; ii) postponement of Jordan Valley II and Education III, considering the timing of our other operations in these sectors; iii) addition of a second enclave project in FY77, to support the country's efforts to increase export earnings, a fourth agricultural credit in 1979, and the Aqaba Regional Development Project in FY77 (which would incorporate the Tourism Project approved for FY79) to assist in the rapid development of small and medium industry and other employment generating activities.

#### F. BANK GROUP PROGRAM

##### Agriculture

32. The Government's agricultural development strategy aims at rehabilitating and expanding irrigation, increasing the productivity of dryland farming, reclaiming land, improving marketing and introducing high quality varieties of crops. The plan aims at narrowing the deficit in the trade balance by increasing the value of exports from \$14 million in 1971 to \$26 million in 1975 and by increasing substitution for imports of agricultural commodities. Of the 350,000 ha of Jordan's cultivable land only about 30,000 ha are irrigated, of which 20,000 ha on the East Bank. The potential of unexploited water resources is substantial: it is estimated that an additional 50,000 ha can be brought under irrigation, of which about 23,000 ha on the East Bank. The irrigation potential is especially important in the Jordan Valley, where an estimated additional 30,000 ha could be brought under irrigation through the extension of the East Ghor Canal and the utilization of the Yarmouk River waters. The Jordan Valley Commission (JVC) has prepared a Three-Year Development Scheme (1973-75) within the framework of the National Development Plan, estimated to involve a total investment of roughly \$100 million over the three years. The North East Ghor Irrigation and Rural Development Project in FY75, which is part of this scheme, is estimated to cost \$17 million, and will provide irrigation works and agricultural improvements for some 7,700 ha; improved agricultural extension, credit and marketing facilities; and schools, health centers and water supplies to benefit a population of about 25,000. The German Government is financing the agricultural development of the southern part of the Valley, while US-AID has committed itself to finance the development of the middle part, centered around the Zerqa Dam. The Third Agricultural Credit Project proposed for FY76 and a Fourth Agricultural Credit in FY79 would meet the increased credit requirements arising from investment in agriculture. Additional irrigation in the Jordan Valley would depend on reservoir regulation of the Yarmouk River, and this could raise the question of the allocation of water among riparians in the Jordan basin. A Second Irrigation and Rural Development Project in the Jordan Valley and in Wadi Araba is planned for FY78. A project for the Development of Agriculture in Rainfed Areas is proposed for FY1980.



## Education

33. High participation rates at all levels are the result of a consistent policy of educational expansion over the past two decades and make Jordan's educational system quite egalitarian, in terms of both geographical distribution of educational opportunities and possibility for individual students to reach the highest levels of education. Enrollment ratios are high: over 78 percent in primary education (grades 1-6), 52 percent in preparatory schools (grades 7-9), 28 percent in higher education (either in Jordan or abroad). Public expenditures on education represent some 10-12 percent of the government's budget, and total educational expenditures absorb about 5 percent of GDP. There are, however, serious imbalances and bottlenecks. The massive expansion of enrollments has not been supported by adequate school construction and a high percentage of school premises are in rented dwelling houses, quite unsuited for classes of economic size, and low student/teacher ratios result in high recurrent costs without providing adequate pedagogical benefits. The number of qualified teachers is insufficient; curricula still reflect traditional attitudes against practical work, and thus increase the disequilibrium between employment expectations and availability of corresponding jobs; vocational and technical education has been seriously neglected; and insufficient attention has also been paid to the training and re-training needs of adult workers, both in agriculture and non-agriculture sectors, as well as to the problem of functional literacy.

34. The Government recognizes these shortcomings and the Plan stresses the need to adapt secondary education to the quantitative and qualitative manpower needs of the economy. The First Education Project (Cr. No. 285, US\$54 million Credit of February 11, 1972) included construction and equipment of two comprehensive secondary schools, a polytechnical and trade training center, a teacher's training college for preparatory and secondary schools, and extension of an agricultural teacher training college and related technical assistance. Implementation is proceeding satisfactorily, in spite of small initial delay regarding architectural design, and an educational planning unit has been established within the Ministry of Education to define educational strategies and goals. A \$2.5 million IDA credit is proposed in FY75 for a Second Education Project, appraised in May 1974, estimated to cost about \$17.5 million. The Project is designed to further expand and reinforce vocational and technical education to produce the skills required for priority sectors as agriculture and food processing, mining, manufacturing industries, and tourism; to replace uneconomic, small, rented school buildings and provide workshops and laboratories; and to support rural development projects in the Jordan Valley through a pilot scheme for non-formal education in rural skills, cooperative development, adult functional literacy, public health and family care. The project includes a trade training complex, a polytechnic, a hotel school, a rural development center, and three new comprehensive schools for preparatory and secondary education. A Third Education Project is proposed to follow in FY79.



## Industry

35. The economic mission of January 1974 concluded that comparatively low cost and satisfactory skill of the manpower, Government incentive policies and fairly well developed institutions give Jordan sufficient advantages to develop labor intensive small and medium industries, also for exports to neighboring markets. Industry can provide a more balanced regional distribution of economic growth: the yet undeveloped area of Aqaba on the Red Sea has potential as a center for light non-polluting industries, with access to Mediterranean markets after the reopening of the Suez Canal. In addition to a loan to the Industrial Development Bank for the First DFC Project in FY77/78, a loan for a Second DFC Project is proposed for FY79. Both projects are designed to promote small and medium industries.

36. Preparation and appraisal for a Potash Mining Project based on the reserves of the Dead Sea had been completed in 1967, but project consideration was interrupted by the war and the subsequent domestic disturbances. Consultants are completing the updating of the original study and the Bank has assisted the Government in preparing invitations to tender for consulting services. The Project would extract 1 million tons of potash per year from the Dead Sea brines and would be implemented in three phases. The first two phases\* consist in the design, construction and testing of a pilot dike and in updating previous feasibility studies prepared by Jacobs International. The final phase consists in the design and construction of the processing plant and related facilities. The Government is also preparing with IFC and Bank assistance a Fertilizer Project based on non-exportable grades of phosphate rock with a plant capacity per annum of 120,000 metric tons of phosphoric acid, 200,000 tons of phosphatic fertilizer (triple super phosphate) and 175,000 tons of compound fertilizer (mono-ammonium phosphate). Bank loans for these two projects are proposed in FY76 and FY77. The Government proposes to expand production of phosphate rock from 1.6 million tons to 8 million tons per year by 1980, at a cost of about \$75 million. Exploratory drilling, conducted by Jordan's Natural Resource Authority, has identified a total of 35.7 million metric tons of copper ore with a satisfactory copper content (an average grade of 1.36 percent) to justify pursuing the preparation of a project, and has indicated the possible existence of 50 million more tons. The Authority has contracted with a French engineering firm the expansion of drilling to explore the possibility that the deposits identified are part of a relatively large copper deposit and to develop a process for the treatment of the ore.

## Other Sectors

37. In the transportation sector, with financing from the first highway credit of \$6 million in FY71, the Government is constructing a major highway linking Amman with Zerqa, an industrial center 20 miles northeast of Amman. The credit includes financing for a study of the proposed extension of the highway into a penetrator road and traffic dispersal roads in central Amman, which was designed to lead to an Urban Development Project. The latter, expected to be ready for appraisal in October/November 1974, would include construction of the penetrator and traffic dispersal roads; improvement of sanitary conditions through a culvert to cover the Seil pond; detailed engineering

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\* For which a \$1 million engineering loan is proposed in FY75.



and planning for the resettlement of about 400 squatter families from the pond and roads area; studies and detailed preparation for the urban development of the penetrator road area; and a long-term urban development plan for Amman. By continuing its participation in this project, the Bank Group could make sure that the Government takes adequate measures for a widespread participation in the benefits of the projects, especially with regard to the provision of improved housing for the families to be resettled, an orderly urban development of the corridor area, and budget revenues from increased land values. A \$3 million credit is proposed, and a substantial amount of co-financing would be sought from other development sources, to assist in financing the \$10 million foreign cost of the project. The Arab Development Fund has expressed interest in participating in financing.

38. Electric power sales increased by 14 percent in 1973, a higher rate than expected in the appraisal report of the First Power Project. The Government has requested to advance the Second Power Project consisting in a third 33 MW steam generation unit at Zerqa to meet the expected growth in demand also resulting from the development of the Jordan Valley, and progress in interconnection. The feasibility study is expected to be completed by Kuljian in September; appraisal could take place in November 1974 for completion of construction by mid-1977. A credit of \$5 million proposed for Board presentation in early FY76 (rather than FY77 as approved by Management in May), would cover about one third of the foreign cost, and co-financing would be sought for the balance.

39. A \$7 million credit for a Fourth Water Supply Project is proposed for FY78, to meet the growing demand for water and sewerage services in Amman. A \$9 million IDA credit for the Aqaba Regional Development is proposed for FY77. The project would include an industrial free zone, a site and service development infrastructure, and services, for industrial and tourism development. The project is based on studies financed under the Third Water Supply Credit (Cr. 385, of May, 1973), designed to update and merge past investment proposals made by different agencies, in an uncoordinated fashion, for industry, agriculture, tourism, water resources and sewerage. Consultants have been selected and the studies are expected to be completed in July, 1975. A \$7 million credit for a Tourism Project is proposed to follow in FY80.

#### G. CONCLUSIONS AND RECOMMENDATIONS

40. A stable domestic political situation and improved relations with neighboring countries have permitted the Jordan Government to give more attention than in the past to medium- and long-term development problems. Preparation of the 1973-75 Plan, for the first time almost exclusively by Jordanians, and the very good progress made in project preparation and institution building, indicate an increased absorptive capacity. Economic recovery from the depressed 1967-72 period, the re-opening of the Suez Canal and a rapid increase of purchasing power in neighboring traditional markets for Jordan's products have stimulated private investment. Public investment is also expected to increase



in 1974 with the start of a number of projects. The recent increases of world prices for phosphates, potash and copper have made attractive Jordan's large projects in mining and fertilizers.

41. If the uncertainties on Jordan's territorial future are resolved, and peace conditions are firmly established, substantial progress seems possible in attaining the Government's objectives of bringing economic growth up again to the pre-1967 rate of 8 percent per annum, reducing underemployment, improving labor skills, fostering a balanced distribution of economic gains, and gradually phasing down the economy's dependence on foreign budget support. Even without the West Bank, Jordan can become financially viable and an 8 percent annual rate of growth seems attainable, provided that the Government proceeds rapidly with the planned large fertilizers and mining export-oriented projects, which require about \$400 million of external financing. Budget support could be phased out in parallel with a decrease of defense expenditures to more normal standards, and the total gross inflow of decreasing budgetary and increasing development assistance which would be needed for non-enclave projects in the coming 10 years would be about \$250 million per year, which is comparable to what Jordan is already receiving. Should military expenditures fail to decrease, it can be reasonably assumed that Jordan would receive a corresponding amount of additional external grants.

42. Jordan must continue to look to external lenders for concessional aid and for the financing of a high share of project costs, including some local currency financing, because of its limited natural resources, the pressure of a rapidly growing labor force, serious underemployment, the refugee burden, and the reorientation of the economy and redistribution of the population which is likely to follow a peace settlement and the development of new centers of economic activity. However, provided that stable domestic conditions prevail on the East Bank, the large potash and the fertilizer projects can be regarded as generating their own debt servicing capacity and should be regarded as eligible for Bank finance. In addition, if progress in these export oriented projects and a peace settlement confirm the favorable outlook for Jordan's exports and debt capacity, some Bank lending for non-enclave projects could be considered for the late seventies.

43. Increased Bank Group support to Jordan is justified during the critical years of adjustment after a peace settlement, with the main focus on both the promotion of the large foreign exchange earning projects and continued assistance in project preparation, execution and institution building in sectors with direct or indirect employment opportunities. In this context, the Government's request for a key Bank role in coordinating the development of the Rift Valley provides an appropriate opportunity for the Bank to guide Jordan's progress towards external viability. Since IDA cannot cover a significant share of foreign cost of the non-enclave projects ready for appraisal in the next few years, it is proposed to keep IDA's stake per project at a minimum and to rely increasingly on co-financing by other donors, especially regional institutions, rather than dropping a number of projects under consideration.



44. Considering Jordan's good prospects for increased absorptive capacity, improved export outlook, the Government's receptivity to our advice, and the apparent strong need for our assistance, since the Bank seems to have achieved in Jordan better results in institution building and project preparation than other institutions, the Region proposes:

- (a) That additional manpower resources be allocated to take the lead in the development of the fertilizer, potash, phosphate rock and copper projects, and the integrated program for the other projects in the Rift Valley package. The amount of manpower and financial resources needed would be proposed after discussion of a program of action with the Government.
- (b) A total IDA lending program over FY75-79 of \$42.0 million for seven credits; this amount is less than the \$38 million for six credits approved in May plus the \$7.5 million irrigation credit postponed from FY74 to FY75, because the IDA allocation for Jordan in FY75-77 is limited to \$22 million.
- (c) A Bank lending program of \$55 million including two enclave projects, for fertilizer and potash mining (with the possible participation in financing by IFC), and two DFC projects. The first non-enclave project (DFC) would be in FY77-FY78, provided that it will be possible, in the light of progress in implementing the enclave and other projects and as the prospects for rapid economic growth and large public savings begin to materialize, to confirm Jordan's creditworthiness for non-enclave projects. This program compares with \$30 million for three loans approved in May, the difference consisting in the inclusion of an additional enclave project.



Population: 2.5 million; growth 3.3% p.a.  
 Per Cap. GNP: \$270<sup>1/4</sup>; growth 5% P.a. (1973-1975)  
 Area: 98,000 sq. Km  
 Literacy: 62% adult pop. (1970)

Attachment 1

JORDAN - ACTUAL AND PROPOSED LENDING THROUGH FY 1978  
 (US\$ Millions)

		Through 1968	1969	1970	1971	Actual 1972	1973	1974	Current 1975	1976	1977	Program 1978	1979	1980	Total 1969-73	Total 1974-78	Total 1976-80
Agricultural Credit I	IDA	3.0															
Agricultural Credit II	IDA	3.0															
Agriculture-Irrigation I	IDA								7.5								
Agricultural Credit III	IDA									4.0							
Agriculture-Irrigation II	IDA											10.0					
Agricultural Credit IV	IDA												6.0				
Agriculture - Rainfed areas	IDA													10.0			
Education I	IDA					5.4											
Education II	IDA								2.5								
Education III	IDA												8.0				
Industry I - Phosphate																	
Fertilizer	IBRD									25.0							
Industry II - Potash Mining	IBRD										30.0*						
Power I	IDA						10.2										
Power II	IDA									5.0							
DFC I	IBRD										4.0						
DFC II	IBRD												6.0				
Highways I	IDA				6.0												
Urban Development - Penetrator																	
Road	IDA								3.0								
Water Supply I	IDA	2.0															
Water Supply II	IDA	3.5															
Water Supply III (Amman)	IDA						8.7										
Water Supply IV	IDA											7.0					
Aqaba Regional Development	IDA										10.0						
Tourism	IBRD												7.0				
Operations Program	IBRD								-	25.0	34.0	-	6.0	7.0		59.0	72.0
	IDA								13.0	9.0	10.0	17.0	14.0	10.0		49.0	60.0
Total									13.0	34.0	44.0	17.0	20.0	17.0		108.0	132.0
No.									3	3	3	2	3	2		11	13
Lending Program	IBRD	-	-	-	-	-	-	-	-	20.0	25.0	4.0	6.0	7.0	-	49.0	62.0
	IDA	11.5	-	-	6.0	5.4	18.9	-	10.0	8.0	4.0	10.0	10.0	10.0	30.3	32.0	42.0
Total		11.5	-	-	6.0	5.4	18.9	-	10.0	28.0	29.0	14.0	16.0	17.0	30.3	81.0	104.0
No.		4	-	-	1	1	2	-	2	3	2	2	2	2	4	9	11
of which: IDA		4	-	-	1	1	2	-	2	2	1	1	1	1	4	6	6
Real Lending Program	IBRD		-	-	-	-	-	-	-	16.8	19.7	3.0	4.2	4.6	-	39.5	48.3
(Constant FY74 dollars)	IDA		-	-	8.4	6.9	22.4	-	9.0	6.7	3.1	7.4	6.9	6.5	37.7	26.2	30.6
Total			-	-	8.4	6.9	22.4	-	9.0	23.5	22.8	10.4	11.1	11.1	37.7	65.7	78.9
Deflator (FY74=100)			67.5	68.7	71.7	78.0	84.3	100.0	110.5	119.0	126.9	135.3	144.2	153.7			
IBRD o/s incl. undisb.		-	-	-	-	-	-	-	-	20.0	45.0	49.0	55.0	61.0			
excl. undisb.		-	-	-	-	-	-	-	-	4.0	15.0	31.0	44.0	52.0			
IBRD Gross disbursements		-	-	-	-	-	-	-	-	4.0	11.0	16.0	13.0	9.0	-	31.0	53.0
Less Amortization		-	-	-	-	-	-	-	-	-	-	-	-	1.0	-	-	1.0
Equals: Net. disb.		-	-	-	-	-	-	-	-	4.0	11.0	16.0	13.0	8.0	-	31.0	52.0
Less: Interest & Charges		-	-	-	-	-	-	-	-	-	.3	1.2	2.5	3.2	-	1.5	7.2
Equals: Net transfer		-	-	-	-	-	-	-	-	4.0	10.7	14.8	10.5	4.8	-	29.5	44.8
IBRD/IDA Gross disb.		7.7	.7	.5	.3	1.7	1.5	6.9	9.9	13.6	19.3	25.1	21.7	17.6	4.7	74.8	97.3
Less Amortization		-	-	-	-	-	-	-	-	-	.1	.1	.1	1.1	-	.2	1.4
Equals: Net disb.		7.7	.7	.5	.3	1.7	1.5	6.9	9.9	13.5	19.2	25.0	21.6	16.5	4.7	74.5	95.8
Less: Interest & Charges		.1	.1	.1	.1	.1	.1	.1	.1	0.1	0.5	1.4	2.8	3.6	0.5	2.2	8.4
Equals: Net Transfer		7.6	.6	.4	.2	1.6	1.3	6.8	9.8	13.4	18.7	23.6	18.8	12.9	4.2	72.3	87.4

1/ East and West Bank.

\* Including refinancing of a \$1 million engineering loan to be made in FY75 for the preparation of this Project.

EMENA Region  
 August 30, 1974



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	IDA	11.5	-	-	6.0	5.4	18.9	-	10.0	8.0	4.0	10.0	10.0	10.0	30.3	32.0	42.0
Total		11.5	-	-	6.0	5.4	18.9	-	10.0	28.0	29.0	14.0	16.0	17.0	30.3	81.0	104.0
No.		4	-	-	1	1	2	-	2	3	2	2	2	2	4	9	11
of which:	IDA	4	-	-	1	1	2	-	2	2	1	1	1	1	4	6	6
Real Lending Program	IBRD		-	-	-	-	-	-	-	16.8	19.7	3.0	4.2	4.6	-	39.5	48.3
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Total			-	-	8.4	6.9	22.4	-	9.0	23.5	22.8	10.4	11.1	11.1	37.7	65.7	78.9
Deflator (FY74=100)			67.5	68.7	71.7	78.0	84.3	100.0	110.5	119.0	126.9	135.3	144.2	153.7			
IBRD o/s incl. undisb. excl. undisb.		-	-	-	-	-	-	-	-	20.0	45.0	49.0	55.0	61.0			
		-	-	-	-	-	-	-	-	4.0	15.0	31.0	44.0	52.0			
IBRD Gross disbursements		-	-	-	-	-	-	-	-	4.0	11.0	16.0	13.0	9.0	-	31.0	53.0
Less Amortization		-	-	-	-	-	-	-	-	-	-	-	-	1.0	-	-	1.0
Equals: Net. disb.		-	-	-	-	-	-	-	-	4.0	11.0	16.0	13.0	8.0	-	31.0	52.0
Less: Interest & Charges		-	-	-	-	-	-	-	-	-	.3	1.2	2.5	3.2	-	1.5	7.2
Equals: Net transfer		-	-	-	-	-	-	-	-	4.0	10.7	14.8	10.5	4.8	-	29.5	44.8
IBRD/IDA Gross disb.		7.7	.7	.5	.3	1.7	1.5	6.9	9.9	13.6	19.3	25.1	21.7	17.6	4.7	74.8	97.3
Less Amortization		-	-	-	-	-	-	-	-	-	.1	.1	.1	1.1	-	.2	1.4
Equals: Net disb.		7.7	.7	.5	.3	1.7	1.5	6.9	9.9	13.5	19.2	25.0	21.6	16.5	4.7	74.5	95.8
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1/ East and West Bank.

