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McNamara papers

Contacts
Jordan (1968-1980)

 
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President's papers - Robert S. McNamara Contacts with member countries: Jordan -
Correspondence 01

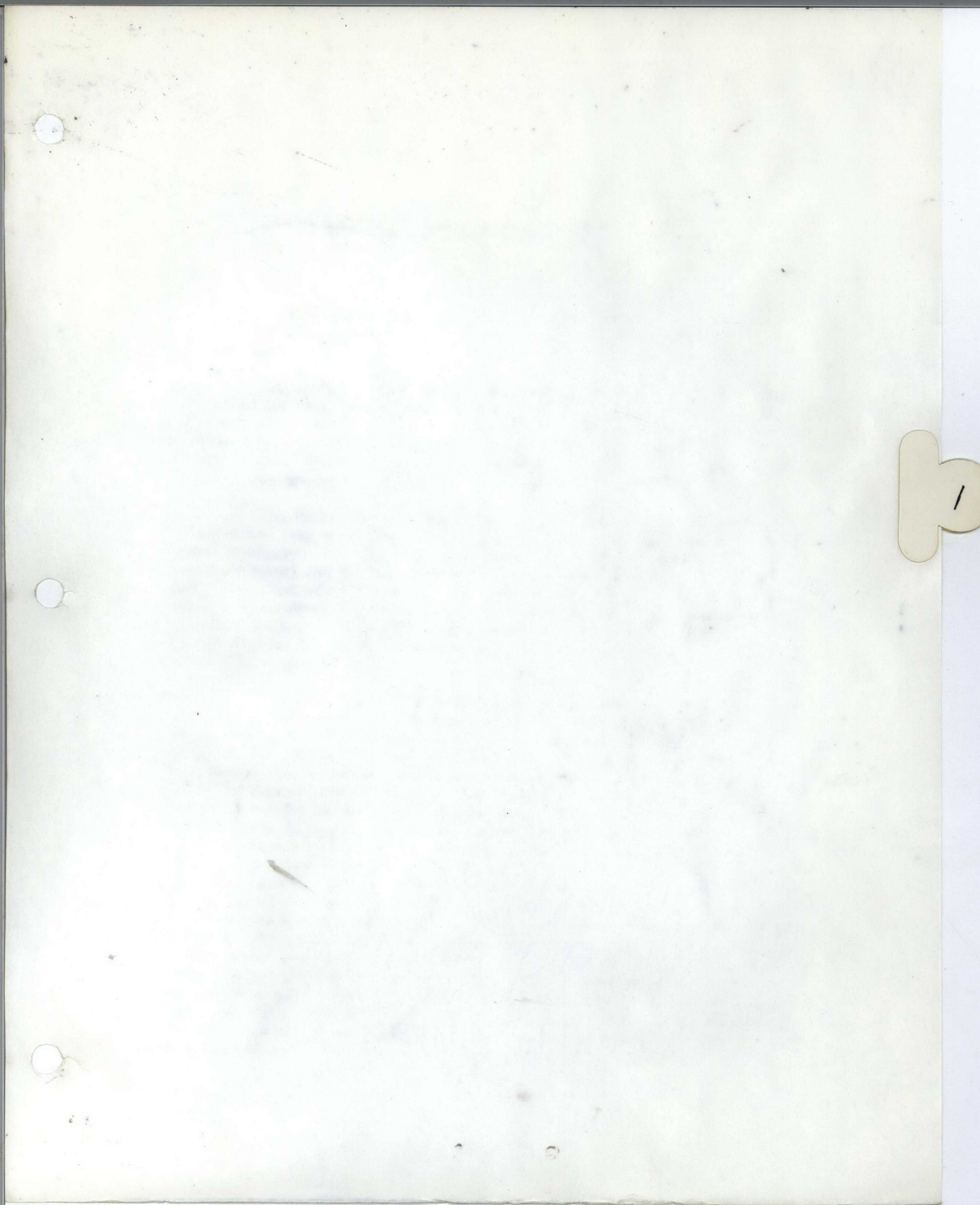
**DECLASSIFIED
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WBG Archives**

JORDAN

1. 9/27/68 Hatim Zu'bi, Minister of National Economy
Ambassador Abdul Hamid Sharaf
2. 7/3/69 Ambassador Abdul Hamid Sharaf
10/3/69 A. Ghandour, Director of Alia Royal Jordanian Airlines
3. 12/8/70 King Hussein
Ahmed Tuqan, Minister of the Royal Court (former Prime Minister)
4. 3/2/71 Crown Prince of Jordan
Ambassador Abdul Hamid Sharaf
Omar Al-Nabulsi, Minister of National Economy
Dr. Khalil Al-Salim, Governor, Central Bank of Jordan
Dr. Hannah Odeh, Secretary General, Development Board
5. 7/31/72 Zaid Rifai, Counselor to the King
Ambassador Zuhayr Mufti
8/2/72 Dr. Wadie Sharaiha, School of Business and Economics, University
of Jordan, Amman - at reception for professors attending Middle
Eastern Seminar
8/7/72 Ali Ensour, Eisenhower Exchange Fellow
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6. 2/27/73 King Hussein
3/13/74 H. M. King Hussein (Dinner at Anderson House)
7. 5/23/74 (Crown Prince Hassan (Breakfast hosted by Senator Javits)
5/24/74 (Crown Prince Hassan (Breakfast at HRH's Watergate suite -- no one
else from Bank)
8. 11/14-17/74 RMcN Notes on Visit to Jordan (*Filed in RMcN office*)
9. 11/14-17/74 H.H. Crown Prince Hassan ibn Talal, Crown Prince
(Jordan) Zaid El-Rifai, Prime Minister, Minister of Foreign Affairs and
Minister of Defense
Sharif Nasser, King Hussein's uncle
Ghaleb Barakat, Minister of Tourism and Antiquities
Douquan El-Hindawi, Minister of Finance
Omar Nabulsi, Minister of National Economy
Fouad Qaqish, Minister of Municipal Affairs
Modar Badran, Minister of Education
Muhammad Tuqan, Mayor of Amman
Dr. Khalil Salem, President, National Planning Council; (resigned 12/74)
Dr. Hannah Odeh, Secretary General (President as of 12/74), National
Planning Council
Dr. Mohammad Said Nabulsi, Governor of the Central Bank
Ziad Innab, General Manager, Industrial Development Bank
Mahmoud Hawamdeh, Vice President, National Resources Authority
Farhi Obeid, Director of the Budget
Omar Abdullah Dokhgan, President, Jordan Valley Commission
Dr. Mohammad Nuri Shafiq, Director, Royal Scientific Society
Dr. Ahmed Mango, Member of the Royal Scientific Society

	12/3/75	H.R.H. The Crown Prince, at dinner hosted by Ambassador Abdullah Salah
	12/4/75	Crown Prince Hassan (Breakfast at the Watergate)
10.	3/30/76	King Hussein (At White House dinner)
	6/18/80	King Hussein (At dinner by Amb. of Jordan, Anderson House) Amb. Abdullah Salah
	6/21/80	King Hussein (Lunch at Blair House)
11.	9/5/80	M.S. Nabulsi, Governor, Bank Markazi (lunch)

JORDAN



OFFICE MEMORANDUM

TO: Memorandum for the record

DATE: November 14, 1968

FROM: Maurice P. Bart *MPB*SUBJECT: JORDAN - Meeting between Mr. Zu'bi and Mr. McNamara

1. Mr. Zu'bi, accompanied by Ambassador Sharaf, met with Mr. McNamara on September 27. Also present were Messrs. Knapp, Lejeune and Bart.
2. Mr. Zu'bi relayed King Hussein's greetings to Mr. McNamara and indicated that Jordan was looking forward to continued assistance by the Bank group especially for the potash project. Mr. McNamara mentioned the difficulties which are being faced in the replenishment of IDA funds. He also mentioned the security problem in the project area and the effect on Jordan of the unsettled situation.
3. Mr. Zu'bi replied that Jordan's situation was not as bad as it appeared from outside. The U.K., France and Germany had continued their financial help for the development of Jordan. At the same time, the Government was trying to restore the economic activity and needed help from Jordan's friends on which it counted in the present difficult times rather than, as the Arabic saying goes, "in full moon in spring". In any event, he was hopeful that the situation would change substantially in the next few months and that the potash project could be advanced.
4. Mr. Zu'bi stressed that this project is of interest to the whole of the Jordanian population which will readily respond to any requirements for its implementation; he was hopeful that the guerrillas would do the same. Mr. McNamara said he was pleased that Jordan intended to address itself to the security issue affecting the potash project. He asked what was Kuwait's position respecting the project. Mr. Zu'bi replied that he wanted the whole group of lenders in the project - the Kuwait Fund, U.S. AID, the Jordanian Government and the Bank. Mr. Lejeune said that Mr. Al-Hamad from the Kuwait Fund had been somewhat negative about going ahead now with the project in the absence of risk sharing partners and at a moment which was not opportune. Mr. Lejeune had told him that the Bank and AID would pursue the project if Kuwait was prepared to join. However, present market conditions for potash were not conducive to a participation by industrial partners. The decision to proceed with the project was for the Government to take since it would have to bear all the risks for the \$6 million required for the trial phase. Mr. Zu'bi indicated that the project had political implications since the U.S. wanted it as a part of an overall political settlement. The Government was trying all avenues to reach such a settlement. For him, the risks involved in the project were worth taking.

President has seen

5. Mr. Zu'bi continued with a request that a Bank mission be sent to look at other potential projects in agriculture, education, tourism and housing. Mr. McNamara replied that, though the Bank was loaded with missions, he would try to have one organized at the earliest possible time.

6. Mr. Zu'bi concluded by saying that it was important for all Jordan's friends to help it maintain political stability and to compensate the harm done to the moderates by the recent events. He was confident that improvements would be forthcoming.

cc: Mr. McNamara (2)
Mr. Knapp
Mr. Lejeune/Mr. Benjenk
Mr. Fuchs

*to see plan
lec 7/7/69*

OFFICE MEMORANDUM

CONFIDENTIAL

TO: Memorandum for the record

FROM: M. P. Benjenk *mp*

SUBJECT: Jordan - Invitation by King Hussein II

DATE: July 7, 1969

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MAR 23 2013

WBG ARCHIVES

The Ambassador of Jordan, Mr. Abdul Hamid Sharaf, called on Mr. McNamara on Thursday, July 3. Mr. Benjenk was present.

The Ambassador's purpose was to convey to Mr. McNamara a renewed invitation to visit Jordan on the part of King Hussein. The invitation had originally been extended a year ago, but it had not been possible for Mr. McNamara to accept then. Mr. McNamara told the Ambassador that he accepted the invitation and would have great pleasure in visiting Jordan, although such a visit could not take place in the immediate future because of his other commitments.

In the conversation that ensued, the Ambassador told Mr. McNamara that the situation in Jordan was not as bleak as some newspapers accounts made out. The Government was doing everything to ensure that economic development proceeded to the extent possible and hoped that the Bank would help. Mr. McNamara told the Ambassador that it seemed to him that the most constructive way in which the Bank group could help in the present circumstances was to assist in the financing of educational projects. The Ambassador agreed and said that a Jordanian delegation now in Washington to discuss educational projects with AID would also call upon the Bank shortly.

cc: Mr. McNamara
Mr. Lejeune (o/r)
Mr. Bart

MPB:ab

President has seen

3

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MAR 25 2013

STRICTLY CONFIDENTIAL

Memorandum for the Record

December 16 1970

WBG ARCHIVES

JORDAN - Mr. McNamara's conversation with King Hussein

Messrs. McNamara, Knapp and Benjenk called on King Hussein at Blair House on December 8. Also present was Mr. Ahmed Tuqan, former Prime Minister and now Minister of the Royal Court.

The meeting began with a discussion of the situation in Jordan. The King said that the situation had become much more stable after the painful events in September, although the latter have caused fewer casualties and much less physical damage than had originally been feared. Now the Government was attempting to get the country moving again and they were calling on the goodwill of all their people, especially young Jordanians and Palestinians who have studied abroad, to participate in the reconstruction effort. The King recalled that prior to the 1967 war Jordan had been making considerable progress in improving the standard of living of its people but that it had been beset by tremendous problems after that war, because of the large inflow of population from the West Bank and the need to devote resources to rebuilding the armed forces. Subsequently there had been the recent period of insecurity and now the Government had to start from scratch and hoped for the goodwill of all its friends abroad.

Mr. McNamara told the King that he had had great admiration for him for many years and for the way he had faced tremendous difficulties. The Bank would do what it could to assist Jordan in its difficult times but there were serious constraints as to what it could do. Jordan's immediate need was for relatively large amounts of money for rapid disbursement. This could be obtained only from Jordan's political friends and allies, whereas the Bank Group, by the nature of its institutional set-up, could only work on development projects. Even in its capacity as a financier of projects the Bank Group had to be prudent in investing in an area which was at the center of hostilities. Nevertheless he was anxious that everything be done to help Jordan and, in that spirit, two projects, namely the Amman Zerqa Road and the Education project, would be pursued as actively as possible with a view to granting Jordan two IDA credits. Subsequently a power project might also be worked on.

The King replied that he was very glad to hear that these projects would be pursued. He informed Mr. McNamara that the Kuwait Government had agreed to resume payments of the subsidies which had been interrupted after the September civil war, whereas Libya had not yet resumed such payments. It was possible that Saudi Arabia, which had continued its payments to Jordan throughout the recent period, might also make up for the gap caused by the Libyan cessation of payments.

