

Testimony of
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Introduction

Chairman Ros-Lehtinen, Ranking Member Deutch, distinguished members of the Committee: Thank you for inviting me here today to discuss the work of the U.S. Agency for International Development (USAID) in the Hashemite Kingdom of Jordan. I want to thank you for your unwavering support for USAID's work in Jordan, and in particular for our assistance to the Kingdom as it contends with the spillover effects of the Syria crisis more broadly. I commend you and the Committee for shining a spotlight on the situation, which grows more complex every day.

Jordan—one of our critical allies in the region—hosts one of the largest USAID Missions in the world. Our longstanding partnership with Jordan dates back more than six decades and translates into a high degree of cooperation and coordination with the Jordanian government. Over the years, this cooperation has included support to help augment Jordan's scarce water resources by improving pumping systems and constructing water treatment plants; train teachers and enhance the quality of education; upgrade medical facilities; and increase job opportunities for Jordanians by developing and expanding key sectors of the Jordanian economy. Our work in Jordan helps advance the Agency's overall mission to partner to end extreme poverty and promote resilient, democratic societies while advancing our prosperity and security.

As my colleague PDAS Feierstein noted, we signed a Memorandum of Understanding (MOU) with Jordan last year expressing the intent to provide it with \$1 billion per year in security and economic assistance from FY 2015 to FY 2017. With Congress's generous support, in the first year of that MOU, the United States provided over \$1.01 billion for Jordan, of which \$615 million went into our Economic Support Fund programs. It also supports USAID's country development cooperation strategy to improve prosperity, accountability, and equality for a stable, democratic Jordan.

Jordan faces enormous humanitarian and development challenges stemming from the Syrian crisis. As you know, the record levels of displacement from the five-year Syrian conflict have had a serious impact on neighboring countries, including Jordan. The vast majority of Syrian refugees -- more than 85 percent -- live in host communities, not in camps, straining local infrastructure and essential services. There are more than 635,000 Syrian refugees registered in Jordan, representing a 10 percent increase in population size in just a few years. In some instances, the refugee influx has doubled or tripled the size of Jordanian towns located near the Syria border.

I want to commend the Jordanian people and the Jordanian government for their generous hospitality to these refugees and their strong efforts to address the needs of the refugee population, often in difficult circumstances. USAID has worked diligently to help the Jordanian government and Jordanian people

respond to these needs, and we have expanded our development assistance in Jordan to support these host communities.

USAID Assistance to Jordan

Our economic assistance to Jordan is multifaceted, comprising direct assistance, sovereign loan guarantees and project-based assistance.

Since the crisis started, with the generous support of Congress, USAID has provided \$1.51 billion in direct assistance to the Government of Jordan (GOJ) to help pay non-military debt and free up resources to attend to the immediate needs of Jordan's population. This assistance is contingent on specific GOJ actions intended to address Jordan's constraints to future growth and supports Jordan's balance of payments position and overall economic stability in light of ongoing regional crises.

Additionally, through three loan guarantees, the U.S. government has guaranteed \$3.75 billion in sovereign debt at interest rates that are affordable for the GOJ given the crisis. These guarantees have reduced the interest burden borne by the GOJ, encouraged meaningful economic reforms, and helped build Jordan's ability to access international capital markets. U.S. sovereign loan guarantees help Jordan address the effects of the Syria crisis and incentivize critical reforms that will address the long term needs of the Jordanians.

Prior to the outbreak of the Syrian conflict, Jordan was already dealing with significant development hurdles: low economic growth, low quality of schooling and overcrowded classrooms, inadequate public services, and scarce water resources. The crisis struck the Jordanian economy when it was already suffering from its lowest growth rates in a decade, struggling to keep pace with a burgeoning population growth rate. The flow of Syrian refugees further strained Jordan's already limited water resources. Well into its fifth year, the crisis continues to aggravate these challenges, stretching the social fabric and negatively affecting access to and quality of essential services.

To help respond to these challenges, USAID has also reoriented our development assistance to better support the government and people of Jordan, and address increased needs in areas and sectors where refugees are having the greatest impact on Jordanian communities. We have reviewed our country development cooperation strategy and reformulated our approach to incorporate the longer-term challenges posed by large numbers of refugees into our assistance strategy for Jordan. Our programming is designed not only to help host communities meet current needs, but will also identify and catalyze new and evolving innovations, with the goal of improving the lives of both host communities and refugees living in them.

Governance and Community Engagement

USAID supports the GOJ's reform agenda, focusing on strengthening civil society, rule of law, and good governance. USAID programs aim to expand citizen participation in government, strengthen an independent judiciary, advance human rights, and promote increased transparency and accountability to combat corruption. Programs also focus on building community cohesion and enhanced resilience, particularly in communities affected by the influx of refugees. The refugee influx has contributed to a

rise in local tensions, particularly from Jordanians in host communities who are increasing pressure on already strained municipalities to deliver essential services.