\* Including refinancing of a \$1 million engineering loan to be made in FY75 for the preparation of this Project.

EMENA Region  
 August 30, 1974



## SELECTED ECONOMIC DATA FOR THE EAST BANK

	Average 1967-69	Actual 1972	Est. <sup>1/</sup> 1973	P R O J E C T I O N S								G R O W T H   R A T E S					A S % O F G D Y			
				1974	1975	1976	1977	1978	1979	1980	1985	1965-70	1970-73	1973-75	1975-80	1980-85	1973	1975	1980	1985
	Constant Prices; In Million US \$																			
National Accounts																				
GDP	.	.	516	546	576	624	677	736	789	851	1264	.	.	5.6	8.1	8.2	100	87	97	100
Gains from Terms of Trade	.	.	-	31	85	88	58	30	29	26	-5	.	.	.	.	.	-	13	3	-
Gross Domestic Income	.	.	516	577	661	712	735	766	818	877	1259	.	.	13.2	5.8	7.5	100	100	100	100
Imports (Including NFS)	.	.	347	424	440	408	420	433	479	510	689	.	.	12.7	3.0	6.2	67	64	58	55
Exports (Import Capacity)	.	.	160	211	288	313	305	311	342	383	605	.	.	34.3	5.9	9.6	31	44	44	48
Consumption	.	.	612	665	640	631	653	684	727	773	1053	.	.	2.3	3.9	6.4	119	94	88	84
Investment	.	.	90	143	173	176	197	204	228	232	290	.	.	14.0	6.0	4.6	17	26	26	23
National Savings	.	.	112	153	176	187	174	159	157	164	275	.	.	.	.	.	22	27	19	22
Domestic Savings	.	.	-97	-69	21	81	82	82	91	104	206	.	.	.	.	.	-19	6	12	16
Price Indices																				
Domestic Price Index	.	100	110	120	130	140	150	161	173	186	249	.	7.6	8.7	7.5	3.0	.	.	.	.
Import Price Index	81	100	120	152	168	183	199	215	231	249	339	.	10.5	18.3	8.2	6.4	.	.	.	.
Export Price Index	109	100	119	222	339	344	300	263	274	283	334	.	4.9	69.0	-13.0	3.4	.	.	.	.
Terms of Trade Index	135	100	100	146	201	188	151	122	119	114	99	.	.	.	.	.	.	.	.	.
Public Finance (Current US\$)																				
Current Domestic Receipts	79	108	142	196	286	330	347	380	442	522	942	3.9 <sup>4/</sup>	14.6	42.0	12.8	12.5	25	33	32	30
Budget Support	107	114	139	160	112	78	47	15	5	-	-	26.1	10.6	neg.	neg.	.	25	13	-	-
Current Expenditures	156	197	242	290	247	190	201	219	250	305	567	15.5	9.6	1.0	4.3	13.2	43	29	19	18
Budgetary Savings <sup>2/</sup>	30	25	39	66	151	218	193	176	197	217	375	.	.	.	.	.	7	17	13	12
Development Expenditures <sup>3/</sup>	65	82	115	180	229	251	299	334	405	451	603	16.6	7.3	37.5	14.3	7.5	20	25	26	19

<sup>1/</sup> East Bank national account figures are estimated by applying Israeli statistics for the West Bank on Jordan's national accounts. Comparison with previous years is not possible.

<sup>2/</sup> Defined as the difference between current revenues and non-development expenditures.

<sup>3/</sup> Government investments are lower (in 1973 only \$68 million).

<sup>4/</sup> Loss of West Bank revenues in 1967.

BALANCE OF PAYMENTS OF THE EAST BANK

Part I. Import Detail  
(Millions of U S Dollars)

	Average 1967-69	1972	1973 <sup>1/</sup>	1974	1975	1976	1977	1978	1979	1980	1985
<u>Constant 1972 Prices</u>											
Petroleum	13.8	12.8	12.4	14.0	15.4	17.0	18.7	20.7	22.5	24.6	39.4
Other Goods	188.8	266.9	256.2	325.0	336.2	309.4	317.6	325.6	360.4	383.7	511.6
Total Goods	202.6	279.7	268.6	339.0	351.6	326.4	336.3	346.3	382.9	408.3	551.0
Non-factor Services	84.8	55.8	78.2	84.7	87.9	81.6	84.1	86.5	95.7	102.1	137.8
Total Goods and N.F.S.	287.4	335.5	346.8	423.7	439.5	408.0	420.4	432.8	478.6	510.4	688.8
Defense Imports	.	.	57 <sup>2/</sup>	79	57	40	20	10	11	12	18
Other Consumption	.	.	139 <sup>2/</sup>	147	156	166	175	186	197	209	280
Raw and Intermediate Goods (Incl. N.F.S.)	.	.	75 <sup>2/</sup>	79	83	90	98	107	114	123	182
Investment Goods (Incl. N.F.S.)	.	.	75 <sup>2/</sup>	119	144	147	164	170	190	193	242
Import Substitution (Residual)	.	.	-	-	-	-35	-37	-40	-33	-27	-33
Total Goods and N.F.S.	.	.	346	424	440	408	420	433	479	510	689
<u>Price Indices (1972=100)</u>											
Petroleum	68	100	100	455	505	542	584	626	674	724	946
Other Goods	84	100	120	137	153	164	176	189	203	218	292
Total Goods	83	100	119	152	169	183	199	215	231	249	339
Non-factor Services	81	100	119	152	169	183	199	215	231	249	339
Total Goods and N.F.S.	82	100	119	152	169	183	199	215	231	249	339
<u>Current Prices</u>											
Petroleum	9.4	12.8	12.4	63.7	77.8	92.2	109.4	129.5	151.5	178.1	372.9
Other Goods	158.9	266.9	307.1	451.6	515.4	506.2	558.3	615.0	731.5	836.9	1493.3
Total Goods	168.3	279.7	319.5	515.3	593.2	598.4	667.7	744.5	883.0	1015.0	1866.2
Non-factor Services	68.7	55.8	93.5	129.2	148.7	149.6	166.9	186.2	220.8	253.8	466.5
Total Goods and N.F.S.	237.0	335.5	413.0	644.5	741.9	748.0	834.6	930.7	1103.8	1268.8	2332.7

<sup>1/</sup> Actuals (Official Estimates).

<sup>2/</sup> Bank Staff Estimate.



BALANCE OF PAYMENTS OF THE EAST BANK

Part II. Export Detail  
(Millions of U.S. Dollars)

	Average 1967-69	1972	1973 <sup>1/</sup>	1974	1975	1976	1977	1978	1979	1980	1985
<u>Constant 1972 Prices</u>											
Phosphate	14.8	9.8	11.8	20.0	30.0	35.0	40.0	41.0	48.0	54.0	74.0
Agriculture	12.9	13.4	11.5	12.0	12.8	13.9	15.3	16.8	18.5	21.3	42.8
Manufactured Goods	8.5	12.1	13.1	15.5	18.6	22.9	26.3	30.3	34.8	40.1	80.6
Fertilizer	-	-	-	-	-	-	-	12.2	16.2	19.3	19.7
Potash	-	-	-	-	-	-	-	-	-	-	34.0
Copper	-	-	-	-	-	-	-	-	-	10.6	42.3
Transit Goods	7.5	12.3	24.6	20.7	22.7	28.3	31.1	34.2	37.7	41.4	66.7
Total Goods	43.5	47.6	61.0	68.2	84.1	100.1	112.7	134.5	155.2	186.7	360.1
Non-Factor Services	54.7	65.0	98.9	111.9	118.4	125.0	135.0	145.8	157.5	170.1	249.9
Total Goods & N.F.S.	98.2	112.6	159.9	180.1	202.5	225.1	247.7	280.3	312.7	356.8	610.0
<u>Price Indices (1972=100)</u>											
Phosphate	71	100	104	380	650	650	500	400	400	400	400
Agriculture	113	100	133	187	186	196	199	206	225	231	311
Manufactured Goods	79	100	121	137	152	164	176	189	203	218	292
Fertilizer	68	100	131	275	242	209	203	203	209	226	303
Potash	33	100	126	153	147	147	156	165	174	182	221
Copper	83	100	169	229	219	223	227	244	260	281	417
Transit Goods	79	100	121	137	152	164	176	189	203	218	339
Total Goods	86	100	119	222	339	344	300	263	274	283	334
Non-Factor Services	79	100	120	152	168	183	199	215	231	249	339
Total Goods & N.F.S.	82	100	119	178	239	255	245	238	252	267	336
<u>Current Prices</u>											
Phosphate	10.5	9.8	12.3	76.0	195.0	227.5	200.0	164.0	192.0	216.0	296.0
Agriculture	14.6	13.4	15.3	22.4	23.8	27.2	30.4	34.7	41.7	49.1	132.9
Manufactured Goods	6.7	12.1	15.8	21.3	28.3	37.5	46.3	57.2	70.7	87.4	235.1
Fertilizer	-	-	-	-	-	-	-	24.8	33.8	43.6	59.7
Potash	-	-	-	-	-	-	-	-	-	-	75.1
Copper	-	-	-	-	-	-	-	-	-	29.8	176.4
Transit Goods	5.8	12.3	29.4	31.4	38.2	51.9	61.8	73.6	86.9	103.0	226.0
Total Goods	37.6	47.6	72.8	151.1	285.3	344.1	338.5	354.3	425.1	528.9	1201.2
Non-Factor Services	43.2	65.0	118.2	170.1	199.4	229.1	268.0	313.5	363.2	422.7	846.2
Total Goods & N.F.S.	80.8	112.6	191.0	321.2	484.7	573.2	606.5	667.8	788.3	951.6	2047.4

<sup>1/</sup> Actuals (Official Estimates).

BALANCE OF PAYMENTS OF THE EAST BANK

Part II. Export Detail  
(Millions of U.S. Dollars)

	Average 1967-69	1972	1973 <sup>1/</sup>	1974	1975	1976	1977	1978	1979	1980	1985
<u>Constant 1972 Prices</u>											
Phosphate	14.8	9.8	11.8	20.0	30.0	35.0	40.0	41.0	48.0	54.0	74.0
Agriculture	12.9	13.4	11.5	12.0	12.8	13.9	15.3	16.8	18.5	21.3	42.8
Manufactured Goods	8.5	12.1	13.1	15.5	18.6	22.9	26.3	30.3	34.8	40.1	80.6
Fertilizer	-	-	-	-	-	-	-	12.2	16.2	19.3	19.7
Potash	-	-	-	-	-	-	-	-	-	-	34.0
Copper	-	-	-	-	-	-	-	-	-	10.6	42.3
Transit Goods	7.5	12.3	24.6	20.7	22.7	28.3	31.1	34.2	37.7	41.4	66.7
Total Goods	43.5	47.6	61.0	68.2	84.1	100.1	112.7	134.5	155.2	186.7	360.1
Non-Factor Services	54.7	65.0	98.9	111.9	118.4	125.0	135.0	145.8	157.5	170.1	249.9
Total Goods & N.F.S.	98.2	112.6	159.9	180.1	202.5	225.1	247.7	280.3	312.7	356.8	610.0
<u>Price Indices (1972=100)</u>											
Phosphate	71	100	104	380	650	650	500	400	400	400	400
Agriculture	113	100	133	187	186	196	199	206	225	231	311
Manufactured Goods	79	100	121	137	152	164	176	189	203	218	292
Fertilizer	68	100	131	275	242	209	203	203	209	226	303
Potash	33	100	126	153	147	147	156	165	174	182	221
Copper	83	100	169	229	219	223	227	244	260	281	417
Transit Goods	79	100	121	137	152	164	176	189	203	218	339
Total Goods	86	100	119	222	339	344	300	263	274	283	334
Non-Factor Services	79	100	120	152	168	183	199	215	231	249	339
Total Goods & N.F.S.	82	100	119	178	239	255	245	238	252	267	336
<u>Current Prices</u>											
Phosphate	10.5	9.8	12.3	76.0	195.0	227.5	200.0	164.0	192.0	216.0	296.0
Agriculture	14.6	13.4	15.3	22.4	23.8	27.2	30.4	34.7	41.7	49.1	132.9
Manufactured Goods	6.7	12.1	15.8	21.3	28.3	37.5	46.3	57.2	70.7	87.4	235.1
Fertilizer	-	-	-	-	-	-	-	24.8	33.8	43.6	59.7
Potash	-	-	-	-	-	-	-	-	-	-	75.1
Copper	-	-	-	-	-	-	-	-	-	29.8	176.4
Transit Goods	5.8	12.3	29.4	31.4	38.2	51.9	61.8	73.6	86.9	103.0	226.0
Total Goods	37.6	47.6	72.8	151.1	285.3	344.1	338.5	354.3	425.1	528.9	1201.2
Non-Factor Services	43.2	65.0	118.2	170.1	199.4	229.1	268.0	313.5	363.2	422.7	846.2
Total Goods & N.F.S.	80.8	112.6	191.0	321.2	484.7	573.2	606.5	667.8	788.3	951.6	2047.4

<sup>1/</sup> Actuals (Official Estimates).



## BALANCE OF PAYMENTS OF THE EAST BANK

Part III. Summary  
(Millions of U.S. Dollars)

	Average 1967-69	1972	1973 <sup>1/</sup>	1974	1975	1976	1977	1978	1979	1980	1985
<u>Current Prices Only</u>											
Imports (Including N.F.S.)	237.0	335.5	413.0	644.5	741.9	748.0	834.6	930.7	1103.8	1268.8	2332.7
Exports (Including N.F.S.)	80.8	112.6	188.5	321.2	484.8	573.2	606.5	667.8	788.3	951.6	2047.5
Balance of Goods & N.F.S.	-156.2	-222.9	-224.5	-323.3	-257.1	-174.8	-228.1	-262.9	-315.5	-317.2	-285.2
Capital Revenue	13.6	9.2	13.4	13.0	15.4	17.2	19.5	16.3	8.3	- 2.6	- 54.7
Interest on Public Debt	(- 0.9)	(- 2.4)	(- 3.3)	(- 3.9)	(- 4.7)	(- 6.4)	(- 9.7)	(- 16.4)	(- 26.3)	(- 35.3)	(- 67.5)
Other (Net Receipts)	(14.5)	(11.6)	(16.7)	(16.9)	(20.1)	(23.6)	(29.2)	(32.7)	(34.6)	(32.7)	(12.8)
Workers Remittances	16.4	20.7	46.6	56.0	65.3	77.8	93.3	108.9	124.4	140.0	280.0
Current Transfers (Net)	145.4	191.3	188.4	269.0	182.0	100.0	70.0	40.0	20.0	10.0	10.0
Balance on Current Account	19.2	-1.7	23.9	14.7	5.6	20.2	-45.3	-97.7	-162.8	-169.8	-49.9
Private Direct Investment	0.7	-1.1	-2.2	-	5.0	10.0	15.0	20.0	25.0	30.0	55.0
Public M. & L.T. Loans (Net)	9.4	24.6	28.4	50.1	57.9	80.8	121.4	156.5	139.3	117.4	40.3
Development Loans	(10.8)	(28.7)	(38.8)	(60.4)	(58.7)	(68.7)	(80.3)	(88.5)	(88.8)	(86.8)	(94.8)
Finance Enclave Projects	( - )	( - )	( - )	( - )	( 9.5)	(22.5)	(53.9)	(81.5)	(66.5)	(49.7)	( - )
Repayments	(-1.4)	(-4.1)	(-10.4)	(-10.3)	(-10.3)	(-10.4)	(-12.8)	(-13.5)	(-16.0)	(-19.1)	(-54.5)
Capital not elsewhere included	6.7	-4.7	-11.7	-	-	-	-	-	-	-	-
Use of Reserves (- is increase)	-36.0	-18.8	-38.6	-64.8	-68.5	-111.0	-91.0	-78.8	- 1.6	22.3	-45.4
<u>Memo Items</u>											
Total Net Reserves (End Period)	270.9	268.5	321.5	386.3	454.8	565.8	656.9	735.7	737.3	715.0	725.6
Debt Service Ratio	2.4	6.5	6.6	4.1	2.9	2.8	3.5	4.2	5.1	5.5	5.8
External Debt Outstanding & Disbursed	90.7	160.1	189.8	239.9	297.7	378.6	499.9	656.4	795.8	913.2	1246.3
IBRD	-	-	-	-	1.1	6.7	18.2	32.4	46.3	58.9	121.0
IDA	8.0	12.7	14.4	17.9	23.6	30.1	37.6	46.1	55.1	64.0	89.3
IBRD Debt Service as % of Public Debt Service	-	-	-	-	-	0.5	2.1	4.4	5.2	6.7	8.7
IDA Debt Service as % of Public Debt Service	-	0.5	0.7	1.4	1.5	1.5	1.3	1.2	1.2	1.0	1.2
Grant Element on Commitments	.	72 <sup>2/</sup>	68	56	31	22	17	35	29	23	13

<sup>1/</sup> Actuals (Official Estimate)<sup>2/</sup> On Outstanding Debt at the end of the year.

