

**Achievement of Market-Friendly Initiatives and Results Program
(AMIR 2.0 Program)**

Funded by the US Agency for International Development

Policy Advisor – Mission Report #1

Final Report

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This report was prepared by Tania Revault d'Allonnes, The Services Group Inc. in collaboration with Chemonics International Inc., prime contractor to the U.S. Agency for International Development for the AMIR Program in Jordan.

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INTRODUCTION

The Consultant was based in Amman, Jordan, from April 5th to May 15th, 2002. A total of 33 days of LOE were provided during this period. The original Scope of Work of the Consultant appears at Annex A.

Upon arrival of the Consultant, it was established that the focus of her work might be somewhat broader than had originally been intended. In effect, because the AMIR2 Program is in its early stages, it was suggested that the Consultant might take an overall view of the state of policy and policy-making in Jordan, with respect to economic activity. This assessment would cover the general environment for investment, production, services, doing business and trade, internal and external. It would appraise the regulatory and operating environment both in principle and in practice, and identify key areas where the AMIR2 Program might provide technical assistance in improving the performance both of the Jordanian private sector and of the Government of Jordan.

In this respect, the Consultant's main focus was the Ministry of Industry and Trade and its agencies, the Jordan Investment Board, the Jordan Export Development Corporation, the Jordan Industrial Estates Corporation, the Free Zones Corporation, and the proposed Jordan Agency for Economic Development, as well as the Jordan Institute for Standards and Metrology. Other work brought the Consultant's attention to areas of Customs, the Ministry of Planning, the Drugs Directorate of the Ministry of Health, and the Business Associations, as detailed in later sections.

The overriding conclusion that can be drawn from this short mission is that there is both great enthusiasm and great potential for the improvement of Jordan's economic performance. The population suffers neither from rampant poverty, nor from the attendant constraints on human resources. There exists a relatively large pool of well-educated, motivated individuals who combine modern, Western technical tools with a deep understanding of all things Jordanian. In this respect, much can be achieved in a relatively short time, with the right input.

A few general observations of obstacles to success can be identified as follows:

- Misallocation of resources: in general, financial, capital or human resources are not so much scarce as they are applied to the wrong objective, viz. the heavy weight of administrative as opposed to technical departments,
- Lack of consistency: transparency and focus are limited so that government and economic activity are hampered by multiplicity and uncertainty,
- Need for new attitudes: although modern techniques can be observed in several key nodes, there remains the need to adopt efficient attitudes such as clearly defining the objectives and the best course to achieve them, and two-way responsibility with accountability (ie, managed laissez-faire).

The remaining sections of this report present the Consultants observations, suggestions and recommendations. These cover human resources, technical tools, business and management techniques, institutional issues and policy aspects. Much revolves around the need to pinpoint further technical assistance to be channelled through AMIR2.

Annex B reproduces the SOWs prepared by the Consultant during her mission, while Annex C names the people the Consultant met and who were invaluable in shaping her work and conclusions.

MINISTRY OF INDUSTRY AND TRADE

During the Consultant's visit to Amman, several other short term consultancies focussed on the MIT. These included:

- A Sustainable Trade and Investment Strategy for Jordan (N Gökgür)
- MIT Center of Excellence Program: Organisation Assessment (B York)
- MIT Center of Excellence Program: Human Resources Assessment (K Donaldson)
- MIT Center of Excellence Program: Information Management Assessment (G Boye)
- MIT Center of Excellence Program: Change Management (C Goddard)
- Analysis of Roadmap Implementation Efforts (S Miller).

The Consultant spent significant time with the Consultants involved and had extensive discussions on getting the structure of MIT right to best achieve its mission. It appears that the Ministry has received significant technical assistance already, so that its needs are fairly well identified. In particular, MIT has evolved a Strategic Plan for 2002 to 2006 with assistance from the German agency GTZ. In the context of this Plan, a vision, a mission and certain key goals have been identified:

- Achievement of sustainable economic growth and employment through a strengthened, diversified and competitive private sector,
- Advancement and protection of Jordan's economic interests through maximisation of trade performance, investment and other tangible benefits from global cooperation,
- Establishment of an enabling environment for private activity, through a modern legal system and efficient service delivery including effective safeguarding of business and consumer rights and interests,
- Effective and efficient MIT performance through appropriate management systems.

