

Setbacks & opportunities in the wake of USAID's Jordan withdrawal

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Within hours of taking office in January 2025, President Trump announced a 90-day freeze on all US foreign assistance. In the months that followed, the Trump administration would rapidly dismantle nearly the entirety of the American foreign aid infrastructure. By March, the government had completed its initial review, cancelling 83% of all programmes. However, the process was chaotic; many projects were issued stop-work orders, only to later receive instructions to resume operations. To date, little comprehensive and official information is publicly available to determine the full extent of the cuts and degree to which programming remains. Within Jordan, essential programming in select sectors, particularly water, has been salvaged, though seemingly temporarily. This report offers a comprehensive overview of the aid reductions, maps the current landscape of USAID programming in Jordan, and identifies key gaps where technical assistance is still needed. In line with IGC's goal of expanding its portfolio in Jordan's water sector, it places particular emphasis on elucidating USAID's work in Jordan's water sector. Further, it highlights strategic opportunities for IGC to support ongoing reform efforts and fill emerging voids.

USAID's Footprint in Jordan

Jordan has long been one of the largest recipients of US foreign assistance, receiving approximately \$1.7 billion in 2023. This aid is distributed across several categories. One of the most significant components is direct budget support: each year, the Government of Jordan (GoJ) typically receives \$650 million at the end of the fiscal year, supplemented by an additional \$200 million in top-up funding. These funds are unrestricted and may be used at the government's discretion. In addition, Jordan receives around \$400 million annually in U.S. military assistance, as well as another \$400 million delivered through United Nations (UN) agencies. While military aid has been exempt from the recent round of cuts, most UN funding appears to have been suspended. The US government also funds approximately \$350 million in development projects each year via the US Agency for International Development (USAID). While it was originally estimated that 61% of Jordan's USAID funding had been cut, following the preliminary round of reviews, much of Jordan's US funding was salvaged, at least temporarily, following meetings between the two governments. Jordan's reliance on U.S. aid is particularly pronounced: in 2023, nearly 40% of all overseas development assistance to the country came from the United States, a far higher share than in neighboring countries such as Lebanon (23%), Egypt (12%), or Iraq (13%) (Sandefur & Kenny, 2025; Mitchell & Hughes, 2025).

The influence of American foreign aid is particularly pronounced in Jordan's water sector. USAID has placed a strong emphasis on upgrading Jordan's water distribution infrastructure in order to reduce non-revenue water (NRW). NRW is water that is produced and "lost" before reaching the customer, typically via leaks or theft. In 2022, in line with Jordan's Economic Modernization Vision (EMV), the government estimated NRW at around 47%, a

concerning figure considering that Jordan is considered the second most water scarce country in the world. As part of the EMV and a 6-year memorandum of understanding (MOU) signed with the US in 2023, Jordan has set the goal of reducing NRW to 25% by 2040. Nearly all components of USAID's water interventions in Jordan have worked towards this end in some capacity.

It is estimated that reaching this goal will require investment of JD 1.4 billion over the next 10 years and JD 60 million annually to sustain NRW results (MWI, 2022). One of USAID's most prominent contributions in this regard has been the Management Engineering Services Contract (MESC) project, which is currently in its third iteration. MESC provides oversight for the Fixed Amount Reimbursement Agreement (FARA), a 5-year \$152 million government-to-government (G2G) agreement to build and upgrade water infrastructure via reimbursement. While FARA is the grant-making mechanism, MESC has provided technical assistance and oversight, providing technical assistance in the implementation of non-revenue water reduction projects. While the FARA project was originally frozen following the initial USAID review, it has reportedly been reinstated and funded for an additional five years. This will enable the municipalities and local water companies to continue to invest in water infrastructure upgrading to be funded by the US government for the coming years.

The other major pillar of the US's support for Jordan's water sector is assistance for the Aqaba-Amman Water Desalination and Conveyance Project, also known as the National Conveyance Project (NCP). Jordan is currently one of the most water scarce countries in the world, and heavily dependent on its neighbor, Israel, for water, a dynamic that is particularly unpopular amongst citizens. In an effort to build a sustainable solution, the government is seeking to invest \$6 billion in pumping water from the Red Sea (Al-Khalidi, 2025). The project aims to build a facility to desalinate 300 million cubic metres of seawater annually from the Gulf of Aqaba, before pumping that water to Amman to be distributed throughout the Kingdom. Upon completion, the project would make a significant contribution to Jordan's water supply.