JORDANCOUNTRY ECONOMIC AND SECTOR WORK PROGRAM

<u>Title and Description</u>	<u>Responsible Department</u>	<u>Status</u>	<u>Total man-weeks required</u>
<u>FY 1974</u>			
<u>Economic Updating Mission</u> Supported by industrial specialists	EM2DB NDP DFC	completed	25
<u>FY 1975</u>			
<u>Economic Updating Mission</u> Emphasis on framework Plan, enclave projects and tourism	EM2DB TMP	planned	29
<u>FY 1976</u>			
Basic Economic Mission, with emphasis on new Development Plan, supported by agricultural specialist	EM2DB EMPAG	planned	36
<u>FY 1977</u>			
<u>Economic Updating Mission</u>	EM2DB	planned	8
<u>FY 1978</u>			
<u>Economic Updating Mission</u>	EM2DB	proposed	8

August 30, 1974



## Attachment 2

## JORDAN: CUMULATIVE ESTIMATED AND ACTUAL DISBURSEMENTS ON LOANS AND CREDITS

(\$ millions)

Project & No	Amount: - Original - Cancelled - Rev	Date: - Approved - Signed - Effective	Closing Date	Forecast Date	FY '73	FY '74				FY '75				FY '76	FY '77	FY '78	FY '79	FY '80	FY '81	FY '82
						1	2	3	4	1	2	3	4							
Highway Project IDA 262	6.0 - 6.0	6/17/71 6/28/71 8/16/71	Orig: Rev: Act:	12/31/74 1/31/74 -	4.9 - 3.0	5.5 - 3.8	5.7 4.6 4.3	6.0 4.9 4.5	- 5.1 4.8	- 5.3 5.3	- 5.5 5.8	- 6.0 6.0	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -
Education Project IDA 285	5.4 - 5.4	1/25/72 2/11/72 7/27/72	Orig: Rev: Act:	4/30/76 1/13/72 6/30/74	.2 - .1	.3 - .1	.5 - .1	1.3 - .2	1.7 - .2	2.3 - -	3.2 1.0 2.3	4.1 - 3.5	4.6 - -	5.2 5.2 -	5.4 5.4 -	- - -	- - -	- - -	- - -	- - -
Water Supply II IDA 385	8.7 - 8.7	5/22/73 5/24/73 8/22/73	Orig: Rev: Act:	12/31/77 5/ 4/73 -	- - -	.3 - -	.9 - .4	1.5 - .8	2.2 - 1.5	3.2 - -	4.2 - -	5.1 - -	6.0 - -	7.6 - -	8.7 - -	- - -	- - -	- - -	- - -	- - -
Thermal Power IDA 386	10.2 - 10.2	5/22/73 5/24/73 8/21/73	Orig: Rev: Act:	3/31/77 5/ 3/73 -	- - -	1.1 - .2	1.3 - .8	1.6 - 1.1	4.1 - 1.2	4.3 - -	5.5 - -	6.7 - -	7.6 - -	9.3 - -	10.2 - -	- - -	- - -	- - -	- - -	- - -

Controller's  
8/2/74

## COUNTRY DATA - JORDAN

AREA  
97,740 km<sup>2</sup>POPULATION  
2.4 million (mid-1971)DENSITY  
.. Per km<sup>2</sup> of arable land

## SOCIAL INDICATORS

	Jordan		Reference Countries		
	1960	1970	1970	1970	1970
GNP PER CAPITA US\$ (ATLAS BASIS) /1	..	260 /a	270 /a	320 /a	660 /a
DEMOGRAPHIC					
Crude birth rate (per thousand)	47 /b	49 /c,d	45	38	41
Crude death rate (per thousand)	16 /b	16 /c,d	23	14	13
Infant mortality rate (per thousand live births)	..	36 /e	..	..	..
Life expectancy at birth (years)	52 /b	54	..	52 /c	58
Gross reproduction rate /2	3.4 /f	3.5	..	3.1 /g	1.9
Population growth rate /3	..	3.3	2.1	2.1	2.6
Population growth rate - urban	..	..	3.4 /h	2.4 /i,j	..
Age structure (percent)					
0-14	45 /f	47 /k	42 /a	46 /a	43
15-64	51 /f	50 /k	53 /a	51 /a	52
65 and over	4 /f	3 /k	5 /a	4 /a	5
Dependency ratio /4	2.4 /f	2.3 /k,l	1.2 /m	1.7	1.8
Urban population as percent of total	44 /f,n	..	38 /h	44 /i,j	58 /j
Family planning: No. of acceptors cumulative (thous.)	..	..	..	108	..
No. of users (% of married women)	..	..	..	12	..
EMPLOYMENT					
Total labor force (thousands)	390 /f,o	360 /k,p,q	520 /r	1,500 /a	570
Percentage employed in agriculture	35 /f,o	29 /k,p,q	56 /r	57 /a,t	19
Percentage unemployed	7 /f,o	8 /k,p,q	16 /u	14 /e	6
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	..	..	..	..
Percent of national income received by highest 20%	..	..	..	..	..
Percent of national income received by lowest 20%	..	..	..	..	..
Percent of national income received by lowest 40%	..	..	..	..	..
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	..	..	..	53 /v	57 /n
% owned by smallest 10% of owners	..	..	..	0.5 /v	1 /e
HEALTH AND NUTRITION					
Population per physician	5,900 /w	2,680	7,240 /g	5,950	1,470
Population per nursing person	1,940 /w,x	1,050	670 /g	730 /y	1,250
Population per hospital bed	680 /w,z	960	170 /aa	410 /ab	260
Per capita calorie supply as % of requirements /5	87 /ac	98 /ad	74 /ad,ae	94 /ad	96
Per capita protein supply, total (grams per day) /6	58 /ac	65 /ad	40 /ad,ae	63 /ad	70
Of which, animal and pulses	16 /ac	18 /ad	23 /ad,ae	14 /ad	11
Death rate 1-4 years /7	..	..	..	1.5 /e,af	..
EDUCATION					
Adjusted /8 primary school enrollment ratio	76 /ag	70 /g,k,ag	145 /ah	107 /ai	111 /ag
Adjusted /8 secondary school enrollment ratio	24 /ag	30 /g,k,ag	13 /ah	20 /ai	40 /ag
Years of schooling provided, first and second level	12	12	13	13	12
Vocational enrollment as % of sec. school enrollment	3 /ag	3 /g,k,ag	9 /g	34 /aj	1 /g,ag
Adult literacy rate %	32 /f,ak,al	62 /g,k,al,un,an	50	55 /g,ak,al	69
HOUSING					
Average No. of persons per room (urban)	..	..	..	2.6 /d,e	..
Percent of occupied units without piped water	79 /f,ao	..	..	85 /e	..
Access to electricity (as % of total population)	17 /f	..	..	24 /e,ap	..
Percent of rural population connected to electricity	1 /f	..	..	..	..
CONSUMPTION					
Radio receivers per 1000 population	38	160	69	77	215
Passenger cars per 1000 population	4	7	..	13	49
Electric power consumption (kwh p.c.)	59	71	81	155	441
Newspaper consumption p.c. kg per year	0.2	0.2	0.04 /ah	0.1	1.6

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1956-60 or 1966-70; the latest years in principle to 1960 and 1970.

/1 The Per Capita GNP estimate is at market prices for years other than 1960, calculated by the same conversion technique as the 1972 World Bank Atlas.

/2 Average number of daughters per woman of reproductive age.

/3 Population growth rates are for the decades ending in 1960 and 1970.

/4 Ratio of under 15 and 65 and over age brackets to those in labor force bracket of ages 15 through 64.

/5 FAO reference standards represent physiological requirements for normal activity and health, taking

account of environmental temperature, body weights, and distribution by age and sex of national populations.

/6 Protein standards (requirements) for all countries as established by UNDA Economic Research Service provide for a minimum allowance of 60 grams of total protein per day, and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are somewhat lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey.

/7 Some studies have suggested that crude death rates of children ages 1 through 4 may be used as a first approximation index of malnutrition.

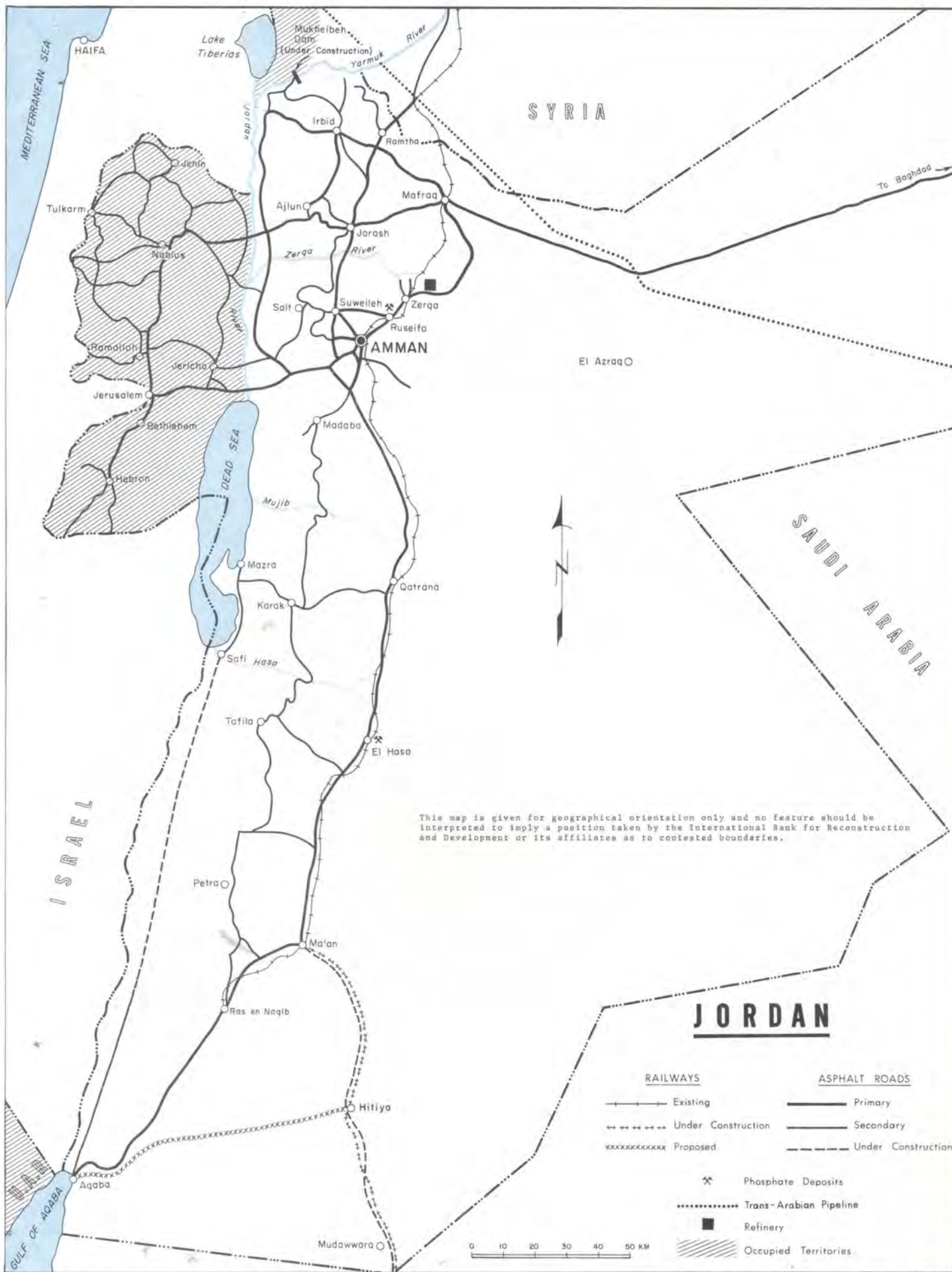
/8 Percentage enrolled of corresponding population of school age as defined for each country.

/a 1971; /b 1959-63; /c 1965-70; /d UN estimate; /e 1966; /f 1961; /g 1969; /h Over 3,000 population; /i 1956-66; /j Over 10,000 population; /k East Bank only; /l Ratio of population under 15 and 65 and over to total labor force; /m Ratio of population under 15 and 65 and over to total population; /n 15-59 age group; /o District headquarters, localities of 10,000 or more inhabitants, and those localities of 5,000-9,000 inhabitants, and suburbs of Amman and Jerusalem in which two thirds or more of the economically active males are not engaged in agriculture; /p 5 years and over; /q Sample survey; /r 12-59 years old; /s Total population in 15-59 age group; /t 1972; /u Males only; /v Males only, Brazzaville, 1972; /w Covering 4.5 million hectares of private land; /x 1962; /y Including midwives but not assistant nurses; /z Personnel in government services only; /aa Not including local hospitals; /ab Government hospital establishments only; /ac 1957-59; /ad 1964-66; /ae Adult males only; /af Registered deaths; /ag Including UNRWA schools; /ah 1965; /ai Public education only; /aj 1968; /ak 15 years and over; /al Read and write; /am Sample survey may underestimate illiteracy; /an 12 years and over; /ao Percentage of households without piped water inside dwelling; /ap Percentage of housing with electric lighting.

\* Lebanon is selected as an objective country because the Jordanian Government aims to reach a per capita income about equal to the present level in Lebanon over the next ten years, and because size and climatic conditions in the two countries are similar.

R 1 June 20, 1974





JORDAN

COUNTRY PROGRAM PAPER

**DECLASSIFIED**

**APR 09 2013**

**WBG ARCHIVES**

Postscript

45. The Country Program Paper review under Mr. McNamara's chairmanship took place on September 11, 1974, and reached the following conclusions.

46. Should political conditions become stable, prospects for a self-sufficient economy appear promising, even considering the East Bank alone. However, any Bank loan to Jordan, both for the enclave and for non-enclave projects, would be exposed to the risk of political instability, which is still high at this time. Therefore, while the Region can proceed with the projects proposed in the CPP for Bank financing, the situation of Jordan will be kept under continuous review and a firm commitment with the Government on Bank financing will be taken only if developments will have confirmed Jordan's creditworthiness.

47. The expected development impact of the proposed Bank Group's role in Jordan and in the region justifies making an exception and lifting the \$10 million IDA limit for FY75, provided that the FY75-77 total remains at \$22 million. For FY78-80, the IDA program should not be more than \$15 million, and the Bank program can be increased correspondingly by \$15 million. The proposed \$3 million credit for the Urban Development/Penetrator Road is dropped from the program. A \$1 million engineering credit, rather than an engineering loan, will be considered for FY75. The lending program is modified as shown in the revised Attachment 1.

48. The Region will assess and submit for approval the special allocation of manpower and budgetary resources needed to take the lead in the development of the fertilizer, potash, phosphate rock and copper projects, and the integrated program for the other projects in the Rift Valley package.

Attachment

Europe, Middle East & North Africa Region  
Country Programs Department II-B  
September 24, 1974



Population: 2.5 million; growth 3.3% p.a.  
 Per Cap. GNP: \$270; growth 5% P.a. (1973-1975)  
 Area: 98,000 sq. Km  
 Literacy: 62% adult pop. (1970)

Attachment 1

JORDAN - ACTUAL AND PROPOSED LENDING THROUGH FY 1978  
 (US\$ Millions)

	Through 1968	1969	1970	Actual 1971	1972	1973	1974	Current 1975	1976	1977	Program 1978	1979	1980	Total 1969-73	Total 1974-78	Total 1976-80
Agricultural Credit I	IDA	3.0														
Agricultural Credit II	IDA	3.0														
Agriculture-Irrigation I	IDA							7.5								
Agricultural Credit III	IDA								3.0		10.0					
Agriculture-Irrigation II	IBRD											6.0				
Agricultural Credit IV	IDA												10.0			
Agriculture - Rainfed areas	IBRD															
Education I	IDA				5.4											
Education II	IDA							5.5								
Education III	IDA											8.0				
Engineering - Potash Mining	IDA							1.0								
Industry I - Phosphate																
Fertilizer	IBRD								25.0							
Industry II - Potash Mining	IBRD									30.0*						
Power I	IDA					10.2										
Power II	IDA								5.0							
DFC I	IBRD									4.0						
DFC II	IBRD											6.0				
Highways I	IDA			6.0												
Water Supply I	IDA	2.0														
Water Supply II	IDA	3.5														
Water Supply III (Amman)	IDA					8.7					7.0					
Water Supply IV	IDA															
Aqaba Regional Development	IBRD									12.0						
Tourism	IBRD											7.0				
Operations Program	IBRD							-	25.0	46.0	10.0	6.0	17.0		77.0	104.0
	IDA							14.0	8.0	-	7.0	14.0	-		33.0	29.0
Total								14.0	33.0	46.0	17.0	20.0	17.0		110.0	133.0
No.								3	3	3	2	3	2		11	13
Lending Program	IBRD	-	-	-	-	-	-	-	20.0	25.0	12.0	10.0	10.0	-	57.0	77.0
	IDA	11.5	-	-	6.0	5.4	18.9	14.0	5.0	3.0	5.0	5.0	5.0	30.3	27.0	23.0
Total		11.5	-	-	6.0	5.4	18.9	14.0	25.0	28.0	17.0	15.0	15.0	30.3	84.0	100.0
No.		4	-	-	1	1	2	3	2	2	2	2	2	4	9	10
of which:	IDA	4	-	-	1	1	2	3	1	1	1	1	1	4	6	5
Real Lending Program	IBRD	-	-	-	-	-	-	-	16.8	19.7	8.9	6.9	6.5	-	45.4	58.8
(Constant FY74 dollars)	IDA	-	-	-	8.4	6.9	22.4	12.3	4.2	2.4	3.7	3.5	3.3	37.7	22.6	17.1
Total		-	-	-	8.4	6.9	22.4	12.3	21.0	22.1	12.6	10.4	9.8	37.7	68.0	75.9
Deflator (FY74=100)		67.5	68.7	71.7	78.0	84.3	100.0	110.5	119.0	126.9	135.3	144.2	153.7			
IBRD o/s incl. undisb.	-	-	-	-	-	-	-	-	20.0	45.0	51.0	61.0	77.0			
excl. undisb.	-	-	-	-	-	-	-	-	4.0	15.0	31.3	46.8	56.8			
IBRD Gross disbursements	-	-	-	-	-	-	-	-	4.0	11.0	16.8	15.0	11.0	-	31.8	57.8
Less Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.0
Equals: Net disb.	-	-	-	-	-	-	-	-	4.0	11.0	16.8	15.0	10.0	-	31.8	56.8
Less: Interest & Charges	-	-	-	-	-	-	-	-	-	0.3	1.2	2.5	3.2	-	1.5	7.2
Equals: Net transfer	-	-	-	-	-	-	-	-	4.0	10.7	15.6	12.5	6.8	-	30.3	49.6
IBRD/IDA Gross disb.	7.7	.7	.5	.3	1.7	1.5	6.9	9.9	13.6	19.3	24.3	19.7	15.6	4.7	74.0	92.5
Less Amortization	-	-	-	-	-	-	-	-	-	0.1	.1	0.1	1.1	-	.2	1.4
Equals: Net disb.	7.7	.7	.5	.3	1.7	1.5	6.9	9.9	13.5	19.2	24.2	19.6	14.5	4.7	73.8	91.1
Less: Interest & Charges	.1	.1	.1	.1	.1	.1	.1	.1	0.1	0.5	1.4	2.8	3.6	0.5	2.2	8.4
Equals: Net Transfer	7.6	.6	.4	.2	1.6	1.3	6.8	9.8	13.4	18.7	22.8	16.8	10.9	4.2	71.6	82.7

1/ East and West Bank.

\* Including refinancing of the \$1 million engineering credit proposed for FY75 for the preparation of this Project.

EMENA Region  
 September 24, 1974

## JORDAN

### F.2 Political Situation

The moderate support King Hussein was able to mobilize from Arab countries through Jordan's rather belated and unwilling participation in the October 1973 war seems insufficient to back up the King's request to have sole responsibility for negotiating both the recovery of the West Bank and the future political status of the Palestinians living there. King Hussein pressed the issue in preparation of the October 26 Arab Summit Conference, by requesting that the other Arab leaders either recognize his full responsibility or turn over to the Palestine Liberation Organization also the responsibility to recover the territory, in which case Jordan would no longer exert itself (this may include cutting off grants and loans to West Bank towns and stop paying former Jordanian civil servants in the West Bank). The U.S. seems to support King Hussein's position only to the extent that progress towards a staged pull-back in the Sinai (and perhaps also the Golan Heights) is not compromised. The replies of both President Sadat and President Assad to Mr. Kissinger in October seem to indicate that King Hussein's chances that the Arab Summit accept his request are slim. Against the background of an alleged extremist Palestinian plot to sabotage the Arab Summit Conference in Rabat and possibly to try to assassinate King Hussein, Moroccan authorities reportedly are working on a possible compromise which would avert a loss of face by the Jordanians.



### F.3 Economic Situation

For the most recent information on the economy,  
see the CPP, paragraphs 6-17.

The Mobilization of Domestic  
Financial Resources For  
Development Purposes

Budgetary Domestic Revenues:

I- A primary objective of the planning process in Jordan has been, consistently, the attempt to increase domestic financial resources and diminish reliance on external aid to a tolerable limit. In full five fiscal years immediately preceeding 1966, this objective was modestly attained. During that period (1961-1966), total domestic resources amounted to JD. 106 million only, while external resources amounted JD. 94 million. Thus, the average ratio of external aid during the period was no less than 47%. The means which were adopted to enhance domestic resources were basically directed towards modernising the tax system and the introduction of income tax as a base for direct progressive taxation. Nevertheless, annual domestic resources increased by an average ratio of 10.6%.

*Ann. Dpt. 12/2  
Dev. Inv. 62  
\* 207m*

The period 1967-1971 has introduced far reaching changes in the budgetary situation. The 1967 War created a massive inflow of aid funds. At the same time,



a slow down in the rate of expansion of domestic resources was inevitable during the three years of insecurity, disorder and slow economic activity following the War. The years 1971 and 1972 have witnessed considerable revival in economic activity and an impressive acceleration of growth in domestic revenues, despite various unfavourable distorting factors.