The AMIR2 Program is helping to achieve these goals through the Center of Excellence assistance. It is generally accepted that MIT has significant if not sufficient resources. The challenge is to organise and manage these resources in an optimal fashion. Systems are being designed, both human and mechanical (computerisation), to facilitate this endeavour.

The Consultant's focus was on content, rather than process. In this regard, it can be argued that there is a small pool of intelligent, enthusiastic and potentially effective staff in the Ministry. The major handicap they face however is their technical ability to embrace their responsibilities. In effect, there are no economists with modern analytical tools in MIT, and no policy-makers. Yet because the staff is well-educated and eager, this can in principle be resolved relatively easily. The key personnel will require:

1. Some formal training in basic economic principles and techniques
2. Some formal training in WTO and trade issues
3. Training in effective management techniques
4. Significant on-the-job training.

The formal training can readily be obtained through many tailor-made programs. It is suggested that a Consultant be brought in to consider what is available from recognised organisations and design a set of 3-6 short courses on the technical topics. These courses would initially be limited to a small selection of key staff (Minister's advisors, heads of department) to equip them with the necessary tools to devise their workplans. It is intended that these key staff would in turn disseminate their knowledge in the process of running their departments.

Management techniques will perhaps best be developed through the ongoing work in human resources development, a multi-level interactive process. It is clear that without modern management techniques, the Ministry will not be able to fulfil its tasks. In particular, staff must learn to prioritise, delegate and assume responsibility for individual outcomes. At present, the focus is very much on the immediate and the multitude of minutiae rules out any consistent long-term research. It is important to equip the MIT with the tools to understand both the issues they face and their chronology or causality, so that medium- and long-term research agenda and calendars, and workplans with follow-up work can be designed.

Yet the most important capacity building will come from on-the-job training. Once the basic tools, both technical and procedural, are acquired, it is crucial that they be applied to practice. In this way the knowledge is anchored, problems are identified early and the capacity to improve performance continues to grow over time. It is recommended that the potential for these gains be increased by placing at least one long-term adviser in the Minister's advisor team. This resident support would bring the technical tools of economic analysis and policy-making, and bolster the team from within. It is further suggested that the advisor team be enlarged to include the key staff identified above, in effect creating a brain-trust in MIT.

WTO-specific Items

Since its accession to the WTO in early 2000, Jordan has been conscious of having to bring her policy and regulatory environment up to par. Clearly, this affects many aspects of the economy and Government. Specific areas of interest under this consultancy were trade negotiations, government procurement (GPA), sanitary and phytosanitary (SPS) measures, trade in services (GATS), trade-related aspects of intellectual property rights (TRIPs) and trade-related investment measures (TRIMs).

The ability to succeed in **trade negotiations**, be they at the multilateral or bilateral level, will flow from some key strengths:

- A clear, holistic understanding of the cumulative effects of Jordan's commitments, both at the WTO and in its 70-odd preferential trading arrangements,
- A concerted effort to bring all these commitments in line with each other, with the first and foremost imperative of improving Jordan's performance, at home and abroad,
- The administrative ability to manage the negotiations process (correspondence, calendar of meetings, prioritisation),
- The technical ability to understand the issues and their relevance or otherwise to Jordan (and inform possible association with like-minded negotiating teams),

- The willingness to listen to and support the private sector, so as to continually improve the operating environment, and
- The skills to negotiate the best deal possible, which is merely an addition to the foregoing and can more readily be acquired by specialised training.

The issue of **government procurement** under WTO is getting significant support under AMIR2, with technical assistance being provided to the Department for International Organisations in preparing Jordan's entity offer for accession to the Government Procurement Agreement. The Consultant did not pursue this topic so as not to disrupt progress on the concurrent Draft GPA Accession Plan (M Lord) mission.

Sanitary and Phytosanitary (SPS) measures present a real challenge for Jordan. Traditionally, the Kingdom has taken a command and control approach to trade and related matters. The area of health, whether human or animal, in particular is most restrictive¹. Certainly, the Jordanian operating environment is much more regimented than is the international norm. There will be need to review both the legal and regulatory framework and implementation aspects. Examples include:

- the new Food Law (of March 2002) which imposes jail sentences for minor offences and centralises all controls over food products into the Ministry of Health, where the Ministry of Agriculture might be expected to take a role,
- the implementation of any Food Law, whether as is or revised,
- the 150-plus "sanitary instructions" of MOH which translate effectively into mandatory regulations with abnormally low tolerance and would require formal justification, and
- a host of safety requirements which emanate from JISM and need to be reviewed for compliance.