During my trip to Jordan last year, I met with Jordanians and Syrians, as well as educators and local officials in communities hosting large refugee populations, who tell me the assistance they receive from the American people helps them do their jobs better. Through our Community Engagement Project, USAID partners with host communities, municipalities and other stakeholders to organize citizen focus groups and surveys that reflect the real stressors and priorities in community life. USAID helps the municipalities find practical solutions to help address these challenges—for example, paving streets, replacing broken street lights or picking up the trash—which helps alleviate these tensions.

USAID also works to advocate and promote gender equality across all programs and sectors. USAID's current strategy is to implement cross-cutting activities that mainstream gender throughout our programs and enhance gender equality and women's empowerment. Programs promote changes in discriminatory social norms and practices, enhance advocacy and policy reforms, expand access to female-centered services, encourage women's participation in the economy; and empower women to play an active role as citizens and policymakers.

Economic Growth

Jordan continues to struggle with low economic growth rates and insufficient job creation, challenges that have been heightened by the refugee influx. In 2013, the unemployment rate for women was about twice that of men, and for youth between the ages of 15-24 it stood above 30 percent. USAID's economic development and energy programs in Jordan have evolved over the years from building roads to building a more diverse and globally competitive economy. During the past decade, USAID has partnered with the GOJ to implement fiscal reforms, promote trade, investment and job creation, enhance competitiveness in the private sector, increase energy efficiency and improve workforce readiness. USAID's work helped facilitate Jordan's accession to the World Trade Organization and its use of the U.S.-Jordan Free Trade Agreement (FTA). Trade between Jordan the U.S. before the FTA was \$400 million; in 2014, it was \$3.5 billion.

One program, the USAID Local Enterprise Support Project, is encouraging long-term economic growth and development of underserved Jordanian communities by supporting the competitiveness of micro and small enterprises (MSEs) that are often at the heart of individual, family and community livelihoods within vulnerable populations. The project helps to empower local communities to design and implement local economic development initiatives. To date, the project has awarded more than 82 grants, totaling more than \$5 million, to new and existing MSEs, Micro-Finance Institutions and Businesses Service Providers that will generate increased revenue, create new jobs, and enhance the businesses environment. One of these grants went to Andalus Dairy Factory, run by a local cattle farmers' association in northern Jordan, which with the help of the project entered a partnership with Safeway and achieved a \$140,000 annual increase in revenue. They are on track to double that revenue in the coming year.

Additionally, USAID is helping create a more competitive, demand-driven workforce that will lead to increased private sector employment, especially for Jordan's women, youth and those living at or below the poverty line. Working in six governorates, USAID engages with the private sector to develop new

and enhance existing vocational and technical education programs in targeted industries. Whether it is improving the rules on workplace safety or strengthening certification and accreditation standards, USAID is working to ensure that the labor force has the skills and capabilities necessary to meet the private sector's labor demands into the foreseeable future. Through this \$40 million investment, USAID estimates that it will provide improved employment opportunities for 25,000 Jordanians over five years.

We are also seeking to understand better the impact of Syrian refugees on the Jordanian economy. USAID is involved with two important studies to help illuminate where and how to harness the valuable human capital that resides in the Syrian refugee population. We are working with the Jordanian Ministry of Labor to undertake a labor market study that will provide insights into which sectors of the Jordanian economy employ third country nationals—not Jordanians—that might be able to substitute Syrian labor. We are also working on a household level survey that will look at the impact of Syrians as investors, consumers and employees and that will verify information that we have about the skill set Syrians can potentially bring to the workforce. Ideally, we are looking to find "win-wins" that help catalyze economic growth, creating jobs and growth opportunities for both Jordanians and Syrians living in Jordan.

Health

The demand on the public health sector continues to grow, affecting access and quality of services for all residents of Jordan. The capacity of Jordan's public health sector to deliver adequate services has been stretched at all levels, a situation that has been exacerbated by conflict-related injuries and disabilities and the re-emergence of some communicable diseases. USAID is investing in the construction and renovation of maternal and pediatric health facilities across Jordan, increasing the GOJ's ability to provide essential health services to Jordanians as well as Syrian refugees. Maternal, newborn and child healthcare activities focus on improving key aspects of in-hospital obstetrical and neonatal care and scaling-up advanced interventions, reducing preventable maternal and child deaths. USAID's efforts have helped reduce infant mortality from 30 deaths per 1,000 live births in 1997 to 17 deaths per 1,000 live births in 2012. USAID also focuses on improving the quality of healthcare systems through enhancing service delivery, workforce development, knowledge and information systems management and infrastructure improvements, which will strengthen the resiliency of the Jordanian health system.

Education

USAID education and youth programs seek to strengthen the public education system, improve the quality of education and learning outcomes and improve access to education and learning environments.

