

YEN LOAN TO THE HASHEMITE KINGDOM OF JORDAN Assistance for Human Resources Development

The OECF (The Overseas Economic Cooperation Fund of Japan; President, Chairman of the Board, Akira Nishigaki) is providing the Hashemite Kingdom of Jordan with a Loan for the SECOND HUMAN RESOURCES DEVELOPMENT SECTOR INVESTMENT PROJECT amounting to 7,123 million Yen.

The Loan Agreement was signed today at OECF's office in Tokyo between H. E. Mr. Farouk Kasrawi, Ambassador Extraordinary and Plenipotentiary of the Hashemite Kingdom of Jordan, and Mr. Akira Nishigaki.

As a result, the cumulative total of OECF loan commitments to the Hashemite Kingdom of Jordan now stands at 182,748 million Yen (15 commitments).

The amount and conditions of the Loan are as follows.

1. Loan amount and conditions

Project	Amount (Million Yen)	Interest Rate (% p.a.)	Repayment Period (Grace Period)	Tying Status
Second Human Resources Development Sector Investment Project	7,123	2.7 2.3*	30 (10)	General- Untied

* Consulting service

2. Project Description

The Second Human Resources Development Sector Investment Project

(1) Need and Background

While indicators such as real GDP growth (5.2%), inflation rate (4.0%) and the budget balance of the central government (-4.6%) in 1996 show the improvement of Jordanian economy, the trade balance and the current account continue to be in deficit, which at present are covered by service income - mainly from tourism - and remittance from the Jordanians working abroad.

Increase in exports are seen not only in the area of primary industry such as phosphorous, but in the area of pharmaceuticals and chemical fertilizers which contributed to the 24% growth of exports in 1995 and 8% in 1996. The continuous growth of exports depends on the development of domestic export industries, direct investments and human resources. Development of human resources is considered as the highest priority for the government of Jordan, because well-trained labor is the biggest factor to attract investments in the country.

On the other hand, in the area of technical/vocational education, there are not enough schools to meet the demand, and the system of researching the labor market needs and evaluating the employment status of graduates is not well established. In addition to that, the equipment used for training does not meet the current technical standards. Because of these factors, training curricula in these schools have become out of date and are causing difficulty in producing the skilled labor that are well suited for the changing market needs.

(2) Purpose and Description of the Project

The government of Jordan has set up the "Ten-year Education Reform Program" to solve the problem of present education sector and aims to provide wider opportunity of basic education and technical training. Following this Program, the OECF and the World Bank have already provided loans to the "Human Resources Development Sector Investment Project (first phase)". The loan signed today is the second yen loan in support of this Program.

The first phase project is currently being carried out satisfactorily. It aims to improve the educational program, strengthen educational institutions, and improve school facilities and equipment mainly for basic education. This second phase project aims to extend the achievements under the first phase, and also to improve technical/vocational education. The yen loan will be utilized for construction of school buildings, purchase of equipment and furniture, provision of consulting services in order to provide the technical/vocational training that meets the current technical standards. This project is expected to help raising the skill level of the labor force through up-to-date training curricula based on market needs research, and as a result, improve the prospects of Jordan's foreign currency earnings.

This Project is cofinanced with the World Bank. The World Bank mainly finance to primary education and OECF finance to technical/vocational education.

The executing agency is National Center for Human Resources Development (NCHRD; address: P. O. Box 560 Al-Jubaiha 11941, Amman - Jordan, tel. no.: 962-6-931451, fax no.: 962-6-840356).