AMIR2 is currently supporting work in SPS-related fields, specifically with risk-based Food Safety and Inspection in Aqaba (J Parker and A Whitehead). Substantial technical and physical assistance has been provided to this specific area, with the expectation of spillover effects. During the consultancy, interest was expressed both by JISM and the Drugs Directorate of MOH to have aspects of risk-based testing promulgated to them.

The AMIR Program provided considerable assistance on the legal aspects of the multilateral trading system. Numerous laws were reviewed, revised and drafted to bring Jordan up to WTO accession standard. In consequence, it is argued by the relevant MIT authorities that Jordan is in good legal and policy stead vis-à-vis trade-related aspects of both **investment measures** and **intellectual property rights**. The Department of Foreign Trade Policy feels that Jordan has "very liberal investment measures" and does not as yet monitor Trade-Related Investment Measures (TRIMs) (though it fully acknowledges its responsibility over this). Rather, the Department believes that technical assistance might be more effective in a few months when development on the global scene reveal themselves.

The Department for Industrial Property Protection is charged with all Trade-Related Aspects of Intellectual Property Rights (TRIPs) excluding copyrights (tasked to the National Library). Historically, Jordan is very comfortable with trademarks, but less so with patents which used

¹ Interestingly, plant health is little recognised in Jordan.

to be issued only for processes, or industrial and layout designs which are comparatively new concepts. The Kingdom is paper-based, with up to 70,000 patent and trademark files and 50 new ones a day. Here again, it is felt the legal and policy framework is adequate and WTO compliant. What is needed is the capacity to fulfil the mission of the Department. While ideas are plentiful, they are not pursued because of the “sheer weight of traffic”. The Department has a Strategic Plan of sorts, but can barely keep up with day-to-day activities, as a result the following suffer and are put off:

1. A fully-fledged, international-standard Patents Office suited to the moderate needs of the Kingdom (eg. Norway, Morocco),
2. Appraisal(s) of the economic impacts of intellectual property and IP rights,
3. A general campaign to raise the profile of creativity and invention, which might include ad campaigns, “invention competitions” and award programs,
4. An information centre about inventions and inventors, with historical and current information and online access, or even technical assistance with production problems,
5. Creation of own website, with laws, decisions and initial filing steps,
6. Promotion of Jordanian inventors and their inventions through targeted articles, ad campaigns or sponsorships,
7. Electronic archiving,
8. Own gazetting facilities,
9. Accession to the WIPO’s Madrid Agreement for the Repression of False and Deceptive Indications of Source on Goods and similar, but not until the extra administrative burden associated with accession can be handled.

Key obstacles to the Department’s capacity are inadequate space and staff limitations. Although the Department has 30 staff, six are litigators, one economist is tasked with industrial and layout design, and one chemical engineer with patents, while 27 are dedicated to trademarks and are mostly administrators. The Department does not have its requirements of industrial economists or production engineers, nor does it have more than half dozen English speakers. There are clearly specific training needs to be met.

The Consultant did not investigate issues of **trade in services** in much detail, due in part to the broad scope of this topic. What is apparent from Jordan’s Schedule of commitments under the General Agreement on Trade in Services (GATS) is that numerous restrictions are imposed, in particular in respect of foreign participation, land rights and natural persons. The need to systematically review the Schedule sector by sector is obvious. This is not an issue of WTO compliance since the GATS gives much latitude to members, but one of liberalisation and overall facilitation of business. While Jordan is relatively wealthy and well-educated, it remains a small country which will only develop through partnership with the world, whether in production or trade. Restrictions on foreign presence and activity greatly constrain the Kingdom’s ability to promote itself as a gateway to the Middle East, the Arab world, the EU, the US and the world.

JIB, JEDCO, JIEC, FZC, JAED

Intensive efforts were under way, at the time of this consultancy, to finalise the organisation of the proposed JAED and its satellites (B O’Connell). While the umbrella institution has yet to be established, there appears to be support for the new structure. JAED would effectively

coordinate investment promotion, thus its linkages with JIB, JEDCO and the industrial estates and free zones. The institutional complications come from the different entities of the existing agencies and a reluctance to change. An efficient and effective approach to the promotion of Jordan has yet to be acquired nationally.