We are the lead donor for education in Jordan, where the crisis is having a profound impact on the education sector, particularly public schools. By the end of 2015, 145,000 Syrian refugee children were enrolled in Jordanian public schools, straining the capacity of these schools. The GOJ has reintroduced double-shift schedules in 98 of the most overcrowded public schools to accommodate this demand and has provided pre-fabricated classrooms in other cases. To help the situation, USAID is expanding 120 schools, renovating 146 schools and building 25 new schools in areas with large numbers of Syrian refugees. We are also fast-tracking the expansion of 20 schools in overcrowded areas. And just last week, I attended the London Conference where Secretary Kerry announced a \$267 million commitment

for education in Jordan, which will help Jordanian public schools provide a quality education for the estimated 230,000 Syrian refugee children and 500,000 Jordanian students.

We are also helping Jordan provide learning environments where all children can thrive. We are supporting the Ministry of Education with a \$48 million early grade reading and math development project for all primary school students in Jordan to help maintain the quality of education as the number of students in Jordanian schools rises. The reading and math project includes training for 13,500 teachers. We are also training 4,000 teachers in Jordan so that they can counsel Syrian refugee children who, at best, may struggle to fit in, and at worst may grapple with the trauma of violence and abuse. USAID is also supporting remedial programs so that refugee students can make up years of lost schooling.

Our education team recently shared one particularly inspiring story: that of Maha Al Ashqar, the principal of the Khawla Bint Tha'labia Primary Girls School. When a Syrian refugee mother showed up at the school gates last year, desperate to enroll her daughter, she was told the school year had started and classes were full. The determined mother asked to speak to the principal. Ms. Al Ashqar's response was simple: "Yes your daughter can come. I just ask that you bring a chair because we do not have any left." The school has also recruited mothers as teaching aides to keep up with the larger class sizes. By supporting educators and families determined to get ahead, we can make sure more children are not lost to this conflict.

Water

Jordan is one of the driest countries on Earth, and demand for water exceeds Jordan's renewable freshwater sources. Water networks are outdated and in serious need of rehabilitation. USAID is improving water resource management through demand management, improved pricing, integrated water resources management, and improving water and wastewater infrastructure helping to address the additional strain on water resources caused the increase in population. USAID's efforts have helped increase potable water supplies in Jordan by 10 percent over the past decade. For example, USAID constructed rainwater harvesting cisterns for households and community centers in Irbid and Mafrqa governorates—which host large concentrations of refugees—helping these communities save much needed water. USAID's work to rehabilitate and renovate the Zabdah reservoir, Jaber treatment plant and pump station, and Tabaqet Fahel well saved around 600 cubic meters of water per hour, enough to serve 180,000 persons per day. We are also supporting the construction of a new pipeline, pump station and waste water treatment plant that will increase water supply and waste treatment for 1.7 million in northern Jordan.

Humanitarian Assistance

About half of the \$5.1 billion of life-saving humanitarian assistance the United States has provided to date in the Syrian crisis goes to Syrian refugees living in neighboring countries. This assistance seeks to fill critical immediate needs such as food, clean water, sanitation and shelter.

Food assistance comprises a large component of our aid, and in Jordan we fund an innovative program, run by the World Food Program (WFP), which provides food voucher debit cards to Syrian refugees. These debit-card vouchers are used to shop in local Jordanian supermarkets and stores, giving the users

a dignified way to buy food for their families, with greater nutritional diversity than they would receive from food distribution, while also providing an important economic boost to the host country. It is estimated that the WFP program has injected at least \$428 million into the Jordanian economy, providing new jobs and new revenue to food retailers, traders and producers. The electronic voucher program is just one example of an innovative idea to make sure that our assistance benefits not only refugees, but the communities that host them.

We are working closely with our colleagues in the State Department to make sure we have a joint long-term vision for our humanitarian and development programs.

The Way Forward

While USAID has re-oriented its bilateral assistance to better address the impact of Syrian refugees in Jordan, we will need to continue to adapt and innovate given the long-term effects. As the Syrian conflict extends into its sixth year, it is clear that humanitarian assistance alone is not sufficient to address the crisis. Often unable to work legally and without other means of support, the vulnerability of refugees is deepening. They are increasingly forced to rely on negative coping strategies: taking on debt or living in overcrowded housing. Child labor, begging, and early marriage are all on the rise.

With our colleagues in the State Department and other international donors, and especially with our Jordanian partners, we are striving to develop innovative solutions. We are particularly focused on the critical areas of education and livelihoods, which face challenges keenly felt by both refugees and host communities.

Going forward, we need to think about how to preserve the important development gains made through years of bilateral assistance to Jordan, while developing creative solutions that help meet the complex challenges posed by the rapid expansion of host communities to temporarily accommodate refugees. Ideally, we need to find ways to catalyze the potential gains refugee populations can contribute to host communities, tapping this important flow of human capital and finding ways to transform the refugee challenge into opportunity. We need to ensure that both host communities and refugees are on a sustainable, positive development trajectory. USAID remains committed to supporting the long term development of Jordan while also supporting the Syrian refugees in Jordan and the communities so generously hosting them.

Thank you for the opportunity to appear before you today. I look forward to your questions.