Mr. Tuqan, Minister of the Royal Court, made a plea for the Bank also to finance the Agricultural Credit Corporation. Mr. McNamara replied that the existing credit to ACC was in great difficulty; he added that at any other time it would have been decided to discontinue disbursements of this credit in view of the large number of arrears on payments by ACC sub-borrowers, but that disbursements would continue bearing in mind Jordan's special circumstances at this time. It would not be possible to envisage a new credit to ACC at this stage.

President has seen

December 16 1970

Mr. Tuqan said that he understood Mr. McNamara's point of view, although ACC's difficulties were due to circumstances beyond its control - namely the occupation of the West Bank and the insecurity in the Jordan Valley. The situation was now improving and farmers were returning to the Jordan Valley.

The discussion then turned to the general situation in the Arab world. The King said that he had recently visited Saudi Arabia and the UAR. In the UAR the members of the new government seemed to be following the policies of President Nasser, but were obviously less sure of themselves and their actions might be somewhat more hesitant as a result. Both he and the UAR Government were agreed to pursue a political solution of the Middle East problem although this was a controversial matter within the Arab countries, as had been shown by a recent vote in the United Nations Assembly on the Middle Eastern question, in which seven Arab nations had found themselves voting one way and seven others in another.

The King felt that the changes in Syria were in the right direction and that the new leader of Syria had opposed the September incursion by the Syrian army into Jordan. The new Syrian Government would probably reach a settlement with Saudi Arabia and the Aramco on the repair of the Tapline in exchange for increased royalties.

With regard to the recently announced federation of Arab countries, including Sudan and Libya, the King said that he hoped this project would be realized. He himself did not find it too difficult to deal with the present leaders of Sudan. They were certainly more reasonable than the leaders of Libya or those of Algeria.

Turning to the Gulf States the King said developments in that area were being watched with interest and that the settlement of the Bahrein question with Iran had been a constructive development. The question now was whether Bahrein would or would not join a federation of these Gulf states, since Bahrein no longer needed the protection (against Iran) which such a federation might have offered.

The meeting ended with Mr. McNamara thanking the King for receiving him and the King reiterating to Mr. McNamara his invitation to visit Jordan.

M.P. Benjenk

cc: Mr. Knapp

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: M.P. Benjenk *my*

SUBJECT: JORDAN - Conversation with King Hussein

DATE: December 8 1970

*needs massive effort
from all sources*

Please find attached a memorandum from Mr. Bart, who has just returned from the Middle East, which gives the latest status of our possible activities in Jordan.

As you will see there are three projects which can be expected to mature in the next 18 months:

- (a) The road project - which can be completed in the present fiscal year.
- (b) An education project, and
- (c) A power project to be carried out in conjunction with other possible lenders.

Both (b) and (c) can be carried through in Fiscal Year 1972.

In addition we have undertaken to look at other project possibilities but it is premature to say these can be transformed into real projects.

Finally, I would draw your attention to the fact that one of our creditors, the Agricultural Credit Corporation, has been in serious trouble for some time, in view of its inability to collect a great part of its arrears. Under normal circumstances we would have seriously thought of suspending the credit but have refrained from doing so up to this point.

Att:

cc: Mr. Knapp

OFFICE MEMORANDUM

TO: Mr. M. P. Benjenk

DATE: December 8, 1970

FROM: Maurice P. Bart *MPB*SUBJECT: Mission to Jordan - Back-to-office report

1. I visited Jordan with Messrs. Armstrong and Mendoza from November 21 to November 24. Most of our time was taken by meetings with a team comprising the Vice-President of the Development Board, Mr. Shamayleh, the Governor of the Central Bank, Dr. Salem and the Minister of National Economy, Mr. Nabulsi, who had been assigned by the Government for discussions with the mission. We toured the cities of Amman and Zarqa in order to have a first hand impression of the consequences of the September fighting; Messrs. Armstrong and Mendoza also visited Djerash. We met with the US and the French Ambassadors as well as with the Economic Counsellor of the British Embassy. The following is a short assessment of the present situation in the country and of the prospects for IDA operations.

General

2. The most salient fact to emerge from the September fighting is the Army's cohesion and determination to check the erosion of the Government's authority by the fedayeen. In order to restore the Government's power, the Army has been willing to antagonize Arab public opinion, internal sympathy for the Palestinian cause as well as King Hussein's policy of compromise with the fedayeen. Most observers agree that it has largely succeeded in its objectives at a much lesser cost in human lives and destructions than was initially reported. On the other hand, the September hostilities have brought the economy to a standstill and caused a substantial flight of capital and talents from the country.

3. The second fact to emerge is that the fedayeen were able to offer a much tougher resistance than the Army expected. Though dispirited and prevented from entrenching themselves openly in their urban strongholds, they are still a force to be contended with. But the Army is demonstrating that it has the will and the means to prevent them from becoming a parallel Government in the country. Taking into account recent developments on the Arab scene, there are more chances now than a year ago to see Jordan revert to "normal" conditions, though tension with the fedayeen is unlikely to abate for a long time. However, the country will not recover from the shock of the September hostilities unless the Government takes drastic steps to spur the economy and restore confidence.

4. With the Libyan budget support (\$21.5 million per year) rescinded and the Kuwaiti one (\$43 million) suspended, Jordan is likely to face an extremely serious budget and balance of payments situation. Most of the immediate needs for rehabilitation seem to have been met from various external sources since September. The Government wants now to resume the implementation of development projects as soon as possible, starting with

those projects which are ready for implementation and leaving to a later stage the sorting out of priorities in which UNDP is prepared to assist. The Government is launching a determined drive to mobilize external aid starting with Kuwait, Saudi Arabia, the UK and the Bank Group. The US has made \$5 million available as budget support in addition to its substantial military aid. Germany is also likely to provide some assistance since Jordan is one of the few Arab countries with which it has diplomatic relations.

Prospects for Bank/IDA assistance

5. In the course of our discussions, we stressed the need for Jordan to review the projects ready for implementation in the light of the local resources available and of the economic priorities; in view of the serious unemployment situation labour intensive projects are especially needed. However, the Government considers that it is indispensable for Jordan to launch whatever projects are immediately ready in order to restore confidence and economic activity. At this juncture, this is undoubtedly a realistic attitude provided investments are not diverted towards projects of doubtful economic merit (such as the contemplated new Amman airport). We discussed possible projects for IDA financing against this background and in the light of their practicability in the coming two years.
6. Amman-Zarqa road - The Government considers that this road should be started without delay. We agreed that the willingness of contractors to consider such a job and the premium they would require to carry it out under present circumstances should be tested through bidding (the responses to the advertisement for the pre-qualification were surprisingly good with some 25 firms expressing interest). As envisaged in the Bank before our departure, we also agreed that negotiations could be started at the same time as the bidding, provided, however, that it was understood that we would wait for the outcome of the bidding before completing negotiations, i.e., by about April 1971. As the rate of return for the project is estimated at 22 percent (excluding military traffic) a very large increase in costs or decrease in traffic would be needed to impair its economic justification. If the results of the bidding were acceptable and if the situation did not deteriorate again, this project could therefore result in a credit of \$5 million by about June 1971.
7. Education Project - The Government asked that the appraisal mission (which was prevented twice from going to Jordan last Summer) be sent as soon as possible. We responded that while we had a continued interest in this project, we could not say when we could assemble the staff again and that we would inform them of a possible timing after our return to Washington. The project which is now scheduled for FY 1972 for \$5 million, obviously retains its priority. We should now agree on the timing of the appraisal with Education Projects Department.

8. Power Project - Total project cost is estimated at about \$15 million of which \$12 million in foreign exchange. The final feasibility study recommends central thermal generation in Zarqa which would not lend itself to joint financing with a source of tied funds and we had, therefore, expressed interest in this project last year, subject to joint financing arrangements being worked out with another aid giving agency providing untied funds. One possible arrangement would be to share the foreign exchange cost with another donor such as the Kuwait Fund or Germany which both have an interest in the project (though, that of Germany is contingent upon their being released from the financing of the new Amman international airport). A credit of \$5 million for the project is now included in the lending program for Board action in December 1971 but the appraisal mission has still to be scheduled. I should add that the UK is proceeding with the financing of the transmission lines which would be needed with the power generation project.

9. Other projects - The Government intends to seek IDA financing in the longer run for the following projects: (a) Amman water supply; (b) Industrial Development Bank; (c) Irrigation projects based on small dams on the lesser tributaries of the Jordan river (consideration of these projects would be contingent upon the restoration of peaceful conditions in the Jordan valley); and (d) Municipal Loan Fund for local public utilities projects. We indicated our willingness to study whether these projects could lend themselves to Bank/IDA financing.

10. Agricultural Credit Corporation - We had long discussions on this IDA-financed project concerning the serious problem of the increasing proportion of arrears in ACC's portfolio. To sum up, IDA will have to determine whether the "force majeure" situation which prevailed in 1970 with the combination of internal hostilities and drought justifies our discontinuing assistance (and disbursement of the \$1 million balance of the Credit) for the project, or whether we should request ACC to improve its arrears position in the course of 1971 assuming, however, that both security and climatic conditions would be normal. Though we attempted to impress on the Government that ACC should not allow most of its portfolio to deteriorate to the point where it becomes uncollectable, at this stage it would be unrealistic to expect the Government to put pressure on ACC's borrowers to repay before the next harvest in the summer of 1971. ACC will write us shortly about the collection targets they could achieve by the end of 1971 if things were normal in the meantime. We informed the Government and ACC that we would then consider whether to go slow on disbursements in one way or another (i.e. legally or on a gentleman's agreement basis).

11. In all our discussions, we stressed that IDA assistance would be contingent upon both the restoration of reasonably normal working conditions in Jordan and the availability of IDA funds for the projects which could be implemented. If the former condition were met, we may be able to lend up to about \$16 million in FY 1971 and 1972 for the road, power and education projects, and pave the way for other projects in subsequent years.

OFFICE MEMORANDUM

DECLASSIFIED

DATE:

TO: Memorandum for the Record

April 23, 1971

FROM: *for* M. P. Benjenk *MPPB*

MAR 23 2013

CONFIDENTIALSUBJECT: Mr. McNamara's meeting with Crown Prince Hassan of Jordan

WBG ARCHIVES

1. Prince Hassan of Jordan called on Mr. McNamara on March 2, 1971. He was accompanied by Mr. Nabulsi, Minister of National Economy, Dr. Salem, Governor of the Central Bank, and Ambassador to Washington Sharaf. Messrs. Benjenk and Bart attended the meeting.
2. Prince Hassan started by conveying the good wishes of King Hussein to Mr. McNamara. He pursued with an outline of the political situation in Jordan and the area, stressing improved security conditions in the country and the tight control which the Government and the Army had been exercising over the Palestinian guerrillas since the internal hostilities of September 1970. These hostilities had, however, caused two Arab Governments to suspend their aid to Jordan. Despite renewed aid from the USA, Jordan was facing a very difficult budgetary position and looked to the Bank Group to finance a substantial part of its development.
3. Prince Hassan added, reading from a prepared statement, that Jordan's relations with the Bank Group had been extremely disappointing in recent years, especially when compared to the aid given to Israel where the Bank went as far as financing lately the export of flowers. While it was true that several years had been lost in discussions on the Dead Sea potash project, the Bank had subsequently moved very slowly on the other projects it had considered. For instance, many Bank missions had visited Jordan to discuss the education project without any result so far. The Prince hoped that Mr. McNamara would find it possible to have the Bank's staff move promptly on the projects which were now in hand.
4. Mr. McNamara replied that he understood Jordan's desire to accelerate the pace of development but that, insofar as the Bank was concerned, it could not operate in a country where hostilities were taking place. The appraisal mission for the education project had to be cancelled twice because of internal disturbances. Nevertheless, if security was assured, the Bank Group would proceed expeditiously with the projects it had agreed to consider namely, the Amman-Zerqa highway, education, power (jointly with the Kuwait Fund) and water supply. The only limitation - apart from the security problem - would be the availability of IDA funds. A program of about \$20 million was contemplated for Jordan in the next few years. In reply to a question from Dr. Salem, Mr. McNamara said that Jordan was not creditworthy for Bank loans and that the Bank could under no circumstances lower its creditworthiness standards, which had barred it from lending to much larger countries, such as Indonesia.

President has seen

5. Prince Hassan thanked Mr. McNamara for his assurances of support by IDA and renewed King Hussein's invitation to visit the country. Mr. McNamara said that he would be greatly pleased to acquaint himself directly with Jordan with which he had been dealing in his various capacities for a decade, but that this would not be possible in the near future.