The approach taken by AMIR at this stage however is that the institutional framework should be shaped carefully, based on the functions of a modern investment promotion agency, before significant policy reforms can be effected. Indeed, as part of the creation of JAED and reshaping of JIB, JEDCO, and JIEC and FZC, a centre of excellence is being sought to address continuous policy analysis and recommendations. The choice of personnel and initial training to be provided will clearly be influenced by this. There is also an apparent need to promote a better understanding of investment and its promotion. This is discussed in reference to the US-Jordan FTA below.

One aspect of investment promotion is the creation of a **backward linkages program**². There exist several attempts at building linkages in Jordan, emanating from Government, NGOs and donors. These are piecemeal, whether geographically, in the type of linkages pursued, the size of the enterprises concerned, or their nationality. Such haphazard features are only in part because of the remit of the agencies behind these programs. There is also a failure to appreciate the sheer breadth of linkages. In a country such as Jordan, which is small and consists of relatively small economic units but which is also relatively rich, linkages should revolve around:

- A nationwide program, which encompasses enclaves and non-enclave activities,
- Business, that is service as well as productive activities,
- Micro-, small and medium enterprises, which constitute the majority activity,
- Domestic partnerships, as well as links to foreigners, and
- Expatriate Jordanians, who combine economic power with national bonds.

JORDANIAN INSTITUTE FOR STANDARDS AND METROLOGY

JISM is the ISO-registered, national standards body of Jordan. It develops Jordanian standards, monitors adherence of locally-consumed products to technical regulations, grants the Jordanian Quality Mark, accredits laboratories, maintains and supervises the national system for metrology, stamps precious metals, and acts as an information centre on standards and regulations.

Although JISM is financially and managerially autonomous, civil service regulations still apply to its personnel. While increasing demands are being made on JISM as a result of the US-Jordan FTA and WTO accession in particular, its resources are being stretched beyond effectiveness. JISM recently prepared its own needs assessment and request for technical assistance. The following proposals for AMIR2 support are based on this document, with modifications on content, extent and priority.

² An SOW is attached at Annex B.

- JISM-wide:
 - Assist in the (re)formulation of a vision, a mission statement and a strategic plan for JISM as a whole
 - Derive from the above, the mission statements and strategic plans of each of the Departments
 - Review in consequence the organisational structure of JISM and its Departments, with particular attention to conflicts of interest (“tester and testee”)
 - Evaluate staff needs in accordance with the new structure
 - Introduce best practice quality management systems in JISM and each of its Departments (appraise the need for ISO compliance which seems to pervade JISM)
 - Prepare a comprehensive, cost-based price list for all JISM services and products
 - Pursue e-government in JISM through its website, with general computerisation and the identification of services that can be provided online and
 - Facilitate any legal modifications that may be required, in particular in respect of recruiting and retaining the right staff.
- Standards:
 - Evolve a prioritised schedule for the review of the 1,200 existing standards in line with WTO and assist in meeting this schedule
 - Design a system for the periodic review of all standards (prioritising, dating)
 - Provide training in standards review
 - Devise a system for the review of the practical application of standards, possibly involving focus groups meeting regularly
 - Devise a system to identify the need for new standards or to incorporate international standards as they come on stream
 - Provide technical assistance and training on reviewing international standards and motivating adaptation to national needs only where necessary
 - Establish a formal link with credible “outside examiners” to audit new standards
 - Construct a technical glossary to facilitate production of identical and equivalent standards documentation in Arabic and English, and provide technical assistance and training in standardised translation or consider outsourcing translation with editorship in the Department.
- Information:
 - Identify key subscriptions and memberships, rationalise and prioritise
 - Acquire missing references where necessary
 - Provide technical assistance and assess need for equipment to computerise the library and speed up customer service
 - Assess the ability of the Department to run all online efforts of JISM
 - Based on the overall review of JISM, amend the website to reflect vision, missions and plans
 - Based on the review of JISM services and products and the cost-based price list, improve the website to provide more online services
 - Install and monitor an online forum and telephone/post system to receive customer suggestions and requests (including need for standard)
 - Assess customer needs, in relation with chambers and online feedback, and tailor services accordingly