'73-'74-'75

II- Against this background, the three-years development plan has projected an intensive mobilization program of domestic resources to finance the over-all investment program of JD. 180 million envisaged for the plan period. The mobilization scheme conceived a two-fold target. Ordinary budget revenues were to resume expansion at the highest yearly level achieved prior to the war, namely, about 12% annually. This target was formulated within a framework of continued refinements in the then existing tax structure, plus further introduction of new tax measures. The more ambitious part, however, was the mobilization of domestic savings through a reformed structure of financial institution. In the context of the latter

../3

\* Includes foreign budget support

scheme, new saving institutions were to be created, along with the initiation of a public debt program that would channel public savings to development purposes. The role of the banking system, including specialised credit institutions, was thoroughly reviewed and redefined in development terms.

III- The achievements of the financial sector during 1972 and the first two years of the Plan have been a source of gratification for the Jordanian Planners. Projected domestic budget revenue of JD. 43 million was surpassed to JD. 46 million in 1973, while the domestic revenue target of JD. 48 million for 1974 has been realised within the first 9 months only of 1974. For 1974 as a whole the target should be surpassed by no less than JD.12 million, or a ratio of about 22% of total domestic revenues. The outlook for 1975 is equally favourable.

	Plan	Act	Ratio
73	43	46	
74	48	60 <sup>+</sup>	12
75			

The remarkable increase in domestic receipts during the past two years has been mainly an outcome of the Plan's objectives of tapping public saving.



This new source of funds contributed about JD. 47 million during the past three years. Along with this source, the Central Bank realised substantial profits from earnings on its foreign exchange holdings which also fed the budget at an unprecedented rate. Improved tax collection and, more recently, new revenues from phosphate exports, were also major factors in higher domestic receipts. The latter factor is expected, however, to be a crucial component in budgetary sources in 1975 and thereafter.

#### Banking Development Finance

Aside from the budgetary scene, the financial <sup>institutions</sup> ~~structure~~ of commercial banks, specialized credit institutions and new saving entities have adjusted their operations and responded quickly to the new favourable investment climate. Commercial banks lending potential has almost doubled within the last four years, with total deposits rising from JD. 57.6 million in 1970 to JD. 106 million at the end of September 1974. Commercial banks activities, which were oriented basically towards short-term commercial enterprises, have responded to Central Bank directives and incentives which called for increasing participation in medium-term development financing.

Specialised credit institution, with expanded resources from Central Bank, capitalisation, external loans and public deposits, were able to meet growing development financing in the sectors of agriculture, industry, housing, municipal and rural affairs and cooperatives.

By the end of July 1974, total outstanding loans of these institutions were about JD. 19 million, as against JD. 14 million in 1971. Private sector demand for project financing, during the last two years, have reach record levels that dictate immediate support of the capabilities of those institutions. The Industrial Development Bank, to mention one case only, has approved loans during 4 months of 1974 amounting to JD. 1.5 million, as against JD. 0.28 million in 1971. The resources of the agricultural credit institutions, the Housing Bank and the Fund for Municipal Credit are subjected presently to mounting pressures that require prompt replenishment.

#### Future Financial Planning

The task of keeping the momentum in expanding domestic financial resources shall remain of utmost priority in the



next five-years plan. On the budgetary level, the mobilization of national savings and improved tax collection shall continue to be an objective of prime importance. This priority should not be relaxed under the emerging new circumstances of higher receipts from mining royalties. Aside from the need to cater for public expenditures, both means shall serve to absorb higher liquidity in the economy and to make up for possible reduction in Central Bank profits as a results of lower interest rate structure abroad.

The emphasis of the 3-years plan on restructuring the capital market and intensifying the role of banks and credit institution shall have to be reasserted in the prospective 5-years plan. The new horizons of the specialized credit institutions have to be clearly defined and their potential brought up to accommodate the emerging development thrust. The Central Bank envisages various supporting measures, but a parallel external feeding action has to be secured.

F.4 Foreign Assistance and Debt

For the most recent information on foreign assistance and debt, see the CPP, paragraphs 18-22.



F.5(a)

*Handwritten notes:*  
To Mr. [unclear]  
11/11/74  
[unclear]



THE ROYAL PALACE  
Amman, Jordan

21 July 1974

*Handwritten:* Jordan Rift Valley

*Dear Mr. McNamara,*

I would like to refer to our recent discussions in Washington in respect of World Bank development aid to Jordan and in particular the formulation and implementation of an integrated development package for a specific region of Jordan for which multilateral support will be mobilised under the auspices of the World Bank.

The enclosed paper sets out very briefly the salient features of the package and some of the ideas underlying it. The concerned agencies have started working out the details of the various projects and activities as a first step towards formulating a co-ordinated and time-phased programme of action. This programme will be discussed with your representative during his forthcoming visit towards the end of August.

I hope your verbal commitment to visit Jordan in about November still holds and I am trying to get Mr Parker to come at the same time. We look forward to your visit during which we hope to review jointly the priorities and policies of the programme and the required arrangements.

*With best wishes,*

*Yours sincerely,*

*Sheikha Fawzi*

Mr Robert S McNamara  
President  
International Bank for Reconstruction  
and Development  
1818 H Street, NW  
Washington, D.C. 20433  
U.S.A.

# THE RIFT VALLEY DEVELOPMENT PACKAGE

## AN OUTLINE

1. A ten year development framework has been prepared aiming at maximum utilisation of human and natural resources in Jordan. Conditions for future development have been substantially improved not only by favourable prospects of achieving a peaceful settlement in the area, but also by the enhanced importance of existing and recently proven mineral resources in the country. The development of these and other resources will proceed within the framework of integrated socio-economic development. This will expand the productive capacity of the economy, help Jordan attain financial independence and provide a constructive solution to the chronic problems of unemployment and semi-employment.

2. Jordan has already demonstrated its ability to achieve rapid economic development and is now determined to resume that experiment in a manner that will deal effectively with economic and social problems. Given the necessary support and assistance from its partners in development, Jordan can cope successfully with the challenging requirements that will be imposed on its human and administrative resources.

3. Jordan's determination to pursue such policies emanates from its commitment to continue its present policy of moderation, and its desire to play a positive role in the establishment of lasting peace and stability in the area. Prosperity is a necessary pre-requisite for that purpose. Through full  
/utilisation



utilisation of its resources potential, Jordan can improve the living standards of its citizens and attain its long-sought objective of financial independence.

4. During the recent visit of Crown Prince Hassan to the United States in May 1974, agreement in principle was reached in respect of preparing a development package for which technical and financial support from the United States and other donors will be mobilised through a multilateral arrangement under the auspices of the World Bank. This package will be formulated within the context of the ten year framework and will consist of high-priority projects for the integrated development of a specific region in the country.

5. An attempt is made in this paper to elaborate on the nature of the envisaged development package and to list the major elements that will form its hard core. It is recognised that detailed work will have to be undertaken to develop such a package on an integrated, well-balanced and appropriately phased-out basis.

6. The region that lends itself most readily for this purpose is the Rift Valley encompassing the Jordan Valley together with its extension southward through Wadi Araba down to Aqaba. The land area of this region is about 2,650 square kilometres of which 850 square kilometres lie in the Jordan Valley on both banks and 1,800 square kilometres lie in Wadi Araba. This region contains the greatest development potential in the

/country

country in terms of its water, agricultural, climatic and mineral resources.

### The Jordan Valley

7. The full exploitation of the agricultural potential of the Jordan Valley has always been a cornerstone of Jordan's development policy. Although plans for the complete development of the Valley have been drawn up since the mid-fifties, due to the then prevailing conditions in the area, it was not possible to proceed with their implementation until the late fifties and only partially in the form of the East Ghor Canal. During the sixties a number of minor dams on side wadis were constructed. The construction of large-scale storage facilities on the Yarmouk (representing the major source of water for irrigation in the Valley) did not commence until 1967 (Khaled Dam) and only to be interrupted by the outbreak of hostilities in June 1967.

8. The period that immediately followed the 1967 War witnessed not only the interruption of construction activity on development schemes in the Valley, but also the infliction of wide-spread damage on the irrigation and agricultural facilities that had been previously constructed.

9. With the re-instatement of law and order in 1971, the Jordan Valley Rehabilitation and Development Plan was prepared covering the period 1973 - 1975. The general purpose of that Plan was to restore activity and production in the Valley to

/its



its 1966 level. The only major new irrigation scheme included in that Plan was the King Talal Dam on the Zarqa River and the 18 kilometre extension of the East Ghor Canal that this dam made possible. This Plan, however, represented a major departure from the approach previously adopted in respect of the development of the Valley. In addition to the development of water resources and irrigation works, this Plan provides for the development of the supporting social and other facilities in the Valley.

10. The improved outlook for the establishment of a peaceful framework in the area has made it possible to resume major development activities in the Valley. It is hoped that conditions will soon permit the resumption of the construction of the Khaled Dam on the Yarmouk, the extension of the East Ghor Canal to its full planned length to reach the Dead Sea, and the construction of the West Ghor Canal together with all the supporting agricultural and social infra-structural facilities.

11. The irrigation and agricultural elements of the Major Yarmouk Scheme are fairly well worked out in a number of studies, the latest of which is the NEDECO-Dar Handasa Report. The integrated development of these elements together with the required social and infra-structural facilities will be guided by the principles and policies evolved in the formulation and execution of the Jordan Valley Rehabilitation and Development Plan 1973 - 1975.

Wadi Araba

## Wadi Araba

12. Wadi Araba runs for a total length of about 180 kilometres covering an area of about 1,800 square kilometres. It is divided into two hydrological basins: the northern basin (1,275 square kilometres) where surface and probably groundwater flows towards the Dead Sea; and the southern basin (525 square kilometres) where surface and groundwater flows towards the Red Sea. The divide zone between both basins runs near Gharandal with a maximum elevation of about 192 metres above Mediterranean sea level. Climatic conditions in Wadi Araba resemble those existing in the Jordan Valley. Irrigated agriculture in the Southern Ghors represents the only existing activity in this area. Despite the relative underdevelopment of this part of the country, it is envisaged that a number of major development schemes will be implemented there in the coming few years. The direct investment that will be made under these schemes come to about \$600 million.

13. In the agricultural field, the Mujib Irrigation Scheme is at an advanced stage of study and implementation can commence in 1975. This scheme comprises the integrated development of water resources in the Southern Ghors through the diversion of water from the Mujib together with improvements in complementary services to permit the development and intensification of virtually all irrigable land in the Southern Ghors totalling about 60,000 dunums. Cost of these works is estimated at \$25 million.

/14.



14. The up-dated study on the Potash project confirmed its increased profitability. This project is based on the extraction of potash from the Dead Sea brines through the construction of a system of dykes and evaporation ponds in the southern part of the Dead Sea with an initial capacity of 1 million tons. The up-dated report has been jointly reviewed with the interested parties and implementation can commence in 1975. The cost of this project has been estimated at \$150 million.

15. Exploratory work recently carried out within an area of 12 square kilometres out of a total area of 275 square kilometres in Feinan has indicated the availability of 55 million tons of copper ore with an average content of 1.36%. An agreement was signed in June 1974 with the French government agency B.R.G.M. to carry out further detailed prospecting work, metallurgical and process tests and prepare the detailed technical and economic study for the establishment of a copper plant with an initial annual capacity of 20,000-40,000 tons. Total investment is estimated at \$75 million - \$100 million.

16. Preliminary mineral prospecting in Wadi Araba and the adjacent highlands has indicated the availability of large deposits of limestone suitable for the production of cement. In view of their proximity to the Port of Aqaba, these deposits are well suited for the production of cement for export purposes.

17. Similar prospecting work carried out in the eastern highlands adjacent to Wadi Araba has indicated the availability of

/large

phosphate  
large/deposits to the order of 1 billion tons. At present phosphate production from the IJasa Mines is being expanded to 3 million tons by 1975 and to 8 million tons by 1980. Investment in this expansion is estimated at \$90 million.

18. The foregoing projects being export-oriented will require the expansion of the present transportation network as well as the handling and port facilities at Aqaba. Meanwhile, work on the IJasa-Aqaba Railway is scheduled to be completed by mid-1975 with an annual capacity of 3 million tons and at a cost of \$50 million. The extension of the Safi-Aqaba Highway is expected to commence towards the beginning of 1975. Cost is estimated at about \$14 million. Apart from these two projects the expansion of transport and port facilities would require an additional \$150 million.

#### Integrated Development

19. From the foregoing outline it can be seen that the Rift Valley in Jordan will absorb in the coming years substantial capital funds. While the resource potential of the Jordan Valley has been fairly well studied, that of Wadi Araba requires a great deal of further study, not only in the agricultural but also in the mineral fields. Therefore, while the implementation of the various schemes should proceed without delay, studies will be carried out to identify as quickly as possible the full resource potential of the whole region. Besides the capital outlays that will be made on the various agricultural and mining schemes in the Rift Valley, substantial investments

/will



will be required for such supporting facilities as housing, public utilities, transportation and communications. Within the framework of the proposed package, the development of such infra-structural requirements will be co-ordinated and rationalised, not only within the Rift Valley region itself but also in relation to developments occurring in other regions of the country.

20. The development of the resource potential of the Rift Valley on an integrated basis would not only substantially increase income and employment, but would also enormously expand foreign exchange earnings and result in a more regionally balanced pattern of development in the Kingdom.

20 July 1974

## OFFICE MEMORANDUM

DATE: July 12, 1974

Mr. M. Bart, Through Mr. Springuel, Acting Director  
and Mr. E. Anfour Division Chief  
FROM: G. C. Billington

SUBJECT: Jordan - Evaluation of "Ten-Year Plan: A Framework."

The Ten-Year Plan Framework was accompanied by (i) a note on Jordan's Development Outlook, and (ii) a short report on "Past achievements and future prospects." Since the draft C.P.P. which has been circulated for R.V.P.'s review contains most of the factual background on recent developments and future prospects the two accompanying notes will not be reviewed here except in so far as they provide further background to the Government's current approach to manpower and employment problems and plan investments and policies.

Plan Objectives and Macro-Economic Targets.

Like previous plans, the Five-Year Plan (1962-1967), the Seven-Year Plan (1964-1970), and the Three-Year Plan (1973-1975), the new Ten-Year Plan Framework has as its objectives increased growth and employment, a reduced trade gap, elimination of budget support and equitable distribution of the fruits of development. The basic strategy (i) identifies the citizen as the nation's most valuable resource and asset whose "aspirations, needs, and significance constitute the prior objectives and rationale for national development;" (i) calls for wider and more active public involvement and participation in decision making, planning, and plan implementation; (iii) reiterates the responsibility of the public sector to build the economic infrastructure so as to achieve self-sustained levels of growth and employment through full utilization of the nation's natural and human resources.

The Framework for a Ten-Year Plan sets a growth target of 11% based mainly on expansion of the industrial and mining sector and major new investment projects particularly in mining. The relative importance of the services sector is expected to decline and industry, mining and agriculture to become more important. The total investment envisaged amounts to JD 1500 million, or an average of JD 150 million per year. The number of jobs to be created is estimated at 350,000. Substantial effort is also to be devoted to reducing under-employment. No quantitative information is given on export and import trends, the balance of payments or Government revenue and expenditure. No mention is made of the future trend of workers's remittances, which could be very important, for example as a source of finance of private housing.

Although the documents give some information on the West Bank, they do not analyze either Bank economy separately. The Plan targets presumably cover both East and West Banks although this is not explicit but the available details of the investment program and project data indicate that the majority of the proposals affect the East Bank only. It is also not clear whether the Gaza strip is included. It is unlikely.



The document is essentially a simple frame for further work on a Ten-Year Plan. The quantitative framework is incomplete, there is little, if any, articulation and there is insufficient data on which to pass a judgement on the Plan's overall feasibility. There are many apparent inconsistencies and many points on which further clarification is required.

#### Evaluation of Plan Targets.

As the table below indicates, the sectoral growth rates in both the Three-Year Plan and the Ten-Year Plan Framework are considerably above the historical post-war growth rates. The feasibility of these depends on a large variety of factors including not only normalization of the political situation and the restoration of investors confidence, but also increased absorptive capacity in all fields and in particular in the capacity to identify, prepare and execute projects. The accompanying notes claim that much has already been done in the field of institution building and that the Third Plan provides for other important measures such as creating basic and suitable institutional framework, modernizing and improving the performance of Government machinery, providing a suitable climate for the private sector, emphasizing manpower training, and adopting suitable economic policies.

Table 1. Sector Growth Rates

	GDP Share (1972)	Average Annual Rate of Growth					Ten Year Plan
		Historical 1959-66	Historical 1967-71	Estimate 1972	Estimate 1973	Plan 1972-75	
GDP (current fo)	100.0	8.4	3.7	6.2	0.0	8.0	11.0
Agriculture	18.0	9.0	-1.5	6.8	-30.0	6.4	7.0
Industry and Mining	16.3	13.6	4.3	14.5	9.0	13.1	( 22.0
Construction	"	"	"	"	"	"	( 11.0
Transportation	"	"	"	"	"	"	10.0
Commerce	18.7	7.0	-0.0	4.1	0.0	7.7	(
Governments	18.2	5.7	10.3	2.6	0.0	8.2	( 8.5
Services, n.e.s.	28.8	7.9	6.0	5.2	0.0	6.2	(

The implicit aggregate incremental capital output ratio for the Three-Year Plan is 3.2, for the Ten-Year Framework 2.5. A large part of the agriculture, industrial and transport investment will either be in infrastructure or capital intensive investment requiring a higher capital output ratio. Furthermore, 46% of the total is projected to go into non-productive housing which will have a limited multiplier effect on income. It also seems unlikely that there is sufficient unused production capacity in the economy to permit a reduction in ICOR from 3.2 to 2.5. In all, an ICOR of 2.5 for 197/85 seems implausible.



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Some of the limitations of the Three-Year Plan must also be assumed to apply to the Ten-Year Plan Framework and it is useful to recall that these include reliance on the private sector for almost 50% of the investment program involving an annual growth in private investment of over 22% over the Three-Year period, dependence on a high net capital inflow of JD 56.2 million compared with a new capital inflow over the six years 1967-72 amounting to JD 33.5 million only, and a record level of budgetary support envisaged in 1974 and 1975. Borrowing of the magnitude needed to finance the Ten-Year investment program may have serious repercussions on Jordan's debt servicing ability, especially during the transitional period before the export earning potential is fully realized.

The prospect for phasing out budget support by 1980 also appears somewhat implausible. The Third-Plan envisages improved tax assessment and collection techniques, new capital gains, inheritance and other unspecified taxes. These are expected to increase the ratio of domestic to total current revenue from 49% in 1972 to 57% in 1975. In spite of this, the budget support during the period 1972-1975 is projected at levels which have only been exceeded historically during 1967 and 1968. In the Ten-Year Framework the objective of phasing out budget support hinges on expansion of phosphates exports from the present one million tons to ten million tons by 1980 at the current high prices. The Bank assumes that the present high prices for phosphates are unlikely to be maintained much beyond 1976. It also seems doubtful whether Jordan could expect to expand production to more than 5 million by 1980. Additional earnings can be expected from the development of fertilizers, potash, copper, and manganese. In the absence of exceptional efforts, few of these projects can be expected to materialize much before 1980.

Bank projections, based on the findings of a recent mission to Jordan envisage a possible growth rate of 8% along with annual investments of JD 80 million instead of the JD 150 million assumed in the Framework. This also assumed an intensive effort to execute the enclave projects in the early years with considerable bunching and then a slackening off of the investment effort in the later years.

#### Manpower and Employment.

Both the Third Plan and the Ten-Year Framework use the same assumptions with a consistent labor force participation rate of 22% and an annual population growth rate of 3.2%. Investments of JD 58 million per year over the Three-Year Plan period are expected to create 23,000 jobs per year, (70,000 in all). Over the Ten-Year period, investments of JD 150 million per year are expected to create 35,000 new jobs per year, (350,000 in all). The target of 350,000 is based on an estimated increase in the labor force on both East and West Banks of some 277,000 by 1985. This would appear to leave some 80,000 new jobs available to absorb the effect of the changes in the participation rates and in the structure of the economy as well as refugees returning from outside the East and West Banks. It could hardly incorporate the needs of the Gaza strip.