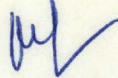
cc.: Mr. McNamara's office (2)

MPBart:cmc

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

DATE: March 1, 1971

FROM: M. P. Benjenk SUBJECT: Jordan - Visit of Crown Prince Hassan

1. Crown Prince Hassan of Jordan, one of King Hussein's brothers, will call on you on Tuesday, March 2, at 5.30 p.m. He will be accompanied by the Jordanian Ambassador to Washington, H.E. Sharaf, the Minister of National Economy, H.E. Nabulsi, the Governor of the Central Bank, Dr. Salem and the Secretary General of the Development Board, Dr. Odeh.
2. Prince Hassan is on an official visit to the US intended chiefly to underscore (in the same way as King Hussein's visit last December) the renewed close relations between the US and Jordan which followed the civil war of last September and the ensuing curbing of the Palestinian guerrillas. He is also likely to discuss financing of an ambitious list of development projects as well as continued military assistance and budget support by the US (which already gave Jordan \$10 million, mostly in cash, as emergency aid since last September).
3. Following the recent review of the CPP for Jordan, the IDA lending planned for FY 1971-74 will include the Amman-Zarqa road (\$5 million), the Education project (\$5 million) the Zarqa Central Power Station (\$6 million) and the Amman water supply project (\$4 million). Negotiations for the road project started last Friday. An updating mission will go to Jordan in March to review the Education project, to be followed by an appraisal mission in June. Presentation to the Executive Directors is scheduled early in 1972. Lending for the power station is contingent upon joint financing arrangements with the Kuwait Fund, which has indicated willingness to participate; should some minor queries which we still have on this project be satisfactorily resolved soon, and subject to the Kuwait Fund's concurrence to finance the first tranche of disbursements for the project, it should be possible to appraise it in May 1971. Presentation to the Executive Directors would be held until the early months of FY 1973 for reasons of annual IDA allocations.
4. The Jordanian delegation is likely to try to obtain from you an order of magnitude of the assistance we contemplate for Jordan. In the dire political and budgetary difficulties Jordan is facing, I see advantages in stating IDA's intention to help at the rate of about \$5 million a year and thereby preventing, at the same time, that the Government forms illusions about the level of aid it can expect from us. While the proposed level would be contingent upon a certain measure of stability and security in the country, you might also like to stress that it is essential for

Jordan to rationalize its planning and to sort out priorities among the competing demands of many overdue projects. In this regard the Jordan Development Board has recently taken heed of our repeated recommendations for strengthening the planning process and sought Bank assistance to establish the broad lines of action in this field. We shall discuss this request with the members of the updating economic mission who just returned from Jordan with a view to assisting the Development Board as expeditiously as possible.

5

Jordan

MEMORANDUM FOR THE RECORD

Visit of Jordanian Representatives, July 31, 1972

Present: Mr. McNamara, Mr. Zaid Rifai, Counselor to The King of Jordan, and Ambassador Mufti of Jordan

Mr. Rifai said that, prior to his departure from Jordan, The King and the Crown Prince had instructed him to thank Mr. McNamara for his reply to the invitation to participate in a donor's conference in the early fall of 1972. They regretted, however, that Mr. McNamara had declined, since they attached great importance to the meeting and the development plan which would be discussed. Since it was convenient to others as well, they were contemplating postponing the meeting until the spring of 1973 and enquired as to whether this time would be more convenient to Mr. McNamara.

Mr. McNamara replied that he was not sure whether his visit would be most productive on the occasion of the conference or at some other time. He recommended that the time for the conference be fixed to suit the Jordanian Government and others since he would need to combine a visit to Jordan with visits to other countries and would be able to schedule his travel itinerary only after the Annual Meeting in September.

Mr. Rifai said that in that case the Government would plan to stage the conference in March or April of 1973 with the hope that Mr. McNamara would be able to attend. It was agreed that The King could expect a reply from Mr. McNamara regarding his travel plans in early October 1972.

AL
August 1, 1972

President has seen

Mr. McNamara:

July 31, 1972

Visit of Jordanian Representatives

Mr. Zaid Rifai, Counselor to the King of Jordan, and Ambassador Mufti of Jordan will call on you at 6:30 p.m. today to deliver a message from The King.

It is possible that the visit is a follow-up to the invitation you received earlier this month to attend a conference in November 1972 where the Government of Jordan intends to explain its development plan and solicit financial assistance. The invitation and your reply are attached. Area Department feels that our approach should be low-key. We have not yet selected anyone to represent the Bank.

Another possibility is that The King wishes to request that a Bank staff member be seconded to head the UNDP planning team to which the World Bank has agreed to act as Executing Agency.

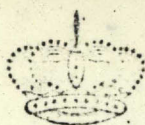
As they informed us earlier, Messrs. Benjenk and Hartwich will both be absent from the Bank during this week until Mr. Benjenk returns on Friday. In the meantime Mr. Thompson is in charge. Unless you instruct otherwise, I would plan to attend.

AL

President has seen

JUL 11 1972

JUL 10 RECD



الملك الحسين بن عبد الله الثاني
الملك الحسين بن عبد الله الثاني

THE ROYAL PALACE,
Amman, Jordan,
June 6, 1972.

Dear Mr. McNamara,

A lot has happened in Jordan since we last met in your office late in 1970. The increasing stability of our country has enabled us to make worthwhile progress in the field of development planning. A three-year plan has been drafted to enable Jordan to resume its previous economic performance which was achieved within the framework of the 1964-1970 Development Programme and we hope to start implementing this plan beginning 1973. Toward this end, the Government of the Hashemite Kingdom of Jordan has decided to hold a conference in Amman during the period 11-13 November 1972, to which about fifty governments, organizations and finance institutions will be invited. The purpose of this conference is to receive comments, criticisms and suggestions on the plan. Please appreciate that this meeting is intended primarily to acquaint the international community with Jordan, to give them the opportunity to share our thoughts on development, and to afford us the benefit of their experience and advice. I take this occasion to invite you personally once again to visit our country.

Finally, I would like to convey to you the fact that an energetic developmental process has most definitely been initiated at all levels in this country and in my sincere belief this process is most worthy of international recognition.

Official invitations for the conference will be issued later and a copy of the English version of the plan will be presented to you in August.

We look forward to the pleasure of receiving you and hearing from you.

Yours Sincerely,

Sheikha Lina Fadel.

(Crown Princess)

H.E. Mr. Robert S. McNamara,
President, International Bank for
Reconstruction & Development,
1818 H Street, N.W.,
Washington, D.C. 20433,
U.S.A.

Chron. E

July 17, 1972

Your Royal Highness:

I would like to thank you for your letter of June 6, and your kind invitation to attend the conference on Jordan's new development plan to be held next November. I have been much encouraged to learn of the Government's new initiatives in the field of economic development, particularly the preparation of the Three-Year Plan, and wish you every success in them. I am also glad that on our side we have been able to make good progress on a number of projects and will cooperate closely with you in the provision of long-term planning assistance.

I regret very much that I will not be able to attend the conference myself because of previous commitments. However, the Bank will of course be represented at the meetings, and we will nominate our representatives shortly. I shall be interested to learn of the conclusions of the conference.

My very best wishes,

Sincerely,

Robert S. McNamara

His Royal Highness
Crown Prince Hassan bin Talal
The Royal Palace
Amman, Jordan

DHMcCall/DHartwich:rpo
cc to Mr. McNamara's office (2)

6.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
FROM: Gregory B. Votaw
SUBJECT: JORDAN - Visit of King Hussein

DECLASSIFIED

DATE: February 26, 1973

CONFIDENTIAL

MAR 23 2013

WBG ARCHIVES

- 2/26
1. King Hussein asked through the Jordan Ambassador to Washington to call on you tomorrow afternoon, February 27. The arrangements have been made for His Royal Highness to come to your office at 7 p.m., Tuesday, February 27. Mr. Upper will meet King Hussein at the entrance to the Bank and Mr. Benjenk will attend the meeting.
 2. There is no special agenda for the meeting. We are generally aware, of course, of the forces working toward settlement in the Middle East. Perhaps, hopefully, King Hussein will be in a position to advise you on the status of these developments and what he may expect the Bank Group to do in this situation.
 3. The program proposed by the Region for Jordan is described in the attached Country Program Note distributed for your review on Friday, March 2. Any program for Jordan is necessarily constrained by the availability of IDA funds, and the proposed operations and lending programs are already more than would normally be allocable to Jordan on population and poverty grounds.
 4. The Amman Water Supply and Sewerage project is now going into green cover, calling for negotiations in two to three weeks, and the Zerqa Power Project, which is to be financed jointly with the Kuwait Fund, should be ready for negotiations in about one month. Together these credits would amount to slightly over \$16 million and some upward adjustment may be expected for the effect of currency realignments. In addition, we have agreed to proceed with preparation and appraisal of the northern section of the multi-sectoral Jordan Valley Project, and the FAO/IBRD Cooperative Program preparation mission is scheduled to visit Jordan in the month of March for this purpose. We hope and expect that this project will be ready for Board presentation well before June 1974, and to find IDA funds in the amount of about \$7.5 million for its financing, although scarcity of IDA funds might necessitate deferral until July 1974.
 5. We believe it useful to work closely with the Jordan Government in developing other sources of financing for this project and we would be glad to work closely with the United States and German Governments in this respect.

Attachment

JUpper:jw

cc: Mr. Benjenk

President has seen

7

DECLASSIFIED

MAY 06 2013

WBG ARCHIVES

CONFIDENTIAL

Memorandum for the Record

JORDAN: Visit of the Crown Prince of Jordan

Mr. McNamara saw the Crown Prince of Jordan on two occasions last week, i.e., on Thursday May 23 and Friday May 24.

The first meeting was held on Capitol Hill in the presence of Senators Kennedy and Javits and members of the Middle East Study Commission, including Messrs. J. Lennon, J. Johnson and Tom Hughes. The subject was the amount of additional assistance which the U.S. and other potential donors might bring to Jordan and the role, if any, which the World Bank might play in programming such aid and obtaining financial participation from donors.

7/29
The U.S. personalities present felt that the Congress might be persuaded to pass a bill to help Jordan if a concrete development program were presented by Jordan, with the assistance and sanction of the World Bank. The Senators felt it might be very useful if the Bank used the Indus Basin approach in preparing such a program.

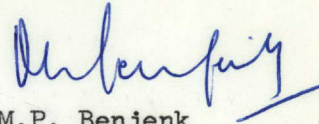
Mr. McNamara replied that he was not sure there was a basic approach like the Indus Basin around which a program could be built, but declared that the World Bank would be willing to assist in preparing a development program and would pursue this matter, subject to confirmation that the U.S. executive branch would be ready to present such a bill to the Congress. If this were so, and if Jordan began preparation of a concrete program, the Bank would be prepared to solicit the help of other donors for its implementation.

The Crown Prince stated that he had discussed this matter with the Administrator of AID, Mr. Parker, and had found him enthusiastic about the idea. Mr. McNamara undertook to speak to Mr. Parker himself.

At the second meeting Mr. McNamara met with the Crown Prince alone at his hotel and repeated that the Bank was prepared to help in this matter and contact donors, both in the OECD countries and amongst the oil producing countries. It was revealed during this conversation that Iran had shown interest in helping Jordan.

During the conversation with the Crown Prince he made unfavorable comments on the attitude of some of the members of the World Bank staff dealing with Jordan. When Mr. McNamara asked for specifics, the Crown Prince said that this was a matter of such staff members acting as if they knew more about Jordan than the Jordanians themselves. Mr. McNamara said he was quite ready to help Jordan but he could not respond to matters relating to individual staff members without having knowledge of the facts.

Mr. McNamara related the above conversation to Mr. Benjenk and it was decided that the latter would follow up with the U.S. executive branch (Mr. Nooter, Assistant Administrator of AID) the intentions of the Administration. It was also decided that, in the absence of any specific proposal from the Jordanians, a cable should be sent within a month stating the facts and the AID's goodwill about stressing the need for a program prepared by Jordan.



M.P. Benjenk

Europe, Middle East & North Africa Region
May 28, 1974

During the conversation Mr. McNamara confirmed to the Crown Prince his intention to accept the Government's invitation to visit Jordan -- he mentioned November 1974 as the most likely time for such a visit.

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara

FROM: M. P. Benjenk, Vice President, EMENA

SUBJECT: JORDAN - Visit of Crown Prince Hassan

DATE: May 22, 1974

DECLASSIFIED

MAR 23 2013

CONFIDENTIAL

WBG ARCHIVES

1. Crown Prince Hassan of Jordan, who has responsibility for the country's economic affairs, will meet with you on Friday, May 24, at breakfast. He will probably be accompanied by the Jordanian Ambassador to Washington, H.E. Abdullah Salah and the Secretary General of the National Planning Council, Dr. Hanna Odeh.
2. Prince Hassan met with you on March 2, 1971, and again on October 2, 1972. King Husein met with you on February 27, 1973.
3. Prince Hassan is on an official visit to the United States intended to discuss continued military assistance and budget support by the U.S. as well as project financing with USAID, U.S. firms interested in investing in Jordan, Overseas Private Investment Corporation (OPIC), and the Bank Group. The US Congress is considering for FY75 \$10 million in development loans, \$67.5 million in budget support and about \$130 million in military equipment.
4. Political Situation. The Government has maintained full control on the East Bank after neutralizing Palestinian commando activity in 1970/71 at the cost of losing the support of other Arab countries, except Saudi Arabia's. Its participation in the hostilities on the Syrian front in October 1973 has enabled it to regain some audience in the Arab world as well as Kuwait's financial support. Unrest in the Army, last February, was rapidly quelled by changes in the high command (openly criticized for corruption by the soldiers) and by increases in pay. The main problems facing King Husein remain the fate of the West Bank and East Jerusalem in an eventual settlement with Israel, and the political and, possibly, territorial accommodation with the Palestine Liberation Organization (PLO). Israel remains adamant against negotiations with the PLO and the creation of a Palestinian State in the West Bank and Gaza. In contrast, after his recent consultations with the United States, President Sadat and other Arab leaders, the King has declared his willingness to accept PLO's participation in the Geneva peace talks and to let the Palestinians 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 or conflicting interests of the Arab countries, the PLO and Israel. His remarkable political skill will no doubt take advantage of the lessening of tensions in the area and of the internal liberalization in Egypt and Syria.
5. Economic Situation. An economic mission visited Jordan in January 1974 and its report is nearing completion. With the reopening of the Syrian borders with both Lebanon and Jordan in mid-1973 and more settled domestic conditions, a revival of trade, services and private investments has started. The balance of payments improved considerably

May 22, 1974

from 1971 to 1973 when commodity exports rose from \$32 million to \$43 million and receipts from services from \$80 million to \$184 million. External grants, mostly for budget support and direct military aid, were equivalent to about 20 percent of GDP in 1973--about the same as military expenditures; they came chiefly from the US (\$89 million), Saudi Arabia (\$45 million) and Kuwait (\$27 million). Gross official foreign exchange reserves continued to increase and reached \$330 million, equivalent to about 10 months of imports, at the end of the year; the debt service ratio was 6.6 percent.