- Market the services of JISM through the national media and online by linking to key investment, standardisation and industry sites.
- Accreditation/Certification:
 - Undertake structural modifications and take necessary steps to become a full member of the International Laboratory Accreditation Cooperation
 - Introduce a credible, compulsory safety mark (national or adopted) for all health and safety products, local and imported, with consequent staff and funds
 - Assess staff and equipment needs to speed up processes
 - Establish ISO certification function with sole mandate to issue
 - Strengthen the Jordanian Quality Mark by tying it to voluntary regulations and marketing it (“Buy Jordan-approved” campaign) and exploring mutual recognition.
- Control/Testing/Metrology:
 - Review necessity and performance of all testing and control, especially coverage and overlap with other agencies (with a view to rationalisation) or other countries’ testing/control
 - Provide technical assistance and training to introduce risk-based testing (see Customs) and sufficient timely checks – computerise
 - Assess and correct the occurrence of missing standards and insufficient testing facilities, investigate recognition of trading partners’ certification
 - Assess and introduce missing calibration or measurement services as needed by industry, not to increase control
 - Adopt international best practices for inspection, sampling and testing
 - Assess staff and equipment requirements (better facilities and new environmentally-friendly testing methods).

MINISTRY OF HEALTH

The pharmaceuticals industry holds prominence in Jordan. Government’s role in this sector is mainly channelled through its Ministry of Health. Previous approaches to the Ministry have had limited success. There is however a need to rationalise procedures and processes. Two opportunities present themselves in this regard.

The first stems from an offer made by Pharmaceuticals Research and Manufacturers of America to give the Ministry 50 computers to speed up the drugs registration process. PhRMA sent its own Consultant to discuss the IT needs of the **Drugs Directorate**, whom the Consultant accompanied. Discussions with the Director established that difficulties with the registration process go well beyond computerisation, though this will play an important role in the upgrade. However, the PhRMA and AMIR Consultants agreed that a general rethink was needed, streamlining the process, simplifying the procedures and minimising testing. What was discussed in principle was the coordination of physical assets from PhRMA and technical assistance from AMIR2. This seemed well received by the Directorate, but further progress hinges on the awaited appraisal report of the PhRMA Consultant.

The second opportunity arises from a request put by the MOH to the Jordan Pharmaceuticals Association. The MOH wanted assistance on establishing a Food and Drugs Agency. The Association in turn referred to JUSBP, who identified a Consultant for the initial assessment work. The Consultant is expected on a first visit in June. Because this is a matter of policy, it has been agreed in principle that after this initial input, the FDA project, which may take up

to three years, will be taken over by AMIR2, following the action plan drafted by the JUSBP Consultant. In the meantime, relevant material is being gathered.

CUSTOMS

The PSPI component includes substantial Customs support under the Customs Reform and Modernisation activity (G Wood). This is broad ranging, covering policy and enforcement, institutions and procedures, as well as extensive training. The Consultant's interest in this area relates to Government's ability to deliver the best service it can, so as to minimise the cost of doing business in Jordan. In this context, her emphasis was on tariff policy – a uniform and predictable system (on paper and in practice) – and efficiency – clearing, testing, appeals – where they affect the ability to operate in Jordan.

Important reforms have already been made of the tariff schedule, while sizeable technical assistance is being provided by AMIR2 on efficiency. A stated policy was therefore adopted by AMIR2 to coordinate efforts in Customs with activities undertaken with MIT, JISM and other bodies. The intention is to bolster intra-government communications and public-private relations, to cement consistency of knowledge and of practice. One example of this concerted effort is wide-ranging training which will be sponsored by Customs but will include attendees from JISM or MIT. It is hoped that by learning together, the different government officials involved will better appreciate the intricacies of trade and customs administration, and thus be better equipped to formulate policies. Testing approaches and methods are one particular obstacle to smooth running of business in Jordan, and will be one area where linkages can be bolstered between government agencies.

BUSINESS ASSOCIATIONS AND THE US-JORDAN FTA

The Consultant attended several of the meetings of the Subcommittees on the US-Jordan Free Trade Agreement. There are four such working groups, being Trade and Investment Policy, Public Advocacy, Research and Business Development, and Public Relations. Their membership is of business associations and some government officials (Customs, JEDCO, MIT) depending on the grouping. It is apparent that the working groups lack the technical abilities to meet their respective terms of reference. Examples include repeated studies of the same four economic sectors (olive oil, Dead Sea products, marble and pharmaceuticals) or over-ambitious plans to flood the US market, with little systematic or creative thinking. The AMIR2 Program already supports the PR Subcommittee ardently. Other technical assistance might be provided to the FTA work on adequate and significant research, both economic and business-oriented, with new opportunities and approaches flagged up.