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The projection of 350,000 new jobs may underestimate total needs, if the assumed population growth rate is realistic, by the amount of refugees returning from neighboring territories. Whilst such a target is not unrealistic in terms of the investment program envisaged, the problem would be to find the projects which can be expected to generate jobs of this number. The treatment of central problems is, frankly, inadequate. As a minimum, one needs to know what the Government's assumptions are as to the number of refugees expected to return from outside Jordan, and the basic assumption for each of the three areas, East and West Banks and the Gaza strip.

#### Investment Program.

The following table gives a general breakdown of annual average investment in recent years and the proposals for the Three-Year Plan 1973-1975 and the Ten-Year Plan Framework, 1975-1985.

Table 2.

#### Investments by Sector (JD millions)

	1969-1972 Annual Average	Private Sector	Three - Year Plan		Ann Avr.	%	Ten-Year Plan Framework		
			Public Sector	Total Value			Val.	Ann Avr.	%
Agriculture	"	4.1	23.6	27.7	9.2	15.5	165	16.5	11.0
Industry	"	20.3	5.8	26.1	8.7	14.6	250	25.0	16.8
Housing	"	31.5	3.4	34.9	11.6	19.5	700	70.0	46.6
Transportation	"	8.0	27.8	35.8	11.9	20.0	150	15.0	10.0
Others	"	15.5	39.0	54.5	18.2	30.4	235	23.5	15.6
<u>Total Value</u>	<u>49.6</u>	<u>79.4</u>	<u>99.6</u>	<u>179.0</u>	<u>59.7</u>	<u>100.0</u>	<u>1500</u>	<u>150.0</u>	<u>100.0</u>
<u>%</u>	<u>100.0</u>	<u>44.4</u>	<u>55.6</u>	<u>100.0</u>	<u>100.0</u>		<u>100</u>	<u>100.0</u>	

Both the Three-Year Program and the Ten-Year Plan Framework appear to be investment programs for the East Bank. In comparison with the annual average of investment for the years 1969-1972, whilst the Three-Year Program seems reasonable of achievement, the Ten-Year Plan Framework provision appears somewhat ambitious. Apparently, not only does much work need to be done



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to put flesh and bones on the basic frame; but also the quantitative framework will need to be expanded and checked for consistency. There seems to be little relationship between the investment targets and the sectoral growth targets. Moreover, an investment program with over 50% of the total in non-productive investment is unlikely to generate high rates of growth. One would expect the total program would need to be trimmed down substantially to arrive at a realistic target and that in this trimming down process a greater balance would be found between allocations to the productive sectors and projects on the one hand and economic and social infrastructure on the other.

#### Mining and Industry.

The Plan views industry and mining as a leading sector in Jordan's economic growth. Value added in mining and manufacturing is to grow at an average annual rate of 22% compared with a rate of 14% experienced during the last two decades and contribution to GDP is expected to increase from 10% in 1972 to 30% by 1980. Total investment envisaged amounts to JD 250 million, roughly 17% of the Ten-Year Investment total. The main object is to develop and fully exploit the natural mineral resources; phosphates, potash, copper, manganese, clay, tripoli, and feldspar of the economy and wherever possible establish forward-linkage industries. The major projects are (i) the expansion and upgrading of phosphate production raising production to 10 million tons per year; (ii) development of a chemical fertilizer industry, comprising a phosphoric acid plant and a fertilizer plant; (iii) production of 1 million tons of potash per year; (iv) development of other export oriented industries based on intermediate goods such as phosphate salts, tripoli, cement, and consumer goods; and (v) further expansion of import substitutions industries. Work on some of these projects will start under the Three-Year Plan, 1973-1975.

The emphasis appears to be on large- and middle scale-typed industry and few of the projects listed are likely to make any important contribution to employment. The cost of the particular projects, the number of jobs to be created, and in one or two cases where given, the value added represent rough orders of magnitude and there is little evidence in the "Framework" document of the availability of serious up-to-date economic feasibility studies. The success of this ambitious program is likely to depend on the opening of the Suez Canal, permanent access to Lebanese ports and completion of rail and road links with Aquaba, on the one hand, and on the other, an energetic program for the preparation of the principal projects, and notably the enclave projects, and the completion or updating of the necessary engineering and feasibility studies.

On the administrative side, a number of measures have been taken to establish institutions, for example, the IDB, IDC, and a Bureau of Investment Promotion. Industrial freezones and a state mining company are also planned. A broad policy package aimed at creating a climate conducive to investment is also being implemented. This would provide for industrial licensing, tariff protection, waiver of import duties for approved projects, unlimited foreign equity participation, etc.



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125,000, are described as badly in need of housing. The Housing Investment Program adds to this 140,000 units for population growth, and with 35,000 units to replace existing stock, gives a total of 300,000 units of minimal needs over the next decade. Assuming an average cost of about JD 1 JD 1700 per unit, 300,000 units would cost JD 500 million. An additional JD 200 million is apparently earmarked to cover the cost of necessary infrastructure such as water supplies, electricity, roads, schools and other community services. The estimate of housing needs is perhaps somewhat generous. If realized it would mean that in 1985 some 55% of the total population would have been re-housed in the preceding ten years. This would be an ambitious program for any country to undertake. The actual size of a housing program will need to be defined in the light of a more serious determination of investment and production targets for the other sectors of the economy, leaving the resources to be allocated to housing, in the first instance, as a residual. Housing may, of course, be the only alternative investment field to utilize potential financial aid or to extend the volume of investment. In such case, of course, it has obvious merits.

Some of the resources for housing will, of course, be pre-empted by the needs of the major enclave projects and the new mining communities that may be expected to emerge in these areas. The document recognizes that the housing program would have to be undertaken within a framework of overall regional planning which would first seek to identify the various regions towards which the growth of economic activity and population must be channeled. Work in the field of regional planning becomes an important pre-requisite. Also important would be studies to determine the average cost of different house designs, including a minimum cost structure made pre-dominantly of local materials and using labor intensive methods of construction.

#### Transportation and Services.

The allocation for these two sectors appears to be somewhat nominal, but both sectors merit more serious consideration in the light of the possible changes in regional distribution of economic activity and population.

#### Summary and Conclusions.

The Ten-Year Plan Framework is basically a first rough framework for developing a Ten-Year Investment Program for the East Bank of Jordan, although its production targets appear to refer to the whole country. The quantitative framework of the plan has still to be completed and in particular the production targets and physical planning aspects. Considerable work needs to be done to complete the preparation of the plan and even the overall sector priorities and allocations, which are generally well founded, will need to be reviewed in the light of production and project possibilities. Within the context of the present investment plan total, one might expect



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### Agriculture.

In the agricultural sector the Ten-Year Plan calls for a 7% average annual rate of growth, which seems exceptionally high for conditions such as those existing in Jordan. Total investment in agriculture is set at JD 165 million accounting for 11% of the overall total. Irrigation would account for JD 135 million and most of this, JD 90 million would be in the Jordan Valley. Of the balance JD 30 million would be allocated for dryland farming and JD 10 million for livestock. Most of the investment involved appears to be limited to the East Bank. The priorities seem to be roughly in accordance with the recommendations of the Bank Agricultural Sector Mission, in 1972; but the plan document gives no indication of the particular measures and policies and instruments to be used for implementing the investment program.

In view of the importance of the trade deficit in agricultured commodities, the unused export potential for fruits and vegetables and the potential for livestock development one would have expected to see in the outline plan more specific measures aimed at developing the production of particular products including wheat, livestock and meat. For fruits and vegetables, the Plan Framework seems to emphasize the irrigation possibilities and needs in broad terms without addressing itself to the specific problems of each type of product. For example, future export markets for vegetables are uncertain and efforts need to be developed towards diversification in the light of market needs. This would seem to call for market studies and measures to increase production techniques and improve marketing. Wheat production, which is the main enterprise in rainfed farming, is struggling against decreasing yields, cost, land ownership problems, soil erosion and poor farming methods. Given land and rainfall limitations increased productivity can only be achieved by increased output. Plans would need to be developed to increase output to meet the present average annual deficit, 160,000 tons per year plus a projected increase in demand of 100,000 tons by 1985. Clearly experiments in farm management, a program of farmer training, expanded extension services, and the introduction of new production technologies would appear to be important elements in such a program and in some areas land reform may be a pre-condition. Similarly, livestock development depends upon increased production in sheep. The recent 1972 Bank report identified four conditions for this: (i) limitation of the area of cultivation to areas with average rainfall above 250 mm per year; (ii) control of grazing in the main range land area with improvement of water supplies and soil and water conservation measures; (iii) introduction of intensive fattening arrangements in areas where fodder crops and cereal crop by-products are readily available; (iv) introduction of improved husbandry. No reference is made to objectives at this level of detail.

### Housing and Regional Development.

The Plan Framework describes the housing situation as acute due to the rate of natural increase of population, internal migratory movements, the large scale influx of refugees and the general effects of war. Out of a total of some 305,000 households in Jordan, approximately one-third,



Mr. Bart, Through  
Mr. Springuel and Mr. Asfour

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allocations to all sectors other than construction to be increased and that for housing to be decreased and perhaps to be roughly halved. In the absence of such changes in investment allocations, achievement of a growth rate of 11% per year seems most unlikely and even then much would depend on whether a majority of the projects included made a direct contribution to productive capacity in the medium term. Assuming 350,000 jobs were created at an overall cost of JD 1500 million, this would imply an average capital cost of some JD 4000 per job (\$12,500) which is probably on the high side for Jordan's present stage of development but is not unrealistic. Achievement of independence from budget support by 1980 would seem doubtful but possible in the years 1980-1985, depending on the energetic follow up of the enclave projects. Bank credit worthiness will also depend on the size and terms of debt accumulation to finance the Ten-Year Plan.

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# Jordan

## PHYSICAL AND SOCIAL GEOGRAPHY

W. B. Fisher

The Hashemite Kingdom of Jordan (previously Trans-jordan) came officially into existence under its present name in 1947 and was enlarged in 1950 to include the districts of Samaria and part of Judaea that had previously formed part of Arab Palestine. The country is bounded on the north by Syria, on the north-east by Iraq, on the east and south by Saudi Arabia, and on the west by Israel. The total area of Jordan is approximately 37,500 sq. miles (The territory west of the Jordan river—some 2,165 sq. miles—has been occupied by Israel since June 1967).

### PHYSICAL FEATURES

The greater part of the State of Jordan consists of a plateau lying some 2-3,000 ft. above sea-level, which forms the north-western corner of the great plateau of Arabia (see "Arabia"). There are no natural topographical frontiers between Jordan and its neighbours Syria, Iraq, and Saudi Arabia, and the plateau continues unbroken into all three countries, with the artificial frontier boundaries drawn as straight lines between defined points. Along its western edge, facing the Jordan Valley, the plateau is up-tilted to give a line of hills that rise 1-2,000 ft. above plateau-level. An old river course, the Wadi Sirhan, now almost dry with only occasional wells, breaks up the plateau surface on the south-east and continues into Saudi Arabia.

The Jordanian plateau consists of a core or table of ancient rocks, covered by layers of newer rock (chiefly limestone) lying almost horizontally. In a few places (e.g. on the southern edge of the Jordan Valley) these old rocks are exposed at the surface. On its western side the plateau has been fractured and dislocated by the development of two strongly marked and parallel faults that run from the Red Sea via the Gulf of Aqaba northwards to the Lebanon and Syria. The narrow zone between the faults has sunk, to give the well-known Jordan rift valley, which is bordered both on the east and west by steep-sided walls, especially in the south near the Dead Sea, where the drop is often precipitous. The valley has a maximum width of 14 miles.

The floor of the Jordan Valley varies considerably in level. At its northern end it is just above sea-level; the surface of Lake Tiberias (the Sea of Galilee) is 686 ft. below sea-level, with the deepest part of the lake 700 ft. lower still. Greatest depth of the valley is at the Dead Sea (surface 1,300 ft. below sea level, maximum depth 1,298 ft.).

Dislocation of the rock strata in the region of the Jordan Valley has had two further effects: firstly, earth tremors are still frequent along the valley (Jerusalem has minor earthquakes from time to time); and secondly, considerable quantities of lava have welled up, forming enormous sheets that cover wide expanses of territory in the State of Jordan and southern Syria, and produce a desolate, forbidding landscape. One small lava flow, by forming a natural dam across the Jordan Valley, has impounded the waters to form Lake Tiberias.

The River Jordan rises just inside the frontiers of Syria and the Lebanon—a fruitful source of dispute between the two countries and Israel. The river is 157 miles long, and after first flowing for 60 miles in Israel it lies within Jor-

danian territory for the remaining 95 miles. Its main tributary, the Yarmuk, is 25 miles long, and close to its junction with the Jordan forms the boundary between Jordan State, Israel and Syria. A few miles from its source, the River Jordan used to open into Lake Huleh, a shallow, marsh-fringed expanse of water which was for long a breeding ground of malaria, but which has now been drained. Lake Tiberias, also, like Huleh, in Israel, covers an area of 122 sq. miles and measures 14 miles from north to south, and 16 miles from east to west. River water outflowing from the lake is used for the generation of hydro-electricity.

The river then flows through the barren, inhospitable country of its middle and lower valley, very little of which is actually, or potentially, cultivable, and finally enters the Dead Sea. This lake is 40 miles long and 10 miles wide. Owing to the very high air temperatures at most seasons of the year evaporation from the lake is intense, and has been estimated as equivalent to 8½ million tons of water per day. At the surface the Dead Sea water contains about 250 grams of dissolved salts per litre, and at a depth of 360 feet the water is chemically saturated (i.e. holds its maximum possible content). Magnesium chloride is the most abundant mineral, with sodium chloride next in importance; but commercial interest centres in the less abundant potash and bromide salts.

Climatically, Jordan shows close affinity to its neighbours. Summers are hot, especially on the plateau and in the Jordan Valley, where temperatures up to 120° F. have been recorded. Winters are fairly cold, and on the plateau frost and some snow are usual, though not in the lower Jordan Valley. The significant element of the climate of Jordan is rainfall. In the higher parts (i.e. the uplands of Samaria and Judaea and the hills overlooking the eastern Jordan Valley) 15 to 25 inches of rainfall occur, enough for agriculture; but elsewhere as little as 8 inches or less may fall, and pastoral nomadism is the only possible way of life. Only about 25 per cent of the total area of Jordan is sufficiently humid for cultivation.

Hence the main features of economic life in Jordan are subsistence agriculture of a marginal kind, carried on in Judaea-Samaria and on the north-eastern edge of the plateau, close to Amman, with migratory herding of animals—sheep, goats, cattle and camels—over the remaining and by far the larger portion of the country. As a result, the natural wealth of Jordan is small and tribal ways of life exist in many parts. Before the June 1967 War tourism (with which must be included religious pilgrimage, mainly to the Holy Christian places of Jerusalem) had developed into a very important industry but this has been seriously jeopardized by the Israeli occupation of the west bank territory and annexation of Jerusalem.

### RACE AND LANGUAGE

A division must be drawn between the Jordanians living east of the River Jordan, who in the main are of pure Mediterranean stock, ethnically similar to the desert populations of Syria and Saudi Arabia, and the Arabs of the Jordan Valley and Samaria-Judaea. These latter are slightly taller, more heavily built, and have a broader head-form. Some authorities suggest that they are des-



cendants of the Canaanites, who may have originated far to the north-east, in the Zagros area. An Iranian racial affinity is thus implied—but this must be of very ancient date, as the Arabs west of the Jordan Valley have been settled in their present home for many thousands of years. Besides the two groups of Arabs there are also small colon-

ies of Circassians from the Caucasus of Russia, who settled in Jordan as refugees during the nineteenth and twentieth centuries A.D.

Arabic is spoken everywhere, except in a few Circassian villages, and, through the contacts with Britain, some English is understood in the towns.

## HISTORY

Jordan, as an independent State, is a twentieth-century development. Before then it was seldom more than a rugged and backward appendage to more powerful kingdoms and empires, and indeed never had any separate existence. In Biblical times the area was covered roughly by Gilead, Ammon, Moab and Edom, and the western portions formed for a time part of the kingdom of Israel. During the sixth century B.C. the Arabian tribe of the Nabataeans established their capital at Petra in the south and continued to preserve their independence when, during the fourth and third centuries, the northern half was incorporated into the Seleucid province of Syria. It was under Seleucid rule that cities like Philadelphia (the Biblical Rabbath Ammon and the modern Amman) and Gerasa (now Jerash) rose to prominence. During the first century B.C. the Nabataeans extended their rule over the greater part of present-day Jordan and Syria; they then began to recede before the advance of Rome, and in A.D. 105-6 Petra was incorporated into the Roman Empire. The lands east of the Jordan shared in a brief blaze of glory under the Palmyrene sovereigns Odenathus (Udaynath) and Zenobia (al-Zabba') in the middle of the third century A.D., and during the fifth and sixth centuries formed part of the dominions of the Christian Ghassanid dynasty, vassals of the Byzantine Empire. Finally, after fifty years of anarchy in which Byzantine, Persian and local rulers intervened, Transjordan was conquered by the Arabs and absorbed into the Islamic Empire.

For centuries nothing more is heard of the country; it formed normally a part of Syria, and as such was generally governed from Egypt. From the beginning of the sixteenth century it was included in the Ottoman *vilayet* of Damascus, and remained in a condition of stagnation until the outbreak of the Great War in 1914. European travellers and explorers of the nineteenth century rediscovered the beauties of Petra and Gerasa, but otherwise the desert tribes were left undisturbed. Even the course of the war in its early stages gave little hint of the upheaval that was to take place in Jordan's fortunes. The area was included in the zone of influence allocated to Britain under the Sykes-Picot Treaty of May 1916 (*see Documents on Palestine*, p. 46), and Zionists held that it also came within the area designated as a Jewish National Home in the promise contained in the Balfour Declaration of November 1917. Apart from these somewhat remote political events the tide of war did not reach Jordanian territory until the capture of Aqaba by the Arab armies under Faisal, the third son of King Hussein of the Hijaz, in July 1917. A year later, in September 1918, they shared in the final push north by capturing Amman and Deraa.

The end of the war thus found a large area, which included almost the whole of present-day Jordan, in Arab hands under the leadership of Faisal. To begin with, the territory to the east of the River Jordan was not looked on as a separate unit. Faisal, with the assistance of British officers and Iraqi nationalists, set up an autonomous government in Damascus, a step encouraged by the Anglo-French Declaration of November 7th, 1918, favouring the estab-

lishment of indigenous governments in Syria and Iraq. Arab demands, however, as expressed by Faisal at the Paris Peace Conference in January 1919, went a good deal further in claiming independence throughout the Arab world. This brought them sharply up against both French and Zionist claims in the Near East, and when in March 1920 the General Syrian Congress in Damascus declared the independence of Syria and Iraq, with Faisal and Abdullah, Hussein's second son, as kings, the decisions were denounced by France and Britain. The following month the San Remo Conference awarded the Palestine Mandate to Britain, and thus separated it effectively from Syria proper, which fell within the French share. Faisal was forced out of Damascus by the French in July and left the country.

### THE KINGDOM OF TRANSJORDAN

The position of Transjordan was not altogether clear under the new dispensation. After the withdrawal of Faisal the British High Commissioner informed a meeting of notables at Es Salt that the British Government favoured self-government for the territory with British advisers. In December 1920 the provisional frontiers of the Mandates were extended eastwards by Anglo-French agreement so as to include Transjordan within the Palestine Mandate, and therefore presumably within the provisions regarding the establishment of a Jewish National Home. Yet another twist of policy came as the result of a conference in Cairo in March 1921 attended by Winston Churchill, the new British Colonial Secretary, Abdullah, T. E. Lawrence and Sir Herbert Samuel, High Commissioner for Palestine. At this meeting it was recommended that Faisal should be proclaimed King of Iraq, while Abdullah was persuaded to stand down in his favour by the promise of an Arab administration in Transjordan. He had in fact been in effective control in Amman since his arrival the previous winter to organize a rising against the French in Syria. This project he now abandoned, and in April 1921 was officially recognized as *de facto* ruler of Transjordan. The final draft of the Palestine Mandate confirmed by the Council of the League of Nations in July 1922 contained a clause giving the Mandatory Power considerable latitude in the administration of the territory east of the Jordan (*see Documents on Palestine*, p. 50). On the basis of this clause a memorandum was approved in the following September expressly excluding Transjordan from the clauses relating to the establishment of the Jewish National Home, and although many Zionists continued to press for the reversal of this policy, the country thenceforth remained in practice separate from Palestine proper.