6. Prospects for economic growth are good, if recent progress towards peace in the Mid-East continues. Public investment is likely to pick up considerably, with the start of a number of projects in 1974. A three-year development plan (1973-75) has been prepared, for the first time almost exclusively by Jordanians, and offers a satisfactory balance between economic growth, income distribution, institution building and employment. Balance of payment prospects will be enhanced as a result of the recent tripling of phosphate prices, a planned rapid increase in phosphate production (from 1.1 tons per year in 1973 to 2.7 tons per year in 1976), and of the expected reopening of the Suez Canal.

7. Jordan's longer term development problems, however, remain serious: an almost completely landlocked position, uncertain boundaries, limited natural resources, a rapidly growing population, underemployment, and refugees not yet integrated in the economy. Adjustment to peace conditions will require even more new jobs, if the oversized army is to be reduced. The economy's need for external grants would decrease with a reduction in military forces, but a sustained effort in improving public savings will be needed if the Government is to reach its objective to phase out the economy's dependence on foreign grants. Meanwhile, foreign development aid has been expanding and reached \$92 million in commitments in 1973, with the UK, the USA, IDA and Kuwait being the main donors.

Bank Group Operations

8. Jordan has to date received eight IDA credits, amounting to \$40.3 million in total. Four credits approved in 1971-73, totalling \$30.3 million, are for the projects which, during your meeting with Prince Hassan of March 1971, you indicated we would process expeditiously once domestic security was assured. Performance under all projects has been generally satisfactory. A \$7.5 million credit to finance about 81% of the foreign cost of the Northeast Ghor Irrigation and Development Project was negotiated in March 1974. Board presentation has been postponed to July 2, when IDA funds would be available. Since no IDA lending took place in FY74, this raises the problem of the total IDA allocation for FY74-75 and the funding of the education project which is being appraised and for which about \$5 million from the FY76 allocation would be required in FY75 (see para 10 below). IFC made its first investment in Jordan in February 1974 in a ceramics project, and is currently considering a fertilizer project based on phosphates. Attached is a summary statement of IDA credits and IFC investment as of March 31, 1974.

9. IDA lending has focused so far on institution building in the sectors which offer growth prospects and direct or indirect employment opportunities, such as irrigated agriculture and vocational and technical education, or on the removal of bottlenecks in production or services (e.g., in water supply, transportation and electric power). The five-year lending program envisages continued assistance to these sectors and possibly also to small and medium industries and tourism if no other sources are available. Now that the situation in the East Bank appears sufficiently stable, we would be prepared to consider participating in the preparation and, if needed, the financing of large enclave mining projects (phosphate or potash) to improve the country's trade balance. The Bank is also acting as Executing Agency for a three-year UNDP Planning Assistance Project in the National Planning Council which includes project generation, aid coordination and training of Jordanians in project preparation; we have seconded a staff member, Mr. Cyril Martin, to head the team of experts.

10. Generally, the Government has responded very effectively to our advice on project preparation, and the latter has reached very good standards in recent years as compared with countries of similar size and stage of development. The main constraint to our assistance in Jordan is now the amount of IDA financing which we can provide. The IDA allocation for FY75-77 has been set at \$6 million per year. Against this, three projects -in addition to the Ghor irrigation project-with total foreign exchange requirements of about \$20 million are likely to be ready for appraisal in FY75, for (i) technical and vocational education, (ii) a combined urban development/roads project, and (iii) a dfc line of credit for small and medium industries. This will not enable us to finance local costs (which we did in the past) nor even cover the full foreign cost of the forthcoming irrigation project. For FY75 we have therefore pushed ahead with the education project only (the appraisal mission is in the field) and have avoided any commitment on appraising the urban development/highways project (whose detailed engineering is likely to be ready in September); appraisal of the Jordan Development Bank (JDB) project, previously scheduled for May of this year, has been deferred to FY77. Other financing for the above three projects is not contemplated by Arab or other donors, who are already heavily committed in other projects in Jordan.

11. On various occasions, Government authorities have requested Bank lending. Though Jordan's export prospects and absorptive capacity have improved, the political situation still remains unclear and it is too early to consider any Bank financing in FY75. The economic mission of last January is studying the effects of limited conventional borrowing for projects other than enclave ones during the following years, but the analysis has not yet been completed. In any case, Jordan's creditworthiness for a soft blend of IDA/IBRD lending would also depend on a comprehensive peace settlement being reached in the Middle East. After such a settlement, it will be more clear what role the Bank, if any, could play in Jordan, within the framework of a development effort in the whole region for the consolidation of peace conditions.

12. Questions likely to be raised. Prince Hassan is likely to stress the progress made in the implementation of the 1973-75 Plan during its first year, especially in institutional reforms which are expected to increase the country's absorptive capacity and lead to a steep increase of public investment during the remaining two years of the Plan. He will probably present a ten-year development scheme including an ambitious project list, which has just been prepared, and stress the need for increased external assistance. As on previous occasions, Prince Hassan may try to obtain from you an order of magnitude of the IDA assistance we contemplate for Jordan and may ask whether the country has become eligible for Bank lending.

13. You may want to congratulate Prince Hassan for the progress made in economic planning and project preparation and state that we appreciate the need for a stepped up development effort, and further action to fulfil the Government's objective for wider distribution of the benefits of growth. You may want to mention that increased public savings will be essential to carry on that effort. I also see advantages in making it clear that, because of the many competing claims on IDA's limited resources, the Association can help only at the rate of about \$6 million a year. Based on the settled domestic conditions on the East Bank, Bank loans could again be considered for enclave projects. Bank loans for projects other than the enclave ones now put too large a burden on Jordan's finances, but the situation will be kept under continuous review in the Bank.

14. You may wish to end by mentioning your desire to visit Jordan next November.

Attachments: - Country Data (East and West Bank)
- Status of Bank Group Operations

COUNTRY DATA - JORDAN

AREA
97,740 km²

POPULATION
2.4 million (mid-1971)

DENSITY
24 Per km²
.. Per km² of arable land

SOCIAL INDICATORS

	Jordan		Reference Countries		
	1960	1970	Netherlands 1970	Tunisia 1970	People's R. Congo 1970
GNP PER CAPITA US\$ (ATLAS BASIS) /2	..	250	2,430	280 /a	250 /a
DEMOGRAPHIC /e					
Crude birth rate (per thousand)	47 /b	49 /c,d	18.3	38	45
Crude death rate (per thousand)	16 /b	16 /c,d	8.4	14	23
Infant mortality rate (per thousand live births)	..	..	12.7	..	..
Life expectancy at birth (years)	52 /b	..	74	52 /c	..
Gross reproduction rate /2	3.4 /e	..	1.3	3.1 /f	..
Population growth rate /2	..	3.3	1.3	2.1	2.1
Population growth rate - urban	..	..	..	2.4 /g,h	3.4 /i
Age structure (percent)					
0-14	45.4 /e	45 /j	27.3	46 /k	42 /k
15-64	51.1 /e	50 /j	62.6	51 /k	53 /k
65 and over	4.5 /e	5 /j	10.2	4 /k	5 /k
Dependency ratio /l	2.4 /e	2.3 /j,1	1.0 /1	1.7	1.2 /1
Urban population as percent of total	44 /e,m	..	78 /n	44 /n,o	38 /1
Family planning: No. of acceptors cumulative (thous.)	..	..	..	108	..
No. of users (% of married women)	..	..	..	12	..
EMPLOYMENT /e					
Total labor force (thousands)	390 /e,p	360 /j,q,r	4,700	1,500 /s	520 /t
Percentage employed in agriculture	35 /e,p	33 /j,q,r	7.2 /u	57 /v,w	56 /t
Percentage unemployed	7 /e,p	14 /j,q,r	1.2	14 /v	16 /v,w
INCOME DISTRIBUTION					
Percent of national income received by highest 5%	..	..	22 /x	..	..
Percent of national income received by highest 20%	..	..	49 /x	..	..
Percent of national income received by lowest 20%	..	..	3 /x	..	..
Percent of national income received by lowest 40%	..	..	14 /x	..	..
DISTRIBUTION OF LAND OWNERSHIP					
% owned by top 10% of owners	..	..	..	53 /y	..
% owned by smallest 10% of owners	..	..	..	0.5 /y	..
HEALTH AND NUTRITION					
Population per physician	5,900 /z	3,430 /f	820 /f	5,780 /f	8,310 /f
Population per nursing person	1,940 /z,aa	1,760 /f,ab	210 /f,ac	760 /f,ad	740 /f,ae
Population per hospital bed	680 /z,af	970 /f,ag	190 /f	410 /f,ah,ai	200 /f,aj
Per capita caloric supply as % of requirements /5	87 /ak	98 /al	121 /am	94 /al	74 /al,an
Per capita protein supply, total (grams per day) /6	58 /ak	65 /al	85 /am	93 /al	40 /al,an
Of which, animal and pulse	15 /ak	18 /al	57 /am	14 /al	23 /al,an
Death rate 1-4 years /7	..	..	0.8	1.5 /o,ao	..
EDUCATION					
Adjusted /8 primary school enrollment ratio	76 /ap	70 /q,ap	102 /f	107 /aq	163 /f
Adjusted /8 secondary school enrollment ratio	24 /ap	30 /q,ap	71 /f	20 /aq	21 /f
Years of schooling provided, first and second level	12	12	12	13	13
Vocational enrollment as % of sec. school enrollment	3 /ap	3 /q,ap	48 /f	34 /aq	9 /f
Adult literacy rate %	32 /o,ar,as	62 /q,as	99 /k,ay	55 /s,ar,as	50 /aw
HOUSING					
Average No. of persons per room (urban)	..	..	..	2.6 /d,0	..
Percent of occupied units without piped water	79 /e,ax	..	..	85 /o	..
Access to electricity (as % of total population)	17 /s,ay	..	..	21 /o,az	..
Percent of rural population connected to electricity	1 /e,ay	..	..	..	..
CONSUMPTION					
Radio receivers per 1000 population	38	160	315 /f	77	69
Passenger cars per 1000 population	4	7	200	13	..
Electric power consumption (kwh p.c.)	59	71	3,138	154	69
Newspaper consumption p.c. k; per year	0.2	0.2	29.1	0.1	0.04 /ba

Notes: Figures refer either to the latest periods or to the latest years. Latest periods refer in principle to the years 1966-69 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 1970, calculated by the same conversion technique as the 1971 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 brackets 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 USDA 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.

9 For demographics and labor force in Jordan: most of the figures for 1960 come from the 1961 census and, for 1970, from the 1971 household survey (East Bank only) which probably under-represents farming families and refugees.

10 Does not coincide with the World Bank Atlas figure for 1970 since national accounts series have been revised; /b 1959-63; 1965-70; /c UN estimate; /d 1961; /e 1969; /f 1956-60; /g Over 10,000 population; /h Over 3,000 population; /i East Bank only; /j 1971; /k Ratio of population under 15 and 65 and over to total labor force; /l District headquarters; localities of 10,000 or more inhabitants, and those localities of 5,000-9,000 inhabitants and the suburbs of Amman and Jerusalem cities in which two-thirds or more of the economically active males are not engaged in agriculture; /m Over 2,000 population; 1960; /n 5 years and over; /o Sample survey; /p 12-59 years old; /q 1972; /r Total population in age group 15-59;

11 As a percentage of total employment; /s Males only; /t Wazzaville; /u 1967; /v Covering 4.5 million ha of private land, excluding 0.8 million ha in public ownership, and 2.1 million ha of collective land; /z 1962; /aa Including midwives but not assistant nurses; /ab Including assistant nurses and midwives; /ac Including midwives and maternity assistants; /ad Including nurses, and also midwives and assistant nurses in government services only; /ae Including assistant nurses, midwives and assistant midwives; /af Not including local hospitals; /ag Including local hospitals; /ah Government only; /ai Including cottage and rural hospitals; /aj Including local or rural hospitals and medical centers; /ak 1957-59; /al 1964-66; /am 1960-68; /an Adult males only; /ao Registered deaths; /ap Including UNRWA schools; /aq 1968; /ar Over 15 years and over; /as Head and write; /at 12 years and over; /au Sample survey; /av underestimate illiteracy; /aw Over 5 years old; /ax Definitions unknown; /ay Percent of households without piped water inside dwelling; /az Percent of households with electric lighting; /ba Percent of housing units with electric lighting; /cb 1965.