However, implementing the NCP will require considerable legal, financial, and technical expertise, which USAID has been providing via a number of projects. USAID directly funds three technical experts in the NCP Project Management Unit (PMU) in the Ministry of Water & Irrigation (MWI), including the PMU director, legal adviser, and financial adviser. USAID also awarded CDM Smith with a contract to support NCP procurement. Under this project, the MWI has been provided with advisory services to evaluate bids to implement the NCP, negotiate a build-operate-transfer (BOT) contract with a preferred bidder, and provide transaction support to the MWI through financial close. Future USAID projects would have supported the engineering and construction phases of the project once financial close is reached towards the end of 2025 or early 2026.

The most recent estimates put the total budget for the project at up to \$6 billion. As of mid-2024, Jordan had secured \$2.2 billion in grants and concessional loans for the project (Zawya, 2024). The European Union, as well as the German and UK governments, have made significant contributions towards financing the project via grants and concessional loans.

Whereas much of the other donor funding must eventually be repaid, the committed US funding had taken the form of a grant. USAID had intended to contribute \$350 million in financing, however, that grant has now been put on hold. Sources confirmed that \$100 million from the US was likely guaranteed, given that it could be reappropriated from another project, while the remaining amount remained up in the air. Nonetheless, the government is intent on reaching financial close by the end of the 2025 or early 2026, and other donors have sought to move in and fill the gap.

Unpacking the 2025 Aid Cuts

In late January 2025, the Trump administration announced that it was beginning a process of “reevaluating and realigning United States foreign aid.” The new administration claimed that American foreign assistance had been used in a manner misaligned with the foreign policy goals of the United States. Accordingly, the administration put in place a 90-day pause on all foreign assistance while reviewing existing programmes. By all accounts, the subsequent stages were chaotic and disorganized (Schoenfeld Walker & Lai, 2025). Just a few days later, Secretary of State Marco Rubio initiated the steps to effectively dismantle USAID. Stop-work notices began being sent to projects across the globe, shuttering operations immediately, as officials sought to apply for waivers to exempt work considered essential.

To date, the fate of some US-funded programmes remains unclear. Following the preliminary review, Rubio announced that 83% of all USAID programmes had been cancelled. In line with Trump’s campaign rhetoric, the administration appeared to take particular aim at programmes that advanced diversity, equity, and inclusion. They also took an axe to programmes focused on “climate or environmental justice.” An analysis of the reported cuts also revealed the biggest cuts were programming related to civil society, basic education, conflict management and reconciliation, family planning and reproductive health, good governance, higher education, private sector competitiveness, political competition and consensus building, all of which were cut by over 90% (Sandefur & Kenny, 2025).

The key question now is: in the wake of widespread cuts, which funding streams and programmes remain? The Trump administration has signaled a preference for a narrow interpretation of U.S. national interest when allocating foreign aid, prioritizing programmes that aim to curb illegal immigration and bolster U.S. border security. At the same time, the administration appears inclined to preserve aid that enhances strategic leverage with key allies. In this context, Jordan seems to have emerged relatively unscathed, given its pivotal role in regional stability and close ties with Israel, a long-standing priority for Trump. Additionally, the administration’s interest in securing Jordanian cooperation on its Gaza policy has likely influenced its decisions. During a tense visit to Washington in February, Trump reportedly walked back a threat to withhold aid after King Abdullah agreed to accept 2,000 critically ill children from Gaza, an indication that political calculations may be shaping selective exemptions from the broader aid rollback. Subsequently, senior White House officials met in April and determined that, given the essential nature of Jordan’s stability to American regional interests,

aid to Jordan would largely be sustained (Al-Khalidi 2025). They are apparently seeking to prioritize restructuring and enhancing funding to Jordan in an effort to directly support the kingdom's stability. To that end, financing related to defense and direct budgetary support have largely been spared.