Like much of the post-war boundary delineation, the borders of the new state were somewhat arbitrary. Though they lay mainly in desert areas they frequently cut across tribal areas and grazing grounds with small respect for tradition. Of the three or four hundred thousand inhabitants only about a fifth were town-dwellers, and these confined to four small cities ranging in population from 30,000 to 10,000. Nevertheless Transjordan's early years were



destined to be comparatively peaceful. On May 15th, 1923, Britain formally recognized Transjordan as an independent constitutional State under the rule of the Amir Abdullah with British tutelage, and with the aid of a British subsidy it was possible to make some slow progress towards development and modernization. A small but efficient armed force, the Arab Legion, was built up under the guidance of Peake Pasha and later Glubb Pasha; this force distinguished itself particularly during the Iraqi rebellion of May 1941. It also played a significant role in the fighting with Israel during 1948. Other British advisers assisted in the development of health services and schools.

The Amir Abdullah very nearly became involved in the fall of his father, King Hussein, in 1924. It was in Amman on March 5th, 1924, that the latter was proclaimed Caliph, and during the subsequent fighting with Ibn Sa'ud Wahhabi troops penetrated into Transjordanian territory. They subsequently withdrew to the south, and in June 1925, after the abdication of Hussein's eldest son Ali, Abdullah formally incorporated Ma'an and Aqaba within his dominions. The move was not disputed by the new ruler of the Hijaz and Najd, and thereafter the southern frontier of Transjordan has remained unaltered.

### INDEPENDENCE

In February 1928 a treaty was signed with Great Britain granting a still larger measure of independence, though reserving for the advice of a British Resident such matters as financial policy and foreign relations. The same treaty provided for a constitution, and this was duly promulgated in April 1928, the first Legislative Council meeting a year later. In January 1934 a supplementary agreement was added permitting Transjordan to appoint consular representatives in Arab countries, and in May 1939 Britain agreed to the conversion of the Legislative Council into a regular Cabinet with ministers in charge of specified departments. The outbreak of war delayed further advances towards independence, but this was finally achieved in name at least by the Treaty of London of March 22nd, 1946. On the following May 25th Abdullah was proclaimed king and a new constitution replaced the now obsolete one of 1928.

Transjordan was not slow in taking her place in the community of nations. In 1947 King Abdullah signed treaties with Turkey and Iraq and applied for membership of the United Nations; this last, however, was thwarted by the Russian veto and by lack of American recognition of Transjordan's status as an independent nation. In March 1948 Britain agreed to the signing of a new treaty in which virtually the only restrictive clauses related to military and defence matters. Britain was to have certain peace-time military privileges, including the maintenance of airfields and communications, transit facilities and co-ordination of training methods. She was also to provide economic and social aid.

Transjordan had, however, not waited for independence before making her weight felt in Arab affairs in the Middle East. She had not been very active before the war, and, in fact her first appearance on the international scene was in May 1939, when Transjordanian delegates were invited to the Round Table Conference on Palestine in London. Transjordan took part in the preliminary discussions during 1943 and 1944 that led finally to the formation of the Arab League in March 1945, and was one of the original members of that League. During the immediately following years it seemed possible that political and dynastic differences would be forgotten in this common effort for unity. Under the stresses and strains of 1948 however, the old contradictions began to reappear. Abdullah had long favoured the project of a "Greater Syria", that is, the union of Transjordan, Syria, and Palestine, as a step towards the final

unification of the Fertile Crescent by the inclusion of Iraq. This was favoured on dynastic grounds by various parties in Iraq, and also by some elements in Syria and Palestine. On the other hand it met with violent opposition from many Syrian nationalists, from the rulers of Egypt and Saudi Arabia—neither of whom were disposed to favour any strengthening of the Hashemite house—and of course from the Zionists and the French. It is in the light of these conflicts of interest that developments subsequent to the establishment of the State of Israel must be seen.

### FORMATION OF ISRAEL

On May 14th–15th, 1948, British troops were withdrawn into the port of Haifa as a preliminary to the final evacuation of Palestine territory, the State of Israel was proclaimed, and Arab armies entered the former Palestinian territory from all sides. Only those from Transjordan played any significant part in the fighting, and by the time that major hostilities ceased in July they had succeeded in occupying a considerable area. The suspicion now inevitably arose that Abdullah was prepared to accept a *fait accompli* and to negotiate with the Israeli authorities for a formal recognition of the existing military boundaries. Moreover, whereas the other Arab countries refused to accept any other move that implied a tacit recognition of the *status quo*—such as the resettlement of refugees—Transjordan seemed to be following a different line. In September 1948 an Arab government was formed at Gaza under Egyptian tutelage, and this was answered from the Transjordanian side by the proclamation in December at Jericho of Abdullah as King of All-Palestine. In the following April the country's name was changed to Jordan and three Palestinians were included in the Cabinet. In the meantime armistices were being signed by all the Arab countries, including Jordan, and on January 31st, 1949, Jordan had at last been recognized by the United States.

On the three major problems confronting the Arab States in their dispute with Israel, Jordan continued to differ more or less openly with her colleagues. She refused to agree to the internationalization of Jerusalem, she initiated plans for the resettlement of the Arab refugees, and she showed a disposition to accept as permanent the armistice frontiers. In April 1950, after rumours of negotiations between Jordan and Israel, the Arab League Council in Cairo succeeded in getting Jordan's adherence to resolutions forbidding negotiations with Israel or annexation of Palestinian territory. Nevertheless in the same month elections were held in Jordan and Arab Palestine, the results of which encouraged Abdullah formally to annex the latter territory on April 24th, 1950. This step was immediately recognized by Britain.

At the meeting of the Arab League that followed, Egypt led the opposition to Jordan, who found support, however, from Iraq. The decisions reached by the Council were inconclusive; but thereafter Jordan began to drift away from Arab League policy. Jordan supported the United Nations policy over Korea, in contradistinction to the other Arab states, and signed a Point Four agreement with the United States in March 1951. Though there was at the same time constant friction between Jordan and Israel the unified opposition of the Arab States to the new Jewish State seemed to have ended, and inter-Arab differences were gaining the upper hand.

### ABDULLAH ASSASSINATED

On July 20th, 1951, King Abdullah was assassinated in Jerusalem. Evidence brought out at the trial of those implicated in the plot showed that the murder was as much as anything a protest against his Greater Syria policy, and it was significant that Egypt refused to extradite some of those



convicted. Nevertheless the stability of the young Jordanian State revealed itself in the calm in which the King's eldest son Talal succeeded to the throne, and the peaceful elections held shortly afterwards. In January 1952 a new constitution was promulgated. Even more significant, perhaps, was the dignity with which, only a year after his accession, King Talal, whose mental condition had long been giving cause for anxiety, abdicated in favour of his son, Hussein, still a minor. In foreign policy Talal had shown some signs of a reaction against his father's ideas in favour of a *rapprochement* with Syria and Egypt, one step being Jordan's signature of the Arab Collective Security Pact which she had failed to join in the summer of 1950.

This policy was continued during the reign of his son, King Hussein, notably by the conclusion of an economic and financial agreement with Syria in February 1953, and a joint scheme for the construction of a dam across the Yarmuk River to supply irrigation and hydro-electric power. At the same time Hussein maintained the family ties with Iraq, state visits being exchanged with King Faisal II immediately after the former's formal accession in May 1953.

During the year there was a recrudescence of trouble along the frontier with Israel. A temporary agreement reached under UN auspices in June seemed to have eased matters, but in October an Israeli attack on the Jordanian village of Qibya aroused violent emotions in the Arab countries. In March, 1954, the position was reversed with an Arab attack on an Israeli bus in the Scorpion Pass, an incident that led to a temporary breakdown in the truce arrangements and to a series of further frontier violations. Another problem that still remained unsolved was the elaborate scheme sponsored by the United States for the sharing of the Jordan waters between Jordan, Iraq, Syria and Israel, which could make no progress in the absence of political agreement. In May, amid mounting tension, the cabinet of Fawzi al-Mulqi resigned, and a new government was formed by Tawfiq Abu'l-Huda, which was re-organized on October 25th, 1954, after the elections of October 16th.

During December a financial aid agreement was signed in London with the United Kingdom, and the opportunity was taken to discuss the revision of the Anglo-Jordanian Treaty of 1946. Agreement over this was not possible owing to British insistence that any new pact should fit into a general Middle East defence system. In May 1955 Abu'l-Huda was replaced by Sa'id al-Mufti, while an exchange of state visits with King Sa'ud hinted at a *rapprochement* with Saudi Arabia. Nevertheless, in November Jordan declared its unwillingness to adhere either to the Egyptian-Syrian-Saudi Arabian bloc or to the Baghdad Pact.

#### DISMISSAL OF GLUBB PASHA

On December 13th, following a visit to General Sir. G. Templer, Chief of the Imperial General Staff, Sa'id al-Mufti resigned and was replaced by Hazza al-Majali, known to be in favour of the Baghdad Pact. The following day there were violent demonstrations in Amman, and on December 20th Ibrahim Hashim became Prime Minister, to be succeeded on January 9th by Samir Rifai. In February 1956 the new Prime Minister visited Syria, Lebanon, Iraq, Egypt and Saudi Arabia, and shortly after his return, on March 2nd, King Hussein announced the dismissal of Glubb Pasha, commander-in-chief of the Jordanian armed forces, and replaced him by Major-General Radi 'Annab. The Egyptian-Syrian-Saudi Arabian bloc at this juncture offered to replace the British financial subsidy to Jordan; but the latter was not in fact withdrawn, and King Hussein and the Jordanian government evidently felt that they had moved far enough in one direction, and committed

themselves to a policy of strict neutrality. In April, however, the King and the Prime Minister paid a visit to the Syrian President in Damascus, and in May Major-General Annab was replaced by his deputy, Lt.-Colonel Ali Abu Nuwar, generally regarded as the leader of the movement to eliminate foreign influence from the Jordanian army and government. This coincided with the reappointment of Sa'id al-Mufti as Prime Minister. During the same period discussions culminated in agreements for military co-operation between Jordan and Syria, Lebanon and Egypt, and in July Jordan and Syria formed an economic union. At the beginning of the same month al-Mufti was replaced by Ibrahim Hashim.

#### RELATIONS WITH ISRAEL AND WITH THE OTHER ARAB STATES

Meanwhile relations with Israel, including the problem of the Arab refugees, the use of Jordan waters, the definition of the frontier, and the status of Jerusalem, continued to provide a standing cause for anxiety. Early in July there was a further series of frontier incidents, which lasted well into the autumn. October saw the development of military relations with Iraq; however a plan to move Iraqi troops into Jordan was stopped by the stiff reaction of the Israeli government. Tension between Jordan and Israel was further increased after the Israeli, British and French military action in Egypt. A new cabinet, headed by Suleiman Nabulsi, had taken office early in October, and new elections were followed by the opening of negotiations for the abrogation of the Anglo-Jordanian Treaty of 1948, and the substitution of financial aid from the Arab countries. At a conference held in Cairo on January 18th and 19th, 1957, between King Sa'ud, King Hussein, President Nasser and the Syrian and Jordanian Prime Ministers, an agreement was signed providing for an annual payment of £E 12,500,000 (£12,800,000 sterling) to Jordan over the next ten years. Saudi Arabia and Egypt were each to contribute £E 5,000,000 and Syria £E 2,500,000. Owing to subsequent political developments, however, the shares due from Egypt and Syria were not paid. On March 13th, 1957, an Anglo-Jordanian agreement was signed abrogating the 1948 treaty, and by July 2nd the last British troops had left. In the meantime Nabulsi's evident leanings towards the Soviet connection, clashing with the recently-enunciated Eisenhower doctrine, led to his breach with King Hussein and his resignation on April 10th. Two weeks of cabinet crises, demonstrations and riots preceded the formation of a new government under Ibrahim Hashim. All political parties were suppressed, and plans to establish diplomatic relations with Russia were dropped. Gen. Ali Abu Nuwar was removed from the post of Commander-in-Chief, and the United States announced its determination to preserve Jordan's independence—a policy underlined by a major air-lift of arms to Amman in September in response to Syria's alignment with the Soviet Union. In May Syrian troops serving under the joint Syro-Egypto-Jordanian command were withdrawn from Jordanian territory at Jordan's request, and in June there was a partial rupture of diplomatic relations with Egypt.

On January 18th, 1958, an agreement was reached between Israel and Jordan for the implementation of the 1948 agreement on the Mount Scopus demilitarized zone.

On February 14th, the merger of the Kingdoms of Iraq and Jordan in a federal union to be known as the Arab Federation was proclaimed in Amman by King Faisal of Iraq and King Hussein. This new federation, made in response to the formation of the United Arab Republic a fortnight before, was dissolved by decree of King Hussein on August 2nd, following the revolution in Iraq. Samir Rifai became Prime Minister of Jordan in May, on the



resignation of Ibrahim Hashim who took up the appointment of Vice-Premier in the short-lived Arab Federation. On July 22nd, Hashim was assassinated by the mob in Baghdad during the rioting that followed the revolution.

British troops were flown to Amman from Cyprus on July 17th, in response to an appeal by King Hussein. They had all been withdrawn by the beginning of November—under UN auspices—and in the two years that followed Jordan settled down to a period of comparative peace. Hazza' al-Majali succeeded Rifai at Prime Minister on May 6th, 1959. Firm measures were taken against communism and subversive activities (defence and internal security accounted for rather more than half of the 1960-61 budget) and collaboration with the West was, if anything, encouraged by the country's isolation between Iraq, Israel and the two halves of the United Arab Republic. American loans continued to arrive at the rate of about \$50,000,000 a year, and there was also technical aid of various kinds from Britain, Western Germany and other countries. An important development was the official opening of the port of Aqaba on the Red Sea, virtually Jordan's only outlet.

Relations with Jordan's Arab neighbours continued to be uneasy, though diplomatic relations with the United Arab Republic, broken off in July, 1958, were resumed in August 1959. Incidents on the Syrian border were almost as frequent as on the Israeli, and there were no signs of a rapprochement with Iraq. In January 1960, both the King and the Prime Minister condemned the Arab leaders' approach to the Palestine problem, and in February Jordanian citizenship was offered to all Arab refugees who applied for it. On the other side of the balance sheet, King Hussein paid a flying visit to King Saud in February, 1960, and in March strongly anti-Zionist statements appeared in the Jordanian press. Nevertheless there seemed to be no change in the general position that Jordan wished for formal recognition of her absorption of the Palestinian territory west of the Jordan, while the United Arab Republic and other Arab countries favoured the establishment of an independent Palestine Arab government.

On August 29th, 1960, the Jordanian Prime Minister, Hazza al-Majali, was assassinated by the explosion of a time-bomb in his office. Jordan was quick to attribute the outrage to persons in the United Arab Republic. A curfew was imposed, but after a cabinet reshuffle comparative stability was restored, with Bahjat Talhouni as Prime Minister.

In the last few months of 1960 relations between Jordan and Iraq gradually improved, culminating, in December, in the resumption of diplomatic relations between the two countries.

There were also signs of some relaxing of the tension between Jordan and the United Arab Republic, with an exchange of letters between King Hussein and President Nasser during the first half of 1961. In September, however, Jordan was quick to recognize the independent status of Syria, and in the following month relations with the United Arab Republic were broken off.

United States aid continued to reach Jordan on a substantial scale, and relations with the United States were further strengthened by the visit of King Hussein to New York in October 1960, when he addressed the United Nations Assembly and talked with President Eisenhower, and by a trade agreement in February 1961.

#### INTERNAL DEVELOPMENTS

The calm and even enthusiasm with which the King's marriage to an English girl in May 1961 was received by the Jordanian population was generally seen as a sign of the strength of the Throne.

The King visited Morocco and Saudi Arabia in the summer of 1962, and subsequently conversations were begun with the latter with a view to improving relations. Meanwhile in January 1962, Wasfi al-Tal had taken over the premiership, and in December after the completion of elections, the formation of political parties was once again permitted.

Mr. Al-Tal's government was short-lived. In March 1963 he was replaced by Samir Rifai, a nominee of the King. But shortly after the news of a plan to federate Egypt, Syria and Iraq, rioting broke out against Mr. Rifai who resigned on April 20th after only twenty-three days in office. A transitional government was appointed by the King with the task of dissolving the Lower House and holding new elections; these were duly held in July, when the caretaker government of Sherif Hussein bin Nasser, the king's great-uncle, was confirmed in office. The relaxing of tension at home was followed by a conciliatory policy abroad. In January 1964 King Hussein himself represented Jordan at the Cairo conference held to discuss joint Arab measures to deal with the Jordan waters dispute, which had flared up again with the rumour of Israeli plans to take unilateral action in the continued absence of any international agreement. The opportunity was taken to resume diplomatic relations between Jordan and the United Arab Republic.

In July 1964 King Hussein demonstrated his personal control over the Government when Hussein bin Nasser resigned, and Bahjat Talhouni was asked to take over once again. Talhouni, who had previously been head of the Royal Cabinet and the official representative of the King since the Arab summit conference in January 1964, stated that his government would work "in accordance with the spirit of the Arab summit conference and based on King Hussein's instruction". Also in July, Jordan recognized the Republican régime in the Yemen, and relations with the United Arab Republic were improved by an exchange of visits between the U.A.R. First Vice-President, Abdul Hakim Amer, and King Hussein. In August Jordan signed the Arab Common Market agreement, and in September the King attended the Arab Summit Conference in Alexandria, at which the problem of the Jordan waters was one of the main topics of discussion. Talhouni resigned in February 1965, and was replaced by Wasfi al-Tal. In April a constitutional uncertainty was resolved, with the nomination of the King's brother Hassan as Crown Prince; the infant son of the formerly British Princess Muna was thus excluded.

In May 1965, Jordan, in common with nine other Arab states, broke off diplomatic relations with West Germany as a protest against the latter's establishment of relations with Israel.

#### WAR WITH ISRAEL

During the latter part of 1966 Jordan's foreign relations became increasingly worsened by the widening breach with Syria. Charges and counter-charges were made of plots to subvert each other's governments, and while the U.A.R. and the U.S.S.R. supported Syria, Jordan looked for backing to Saudi Arabia and the U.S. This situation made it increasingly difficult for Jordan's relations with Israel to be regularized. In July 1966 Jordan suspended support for the Palestine Liberation Organization, accusing its secretary Shukairy of pro-Communist activity, and this move was copied by Tunisia in October. In November an Israeli reprisal raid aroused bitter feeling in Jordan and elsewhere. While Jordan introduced conscription and Saudi Arabia promised military aid, Syria and the Palestine Liberation Organization called on the Jordanians to revolt against King Hussein. Negotiations to implement the resolution of the Supreme Council for Arab Defence that Iraqi and



Saudi troops should be sent to Jordan to assist in her defence broke down in December. This was followed by clashes on the Jordan/Syria frontier, by PLO-sponsored bomb outrages in Jordan (resulting in the closure of the PLO headquarters in Jerusalem), and by worsening relations between Jordan and the U.A.R. and a ban by the latter on aircraft carrying British and American arms to Jordan. In retaliation Jordan withdrew recognition of the Sallal régime in Yemen, and boycotted the next meeting of the Arab Defence Council. On March 5th Wasfi al-Tal resigned and was succeeded by Hussein bin Nasser at the head of an interim government.

