



1. Project Data:		Date Posted : 04/18/2001	
PROJ ID: P035995		Appraisal	Actual
Project Name: Jordan Export Development	Project Costs (US\$M)	40.0	33.68
Country: Jordan	Loan/Credit (US\$M)	40.0	
Sector(s): Non-Sector Specific	Cofinancing (US\$M)	0.0	0.0
L/C Number: L3993			
	Board Approval (FY)		96
Partners involved :	Closing Date	06/30/2000	06/30/2000
Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives
The project objective was to help enhance the international competitiveness of Jordan exports and thereby increasing export revenues through providing technical assistance and a credit line for commercial banks to enable them to finance private firms to expand their production capacity and exports .

b. Components
The project has two components: a line of credit facility (US\$38.0 million) and a technical assistance (TA) component (US\$2.0 million). Under the financial intermediary component term loans were to be provided to private entrepreneurs for investment in new projects, expansion, and modernization of their plants to enable them to become competitive and hence increase their exports . The maximum size of the sub-loans would be US\$2.0 million. The TA financed a feasibility study for the development of an economic zone at Aqaba port to attract investment for exports .

c. Comments on Project Cost, Financing and Dates
The project closed on time, but 16 percent of the loan was undisbursed due to a general economic slow down during 1997-98 and the government's desire not to borrow Bank funds for TA . Although the TA component was included in the objectives listed in the loan Agreement, no specific amount was originally allocated for this component . However, at the government's request, the Loan Agreement was amended in 1998 to allocate US\$2.0 million for TA. Also, the ceiling for financing sub-projects was raised from US\$2.0 million to US\$3.0 million.

3. Achievement of Relevant Objectives:
The financial intermediary component achieved its objectives . About 85 percent of this component was disbursed through 25 sub-loans, over half of them were directed to hotel and tourism services . Substantial investment has been made in sub-projects including hotels, manufacturing, and agricultural products . Complementary private sector funds amounting to nearly US\$240 million has been invested in the sub-projects (mainly in hotels), twelve times the appraisal estimate of US\$20 million. Total investment, including complementary private funds, of US\$ 270 million and foreign exchange earnings amounting to over US\$ 20 million have been realized (see Section 4). About 2,200 new jobs have been created . Since not all sub-projects are fully operational, these estimates are preliminary . The seven commercial banks participating in the loan as intermediaries became more familiar with the requirements of term lending and the need for appraising investment proposals on a wider basis than just the collateral provided by a borrower (e.g. a minimum 15 percent financial rate of return is required as an eligibility criterion) . Practically all sub-loans showed financial rates of return around 15 percent and some around 20-29 percent. Sub-loans are being serviced on schedule with only one instance of loan rescheduling . A Bank-financed feasibility study for the economic zone at Aqaba port was completed (US\$1.2 million). Based on the feasibility study and support from USAID, the government is taking further steps towards establishing the economic zone at Aqaba port . However, there is little evidence to show that the principal objective --of enhancing international competitiveness of Jordan's export and thereby increasing export revenues--has been achieved (see Section 5).

4. Significant Outcomes/Impacts:
The loan stimulated infusion of local private counterpart funds such that the loan financed investment amounted to only 12 percent of total investment. The high level of counterpart funds came entirely from the hotel sector .

5. Significant Shortcomings (including non-compliance with safeguard policies):
As the project is essentially a line of credit, the stated objective and expected outcome (namely enhancing the

International competitiveness of Jordanian exports and thereby increasing export revenues) was not clearly linked to the design of the credit line itself . Although investments financed by the loan could possibly be used for export production, the project did not have any instrument to ensure that outcome . That is, no performance indicators were designed to measure the last link in the resource -investment-production-export chain.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Moderately Satisfactory	There is little evidence to show that the project achieved its development objective of enhancing Jordan's export sector (see Section 5). The objective of export development has no clear link to the use of the credit line in the absence of directing the sub-loans exclusively to the export sector.
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

At the design stage, project stated objectives, components and performance indicators should be consistently linked . The principal objective of export development has no clear link to the use of the credit line in the absence of effective targeting of the sub-loans to the export sector.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is of satisfactory quality . However, it could have provided more details on the performance of industries financed under this project. The Borrower did not comment on the draft ICR but prepared its own assessment, which is included as an annex.