While USAID projects in Jordan related to health, education, economic growth, and governance seem to have largely terminated, given that they were not perceived to be essential to Jordan's stability, one sector seems largely intact for now: water. According to sources familiar with the discussions, when the King was in Washington, he sought to convey to Trump the importance of water for Jordan's ongoing stability. In particular, Abdullah sought to emphasize the importance of maintaining funding for the national conveyance project (NCP). In positioning Jordan's ability to provide clean water for its citizens as a key strategic interest for the United States in the region, Abdullah seems to have managed to salvage a considerable portion of American investment in Jordan's water sector. Although a number of Jordan's water projects were frozen during the initial review period, all ultimately received waivers, allowing them to continue operations through their originally-planned end dates.

The existing water projects are primarily focused on reducing NRW and supporting the NCP. The five-year Water Governance Activity (WGA) was recently instructed to begin work again, after being frozen under the preliminary review. The WGA project is responsible for technical assistance to the GoJ to strengthen the reform, policy development and implementation, and capacity-building efforts in line with improving Jordan's water utility performance and service delivery. WGA wrote and is assisting the MWI in implementing the National Non-Revenue Water Strategy for Jordan's Water Sector. Restarting this project will provide the government with an additional year of technical support in implementing policies to reduce NRW.

All of the most significant components of the U.S. water strategy in Jordan were recently reactivated following the initial aid review. This is partly due to the US and Jordan's history of cooperation, which had been codified via a bilateral agreement. In 2022, the U.S. and Jordan signed a seven-year, \$10.15 billion memorandum of understanding (MOU), which commits \$1.45 billion annually in bilateral assistance. Among its provisions, the MOU requires Jordan to prioritize efforts to address water scarcity, an objective strongly aligned with the government of Jordan's own policy agenda. In line with this commitment, USAID launched the third iteration of the Management Engineering Services Contract (MESC III), a five-year initiative designed to provide technical assistance, oversight, and monitoring and evaluation support to Jordan's water utilities. MESC primarily functions as an oversight mechanism for the Fixed Amount Reimbursement Agreements (FARA), a \$152 million government-to-government initiative focused on funding infrastructure upgrades. MESC III and FARA were both recently reactivated.

USAID Jordan Water Projects

Project	Description	Budget	Current Status
Water Governance Activity (WGA) <i>2021-2026</i>	Technical support for institutional reform, developing public policies for the water sector, and building the capacity of employees in the sector	\$35 million	Reactivated
Management Engineering Services Contract (MESC III) <i>2025-2030</i>	Providing technical assistance, oversight and monitoring and evaluation services to public water utilities to support implementation of the non revenue water reduction projects, oversees FARA projects	\$25.5 million	Reactivated
Fixed Amount Reimbursement Agreement (FARA) <i>2025-2030</i>	5-year G2G agreement to build and upgrade water infrastructure via reimbursement	\$152 million	Reactivated
Building Water Infrastructure (BWI) <i>2023-2028</i>	Providing architecture and engineering services in the areas of infrastructure planning, engineering design, and construction supervision	\$39 million	Reactivated
Water Engineering Services (WES II) <i>2025-2030</i>	Support to the water, wastewater, and environmental sectors by implementing assessments, designs, tendering support, and construction management services		Reactivated

Although seemingly all of Jordan's water sector has been salvaged from the cuts, the reprieve is likely only temporary. The waivers exempt existing programmes from cuts, but it seems unlikely that USAID will be issuing future projects or spending in the sector. This means that as each of these projects come to a close, they likely will not be replaced with further projects. This is particularly concerning for the contracts designed to support the NCP. The contracts for the three consultants who compose NCP PMU at the MWI are slated to end in October 2025. Because their work has been vital in supporting the government in implementing the NCP, the government is currently seeking other donors who might be willing to take over funding their contracts. Additionally, the contract with CDM Smith for procurement support is slated to end at the end of December 2025, around the time the NCP is expected to reach financial close. USAID had intended to initiate a new project to support the construction phase of

the project in 2026, which is now unlikely to happen. The government is now seeking alternative funding for this initiative as well. However, other donors have been hesitant to be seen as “bailing out” the US for strategic mistakes.

Over the coming months, the Trump administration is seeking to fold the vestiges of USAID into the State Department, which would require State Department officials, the vast majority of whom have little to no experience in development, to take on additional workloads for which they have not been trained. The administration has stated that it expects this process to be completed by July 2025, but officials with knowledge of the process have expressed considerable doubts. To make matters more challenging, the Trump administration has proposed cutting the State Department’s budget by half, proposing cuts of nearly \$30 billion, further complicating efforts for the department to absorb USAID’s remaining projects (Landay & Pamuk, 2025). These budget cuts will require Rubio’s signature, and it remains unclear whether he will consent to these cuts. Thus far, Rubio has been fairly compliant in executing Trump’s vision, despite past statements in support of US foreign aid.