It should also be recognised that the business associations themselves need to understand their role, both in what they are meant to do and the services they should provide, and the areas where they should not venture. The BMI component of AMIR2 will concentrate on building the associations' ability to deliver a quality, worthwhile service to the business community. The PSPI might support this effort in providing content, economic and technical, which the associations might disseminate and gain face from. It remains to be determined how much technology transfer might occur, since the analytical capacities of the associations are unclear. It is to be hoped that at least some associations would develop to update the work produced or draw inspiration from work undertaken by outside consultants.

Several areas of research on the US-Jordan FTA were identified by the Consultant, including:

- An assessment of the FTA 6- to 12-months on,
- An assessment of the rules of origin of the FTA and any difficulties that Jordanian producers might face in attempting to meet these, or Customs in enforcing them,
- An exercise in lateral thinking, to identify potential US market niches building on existing Jordanian activities or knowledge beyond the “traditional” exports.

A further study was identified in the context of the FTA, but could most usefully be enlarged to all Jordanian producing and trading, that of effective protection. This would consider the cumulative effect of all the taxes borne by business, starting with the conflict between tariffs on output (“protection”) and tariffs on inputs (which increase costs thus lower protection), and extending to less transparent charges which undermine competitiveness. This study would be invaluable in identifying obstacles to trade with the US certainly, but also to make key policy choices in a liberalising economy which recognises the necessity to integrate the multilateral trading system.

MINISTRY OF PLANNING

The AMIR2 Program hopes to provide technical assistance to this government agency and is in the process of identifying areas of interest. From the Consultant’s point of view, it would be crucial to assess the synergies to be drawn between MOP and MIT’s portfolios. There is need not only to confirm that the two agencies do not duplicate or counter-act each other, but more importantly to develop the potential for multiplier gains. Where policy-making knowledge is available in one or the other, it should be exchanged and built upon. It is envisaged that greater closeness can be nurtured between MOP and MIT through the AMIR2 Program’s technical assistance.

ANNEX A – SCOPE OF WORK OF THE CONSULTANT

Activity	504.2 Investment Promotion (IVP)
SOW Title:	National Investment Strategy for the Newly Forming Jordan Agency
Modification	1
SOW Date:	Friday, January 25, 2002
SOW	Final
Total LOE:	30
Task and Consultant	
	LOE/F/Investment Policy Advisor
	TDA Tania Revault d'Allonnes

I. Specific Challenges Addressed by this Consultancy

In recent years, Jordan has taken critical steps to improve its trade environment, including accession to the WTO, which has brought Jordan into the global trade regime, and FTAs with the U.S., the EU, and others, which provide Jordanian exporters with preferential market access. To realize the economic benefits of these liberalization measures, Jordan must develop the capacity to coordinate trade policy formulation and negotiations, and ensure compliance with trade agreements. However, key trade and investment functions and related information systems are currently uncoordinated and spread across several government organizations, including the Prime Ministry, the Central Bank, and the Ministries of Industry and Trade, Planning, and Finance. Little has been done to encourage or improve linkages between Jordan's trade policies, market access agreements, and investment promotion efforts. In addition, the general public, particularly the business community, is not actively involved in trade policy formulation and is ill-informed about the impact of trade and market access agreements on business and investment opportunities.

Basic Goals and Targeted Results

Goal: Enhance the government's capacity to formulate and implement trade policy and international market access agreements.

Target results: Effective coordination of Jordan's trade policy and market access agreements; institutionalization of trade policy decision-making and information dissemination system; maintenance of transparent and predictable WTO- and FTA-compliant trade regime; meaningful participation of private sector in trade policy discussions; e-enabled trade policy services and information; increased export opportunities for Jordanian businesses.