ECONOMIC INDICATORS

GROSS NATIONAL PRODUCT IN 1973^{2/}

ANNUAL RATE OF GROWTH (% constant prices)

	US\$ Mln.		ANNUAL RATE OF GROWTH (% constant prices)		
	US\$ Mln.	%	1960 -65	1965 -70	1973
GNP at Market Prices	824.2	100.0	7.9	-4.5	-2.0
Gross Domestic Investment	134.7	16.3	6.9	-13.3	1.5
Gross National Saving	158.6	19.2	..	..	..
Current Account Balance	23.9	2.9	..	..	..
Exports of Goods, NFS	188.5	22.9	13.6	0.6	27.2
Imports of Goods, NFS	413.0	50.1	10.5	7.1	8.0

OUTPUT, LABOR FORCE AND PRODUCTIVITY IN 1972

	Value Added ^{2/}		Labor Force ^{1/}		V. A. Per Worker	
	US\$ Mln.	%	Mln.	%	US \$	%
Agriculture	109.2	18.0	0.105	29.2	..	..
Industry	99.4	16.4	0.057	15.8	..	..
Services	399.0	65.6	0.198	55.0	..	..
Unallocated	..	..	..	..	..	..
Total/Average	607.6	100.0	0.360	100.0	..	..

GOVERNMENT FINANCE

	General Government			Central Government		
	(J.D. Mln.)	% of GDP		(J.D. Mln.)	% of GDP	
	1972 ^{e/}	1972 ^{e/}	1969-71	1973	1973	1970-72
Current Receipts ^{3/}	85.6	35.7	35.7	90.6	36.3	32.3
Current Expenditure	79.1	33.0	34.8	77.7	31.1	28.3
Current Surplus	6.5	2.7	0.9	12.9	5.2	4.0
Capital Expenditures	22.2	9.3	7.1	37.0 ^{4/}	14.8 ^{4/}	10.7 ^{4/}
External Assistance (net) ^{1/}	..	..	..	57.6	23.0	19.0

MONEY, CREDIT and PRICES

	1970	1971	1972	1973
	(Million JD's outstanding end period)			
Money and Quasi Money	129.1	135.1	146.5	176.1
Bank credit to Public Sector	4.8	19.7	19.0	35.1
Bank Credit to Private Sector	43.6	44.9	47.9	59.3

(Percentages or Index Numbers)

Money and Quasi Money as % of GDP	61.5	60.5	61.2	70.4
General Price Index (1967 = 100) ^{5/}	114.8	119.7	129.4	142.9
Annual percentage changes in:				
General Price Index	-6.8	4.3	8.1	10.4
Bank credit to Public Sector (net)	..	307.6	-4.6	86.9
Bank credit to Private Sector	0.3	3.0	6.7	23.7

NOTE: All conversions to dollars in this table are at the average exchange rate prevailing during the period covered.

- ^{1/} Total labor force in east bank; unemployed are allocated to sector of their normal occupation.
^{2/} Data refer to West Bank and East Bank, since separate accounts are not available.
^{3/} Includes foreign budget support (JD 45.0 million in 1973).
^{4/} Development expenditures.
^{5/} Annual average of Amman cost of Living Index.

.. not available
 . not applicable
 e estimate

TRADE PAYMENTS AND CAPITAL FLOWS

BALANCE OF PAYMENTS

	1971	1972	1973 ^{e/}
	(Millions US \$)		
Exports of Goods, NFS	82.9	112.6	188.5
Imports of Goods, NFS	-272.2	-335.5	-413.0
Resource Gap (deficit - -)	189.3	-222.9	-224.5
Interest Receipts (net) ^{1/}	13.5	9.2	13.4
Workers' Remittances	13.7	20.7	46.6
Other Factor Payments (net)	.	.	.
Net Transfers	102.5	191.3	188.4
Balance on Current Account	-59.6	-1.7	23.9
Direct Foreign Investment ^{2/}	-3.6	-1.1	-2.2
Net MLT Borrowing			
Disbursements	26.9	30.5	33.9
Amortization	-4.8	-6.2	-15.9
Subtotal	22.1	24.3	18.0
Capital Grants	-	-	-
Other Capital (net)	0.6	0.3	0.3
Other items n.e.1	7.5	-2.8	-1.5
Increase in Reserves (+)	-33.0	19.0	38.5
Gross Reserves (end year)	253.2	271.3	330
Net Reserves (end year)	249.4	268.5	340

RATE OF EXCHANGE

Through - February 1973

US \$ 1.00 = JD 0.357

JD 1.00 = US \$ 2.80

Since - February 13, 1973

US \$ 1.00 = JD 0.322

JD 1.00 = US \$ 3.11

FOREIGN TRADE OF OIL

(Million US \$)

	1965	1971	1972	1973 ^{e/}
Imports	9.05	13.56	12.78	12.00
(o/w Petrol.)	(5.97)	(11.58)	(9.27)	(10.00)
Exports	-	0.09	-	0.03
Oil transit fees	4.8	9.60	8.60	11.0

MERCHANDISE EXPORTS (AVERAGE 1971-73)^{3/}

	US \$ Mln	%
Phosphates	9.5	21.4
Tomatoes and tomato juice	2.6	5.9
Eggplants	0.9	2.0
Citrus fruits	3.1	6.9
Cigarettes	1.2	2.8
Cement	3.8	8.5
All other commodities	23.3	52.5
Total	44.4	100.0

EXTERNAL DEBT, DECEMBER 31, 1972

	US \$ Mln
Public Debt, incl. guaranteed	160
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

DEBT SERVICE RATIO for 1972^{4/}

	%
Public Debt, incl. guaranteed	6.5
Non-Guaranteed Private Debt	..
Total outstanding & Disbursed	..

IBRD/IDA LENDING, (Mar. 31, 1974) (Million US\$):

	IBRD	IDA
Outstanding & Disbursed	.	16.6
Undisbursed	.	23.7
Outstanding incl. Disbursed	.	40.3

- 1/ Includes direct investment income.
 2/ Includes loans to the private sector.
 3/ 1973 estimated.
 4/ Ratio of Debt Service to Exports of Goods, Non-Factor Services and Workers' Remittances.

.. not available

.. not applicable

e estimate

Europe, Middle East and North Africa Region
Country Programs Department II

February 25, 1974

THE STATUS OF BANK GROUP OPERATIONS IN JORDAN

A. STATEMENT OF IDA CREDITS
(as of March 31, 1974)

<u>Credit Number</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>U.S. \$ million</u>	
				<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	1.5
285	1972	"	Education	5.4	5.2
385	1973	"	Water Supply	8.7	7.9
386	1973	"	Power	10.2	9.1
Total				40.3	23.7
of which has been repaid				-	
Total now held by IDA a/				40.3	
Total undisbursed				23.7	23.7

a/ Prior to exchange adjustments.

B. STATEMENT OF IFC INVESTMENTS
(as of March 31, 1974)

<u>Year</u>	<u>Obligor</u>	<u>Type of Business</u>	<u>Amount in US\$ million</u>		
			<u>Loan</u>	<u>Equity</u>	<u>Total</u>
1974	Jordan Ceramic Ind. Ltd.	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

C. PROJECT EXECUTION

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 Zerqa and the financing of a study of land use and transport patterns of the Amman area. Completion of the road construction works has been delayed by about a year, due partly to the closure of the Syrian border, partly to the need for some additional works, and partly to management problems of the Contractor. The latter are now being resolved. There have been some increases in construction costs due to the extra works and higher prices.

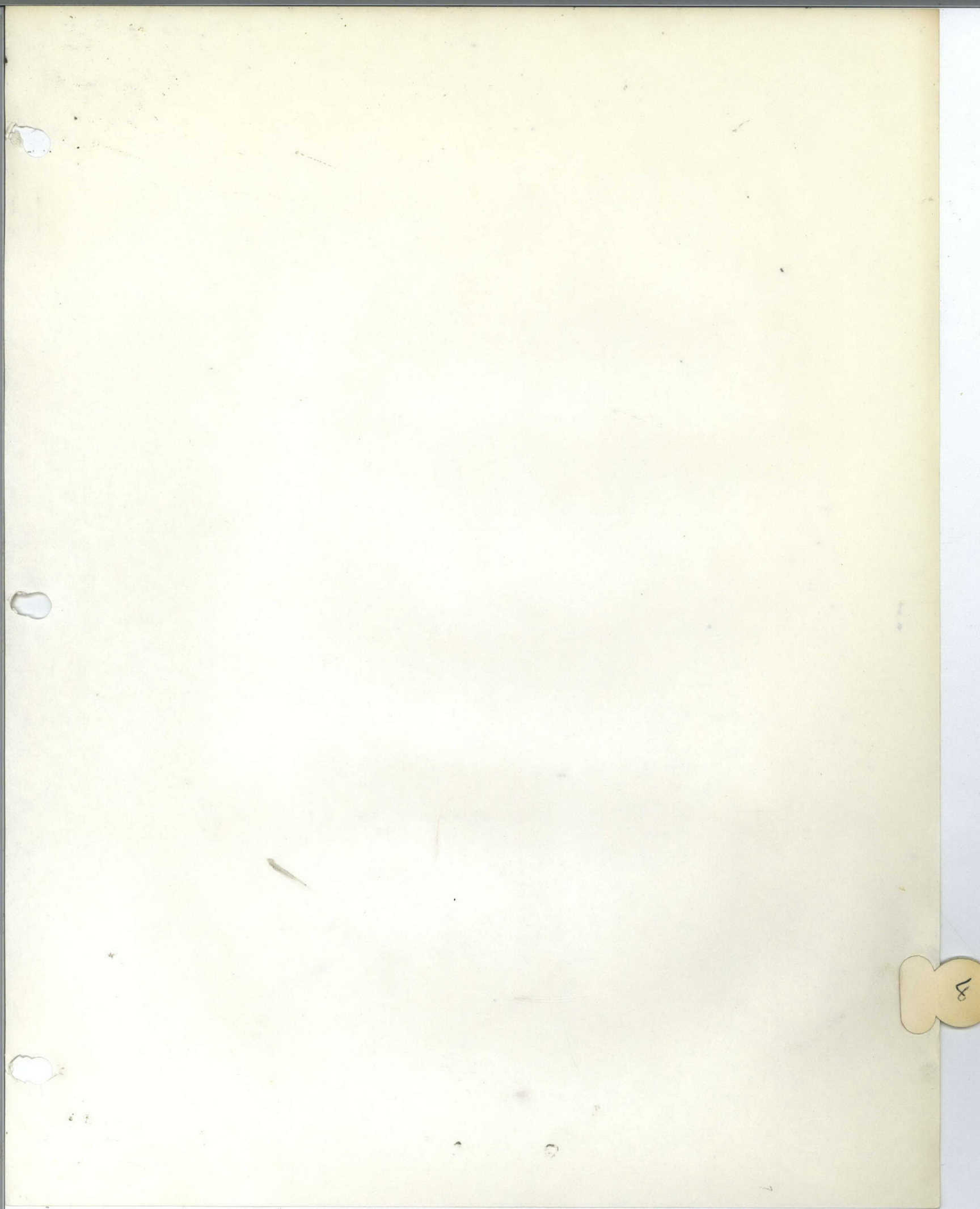
Cr No. 285 Education Project, US\$5.4 Million Credit of February 11, 1972;
Closing Date: April 30, 1976.

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. In spite of small initial delays regarding architectural design, implementation of the project is proceeding satisfactorily.

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 also includes a study for the integrated development of the Aqaba region for the development of industry and tourism. The project is progressing satisfactorily.

Cr No. 386 Pe
CI



8

9

OFFICE MEMORANDUM

CONFIDENTIAL

TO: Memorandum for the Record

DATE: February 4, 1975

FROM: *eg* Elio Gonella, Senior Loan Officer, EMENA, CPD II-C

DECLASSIFIED

SUBJECT: JORDAN - Visit of Mr. McNamara

MAR 23 2013

WBG ARCHIVES

1. Mr. and Mrs. McNamara visited Jordan on November 14-17, 1974. They were accompanied by Mr. Benjenk, Mr. William Clark, Mr. Bart, Mr. Ljungh and myself. Crown Prince Hassan welcomed Mr. McNamara at the Syrian-Jordan border, accompanied him on most of the succeeding trips by car and helicopter and attended several of the meetings with Cabinet members and other officials. The program for Mr. McNamara's visit is shown in Annex I. An audience with King Hussein had been planned for the evening of November 15 but could not be held. The salient points emerging from the discussions with Jordanian officials (listed in Annex II) are summarized below.

Rift Valley Package and National Development Plans

2. At an early stage of the discussions, it became apparent that the Jordanian authorities intended to give priority to those projects in the Rift Valley Package for which external financing would become available, without establishing economic priorities nor integrating the investment package with the ongoing three-year plan (1973-75) and the following five-year plan (1976-80). Information on the status of implementation of the three-year plan and the financing required for completion of the ongoing projects which the National Planning Council (NPC) prepared on Mr. McNamara's request, gave an incomplete picture. This showed that neither NPC, nor, for that matter, the Finance Ministry or the Central Bank, had adequate operating facilities for keeping under review the aggregate resources and expenditures of the public sector, let alone for a close follow-up on project implementation.