As the prospect of war with Israel drew nearer, King Hussein composed his differences with Egypt, and personally flew to Cairo to sign a defence agreement. Jordanian troops, together with those of the U.A.R., Iraq and Saudi Arabia, went into action immediately on the outbreak of hostilities in June. By the end of the Six Days War, however, all Jordanian territory west of the River Jordan had been occupied by Israeli troops, and a steady stream of west-bank Jordanians began to cross the River Jordan to the east bank. Estimated at between 150,000 and 250,000 persons, they swelled Jordan's refugee population and presented the government with intractable social and economic problems. In August, although Jordan had reached no settlement with Israel, a small percentage of the refugees were enabled to return to the west bank under an agreement mediated by the International Red Cross. By June 1968 about 105,000 of the new refugees remained in temporary camps. Jordan had so far refused to ask UNRWA to extend its mandate to the refugees of the June war.

King Hussein formed a nine-man Consultative Council in August 1967, composed of former premiers and politicians of varying sympathies, to meet weekly and to participate in the "responsibility of power". Later a Senate was formed consisting of fifteen representatives from the inhabitants of the west bank area, and fifteen from eastern Jordan. Several changes of government took place. Saad Jumaa had succeeded as Prime Minister on April 23rd, 1967, after general elections, and on July 15th, after first resigning, was entrusted with the formation of a new cabinet. On October 7th, however, he resigned again, and was succeeded by Bahjat Talhouni; a feature of this reconstruction was that the King took over personal command of the country's armed forces. King Hussein was also active in the diplomatic field, visiting Britain, the United States, France, Italy, Turkey, Pakistan and the U.S.S.R. to gain sympathy and support for his country's cause. U.S. arms shipments to Jordan were resumed on February 14th, 1968.

Meanwhile the uneasy situation along the frontier with Israel persisted, aggravated by the deteriorating economic situation in the country. Reprisal actions by Israel after numerous commando raids directed against her authority in Jerusalem and the west bank and operating from Jordanian territory culminated in a major attack in March with the object of destroying an alleged guerrilla camp at Karameh. Further major attacks were made at Irbid and Essalt in June and August respectively; following the latter attack, Jordan appealed for UN intervention. In June 1969 Israeli commandos blew up the diversion system of the Ghor Canal, Jordan's principal irrigation project.

#### THE GUERRILLA CHALLENGE

The instability in Amman after the June War was reflected in the short life of Jordanian cabinets—it became rare for one to remain unchanged for more than three months. A careful balance had to be struck between the

Palestinians and the King's traditional supporters. Thus, in the new cabinet announced after the June 1970 crisis, Palestinians were given more of the key ministries, including that of the Interior. Abdul Munem Rifai, Jordan's senior diplomat, became Prime Minister for the second time.

The main factor in Jordan's internal politics between June 1967 and 1971 was the rivalry between the official government and the guerrilla organizations, principally Al Fatah. These organizations gradually assumed effective control of the refugee camps and commanded widespread support amongst the Palestinian majority of Jordan's present population. They also received arms and training assistance from other Arab countries, particularly Syria, and finance from the oil-rich Gulf states. Some camps became commando training centres, the younger occupants of these, almost all unemployed, welcoming the sense of purpose and relief from idleness and boredom that recruitment into a guerrilla group offered. The fedayeen movement virtually became a state within a state. Its leadership has stated that "We have no wish to interfere in the internal affairs of Jordan provided it does not place any obstacles in the way of our struggle to liberate Palestine". In practice, however, its popularity and influence represented a challenge to the government, whilst its actions attracted Israeli reprisals that did serious damage to the east bank, now the only fertile part of Jordan, and generally reduced the possibilities of a peace settlement on which Jordan's long-term future depended.

A major confrontation between the two forces occurred in November 1968, after massive demonstrations in Amman on the anniversary of the Balfour Declaration. Extensive street fighting broke out between guerrillas and the army, which, being mainly Bedouin, has little in common with the Palestinians anyway, and for a short period a civil war seemed possible, but both sides soon backed down. Some sources attributed the trouble to the government's attempt (subsequently abandoned) to disarm the refugee camps; others pointed out that small extremist groups had led the fighting which was discouraged by the more responsible Al Fatah leadership. Similar confrontations followed in February and June 1970, and on both occasions the Government was forced to yield to Palestinian pressures. In February the cabinet soon had to abandon an attempt to restrict the carrying of arms by guerrillas. June saw the most serious crisis. A week's fighting in Amman and the surrounding district resulted in an estimated 100 deaths, an assassination attempt on the King and a partial evacuation of the Western community in the capital. King Hussein and Yasser Arafat, the Al Fatah leader (whose own position was threatened by the rise of small extremist groups in Jordan), jointly drew up and signed an agreement redefining their respective spheres of influence. The guerrillas appeared to have granted little or nothing, but Hussein was forced to dismiss his Commander-in-Chief and a cabinet minister, both relatives. These were regarded as the leaders of the anti-fedayeen faction, which remained strong amongst the Bedouin sheikhs. Despite the agreement, the tension between the government and the guerrillas continued, aggravated by opposition to the government's concessions from hard-line army officers.

A new and dangerous stage in the relations between the two sides in Jordan was reached in July with the acceptance by the government of the American peace proposals for the Middle East. The guerrilla groups, with few exceptions, rejected these, and, as the cease-fire between the U.A.R. and Israel came into operation on August 7th, it was clear that the Jordanian Government was preparing for a full-scale confrontation with them. The top command of the army was strengthened and measures were taken to bolster



the defences of Amman. At the same time there was fighting between some of the guerrillas themselves over attitudes to the Rogers plan.

### CIVIL WAR

Bitter fighting between government and guerrilla forces broke out at the end of August. In the first part of September the violence was increased by two factors: the assassination attempt on King Hussein and the hijackings by PLFP of four Western Airliners. The threat of intervention on the side of the commandos by Iraq and Syria; the transference of Libyan aid from the Jordanian government to the guerrillas; a succession of cease-fire agreements between the two sides; the release of all but 54 hostages taken from the aircraft to secure the release of Palestinian commandos held by Western governments; none of these developments were enough to prevent the escalation into full civil war in the last half of the month, and thousands of deaths and injuries. (Estimates of deaths up to the first week in October vary between 500 and 3,500.) The continued detention of any hostages by the PFLP was a direct challenge to the government's authority. On September 16th a military cabinet was formed under Brig. Muhammad Daoud—in any case martial law had been in force since the end of the June 1967 war—and immediately Field Marshal Habis Majali replaced as Commander-in-Chief Lt.-Gen. Mashour Haditha, who had been sympathetic to the commandos and had tried to restrain their severest opponents in the army.

In the fighting that followed the guerrillas claimed full control in the north, aided by Syrian forces and, it was later revealed, three battalions of the Palestine Liberation Army sent back by President Nasser from the Suez front. The Arab states generally appealed for an end to the fighting. Libya threatened to intervene and later broke off diplomatic relations; Kuwait stopped its aid to the government; but the Iraqi troops stationed on the Eastern front against Israel notably failed to intervene. On the government side talks were held with the U.S.A. about direct military assistance—on what scale is not known, but there were rumours of a plan for joint American and Israeli intervention if Hussein looked in danger of being overthrown. In the event such a dangerous widening of the Palestinian confrontation was avoided by the scale of the casualties in Jordan and by the diplomacy of Arab heads of state (reinforced by President Nasser's reported threat to intervene on the guerrillas' behalf), who prevailed upon King Hussein and Yasser Arafat to sign an agreement in Cairo on September 27th ending the war. A follow-up committee of three members was established under the Tunisian premier, Bahi Ladgham, to oversee the implementation of the agreement. The previous day a civilian cabinet had been restored under Ahmed Toukan. Five military members were retained.

A definitive agreement, very favourable to the liberation organizations, was signed by Hussein and Arafat on October 13th in Amman, but this proved to be simply the beginning of a phase of sporadic warfare between the two parties, punctuated by new agreements, during which the commandos were gradually forced out of Amman and driven from their positions in the north back towards the Syrian frontier. At the end of October a new government, still containing three army officers, was formed under Wasfi Tal. By January 1971 army moves against the Palestine guerrillas had become so blatant that Ladgham threatened to resign from the follow-up committee and the U.A.R., Syria and Algeria all issued strong protests at the Jordanian Government's attempt to "liquidate" the liberation movements. All but two brigades of Iraqi troops were, however, withdrawn from Jordan.

By April the Jordanian Government seemed strong enough to set a deadline for the guerrillas' withdrawal of

their remaining men and heavy armaments from the capital. Later in the month King Hussein was able to state that "security" had been restored, and to ban trade unions, student unions and other organizations backed by the guerrillas. Isolated outbreaks of fighting between government and commando forces were still being reported from the north, however. More important was the declaration issued on June 5th by seven commando organizations, including even the more moderate Fatah, calling for the overthrow of Hussein. However, it was the Jordanian authorities who in July moved first to resolve the contest for political power in Jordan. On July 13th a major Government attack began on the guerrillas entrenched in the Jerash-Aljoun area. Four days later it was all over. The Government claimed that all the bases had been destroyed and that 2,300 of 2,500 guerrillas in them had been captured. About 100 sought refuge in Israeli-occupied territory. Most of the Palestinians taken prisoner by the Jordanian government were released a few days later, either to leave for other Arab states or to return to normal life in Jordan.

The "solution" (in King Hussein's word) of the guerrilla "problem" provoked strong reaction from other Arab governments. Iraq and Syria closed their borders with Jordan; Algeria suspended diplomatic relations; and Egypt, Libya, Sudan and both Yemens voiced public criticism. Relations with Syria deteriorated fastest of all. In August there were three days of clashes on the border between Syrian and Jordanian tanks and artillery, which appeared to have been the result of a simple mistake escalating out of all proportion, and Syria broke off diplomatic relations. The closure of the border was more serious for Jordan than the actual breach in relations, because the trade route through Syria from Beirut was now denied and all Jordan's imports had to be directed to her only port, Aqaba, on the Red Sea. However, Iraq soon began to ease the restrictions on movements across her border and airspace, and by February 1972 normal trading relations between her and Jordan had resumed.

In the meantime, Saudi Arabia had been attempting to bring together guerrilla leaders and Jordanian Government representatives to work out a new version of the Cairo and Amman agreements. Meetings did take place in Jeddah but were fruitless, and the Palestinians responded in their own way to the events of July. Three unsuccessful attempts were made in September to hijack Jordanian airliners. Then, on September 28th, Wasfi al-Tal, the Prime Minister and Defence Minister, was assassinated by members of a secret Palestinian guerrilla group, the Black September Organization. Tal was shot in the back as he walked into a hotel in Cairo, where he was attending meetings of the Arab League Defence Council. The day after his death Hussein appointed his Minister of Finance, Ahmed Lawzi, to take Tal's place, and the Minister of Transport, Anis Muashshir took on the additional responsibility of Finance.

Many Arabs, especially Palestinians in East Jerusalem and on the West Bank, greeted the news of Tal's death with joy, and the Arab governments which expressed any regrets did so in a reserved manner. The Black September Organization later claimed that it had received the approval of the Egyptian Government for the plan to kill Tal. That many Arabs, including governments, tacitly supported the action became clear at the opening of the trial of the four alleged assassins in Cairo in February 1972. Dozens of eminent lawyers from various Arab states offered to defend the accused; the Presidents of Algeria, Libya and Iraq offered their personal sureties for the release of the men; and they were eventually freed on bail.

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## JORDAN—(HISTORY, ECONOMIC SURVEY)

Jordanian Ambassador to the United Kingdom, Zaid al-Rifai, escaped with a wounded hand from a gun attack in London. In the other the Jordanian Ambassador to Switzerland was sent a parcel bomb which exploded when opened by police, seriously injuring three people.

### HUSSEIN'S ANSWER

Throughout the period since the liquidation of the guerrillas in July 1971 Hussein had been seeking to strengthen his political position. In August he announced the creation of a tribal council—a body of sheikhs or other notables, appointed by him and chaired by the Crown Prince—which was to deal with the affairs of tribal areas. A month later the formation of the Jordanian National Union was announced. This (renamed Arab National Union in March 1972) was to be Jordan's only legal political organization. It was not to be a party in the usual sense; proponents of "imported ideologies" were debarred from membership; the King became President and the Crown Prince Vice-President; and appointed the 36 members of the Supreme Executive Committee. Around the same time as these developments there were reports of election-rigging by the Government to place its candidates in office in the trade unions. By May 1972 the General Federation of Jordanian Workers, operating from Damascus, claimed that over 150 trade unionists were in prison in Jordan for opposing the government's actions.

However, the King's boldest political move, and an obvious attempt to regain his standing in the eyes of Palestinians, was his unfolding of plans for a United Arab Kingdom in March 1972. This kingdom was to federate a Jordanian region, with Amman as its capital and also federal capital, and a Palestinian region, with Jerusalem as its capital. Each region was to be virtually

autonomous, though the King would rule both and there would be a federal council of ministers.

Outside Jordan there was almost universal criticism of this plan from interested parties—Israel, the Palestinian organizations and Egypt, which in the following month broke off diplomatic relations. Jordan's isolation in the Arab world had never been more complete.

Throughout the rest of 1972 and the first half of 1973 Hussein has continued to stand by his original plans for a United Arab Kingdom, but at the same time insisting that peace with Israel can only come within the framework of UN Resolution 242 (see Documents on Palestine, page 56) and hotly denying suggestions from other Arab states that he was considering signing a separate peace treaty with Israel.

The internal security of Jordan was threatened in November 1972 when an attempted military coup in Amman by Major Rafeh Hindawi was thwarted. It was alleged that the attempted coup had the support of Libya and the Palestinian guerrillas. In February 1973 Abu Daoud, one of the leaders of Al Fatah, and 16 other guerrillas were arrested on charges of infiltrating into Jordan for the purpose of subversive activities. It was alleged that they intended to kidnap the Prime Minister and other Cabinet Ministers and hold them hostage, and seize government buildings.

The latter affair took place while King Hussein was on a visit to the U.S.A. requesting defence and financial aid. President Nixon agreed to provide two squadrons of F.5 fighter bombers. In May 1973 Hussein's Prime Minister, Ahmed Lauzi, resigned for health reasons and a new government under Zaid al-Rifai was formed. Rifai is known to be firmly against the Palestinian guerrillas and was the target of a bomb attack when he was Ambassador to London in 1971.



G



JORDAN

STATEMENT OF BANK AND IDA SUBSCRIPTION

IBRD

	<u>Number</u>	<u>Amount</u> <sup>1/</sup>	<u>Percent of Total</u>
Shares	187	18700	.07
Paid-in capital		1870	
Subject to call		16830	
Voting Power	437		.15

IDA

	<u>Number</u>	<u>Amount</u> <sup>2/</sup>	<u>Percent of Total</u>
Subscription		300	.03
Supplementary		-	-
Total		<u>300</u>	
Voting Power	560		.06

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<sup>1/</sup> Expressed in thousands of US dollars of the weight and fineness in effect on July 1, 1944. The amounts expressed in current US dollars amount in 2,256 (thousand) for the paid-in capital and 20,303 (thousand) for the amount subject to call.

<sup>2/</sup> Express in thousands of US dollars of the weight and fineness in effect on January 1, 1960. Expressed in current US dollars, the total of subscriptions and supplementary resources amounts to 362 (thousand).

October 11, 1974



G.1 Statement of Capital Subscriptions, Loans, Credits, and IFC Operations (as of September 30, 1974)

A. Statement of IDA Credits

<u>Credit Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	U.S. \$ million	
				<u>Amount (less cancellations)</u> <u>IDA</u>	<u>Undisbursed</u>
Four credits fully disbursed				10.0	
262	1971	Kingdom of Jordan	Highway	6.0	0.7
285	1972	"	Education	5.4	4.7
385	1973	"	Water Supply	8.7	6.0
386	1973	"	Power	10.2	8.6
498	1974	"	Irrigation	<u>7.5</u>	<u>7.5</u>
		Total:		<u>47.8</u>	<u>27.5</u>
		of which has been repaid		-	
				<hr/>	
		Total now held by IDA <u>a/</u>		47.8	
		Total undisbursed		<u>27.5</u>	<u>27.5</u>

a/ Prior to exchange adjustments

B. Statement of IFC Investments

<u>Year</u>	<u>Obligor</u>	<u>Type of Business</u>	Amount in US \$million		
			<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1974	Jordan Ceramic Ind. Ltd. (Loan No. 283)	Ceramic Tiles	1.6 ===	0.2 ===	1.8 ===
Total commitments now held by IFC			1.6 ===	0.2 ===	1.8 ===
Total undisbursed			1.6 ===	0.2 ===	1.8 ===



## G.2 EXISTING PROJECTS

Cr. No. 262 Highway Project, US\$6 Million Credit of June 28, 1971:  
Closing Date: December 31, 1974

This project includes the construction of a highway from Amman to Zarka and the financing of a study to identify the most suitable means of distributing traffic from this new road within Amman. Completion of the road construction works has been delayed by about two years (to about August 1975), due partly to the closure of the Syrian border, partly to the need for some additional works to permit the extraction of rock phosphate, and partly to management problems of the Contractor. Construction costs have increased by about 20 percent due to the extra works and higher prices. The Closing Date will have to be extended to December 31, 1975.

Cr. No. 285 Education Project, US\$5.4 Million Credit of February 11, 1972:  
Closing Date: April 30, 1976

The project includes construction and equipment of two comprehensive secondary schools, a polytechnic and trade training center, a teacher's training college for preparatory and secondary schools, and extension of an agricultural teacher training college and related technical assistance. All contracts for civil works were awarded to local firms on the basis of international competitive bidding. Contracts were signed in May 1974, and construction started in early June 1974. Bids for about half of the equipment and all of the furniture were received in May 1974, and contracts have been awarded. Cost overruns are expected to be about 30-35% for the total project and will be met by the Government. After initial delays of about five months, project implementation is proceeding satisfactorily and is expected to be completed by the April 30, 1976 closing date. However, an extension of one year will be required for the completion of the technical assistance program.

Cr. No. 385 Amman Water Supply and Sewerage Project, US\$8.7 Million  
Credit of May 24, 1973:  
Closing Date: December 31, 1977

The project aims at alleviating serious water shortages and insufficiency of sewerage services in Amman, reducing the high percentage of unaccounted for water, and developing the administrative structure of the entity responsible for Amman's water supply and sewerage systems. The project is progressing satisfactorily, and procurement is on schedule. Financial results are better than appraisal projections, and progress has been made on improving the organizational and financial systems. However, unaccounted water losses are still high at about 50 percent but a leak detection survey is scheduled to begin in November 1974. A water draft tariff study has been completed and sent to the Government for review prior to forwarding to IDA.



Cr. No. 386 Power Project, US\$10.2 Million Credit of May 24, 1973:  
Closing Date: March 31, 1977

The project is the first Bank Group power project in Jordan and would help the power sector to change over from diesel to steam power generation. The objectives of the project are to provide a reliable and centralized sources of power. Progress in executing the project is satisfactory.

Cr. No. 498 Northeast Ghor Irrigation and Rural Development Project,  
US\$7.5 Million Credit of July 25, 1974:  
Closing Date: June 30, 1979

The project is part of an overall development scheme for the East Bank of the Jordan Valley, other parts of which will be financed by the German Federal Republic, USAID and the Kuwait Fund. The project consists of the agricultural development of 7,700 ha net, of which 6,660 ha are already under irrigation, and the provision of rural development facilities for domestic water supply, health, education, roads and community development for a population of about 25,000.



### G.3 PROSPECTIVE OPERATIONS

#### Second Education Project (IDA-FY75)

The project which was appraised in May/June 1974, would expand and reinforce vocational and technical education including adult training and retraining to produce the specialized skills required for the development of priority sectors of the economy in food processing, mining, manufacturing industry, and tourism. In addition to technical assistance, the project tentatively includes a trade training complex, a polytechnic, a hotel-school, a rural development center, three new comprehensive schools and extensions to sixteen existing preparatory and secondary schools, part of which are expected to be financed by the government from other sources.

#### Third Agricultural Credit (IDA-FY76)

The project would extend mainly medium and long-term loans to farmers in irrigated and rainfed areas.

#### Industry I - Phosphatic Fertilizer (Bank-FY76)

The project would use low grade phosphate rock to produce 200,000 tons per year of TSP (triple super phosphate) and 175,000 tons per year of MAP (mono-ammonium phosphate), with 120,000 tons per year of phosphoric acid produced as intermediate.