II. Objective

The objective of this initial SOW is to identify for the Ministry of Industry and Trade (MIT) their requirements in trade capacity and negotiations and begin sourcing STTA to provide backing for the MIT's strategic plan. Several key areas of the WTO and the US-Jordan FTA form the core of the immediate tasks:

Procurement advising, Sanitary and Phytosanitary advising, backward linkages program development, Trade in Services assistance, TRIPS, TRIMS, etc.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

- Tania Revault d'Allonnes
 1. AMIR Technical Proposal
 2. AMIR 1.0 Final Report
 3. Strategic Plan of the Ministry of Industry and Trade
 4. TIJARA Draft Plan

From the AMIR website read the following references (www.amir-jordan.org/deliverables_main.htm) in the area of trade and investment:

- A. • 4.4.61
- B. • 4.4.18
- C. • 2.2.6
- D. • 4.4.31
- E. • 4.4.22
- F. • 4.4.57 (Review data base structure)
- G. • 4.4.17
- H. • 4.4.28
- I. • 4.4.10
- J. • 2.2.3 or 2.5.2 (Seminar notes and a good overview)
- K. • 2.5.2
- L. • 4.4.16

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

- Tania Revault d'Allonnes
 1. Steve Wade, Charles Krakoff, Richard Dreiman, Stephen Lewarne, AMIR 2 Program
 2. Jon Lindborg, Jim Barnhart, Jamal Al-Jabiri, USAID
 3. Majed Hamoudi, Ministry of Industry and Trade
 4. Baha'a Armouti, Ministry of Industry and Trade
 5. Sameer Tawil, Ministry of Industry and Trade
 6. Dr. Salah Al-Bashir, Ministry of Industry and Trade
 7. Samer Al Tarawneh, Ministry of Industry and Trade
 8. Nesreen Barakat, Ministry of Planning
 9. Dr Khaled Al-Wazani, The Royal Hashemite Court
 10. Dr Ahmad Al-Hindawi, The Jordan Institute for Standards and Metrology
 11. Dr. Mahmoud Talhouni, The National Library

Other individuals and groups as become necessary to the successful execution of this scope of work and/or as directed by Mr. Steve Wade, AMIR Program Director, or Mr. Charles Krakoff, PSPI Team Leader.

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

- Tania Revault d'Allonnes
 1. Draw up a list of recommendations for the Minister and the Secretary General with appropriate staffing of short-term advisers (to discuss with the component leader—Charles Krakoff) on matters related to Jordan's international trade position and requirements for WTO negotiations and agreements;
 2. Draft scopes of work for technical assistance, training and commodities procurement in connection with WTO and other policy initiatives for the Ministry of Industry and Trade, the Ministry of Planning, Jordan Institute for Standards and Metrology, the National Library, and other entities as directed by the PSPI Team Leader;
 3. Supervise and co-ordinate the field work of domestic and foreign employees, subcontractors, consultants, suppliers and service providers engaged to carry out the tasks described in Point Number 2, above;
 4. Ensure the quality and timeliness of all deliverables provided under Point Number 2, above;
 5. Represent the AMIR Program on committees and task forces and in meetings related to the TMA sub-component;
 6. Perform other, related tasks as directed by the AMIR Program Director or the PSPI Team Leader.

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

	Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
Tania Revault d'Allonnes	05-Apr-200	30	1 days	1 days	28 days	0 days	0 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
Tania Revault d'Allonnes	2	28	0	0	30
<i>Subtotal</i>	2	28	0	0	30

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

- Tania Revault d'Allonnes

Phase 1***1. Educational Qualifications***

- At least an MA in Economics with a focus on trade and investment

2. Work Experience Qualifications

- 10 years of international experience advising governments and government officials on trade and investment

ANNEX B – SCOPES OF WORK WRITTEN DURING THE CONSULTANCY

Activity	581.1.6 Enhance Policy Analysis Capacity
SOW Title:	Policy Adviser, Ministry of Industry and Trade
Modification	Original
SOW Date:	asap
SOW	Draft
Total LOE:	1 year
Task and Consultant	

I. Specific Challenges Addressed by this Consultancy

The Government of Jordan under King Abdullah II has continued the open economic policies started by the late King Hussein, has accelerated Jordan's entry into the global economy, and has recently adopted a new, socio-economic plan which, among other things, espouses private-sector led economic development based on private investment. However, a great deal of work remains to be done to assist various important economic-oriented ministries to move beyond their traditional roles as regulators of industry and commerce, and adopt more proactive roles as facilitators of an enabling environment attractive to investors and enterprises, and as knowledge managers for better informing government and private sector decisions. These new roles need to be consistent with international best practices in excellence in government and accelerated economic development.

One of the most important ministries in this regard is the Ministry of Industry and Trade. While considerable work has been accomplished at that Ministry with respect to Jordan's WTO membership, e-government initiatives, and the streamlining of certain business-related procedures, significant re-engineering must be undertaken to enhance the overall quality of Ministry operations, as well as specific functions and processes in the Ministry. In particular, the Ministry needs to adopt a systematic approach for regular review and improvement that enables it to enhance the effectiveness, efficiency and impact of the Ministry in establishing and implementing economic, commercial, industrial and trade policies.