3. During meetings with Dr. Salem and Dr. Odeh, respectively the President and the Secretary General of the NPC, Dr. Nabulsi, and Mr. Ahmed Mango, of the Royal Scientific Society, Mr. McNamara pressed the point that a sound planning approach was essential to prevent unrealistic targets regarding resource availability and project implementation, and to avoid distortions in the allocation of the available resources.

Other matters

4. The meetings shown in the program which were attended by Cabinet members, Dr. Salem, Governor Nabulsi and others, proved largely inconclusive, essentially because they focused on the financial needs of various ministries for specific projects (which bore no relationship to the much larger projects in the Rift package); it was obvious that a "shopping list" approach was taken by officials concerned. The main conclusion was that the medium-term needs for development finance of, for instance, the Ministry of Municipal Affairs, were beset by the same lack of integration in the National Plan as the Rift projects; projects were pursued by each Ministry without a determination at the national level of priorities between sectors or projects in light of the resources expected to be available. Recourse to the Central Bank was limited by law and its assistance (in the form of advances or rediscounting facilities) could alleviate in part only the needs of such institutions as the Municipal

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Memorandum for the Record

MAR 25 2013
- 2 -

February 4, 1975

WBG ARCHIVES

Loan Fund or the Agricultural Credit Corporation. There was an evident tendency on the part of development agencies and of the NPC (which was responsible for mobilizing and coordinating foreign development assistance) to resort to a case by case approach to foreign lenders which was not conducive to an efficient planning and allocation of resources. Prince Hassan recognized the weaknesses of the system and stressed that the King and the Government had been under heavy political pressure to meet pressing demands for services and employment-creating expenditures.

Concluding Meeting

5. Mr. McNamara summed up the Bank Group position at a meeting attended by Prince Hassan, the Prime Minister Zaid El-Rifai, Mr. Benjenk and Mr. Bart. Mr. McNamara opened the discussion by re-asserting the Bank's eagerness to help Jordan. Not only was the courage demonstrated by the King and his Government in the face of very adverse conditions a reason for respect and an inducement for Jordan's friends to assist to the maximum extent possible at this new juncture of her history, but also past performance indicated that any help properly directed could yield substantial results. The Rift Valley projects--particularly the large foreign exchange earning projects in phosphate, potash and copper mining, and in fertilizer manufacturing--offered the opportunity of moving Jordan considerably closer to economic and financial viability. However, Mr. McNamara's discussions on the administrative, economic and budgetary framework in which the Rift Package and development projects in general were to be implemented gave him the strong impression of dealing with a fragmented Government which had not yet come to grips with the basic problems of macroeconomic planning or of planning for the very large investments planned. He had asked on the second day of his visit for a simple picture of the aggregate resources and expenditures of the public sector; what he had been given demonstrated that not only such a picture was not available but that neither recognition of the need to keep such basic data readily available, nor the necessary mechanisms, existed. Instead he had found on the part of certain officials a tendency to dismiss any serious planning as much less important than systematic shopping among potential foreign donors. This tendency was illustrated by the statement made at the time of the Annual Meeting by a senior Jordanian official to the Bank staff who was urging that the Rift Package should be put in the framework of the National Plan. The reaction of that official had been to say that the Bank should not focus on the Plan unless it was prepared to put \$1 billion in the package. Another example was given by the various and conflicting attempts to put together the phosphatic fertiliser project; the Bank did not care whether the project was in the public or the private sector as long as it was assured of adequate management and marketing.
6. Mr. McNamara went on to say that his visit had given him a much clearer idea of Jordan's substantial potential than anything he had read. However, as he had told Dr. Salem on the first day of his arrival in response to pressing demands for Bank financing of specific projects, he would not put "a dime" in Jordan unless the basic planning was advanced to the point where the Bank could demonstrate to its Board and to other potential donors that it was financing the real priorities in the country. Mr. McNamara stressed that the most urgent task was to prepare a status report on public investments during the 1973-75 Plan and that the main agriculture and mining/infrastructure

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MAR 23 2013

- 3 -
WBG ARCHIVES

CONFIDENTIAL

Memorandum for the Record

February 4, 1975

programs in the Rift Valley Package be reviewed in terms of financial requirements, integrated planning and priorities in light of the resources likely to be available. Steps should also be taken to prepare the next plan. On all these points, he felt that the Government was not fully utilizing the assistance which the Bank, or the UNDP/IBRD planning team, could provide. In order to set up a plan of action of what needed to be done in this regard he was asking Mr. Bart to stay behind him and work out the details with the Government. Mr. McNamara concluded that the Bank needed a focal point with whom to deal in the Government rather than a variety of contacts from whom conflicting signals were sometimes received; he did not ask for an immediate answer on that point but hoped very much that the Bank Group as a whole would deal with one body only for current relations.

7. Prince Hassan and the Prime Minister did not comment in detail on Mr. McNamara's statement but the Prime Minister, who had taken notes, said that the necessary steps would be taken to correct the situation. Prince Hassan said that the Government had not been in a position until now to discuss freely certain issues which had a direct bearing on planning. With Jordan's new orientation after the Rabat conference this would be much easier. The Prime Minister said that while the decision taken in Rabat regarding Jordan was wrong, it settled many problems for the Government. Jordan might also expect additional financial support from the \$1.3 billion fund agreed upon at the Rabat meeting for the "front line" countries (which had initially asked for \$2.2 billion). Egypt would receive \$580 million, Jordan \$174 million and Syria the remainder. All these amounts would be in addition to those agreed upon at the Khartoum conference.

8. After Mr. McNamara's departure, following discussions with Mr. Omar Abdallah (JVC), Mr. Hawamdeh (Natural Resources Authority) and in NPC, Mr. Bart reached agreement on November 17 with Dr. Salem and Dr. Odeh, on a plan of action, as recorded on the attached memorandum of understanding (Annex III). Mr. Bart subsequently met with Prince Hassan, who agreed to and expressed satisfaction on the content of the memorandum.

9. After his return to Washington, Mr. McNamara wrote substantially similar letters to King Hussein, Prince Hassan and Prime Minister El-Rifai recording his conclusions (Annex IV).

Annexes

Cleared with and cc to Mr. Bart
cc to Mr. McNamara's office (2) ✓
cc to Messrs. Benjenk, von Hoffmann, Karaosmanoglu, Wapenhans and Siebeck
(without paragraph No.7)

EGonella/MPBart:rpo

Program for Mr. McNamara's Visit

November 14

- Trip by car from the border to Umm Qais, the site of the Mukheibe dam in the Yarmouk gorge (luncheon), East Ghor canal, Deir Alla agricultural research station, and Amman (Guest House at the Royal Palace).
- Dinner hosted by Dr. Khalil Salem.

November 15

- Trip by helicopter to the Dead Sea, the Wadi Mujib gorge, the Lisan peninsula (site of proposed potash project), Khirbet Finnain (copper exploration), and Petra (visit and lunch).
- By car to Aqaba; visit of Port.
- Return by plane to Amman.
- Meeting with Prince Hassan, Governor of Central Bank Nabulsi and others.

November 16

- Trip by helicopter to Sherif Nasser's farm, King Talal dam on Zarqa river.
- Visit to Royal Scientific Society.
- Luncheon hosted by Prime Minister Rifai.
- Meeting with Cabinet Members, Dr. Salem and Mayor of Amman, at Central Bank.
- Meeting with private sector representatives.
- Round up discussions with Prince Hassan and Prime Minister Rifai.
- Dinner hosted by Prince Hassan.

Annex II

Authorities met by Mr. McNamara
during his discussions in Jordan

H.H. Crown Prince Hassan ibn Talal	Crown Prince
Mr. Zaid El-Rifai	Prime Minister, Minister of Foreign Affairs and Minister of Defense
Sharif Nasser	(King Hussein's uncle)
Mr. Ghaleb Barakat	Minister of Tourism and Antiquities
Mr. Douquan El-Hindawi	Minister of Finance
Mr. Omar Nabulsi	Minister of National Economy
Mr. Fouad Qaqish	Minister of Municipal Affairs
Mr. Modar Badran	Minister of Education
Mr. Muhammad Tuqan	Mayor of Amman
Dr. Khalil Salem	President*, National Planning Council; Governor of the World Bank
Dr. Hannah Odeh	Secretary General**, National Planning Council
Dr. Mohammad Said Nabulsi	Governor of the Central Bank
Mr. Ziad Innab	General Manager, Industrial Development Bank
Mr. Mahmoud Hawamdeh	Vice President, National Resources Authority
Mr. Farhi Obeid	Director of the Budget
Mr. Omar Abdullah Dokhgan	President, Jordan Valley Commission
Dr. Mohammad Nuri Shafiq	Director, Royal Scientific Society
Dr. Ahmed Mango	Member of the Royal Scientific Society

*Dr. Khalil Salem resigned from his post in December 1974.

**Dr. Hannah Odeh became President of the National Planning Council.

AIDE MEMOIRE

1. In light of the discussions which took place in November 1974 between H.R.H. Crown Prince Hassan, H.E. Prime Minister Rifai and Mr. McNamara, the following summarizes the understanding reached and the plan of action agreed upon at the working level with regard to the cooperation between Jordan and the World Bank.

2. The Bank reasserts its willingness to help Jordan to the maximum extent possible to reach its main development objectives and particularly to act as a catalyst for the organization and financing of the Rift Valley package. For this purpose, it is essential that the Rift package be integrated in the current and subsequent Development Plans with a view to tailoring the nature, timing and size of the investments to the domestic and foreign resources available on one hand, and to the economic and social priorities on the other; the top priorities include the progressive correction of the disequilibrium in the balance of payments and employment creation.

3. It was agreed that the Jordanian authorities would prepare by the end of December 1974 a document giving (a) a status report of the 3-year Plan showing progress to date and achievements expected by the end of the Plan period, including those elements of the Rift package which will be started in 1973-75 and other major projects added to the Plan; (b) an aggregate picture of domestic and foreign resources for the public sector as a whole and of their uses during the Plan period; and (c) a list of major studies and projects to be started in the 3-year Plan period for which foreign financing is available (with indication of source amounts) or needed; for those for which financing is not yet firmed up a ranking by priority in light of the economic and social objectives will be indicated.

4. The above document should also include whatever broad lines have already been adopted or are contemplated for the preparation of the 1976-80 Plan as well as the timetable for such preparation and put in the perspective of Jordan's development policy the Rift package as a whole and more particularly the two major programs for which Bank assistance is sought, i.e. the full development of the East Ghor and the mining, mineral-based industries and related infrastructure development.

5. For each of the above two programs the Jordanian authorities have agreed to prepare by December 1974 a short document summarizing, project by project, total financial requirements (domestic and foreign), status of preparation or implementation and, when applicable, foreign financing already secured. In addition for each program a detailed planning chart with critical path will be prepared.

6. The UNDP/IBRD team will assist to the maximum extent feasible in the preparation of the above documents.

7. Upon completion of the above documents, the Bank will discuss with the Jordanian authorities the subsequent steps needed with regard (a) to any additional economic work which may be required to fully integrate the Rift package in the next Plan and to prepare the latter; (b) to organize and coordinate project preparation and financing with other sources.

Amman, November 17, 1974

DEC 9 1974

His Majesty
King Hussein bin Talal
The Royal Palace
Amman, Jordan

Your Majesty:

I am sorry it was not possible to meet with you during my recent visit to the Hashemite Kingdom of Jordan. It was indeed a very great pleasure to visit your beautiful country and to see parts of it in the company of His Highness Prince Hassan. I am glad to have had the opportunity to learn at first hand in my discussions with His Highness, with His Excellency The Prime Minister and with members of your Government, how Jordan plans, under your leadership, to move ahead with its economic and social development.

I very much appreciated the warm and frank discussions I had in Jordan, and I will continue to follow with personal interest the progress made in integrating the large Rift Valley Program in Jordan's overall development plan and in identifying priorities. I came back with two basic impressions which I conveyed to His Highness Prince Hassan and His Excellency The Prime Minister, and I should like to share them with Your Majesty. On the one hand, despite the many constraints faced by Jordan, its development potential -- especially that related to projects in the Rift Valley package -- is considerable. On the other, the planning and project preparation machinery is not fully attuned to the need of tailoring investments to the most urgent economic and social objectives and to the resources likely to be available. I hope very much that the plan of action agreed upon at the concluding meeting with His Highness Prince Hassan and with His Excellency The Prime Minister (which is summarized in the attached note) shall pave the way for substantial assistance by the World Bank Group and shall enable us to help Jordan mobilize as efficiently and expeditiously as possible the large amounts of finance required from other sources. Meanwhile, the Bank Group is proceeding with the projects immediately at hand (phosphatic fertilizers, potash, education and power).

I am confident that these efforts should enable Jordan to bring to fruition as efficiently and expeditiously as possible the large investments contemplated.