While many of Jordan’s USAID-funded programmes have been spared for now, the administration’s review process remains in flux, with decisions continuing to emerge on a rolling basis. Although the government initially announced a 90-day review of all U.S. foreign aid on January 20, the timeline was later accelerated, as Secretary of State Marco Rubio declared the review complete by the end of March. However, following criticism that the initial round of cuts had eliminated many essential programmes, the administration reversed course and extended the review period by an additional 30 days. This reversal raised cautious optimism among some observers, who viewed it as a potential sign of the administration’s willingness to reconsider or preserve critical development programming. That hope was bolstered in early April, when the administration announced it would reinstate previously terminated World Food Programme awards in several countries, including Lebanon, Syria, Somalia, Jordan, Iraq, and Ecuador (Landay at al., 2025).

Opportunities for IGC

While the future of USAID in Jordan remains uncertain, several opportunities for technical engagement are likely to emerge as projects begin to wind down. Most water-sector initiatives funded by USAID are still active, but many are expected to phase out in the coming months and years. The Trump administration has notified most USAID staff based in the US Embassy in Jordan that their contracts will be terminated by July. The current plan envisions integrating remaining USAID projects into the Department of State, though many insiders have expressed doubts about the feasibility of this transition. Only a small number of USAID staff are likely to be retained to manage ongoing efforts, raising concerns about continuity and institutional knowledge.

In Jordan, although many projects will continue for at least another year or two, USAID is expected to gradually wind down operations without replacing outgoing programmes. Some within the agency hope that a Democratic victory in the 2026 midterm elections could allow

Congress to protect appropriated funds and preserve elements of USAID's work. However, this outcome remains speculative. In the meantime, the administration continues to move aggressively to dismantle the agency. As a result, the US is likely to play a diminished role in development policy and reform conversations, opening space for organizations like IGC to play a more prominent role. Six areas in particular may be well-suited for IGC involvement:

1. Modeling Tariff Reform

USAID has historically supported the Government of Jordan in designing and adjusting water tariffs. The ongoing Water Governance Activity (WGA) developed a financial model to guide annual tariff increases aimed at achieving cost recovery by 2030. While the model currently seeks to slowly raise costs, these tariff increases alone are not expected to cover maintenance and operation costs, and moreover, would not cover capital investment costs. This model is reviewed quarterly with the Ministry of Water and Irrigation (MWI), and has already led to 4.6% increases at the end of 2023 and 2024. WGA is slated to conclude in 2026, and it remains unclear who will assume responsibility for maintaining and updating the model thereafter. Additionally, the model envisions annual increases through 2030, at which point the NCP would come online. However, water from the National Conveyance Project (NCP) is slated to be significantly more expensive than the water provided via existing channels, meaning that the government may again be prompted to reconsider the structure of water pricing at this time. As the government enters a new phase of planning for the NCP, and in particular, begins thinking about how to cover the associated costs, now is the ideal time to consider how to restructure tariffs to account for the anticipated increase in expenses. IGC's expertise in economic modeling makes it a strong candidate to support the MWI in updating its water tariff pricing.

2. Economic Research to Inform Tariff Policy

As Jordan continues to implement water tariff reform, the MWI has expressed interest in applied research to better understand the broader social and economic implications of increased water prices. Officials at the MWI are seeking research that would help them to better understand the downstream effects of raising water tariffs. In particular, they are eager to examine how rising water prices affect agriculture, food systems, labor markets, and water conservation. Another area of concern is the potential for increased non-payment as tariff prices rise, especially in the context of low tax morale and perceived unfairness. This could discourage compliance and undercut tax revenue. Officials at MWI expressed interest in research that would shed light on the potential trade-offs between increased tariffs and decreased compliance. IGC's economic and financial modeling could offer a compelling solution to this problem.