#### Second Power Project (IDA-FY76)

The project involves the second stage of the Zarka Thermal station development consisting of a 33 MW steam unit which is urgently required to meet the expected 1978/79 growth including the Jordan Valley, proposals to interconnect the Irbid district in the northern part of the country, and the possibility of releasing some diesel units presently in Amman for use in the south.



## OFFICE MEMORANDUM

TO: Files

DATE: October 25, 1974

FROM: Nabil C. Faltas, Loan Officer, EMENA, CPD II-B

SUBJECT: JORDAN - Annual Meeting with the Jordan Delegation

Present at the meeting were:

For the Bank:

- Mr. Wapenhans
- Mr. Bart
- Mr. Hoffman
- Mr. Asfour
- Mr. El Darwish
- Mr. Billington
- Mr. Gonella
- Mr. Faltas

Jordan Delegation:

- Dr. Khalil Salem
- Mr. Said Nabulsi
- Mr. Hashem Dabbas
- Mr. Zoheir Khoury
- Mr. Sultan Lotfy

1. UNDP/IBRD Planning Team:

Mr. Hoffman tried to sound Dr. Khalil Salem on the progress made by the UNDP/IBRD team and on his suggestion for its future program. Dr. Salem proposed to postpone discussing this matter until after the visit of Mr. McNamara, in November. He suggested that a review of the terms of reference of the mission would, in any case, be necessary, and agreed that the future program of the team should relate more directly to the process of Plan preparation. He indicated that the contracts of two of the technical assistance experts should not be renewed.

2. Proposed Rift Valley Development Program:

Mr. Bart indicated to Dr. Salem that the Bank was ready to help the Government in planning the Rift Valley Development Package in the context of the new Development Plan. This would involve taking the steps necessary to put the development plan together and organizing its timetable and financing. Dr. Salem preferred to postpone discussing this subject until the related background material was ready, at which time these issues would be raised at different levels, first within the context of Mr. Billington's reconnaissance mission to Jordan, then with Mr. Bart at the end of October and, finally, with Mr. McNamara in early November.



3. Five-Year Development Plan:

Mr. Bart indicated to Dr. Salem that the reconnaissance mission on the Rift Development package would be prepared to have preliminary discussions on the next Plan, in order to place the development projects proposed in the Rift Valley proposal in the appropriate context. Dr. Salem indicated that this review would be difficult to pursue since there were at present different views within the Government as to what constitutes the Rift Valley package and what constitutes the Plan. He also indicated that he preferred the Bank not to focus on the Plan at this time unless it was prepared to "put a \$1 billion in a pot and finance the Plan accordingly as a package in itself". Otherwise, he suggested that the Bank should evaluate each project on its own merits. Mr. Bart stressed the fact that a review of the Plan would be necessary in any case if the Bank is asked to organize the financing of several projects involving several hundred million dollars, in order to pass judgement on the validity of the macro-economic framework and of the budgetary implications of the various projects presented.

4. Visit of Mr. McNamara:

Mr. Bart delivered to Dr. Salem the proposed program for the visit of Mr. McNamara. Dr. Salem indicated that he would transmit these suggestions to King Hussein for approval. Dr. Salem then discussed several projects now under consideration by the Bank.

5. Second Power:

In response to questions raised by Dr. Salem, the staff informed him that the appraisal of this project was scheduled to take place in December 1974, and Board presentation by mid-1975.

6. Second Education:

Dr. Salem pressed for an increase in IDA's contribution to the foreign exchange cost of the project and asked the Bank to assist the Government in approaching other co-financing agencies. He also indicated that project components would be cut back to keep the project within the available financial resources.

7. Potash Engineering:

Dr. Salem indicated that he wanted the Bank to be the sole external financing agency for this project. However, Mr. Bart suggested that seeking the participation of Kuwaiti and possibly American sources would be advisable from the earliest stages of implementation.



October 25, 1974

TO : Files

Page - 3 -

8. Agricultural Credit Corporation (ACC)

Dr. Salem and Mr. Nabulsi pressed the Bank to increase its financing to the ACC, stressing that the ACC's performance was quite satisfactory and that it badly needed funds. The staff indicated that performance was still below acceptable levels and that a great deal had to be done to strengthen the financial viability of the institute. It was also indicated that USAID would be willing to finance the ACC. Two copies of the OED evaluation report covering two IDA credits given to ACC were subsequently delivered to Dr. Salem and Mr. Nabulsi.

9. North East Ghor Irrigation Project:

Dr. Salem asked for several copies of the appraisal report of the North East Ghor Project and informed the Bank that a decision had been taken to disburse the credit portion of the project through ACC rather than through JVC, as originally envisaged in the credit documents. The staff indicated that this proposal would have to be evaluated by project staff and that these changes would be made after consulting Mr. Omar Abdullah Doghan, President of the Jordan Valley Commission.

10. Phosphatic Fertilizer Project

Dr. Salem indicated that the Government was now planning to develop two different phosphatic fertilizer projects, the first relying on low grade phosphates and the second relying on high grade rock. He asked whether the Bank would be willing to finance the offsites of the high grade rock project. The staff indicated that this specific proposal would have to be evaluated when it is ready for review, but that there was no prima facie argument for rejecting it. Mr. El Darwish suggested to Dr. Salem that a formal request to the Bank would be necessary before the staff could give full consideration to this proposal.

11. A memorandum outlining the actions to be taken by the Bank and the Government following consultations during the Annual Meeting is attached.

NFaltas:sc

Cleared with and cc: Messrs. El Darwish and Gonella

cc: Messrs. Bart, Wapenhans, Eccles, Asfour and Billington



H



H. UNDP  
Approved Projects

JORDAN

11. COUNTRY PROJECTS

AS OF 30 JUNE 1974

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
					UNDP	Government counterpart contribution
<b>AGRICULTURE, FORESTRY AND FISHERIES 105001</b>					<b>7,600,450</b>	<b>5,201,144</b>
JOR-67-515 ANIMAL HEALTH INSTITUTE, AMMAN	20	FAO	06/67	05/76	1,114,255	589,193
JOR-68-511 FISHERY DEVELOPMENT PROJECT	30	FAO	06/68	01/75	881,830	427,202
JOR-69-004 IRRIGATION	50	FAO	06/69	06/77	218,712	
JOR-69-518 DRYLAND FARMING	50	FAO	01/69	01/77	1,364,960	469,018
JOR-69-522 AGRICULTURAL MARKETING (PHASE II)	60	FAO	06/69	08/76	889,649	403,644
JOR-70-520 TOBACCO DEVELOPMENT PROJECT	10	FAO	01/70	05/76	256,215	395,975
JOR-71-003 ANIMAL HEALTH INSTITUTE	20	FAO	04/71	06/74	70,104	
JOR-71-004 INLAND FISHERIES	30	FAO	06/71	01/75	30,539	
JOR-71-005 AGRICULTURAL QUARANTINE	60	FAO	06/71	07/74	3,700	
JOR-71-006 RANGE MANAGEMENT	20	FAO	07/71	01/75	15,994	
JOR-71-007 AGRICULTURAL STATISTICS	80	FAO	06/71	01/75	24,982	
JOR-71-008 POULTRY MANAGEMENT	20	FAO	09/71	01/75	15,646	
JOR-71-009 SOIL RECLAMATION	50	FAO	07/71	01/75	12,845	
JOR-71-525 DEVELOPMENT AND USE OF THE GROUNDWATER RESOURCES OF EAST JORDAN (PHASE II)	50	FAL	01/71	01/75	666,261	280,423
JOR-71-527 DEVELOPMENT OF AGRICULTURAL FIELD RESEARCH AND EXTENSION SERVICES	60	FAL	04/72	09/76	865,071	772,699
JOR-72-131 FOREST MANAGEMENT	40	FAO	11/72	12/74	11,800	
JOR-72-020 FELLOWSHIP IN PESTICIDES	10	FAO	09/72	10/74	6,400	
JOR-72-023 AGRICULTURAL SURVEY AND CENSUSES	80	FAO	10/72	01/75	11,300	
JOR-72-125 PASTURE AND ANIMAL FEEDING	20	FAL	10/72	01/75	12,450	
JOR-73-006 DEVELOPMENT OF MEAT AND MILK PRODUCTION	20	FAO	10/73	01/80	1,003,025	1,783,205
JOR-73-013 ASSISTANCE TO THE LANDS AND SURVEYS DEPARTMENT	50	UNDP	03/74	04/74	1,250	
JOR-73-016 STRENGTHENING RESEARCH AND TRAINING IN AGRICULTURAL COOPERATIVES	50	FAO	01/74	01/75	105,400	79,785
<b>CULTURE AND SOCIAL AND HUMAN SCIENCES 110001</b>					<b>20,650</b>	
JOR-69-017 LIBRARIANSHIP	50	UNESCO	04/71	10/74	5,050	
JOR-71-021 INFORMATION BOOKLETS DESIGN AND DOCUMENTATION OF PUBLIC INFORMATION MATERIALS	50	UNESCO	10/71	10/74	15,600	
<b>EDUCATION 115001</b>					<b>1,227,586</b>	<b>4,396,726</b>
JOR-67-510 FACULTY OF SCIENCE, UNIVERSITY OF JORDAN, AMMAN	25	UNESCO	01/67	03/74	1,020,905	4,396,726
JOR-68-015 EDUCATIONAL RESEARCH	10	UNESCO	11/68	01/75	23,731	
JOR-69-016 EDUCATIONAL TELEVISION	50	UNESCO	01/70	12/74	75,291	
JOR-71-030 MASS COMMUNICATION	50	UNESCO	10/71	09/74	27,500	
JOR-72-002 SOCIAL COMMUNICATIONS	50	UN	08/72	07/73	14,761	
JOR-72-015 FELLOWSHIPS IN EDUCATIONAL ADMINISTRATION AND TEACHERS TRAINING DEVELOPMENT	10	UNESCO	12/73	01/75	54,000	
JOR-72-027 SCHOOL BUILDING ENGINEERING	10	UN	12/72	01/75	6,400	

## 11. COUNTRY PROJECTS

JORDAN (CONTINUED)

AS OF 30 JUNE 1974

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
					UNDP*	Government counterpart contribution
<b>GENERAL ECONOMIC AND SOCIAL POLICY AND PLANNING 120001</b>					<b>1,115,238</b>	<b>475,674</b>
JOR-69-010 STATISTICS FELLOWSHIP FOR THE STATISTICS DEPARTMENT	11	UN	08/69	04/74	21,775	
JOR-69-011 PUBLIC ADMINISTRATION	20	UN	06/69	02/74	59,388	
JOR-71-001 ECONOMIC CONSULTANT	11	UNDP	06/71	10/73	6,000	
JOR-71-002 AGRICULTURAL ECONOMIST	12	FAO	06/71	08/75	136,666	
JOR-71-016 PROGRAMMING AND SYSTEM ANALYSIS	11	UN	08/71	01/75	38,013	
JOR-71-022 ACCOUNTING	20	UN	10/71	10/74	6,400	
JOR-71-026 ECONOMIC PLANNING	11	UN	11/71	01/74	24,897	
JOR-71-533 DEVELOPING THE JORDAN INSTITUTE OF ADMINISTRATION	20	UN	04/74	01/75	46,800	12,883
JOR-71-534 TRAINING OF ECONOMIC DEVELOPMENT PLANNERS AND STRENGTHENING OF PLANNING MACHINERY	11	IBRD	10/72	10/76	603,350	462,791
JOR-72-007 FELLOWSHIPS NATL. ACCTS. & TRADE STATISTICS	11	UN	07/72	07/74	3,500	
JOR-72-008 FELLOWSHIP IN ACCOUNTANCY	20	UN	08/72	04/74	5,000	
JOR-72-009 PUBLIC FINANCE/BUDGET & SYSTEM ANALYSIS	20	UN	09/72	01/75	18,400	
JOR-72-012 FELLOWSHIP IN ACCOUNTANCY	20	UN	08/72	01/75	4,100	
JOR-72-022 PUBLIC FINANCE, ACCOUNTANCY & COMPUTER PROG.	20	UN	09/72	09/74	37,734	
JOR-72-024 ACCOUNTANCY	20	UN	10/72	01/75	6,400	
JOR-72-026 FELLOWSHIP IN ECONOMIC PLANNING	11	UN	12/72	07/74	35,700	
JOR-72-028 PUBLIC ADMINISTRATION	20	UN	12/72	09/75	42,160	
JOR-72-029 AGRICULTURE	12	FAO	12/72	01/75	6,400	
*JOR-72-001 PROGRAMMING ASSISTANT	11	UNDP	10/72	11/73	1,454	
JOR-73-001 EDUC. ZONE ADMINISTRATION	20	UN	01/73	10/74	3,700	
JOR-73-002 VENEREAL DISEASE PREVENTION	20	UN	01/73	10/74	7,400	
<b>HEALTH 125001</b>					<b>401,819</b>	<b>17,070</b>
JOR-68-009 NURSING	30	WHO	11/68	03/75	201,527	
JOR-68-010 MALARIA ERADICATION	40	WHO	11/68	06/74	35,784	
JOR-68-011 THERAPEUTIC	10	WHO	11/68	01/75	45,164	
JOR-68-012 SANITARY ENGINEER	70	WHO	11/68	09/74	37,734	
JOR-71-015 RADIOISOTOPES IN MEDICINE	10	IAEA	07/71	04/74	25,000	
JOR-73-003 SANITARY ENGINEERING	70	WHO	01/73	10/75	16,400	4,187
JOR-73-012 HOSPITAL PLANNING AND ADMINISTRATION	30	WHO	09/73	10/75	39,600	12,883
<b>INDUSTRY 135001</b>					<b>3,513,410</b>	<b>1,100,320</b>
JOR-67-513 CENTRE FOR INDUSTRIAL DEVELOPMENT	10	UNIDO	01/67	09/74	1,077,104	
JOR-70-521 PHOSPHATE EXPLORATION AND REVEGETATION STUDIES	22	UN	01/70	02/75	894,401	651,027
JOR-71-028 PRE-VOCATIONAL TRAINING	40	ILC	12/71	04/73	45,000	
JOR-71-540 NATIONAL VOCATIONAL TRAINING SCHEME	40	ILC	03/73	01/77	978,200	1,623,190
*JOR-71-003 ASSISTANCE TO THE PAPER AND CARDBOARD INDUSTRY	24	UNIDO	09/73	10/74	45,000	
JOR-72-004 INDUSTRIAL QUALITY CONTROL	30	UNIDO	02/74	04/74	5,600	
JOR-72-005 JORDAN CENTRE FOR INDUSTRIAL DEVELOPMENT	10	UNIDO	01/72	01/75	10,500	
JOR-73-004 ADVISORY SERVICE TO THE INDUSTRIAL DEVELOPMENT CORPORATION	30	UNIDO	03/74	12/73	15,000	

\*PROGRAMME RESERVE PROJECT



## JORDAN (CONTINUED)

## 11. COUNTRY PROJECTS

AS OF 30 JUNE 1974

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
					UNDP	Government counterpart contribution
JOR-71-009 ASSISTANCE IN STANDARDIZATION AND QUALITY CONTROL	30	UNIDO	01/74	01/77	400,000	825,398
JOR-73-010 PHOSPHATE BENEFICIATION PILOT PLANT	22	UN	03/74	02/74	5,100	705
*JOR-73-017 ASSISTANCE TO THE PESTICIDES FORMULATION INDUSTRY	21	UNIDO	01/74	04/74	7,500	
*JOR-73-018 ASSISTANCE IN THE FIELD OF POLYVINYL ACETATE PRODUCTION FOR POLYMERIZATION OF VINYL ACETATE	21	UNIDO	03/74	09/74	10,000	
<b>LABOUR, MANAGEMENT AND EMPLOYMENT (45001)</b>					14,900	8,588
JOR-71-017 MANPOWER SURVEY AND STATISTICS	20	ILU	08/72	01/75	6,400	
JOR-73-014 TRAINING OF HOTEL AND RESTAURANT MANAGERS	50	ILU	10/73	03/74	7,500	8,588
<b>SCIENCE AND TECHNOLOGY (65001)</b>					1,015,350	1,816,171
JOR-69-008 MECHANICAL ENGINEER FELLOWSHIP FOR THE MINISTRY OF PUBLIC WORKS	70	UNIDO	10/69	01/75	24,034	
JOR-69-018 METEOROLOGY	50	WMI	01/70	08/74	104,441	
JOR-71-526 ESTABLISHMENT OF A GRADUATE SCIENCE STUDIES PROGRAMME AND TECHNICAL RESEARCH SERVICES AT THE UNIVERSITY OF JORDAN	70	UNESCO	01/72	01/76	921,689	1,816,171
JOR-72-006 FELLOWSHIP-MAINTENANCE OF COMPUTERS	10	UN	01/72	01/75	6,400	
JOR-72-010 COMPUTER PROGRAMMING	10	UN	09/72	01/75	11,111	
<b>SOCIAL SECURITY AND OTHER SOCIAL SERVICES (170001)</b>					1,021,022	2,215,950
JOR-69-006 BUILDING MATERIAL EXPERT FOR THE MINISTRY OF PUBLIC WORKS	30	UN	10/69	02/75	20,119	
JOR-70-516 JORDAN HOUSING CORPORATION	30	UN	01/70	01/76	992,150	2,215,950
JOR-71-012 YOUTH ORGANIZATION IN NATIONAL DEVELOPMENT AND PLANNING	40	UN	08/71	01/74	3,100	
JOR-71-023 CONSUMER CO-OPERATIVE FELLOWSHIPS	50	ILU	08/71	04/74	4,600	
JOR-71-031 SOCIAL WORK	20	UN	11/71	01/75	5,800	
<b>TRANSPORT AND COMMUNICATIONS (75001)</b>					2,182,121	690
JOR-68-006 TELECOMMUNICATIONS	50	ITU	11/68	11/74	360,099	
JOR-68-007 CIVIL AVIATION	40	ICAO	11/68	03/75	17,241	
JOR-69-009 FIRE FIGHTING TRAINING	40	ICAO	08/69	04/74	26,840	
JOR-71-016 CIVIL AVIATION	40	ICAO	01/71	03/74	19,984	
JOR-71-019 AQABA PORT FACILITIES	30	IMCO	01/71	01/74	34,200	
JOR-71-027 ROAD TRANSPORTATION ECONOMICS	20	UN	11/71	10/74	5,050	
JOR-71-029 ELECTRICAL ENGINEERING	40	ICAO	10/71	05/74	10,924	
JOR-72-013 FIRE FIGHTING FELLOWSHIPS	40	ICAO	08/72	11/74	42,486	
JOR-72-014 NAUTICAL ADMINISTRATION	30	IMCO	09/72	02/74	2,300	
JOR-72-018 RAILWAY MAINTENANCE	20	UN	09/72	11/74	26,020	
JOR-72-021 SAVINGS FUND	60	UPU	09/72	01/74	3,100	
JOR-72-030 DIGITAL AND ANALOG CIRCUIT DESIGN	50	ITU	12/72	01/74	3,100	
JOR-72-031 SYSTEM ANALYSIS	50	ITU	12/72	01/74	3,100	
JOR-72-032 AERIAL PHOTOGRAPHY	40	UN	01/73	08/74	6,000	
JOR-73-006 ESTABLISHMENT OF THE CIVIL AVIATION TRAINING UNIT	40	ICAO	06/73	11/74	167,150	

\*PROGRAMME RESERVE PROJECT

II. COUNTRY PROJECTS  
AS OF 30 JUNE 1974

JORDAN (CONTINUED)

Project number and title	Code	Executing agency	Date approved	Estimated completion date	Estimated project cost (US dollar equivalent)	
					UNDP	Government counterpart contribution
JOR-73-007 ESTABLISHMENT OF TELECOMMUNICATIONS TRAINING CENTRE	50	ITU	09/73	02/79	1,452,800	690
TOTAL					18,176,613	17,232,333
OF WHICH:						
DPE PROJECTS					18,112,658	17,232,333
PROGRAMME RESERVE PROJECTS					63,955	