With warm personal regards,

Sincerely,

Robert S. McNamara

McConella/MFBart:sh
December 9, 1974

cc: Mr. McNamara's Office (2)

PROGRAM
FOR THE VISIT
OF
MR. ROBERT S. McNAMARA
PRESIDENT
OF THE INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
TO
THE HASHEMITE KINGDOM OF JORDAN
NOVEMBER, 14 - 17, 1974

FIRST DAY
Thursday, November 14, 1974

<u>Hours</u>	
09:00	Mr. McNamara and party leave Damascus.
11:00	Arrive at Syria-Jordan Border/Remtha (Mr. McNamara shall be received by Dr. Khalil Salem, President of National Planning Council and Mr. Omar Abdullah, President of Jordan Valley Commission).
11:30	Depart to Mukheibe.
12:30	Luncheon hosted by President of Jordan Valley Commission (with authorities of Jordan Valley Commission, Minister of Agriculture, President of National Planning Council, Director of Agricultural Credit Corporation and Vice President of Natural Resources Authority).
14:00	Depart to Jordan Valley, (Visit of villages and private farms).
16:00	Arrive at Deir Alla, (Visit agricultural experimental station. Refreshments at Jordan Valley Commission Guest House).
17:30	Depart Deir Alla to Amman.
18:30	Arrive at Guest House at the Royal Palace.
19:15	Meeting at Guest House with Ministers of Finance, National Economy, President of National Planning Council, Governor of Central Bank and General Manager of Industrial Development Bank.
20:30-23:00	Dinner hosted by President of National Planning Council.

SECOND DAY
Friday, November 15, 1974

Hours ~~Amman~~ *Hawabde*

07:00 Depart from Guest House by ~~car~~ *helicopter*

~~09:45~~ ~~Arrive at Ghor Safi, *Upper*~~
Visit sites of Potash, and Mujib Irrigation
Projects, ~~South of Dead Sea~~.

~~11:00~~ ~~Depart to Karak, *and*~~
(Visit to ~~Crussaders~~ Castle).

~~11:30~~ ~~Depart Karak to Petra.~~

~~11:00~~ *arrive Petra*
~~13:00~~ Luncheon at Petra Rest House hosted by
Minister of Tourism and Antiquities.

~~14:00~~ *Visit Crusaders castle at Petra*
Visit of Petra ~~ruins~~, *Nabatean + Roman ruins*

~~15:00~~ *16:00*
~~16:00~~ Depart to Aqaba *by car*

~~18:00~~ Arrive at Aqaba.
17:00 ~~Depart Aqaba~~

~~17:30~~ ~~Audience with His Majesty King Hussein.~~
arrive Amman

~~19:45~~ Meeting with Ministers of Tourism and Transport,
Vice President of Natural Resources Authority
and ~~Director~~ of Port Authority.

20:30-22:30 Private dinner.

THIRD DAY
Saturday, November 16, 1974

Hours

- ~~07:00~~ ~~Tour of Port & South Coast.~~
- ~~08:15~~ ~~Depart to Aqaba Airport.~~
- ~~08:20~~ ~~Depart Aqaba Airport.~~
- 0730 Depart Guest House
- ~~09:15~~ ~~Arrive at Amman Airport.~~
- 0740 Depart Amman by helicopter
- ~~09:30-0800~~ ~~Depart by helicopter.~~ Breakfast at farm at Hallabat
(to visit Irrigation Development Projects in North-East highlands and King Talal Dam).
- 11:15 Arrive at Jerash,
(Visit to Antiquities).
- 12:30 Depart to Amman by car.
- 13:30 Arrive at Guest House.
- 14:00 Luncheon hosted by the Prime Minister.
- 16:00 Meeting with Minister of Education, Interior for Municipal & Rural Affairs and Social Affairs & Labour, President of National Planning Council and Mayor of Amman, at Jordan Central Bank.
- 17:00-1730 ^{Reception} Meeting with private sector representatives at Jordan Central Bank.
- 1730-1830 ^{Financial Review} Round-up discussions. { Crown Prince, President NPC,
President JVC
- ~~18:00~~
1830
- 20:00 Dinner hosted by His Royal Highness Crown Prince Hassan.

FOURTH DAY
Sunday, November 17, 1974

Hours

- 08:00 Depart Guest House by car.
- 08:15 Arrive at Amman Airport.
- 08:45 Departure from Amman Airport.

VISIT TO SYRIA AND JORDAN, November 9-17, 1974

<u>DATE</u>	<u>TIME</u>	<u>GMT</u>	<u>REMARKS</u>
Nov. 9	1655	2155	Depart Washington (National)
Sat.	1752	2252	Arrive New York (JFK)
	2030	0130	Depart New York (JFK)
Nov. 10	1720	1520	Arrive Damascus
Sun.	1820		Arrive Hotel New Omayad
			Private dinner
Nov. 11			Prime Minister (1/2 hour)
Mon.			Ministers of Economy, Finance, Planning and Gov. C. Bk (one hour)
			Ministers of Transport, Industry and Tourism (one hour)
			Lunch by Minister
			Ministers of Electricity, Water Resources and Housing (one hour)
			Ministers of Health, Education and Labor (one hour)
			Private dinner
Nov. 12	0700		Depart Damascus
Tues.	0745		Arrive airport
	0800		Depart by official plane with Ministers of Euphrates Dam, Agriculture and Agrarian Reform
	0900		Arrive Tabqa (Thowra) Dam; briefing
	0930		Visit of Thowra Dam
	1030		Visit by car to villages (Rural Development)
	1320		Quick lunch at Tabqa
	1400		Depart by plane to Palmyra
	1500		Arrive Palmyra; visit of ruins
	1700		Depart for Damascus
	1800		Arrive at Damascus
1845		Arrive Hotel	
2000		Dinner by Minister	
Nov. 13			President Al Asad (1/2 hour)
Wed.			University Representatives (one hour)
			Mayor of Damascus and Water Supply Manager (one hour)
			Lunch by Minister
			Visit Damascus
			Private Dinner
Nov. 14	0900		Depart Damascus
Thurs.	1100		Arrive Syria/Jordan border (received by Dr. Khalil Salem, President National Planning Council, Secretary General NPC, President of Jordan Valley Commission and His Majesty's Counsel for Economic Affairs, Mr. Mango and Vice President of National Resources Authority, Mr. Hawamdeh
	1130		Depart border by car (an escort will be sent to accompany Mrs. McNamara directly to Amman should she so wish)

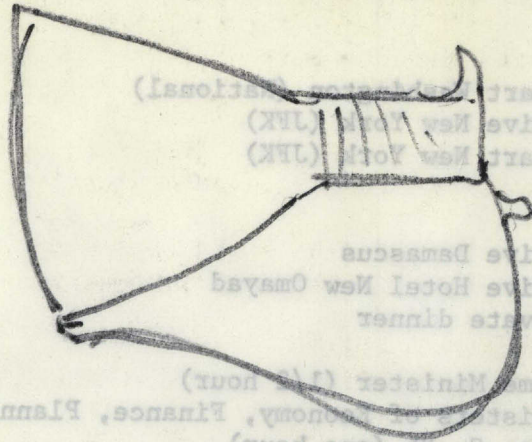
see separate program

by car

REMARKS

NAASZ (722)
 PALLO (747, 707)
 (Rome GMT 0922-1022)
 (Beirut GMT 1350-1442)

Car at hotel



DATE	TIME	GMT
Nov. 9	1822	2122
Sat	1722	2222
	2030	0120
Nov. 10	1720	1520
Sun.	1820	

240

6:30
 Leave by car

- 0760 Leave Guest Home by car
- 0800 Breakfast at farm
- Tour farm
- Depart farm by helicopter
- Arrive Azrak
- Depart Azrak by helicopter
- Arrive Jerash, visit ruins
- Depart Jerash
- Arrive King Talal dam
- 1230 Depart ~~Jerash~~ by car
- 1330 Arrive Guest house
- 1400 Lunch by PM at PM's house

McN
 Benjamin
 Bart
 AL

Nov. 12	0700	1000
Tues.	0742	0800
	0900	
	0930	
	1030	
	1320	
	1400	
	1500	
	1700	
	1800	
	1842	
	2000	

Nov. 14 0900
 Thurs. 1100
 Depart border by car (an escort will be sent to accompany Mrs. McNamara directly to Amman should she so wish)
 of National Resources Authority, Mr. Hawasbeh
 Economic Affairs, Mr. Mango and Vice President
 Valley Commission and His Majesty's Council for
 cti, Secretary General NPC, President of Jordan
 Khalil Salem, President National Planning Com-
 Arrive Syria/Jordan border (received by Dr.
 Depart Damascus

DATE TIME GMT REMARKS

1230 Arrive Mukheiba (site of Khaled Dam, Yarmuk River)
 Luncheon hosted by President of JVC (with Minister of Agriculture, President NPC, President and authorities of JVC, Director Agriculture Credit Corporation and the Vice President NRA)

1400 Depart Mukheiba by car (visit of villages and private farms in the Jordan Valley)

1600 Arrive Deir Allah (visit agricultural experimental station--refreshments at the JVC's Guest House)

1730 Depart Deir Allah by car

1830 Arrive Amman Guest House at the Royal Palace. Mr. and Mrs. McNamara will stay at the Guest House together with Mr. Ljungh. The rest of the party will stay at Hotel Intercontinental

1945 Meeting at Guest House with Ministers of Finance, National Economy, President of NPC, Governor Central Bank and General Manager of IDB

2030 ~~Private dinner or possibly~~ by President NPC

Nov. 15 0700 Fri. Depart Guest House accompanied by Secretary General NPC, President JPC, His Majesty's Counsel for Economic Affairs and Vice President NRA by car

~~0730 Arrive Nababa. Visit to antiquities~~

~~0800 Depart Nababa by car~~

0945 Arrive Ghor Safi and visit sites of Potash and Mujib Irrigation Projects south of Dead Sea

1030 ~~1100~~ Depart Ghor South ~~via Karak; visit to Crusader's Castle~~ ^{Safi} ~~by car~~

~~1130 Depart Karak~~ ^{visit Cappadocia Finam} by car

1300 Arrive Petra--lunch at Guest House hosted by Minister of Tourism and Antiquities

1400 Visit Petra ruins

1600 Depart Petra by car

1800 Arrive Aqaba 1700 Depart Aqaba by plane Guest House

? (Audience with His Majesty King Hussein) by plane

~~1945 Meetings with Ministers of Tourism and Transport, Vice President NRA and Director of Port Authority~~

2030 ~~Private dinner~~

Nov. 16 0700 Sat. ~~Depart for tour of port on south coast of Aqaba (asked to delete)~~

0815 ~~Depart for Airport~~

0820 ~~0730~~ ~~Depart Aqaba airport~~ ^{Depart Amman by helicopter car} ~~via ALIA airlines~~

0915 ~~0900~~ ~~Arrive Amman airport~~ ^{Breakfast at private farm at Hallabat to Azrak}

0930 ~~Depart to~~ Visit irrigation development projects by helicopter in Northeast Highlands and King Talal Dam

~~1115 Arrive Jerash (visit to Antiquities) visit Jordan Scientific Institute~~

~~1230 Depart Jerash~~ ^{visit University by car}

1330 Arrive Amman at Guest House

1400 Lunch hosted by Prime Minister

1600 Meeting with private sector representatives at C. Bk

1635 Meeting with Ministers of Education, Interior, Municipal and Rural Affairs, Social Affairs and Labor, President NPC and ~~Lord~~ Mayor of Amman at C. Bk

1700-1730

1730-1830 Financial review

1830 wrap up meeting with Crown Prince, PM ~~and others.~~

2000 Dinner by Crown Prince.

Note: Return travel next day was as planned. RSM swiped page.

OFFICE MEMORANDUM

64-88	9
69-73	30
74-78	90
75	10
76	5
77	28

TO: Mr. Robert S. McNamara through Mr. Knapp

DATE: December 1, 1975

FROM: W. A. Wapenhans *W.A.*

SUBJECT: JORDAN - Visit of Crown Prince Hassan

1. During the two-day visit to Washington of Crown Prince Hassan, you will be meeting him at dinner on Wednesday, December 3 and at breakfast on Thursday. As he announced in his letter to you of July 7, 1975 (attached with your reply of August 1, 1975 -- attachments 1 and 2), he intends to review with you the status of the cooperation between the Bank and Jordan. This may cover Jordan's eligibility and creditworthiness for Bank, Third Window and IDA funds; the anticipated level and mix of Bank Group assistance to Jordan in coming years; and possibilities for Bank assistance in mobilizing external assistance from other donors.

Political Situation

2. With his customary political skill, King Husein has made remarkable use of the split between Egypt and Syria which developed as a result of the second disengagement agreement in the Sinai. Over the past year, the traditional feud with Syria has -- for the time being -- been shelved by both sides. Close relations have been established with President Asad (the first Syrian Head of State to visit Jordan in decades) aiming at mustering enough pressure to obtain concessions from Israel on the unresolved issues of the Golan and the West Bank. Jordan's acceptance of the decision of the Rabat conference to recognize the PLO as the sole representative of the Palestinians in the occupied territories has thus (as the Crown Prince and the Prime Minister had anticipated at their meeting with you last November) relieved her from a heavy burden. Syria's need for allies has enabled King Husein to go a step further and to remove the stigma which he carried since the suppression of the armed Palestinian guerrillas in 1970. However, his relations with the PLO are still very distant at best. The events in Lebanon are certainly no encouragement to reopen Jordan's doors to their armed groups. The internal situation remains stable; Jordan is even enjoying a buoyancy which she had not known since 1967.