Given the highly political nature of raising subsidies, the government could also benefit from research on the effectiveness of different messaging strategies. For example, the current water bill includes information about government subsidies, showing consumers the gap between the actual and subsidized cost of water. The MWI expressed interest in research assessing whether this transparency influences public acceptance of tariffs and willingness to pay, and

whether other forms of messaging might improve compliance. Additionally, IGC researchers could test out different communications materials, such as television commercials, social media content, or print copy, to determine whether they would affect citizens' willingness to accept higher prices. IGC would be well placed to design and implement this research in collaboration with local authorities.

3. Supporting NRW Strategy Implementation

Since 2021, USAID's WGA project has played a central role in shaping Jordan's water policy. It developed the National Non-Revenue Water Strategy (NRW) and has worked closely with the MWI to build the institutional capacity needed to implement it. As WGA draws to a close, continued technical support will be essential to ensure momentum towards achieving the goals set forth in Jordan's [National Non-Revenue Water Strategy](#). The strategy sets the goal of reducing NRW from 50% to 25% by 2040, which will require JD 1.3 billion over the next ten years, plus an additional JD 60 million annually to sustain the results. The strategy envisions reaching this goal via a few key strategies: increasing water utilities' institutional capacities, effective monitoring and measurement, and reducing commercial and physical losses. As USAID's support comes to an end, IGC could play a key role in advising the MWI on best practices and strategies as it moves forward with implementing the NRW Strategy. One area in particular where IGC could support the government is via research on best practices deployed by other countries to reduce NRW. For example, IGC could conduct and analyze case studies on other governments that have reduced water theft and leakages, disseminating the strategies used by those countries.

4. Supporting Jordan's National Water Strategy Implementation

Jordan's [National Water Strategy](#), which extends through 2040, outlines Jordan's agenda to achieve water security by modernizing the sector, improving efficiency, and ensuring financial sustainability. A core component of the strategy is reaching full cost recovery for water services, including both operational and capital expenditures, while continuing to safeguard access for low-income households. To support these goals, IGC could provide critical economic research and policy advice to help design and implement key reforms. This could include evaluating different subsidy reform options to identify models that balance financial viability with equity, conducting willingness-to-pay and demand studies to inform tariff restructuring, and modeling the fiscal and distributional impacts of proposed policy changes. IGC could also assist in identifying cost-effective infrastructure investments, assessing opportunities for public-private partnerships, and advising on strategies to mobilize resources for expanding water production, treatment, and distribution. Through applied economic analysis, IGC could help the government operationalize its water strategy and ensure that reform efforts are grounded in robust evidence and aligned with broader development goals.

5. Technical Support for NCP Financing

USAID's technical assistance has been critical to advancing the NCP, which aims to significantly increase Jordan's water supply through desalination and long-distance transport. Three USAID-funded experts are currently embedded in the NCP's project management unit at the MWI, advising on legal, financial, and managerial aspects of the project. As these contracts expire, the MWI is likely to require new technical partners to support the final financing and contracting phases, as well as additional support as the government embarks upon implementation. In particular, the government could benefit from additional economic modeling to help shed light on its financial decision making processes. Given the significant price tag on the NCP, it is poised to have a significant impact on the budget, the extent of which has not been studied. IGC's expertise in economic modeling could be deployed here in support of the government. Moreover, experts within the MWI expressed an interest in modeling the social and developmental outcomes if the government is not able to reach financial close. In this scenario, the MWI would need to consider alternative options for sustainably providing Jordanians with water, as well as how to finance those plans. IGC could play a valuable role in providing this expertise.

6. Exploring Opportunities for Agricultural Water Tariff Reform

Irrigation for agriculture poses a particularly heavy burden on Jordan's water sector, accounting for around 70% of all water demand in Jordan. Not only is agricultural water provided at a tariff below cost recovery levels, but farmers tend to engage in high levels of water theft, often via illegal wells when they do not receive their full quota. Additionally, consumption is often directed towards water intensive crops, and given that it's subsidized, farmers do not feel the real cost of water. However, the government has historically been hesitant to remedy the situation given the political unpopularity of potential solutions. These mismatches could be addressed by reducing water quotas, thus incentivizing farmers to shift their focus towards crops with lower water-demand. Moreover, the government could implement targeted increases in water tariffs in an effort to achieve cost recovery. USAID has previously conducted research in order to advise farmers on the most water efficient crops in the Jordan Valley, but this work has never been conducted for the rest of the country, and officials within the MWI expressed interest in expanding this work. IGC could be instrumental in strategizing these reforms for the government and testing communication strategies.

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