Syrian acts
Receipts from
Asad
Robert
Jordan
Future prospects
with

Economic Situation

3. According to preliminary official estimates, economic growth over the Three-Year Plan period (1973-75) has been satisfactory. Despite a severe drought in 1973, output grew by 6 percent per year on average, compared to an 8 percent per year growth target. The rate of investment was in excess of 25 percent of GDP, during the Plan period. Despite the widening trade gap, increased transfers from abroad resulted in surpluses on the current account and on the overall balance of payments. However, with increased liquidity, the rate of inflation averaged 10 percent per year, reflecting also the 15 percent per year increase in food prices. Prospects for continued growth are good, although the size of the investments envisaged in the 1976-80 Plan (see below) may accentuate resource shortages, and strengthen inflationary pressures in the economy. Jordan will remain dependent on a large budget support from Arab countries (\$150 million in 1974) to maintain a high level of military expenditures and an increasing development aid to finance its ambitious new Plan.

December 1, 1975

Relations with the Bank

4. Your visit last November was a turning point in our relations. Alone among the many donors who lend to Jordan, the Bank was able to insist on the need for thorough overall planning and project preparation and for "tailoring investments to the most urgent economic and social objectives and to the resources likely to be available" (your letter of December 9, 1974 to King Husein). The results so far are encouraging:

(a) The National Planning Council under its new President, Dr. Odeh (Dr. Salem resigned about a fortnight after your visit) has been an effective focal point for relations with the Bank; Government officials are no more taking different stands on matters of importance for the Bank.

(b) With the assistance of a Bank mission, NPC completed last June a satisfactory interim evaluation of performance under the Three-Year Plan 1973-75.

(c) Due to delays in preparation of the new Five-Year Plan 1976-80 the Jordanians were able to provide only very tentative macro-economic projections to the June mission. We expect to receive the full document in December. Meanwhile, an outline of the Plan has just been received and is being reviewed. It proposes investments of JD 765 million (\$ 2.5 billion) over the 5-year period, and estimates external borrowing requirements at JD 330 million (\$ 1 billion, or \$ 200 million per year). Attached is the break-down by sector (Attachment 3). The next economic mission (now planned for late January) will review both overall performance under the Three-Year Plan and the feasibility and consistency of the Five-Year Plan. The mission will also review the recommendations of the McKinsey study on the reorganization of public agencies dealing with development.

(d) The Rift package has effectively been integrated in both the on-going Three-Year Plan and in the new Five-Year Plan. More importantly, the Government has positively reacted to your request last November that comprehensive planning be undertaken for the two major programs of mining-cum-infrastructure development and of full irrigation in the East Ghor; plans for the former are now nearing completion while they are slowly taking shape for the latter.

5. The progress achieved under the above points meets most of the concerns we had a year ago. It nevertheless remains that the new Plan is very ambitious and will require great efforts for the mobilization of domestic and external resources, as well as the establishment of clear priorities if the necessary resources are found in part only. You may want to reassert to the Crown Prince that the Bank Group will continue to support Jordan's development as long as it is kept on a sound course, and to help it to the extent needed with other donors. He may want to discuss in more details the assistance which may be directly forthcoming from the Bank Group, which is outlined below.

December 1, 1975

6. IDA lending to Jordan reached \$ 18.5 million in FY75 (i.e. as much as in FY73; no lending took place in FY74). The program for FY76-77 is as follows:

	(\$ million)	
	Bank	IDA
<u>FY76</u>		
DFC I		5
S Phosphate mining and transport	20	5
<u>FY77</u>		
Phosphatic fertilizer	15	5
S Water supply		10
S Tourism (new)		7

The phosphate mining project will most probably slip to early FY77 since appraisal was postponed to January following changes made by the Phosphate Company in the project to be financed by the Bank. This would be the first Bank loan for an enclave project in Jordan. The phosphatic fertilizer project, which is being prepared with IFC assistance, would be the second. Since the latter's total cost may be of the order of \$ 250 million, it will require major efforts for mobilizing the necessary financing, in which the Bank Group is expected to play a leading role; this will be an important test of Jordan's ability to attract external investors and donors for such a large amount. The tourism project which deals with the two major archeological sites of Petra and Jerash might be advanced to FY76 if IDA resources were available. No Third Window lending is contemplated but I hope very much that it will be possible to let Jordan benefit from a ripple effect in IDA funds. This is likely to have quite some importance in the eyes of the Arab backers of the Third Window. As regards possible Bank lending for projects other than enclave ones, Jordan's creditworthiness will be discussed in depth in the next CPP scheduled for mid-1976.

7. In the longer run, the potash project which is being studied under our engineering credit of FY75, and the Maqarin dam on the Yarmouk, which is required for the full development of the East Ghor, will also call for financing from several sources for very large amounts (in the \$ 100-200 million range).

8. The Government has repeatedly suggested that the Bank play an active role in soliciting funds from other sources, particularly for the above mentioned large projects. It is proposing to call a large gathering of active and potential donors next spring to discuss the new Plan, and to obtain financial commitments or, more likely, declarations of intent. Since the complete Plan documents will not be available until December you may want to caution the Crown Prince that a Bank report would not be available before May if, as would be desirable, the Government intends to distribute such a document to the participants. As regards the Bank's role vis-a-vis other donors, the

December 1, 1975

Crown Prince has already been alerted by Mr. Bart to the sensitivities of the various Arab Funds who insisted during the Annual Meeting that Governments - rather than the Bank -- approach them first to seek financing for specific projects. What the Bank should do and has, indeed, already done for the two enclave projects is to prepare and appraise as large a project as possible (including infrastructure requirements as in the case of phosphates) so as to pave the way for, and facilitate, the intervention of other donors. It would of course be prepared to take the lead to put in shape joint or parallel financing arrangements, once the Government has secured pledges from various donors. Thus, the Kuwait and Arab Funds have already lent for power in Jordan largely on the basis of Bank appraisals; the Arab Fund has also financed a highway project in Amman which had been prepared by the Bank.

Attachments

Crown Prince - 1974/75

In next 3 mos will contact Saudis & Kuwaitis

donor seminar May or late April

I said prob not super but May - 2 of them & work with our people -

Plan to push again - 72 pp in 76-80

[wants to get some 400-500 - all bank]

73-75 Import surplus 482 of GDP

76-80 Planned at 402 - (76 572 + 80 242)

plan to finance by large loan

Want phosphate loan in FY 76 - I showed uncertainty

I urged them govt to state they willing to substitute their financing contract: Saudi Arabia, Arab Fund; Kuwait; Abu D; Iraq.

Equine Jordan regionalization: starting to remove all barriers to trade starting to estab: of customs zone by mid 79.

Attachments

ROUTING SLIP

Date
March 29, 1976

OFFICE OF THE PRESIDENT

Name

Room No.

Mr. McNamara

To Handle

Note and File

Appropriate Disposition

Note and Return

Approval

Prepare Reply

Comment

Per Our Conversation

Full Report

Recommendation

Information

Signature

Initial

Send On

Remarks With regard to the suggestion in the last paragraph concerning Third Window loans for Jordan:

- a) the funds available for Third Window lending are fully committed, especially since we had to squeeze out money for Guatemala recently.
- b) I am not sure how good a candidate Jordan is anyway; if we were prepared to take the "political risk" its economic situation and prospects might be judged too good for Third Window lending.

From

J. Burke Knapp

OFFICE MEMORANDUM

TO: Mr. Robert S. McNamara
THRU: Mr. J. Burke Knapp
FROM: W. A. Wapenhans
SUBJECT: JORDAN: Visit of King Husein

DATE: March 26, 1976

1. You will be meeting King Husein at dinner at the White House on Tuesday, March 30. Your last meeting with him was in February 1973, here in Washington.

Political Situation

2. With his customary political skill, King Husein continues to chart Jordan's course amidst a host of complex pressures. Over the past year, the traditional feud with Syria has been shelved. Close relations have been established between the King and President Assad (the first Syrian Head of State to visit Jordan in decades). Jordan's acceptance of the decision of the 1974 Rabat Conference to recognize the Palestine Liberation Organization (PLO) as the sole representative of Palestinians in the occupied territories enhanced King Husein's position in the Arab World, helping to remove the stigma he carried since the suppression of the Palestinian guerillas in 1970. However, relations with the PLO remain distant. With regard to other countries, relations with Iraq have become more cordial and the traditionally good relations with Saudi Arabia are growing stronger. At home, the situation remains stable.

Economic Situation

3. The rate of growth over the last Three Year Plan (1973-75) period was on the order of three percent per year, as a result of poor weather conditions and the slow growth in commerce and services following the October 1973 war. GNP per capita for the East Bank of Jordan which was \$390 in 1972 reached \$490 in 1974 (both by 1976 Atlas method). While the rate of investment was high (around 25 percent of GNP), implementation of the public sector program was slow, especially in the agricultural sector. At the same time, inflationary pressures were exacerbated by a sharp rise in domestic liquidity (reflecting large foreign budget support and workers' remittances), by shortages in agricultural production and increased demand for Jordanian agricultural products and labor in the neighboring Arab countries. The inflation rate has declined from 20 percent in the peak year 1974 but may be expected to continue at current levels (about 12 percent per annum) over the next few years. Despite slow growth and relatively high rate of inflation, Jordan's balance of payments position remains strong and her net reserves are now estimated at US\$480 million, the equivalent of 11 months of merchandise imports. Prospects for growth are considered good although the size of investments envisaged in the 1976-80 Plan may accentuate resources shortages and render the control of inflation more difficult.

March 26, 1976

The Five Year Plan (1976-80) and Donors' Conference

4. The new Five Year Plan is now substantially completed and is being reviewed by the Bank. The Plan proposes total investments of \$ 2.5 billion of which the most important, some 30 percent, would be in the mining and manufacturing sectors (the manufacturing sector, in particular, already shows promising signs of development), 18 percent in agriculture and a further 18 percent in transport and communications. The relative sectoral emphasis seems well-placed and most of the projects appear to be of high priority but the overall investment target appears overambitious. Taking into account price escalation only partly included in the Plan's figures, we estimate that borrowing requirements for the period will be about \$ 1.6 billion or 50 percent more than present Jordanian estimates. Whether local and foreign borrowings of this magnitude can be mobilized is one of the most serious questions still to be answered, especially considering that this amount would come on top of the continued budget support assured from Arab countries during the Plan period, i.e. \$900 million. Budget support in 1975 amounted to \$230 million.

5. On the basis of the Five Year Plan and the recent Economic Mission's findings, an Economic Report is now being prepared and is expected to be put in final form by May at which time we intend to submit to Management an analysis of Jordan's creditworthiness for Bank loans. A CPP is also being prepared for Management review in June. The Government is planning to hold a Donors' Conference in Amman, from May 31 to June 4, to discuss the Plan and to attempt to obtain at least some indication of donors' interest in financing particular Plan projects. The Government plans to make the Bank's economic report available to participants. The Conference will be chaired by Prince Hassan. The Bank has been invited to attend and will be represented by Messrs. Bart and Siebeck.

Relations with the Bank

6. The Government is looking to foreign donors, especially Arab oil-producing countries, to finance a very large slice of the Plan, and to the Bank to give it the seal of good housekeeping and creditworthiness it needs to attract aid in large amounts as well as Bank Group financing at a substantially higher level than heretofore. Our role is going to be a delicate one. We will have to balance the need to weed out the excess in investments and low priority projects and to encourage other donors to contribute on a large scale; as is to be expected the National Planning Council is trying to minimize the weeding and to maximize Bank support vis-a-vis other donors and the Bank's own financing. While it is unlikely that we shall convince them to cut the Plan to size, the normal process of attrition will achieve the same result. We therefore intend to focus chiefly on the need to sort out investment priorities, building up on the results you achieved during your visit in 1974, and to give full support only to those programs or projects which have the necessary justification and would help Jordan build up its creditworthiness.

Mr. Robert S. McNamara
Thru Mr. J. Burke Knapp

- 3 -

March 26, 1976

7. Three or four projects which we are helping prepare (phosphate mining and related transport, phosphate fertilizers, Dead Sea potash and completion of irrigation in the Eastern Jordan Valley combined with the Maqarin dam on the Yarmouk) should provide means of monitoring most large projects likely to be started during the Plan. The first three projects, for which Bank lending is contemplated, are of an enclave nature; we may face some difficulties in working out watertight security arrangements in view of the political risks and of the reluctance of marketing companies or buyers to enter into long-term contracts in the present volatile market for fertilizers. The Phosphate Mining Project, which has a very high economic return and for which the Bank would lend \$25 million, has been appraised and will be ready for Board presentation in early FY1977, subject to agreement on adequate security. The more difficult Phosphate Fertilizer Project with a total cost of about \$250 million, is being prepared with IFC assistance and, if it takes shape, would provide the first test of Jordan's ability to mobilize co-financing of such magnitude. In addition, we are continuing to work on smaller projects. Before the close of FY76 we expect to present two IDA projects to the Board, a first DFC Project and a Tourism and Antiquities Project, for respectively \$4.0 million and \$6.0 million.

8. Overall, you had approved at the last CPP review in September 1974 a lending program of \$100 million with a Bank component of \$77 million which was contingent upon enclave projects or a demonstration of Jordan's creditworthiness. In light of the preliminary findings of the recent economic mission, there are good chances that a program of this magnitude, if not larger, could be justified. The Government is bound to press for Third Window lending, for which there would be a very good case if Jordan's creditworthiness is established. This will chiefly hinge on the need for great caution on the part of the Government in expanding its external debt, especially if, as is likely, soft loans can cover only a small part of Jordan's requirements and recourse to conventional loans on a substantial scale becomes necessary. You may want to mention this key point to the King.

MJLippe/WESiebeck/TMiyawaki:rpo

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Mr. S. Nabulsi's Visit

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