II. Objective

The objective of this consultancy is to provide policy analysis and decision support to the Minister of Industry and Trade, with specific focus on issues related to trade negotiations, industry, trade and investment policy.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

1. AMIR Technical Proposal

2. AMIR 1.0 Final Report
3. Strategic Plan 2002-2006, Ministry of Industry and Trade, December 2001
4. Investment Task Force Executive Summary and Accompanying Report (January 2002)

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

1. Steve Wade, Chief of Party, AMIR 2.0 Program
2. Charles Krakoff, PSPI Component Leader, AMIR 2.0 Program
3. Tania Revault d'Allonnes, Senior Policy Advisor, AMIR 2.0 Program
4. Dr Salah Al-Bashir, Minister of Industry and Trade
5. Mr Nadeem Muasher, Chairman, Investment Committee
6. Dr Khaled Al-Wazani, Economic Advisor to HM King Abdullah
7. Jon Lindborg, Jim Barnhart and Jamal Al-Jabiri, USAID.

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

1. The Policy Adviser will provide policy analysis and decision support to the Minister of Industry and Trade, with specific focus on issues related to industry, investment, trade and trade negotiations, and consumer welfare.
2. The Adviser will work with the Minister and AMIR Program consultants to develop a research agenda based on expected future trade negotiations and other issues which the Minister will have to address. The Adviser will conduct research on issues on this agenda.
3. The Adviser will also conduct more ad hoc research as may be required by the Minister.
4. The Adviser will be "first among equals" of a team of analysts with similar mandates, working in the Economic Studies Department of the Ministry, helping to transform the Department into a more robust unit capable of providing essential information, research and support to the Minister. The Adviser will work closely with other AMIR Program experts assigned to develop the capacity of the Economic Studies Department, and will provide significant assistance, including on-the-job training, on improving the quality of analysis this unit provides.
5. The Adviser will report on a day-to-day basis to the Minister of Industry and Trade, but will also report to the Private Sector Policy Initiative Team Leader of the AMIR 2.0 Program.

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

Start	LOE	To Post	From Post	Field Work 3rd Country	U.S.A.
	288	1 days	1 days	288 days	0 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
	2	288	0	0	290
<i>Subtotal</i>	2	288	0	0	290

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

1. *Educational Qualifications*

- At least a Masters in Economics, preferably with emphasis on industry and trade

2. *Work Experience Qualifications*

- Significant experience in policy analysis and decision making.
- Solid command of economic analytical tools.
- Good prioritisation skills.
- Effective brief-writing and presentation ability.

Activity: 513 Investment and Export Promotion
SOW Title: US-Jordan FTA Niche Opportunities
Modification: Original
SOW Date:
SOW: Draft
Total LOE: 24
Task and Consultant:

I. Specific Challenges Addressed by this Consultancy

In recent years, Jordan has taken critical steps to improve its trade environment, including accession to the WTO, which has brought Jordan into the global trade regime, and FTAs with the US, the EU and others, which provide Jordanian exporters with preferential market access. To realise the economic benefits of these liberalisation measures, Jordan must develop the capacity to coordinate trade policy formulation and negotiations, and ensure compliance with trade agreements. Several AMIR activities aim at the cumulation and coordination of information and decision-making, and developing public-private dialogue in trade policy formulation. In particular, AMIR provides support to the FTA committees charged with analysing and implementing the US-Jordan FTA.

II. Objective

The specific objective of this activity is to identify practical opportunities afforded by the US-Jordan FTA initially, and potentially by other preferential trading arrangements, given the combination of FTA-specific opportunities and Jordan's experience and expertise. It moves away from the traditional products (eg. olive oil, Dead Sea products) to what new products this knowledge can inspire (eg. flavoured/essential oils, special growing techniques, luxury/specialised toiletries).

This identification will be based on background reading on the FTA and key Jordanian sectors and numerous interviews with a variety of economic actors.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

1. TIJARA Draft Plan
2. US-Jordan FTA Agreement, especially the schedules of Tariff Reductions and Rules of Origin
3. MOP's Competitiveness Unit Cluster Studies
4. Selected sector-specific studies

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

1. Steve Wade, Chief of Party, AMIR 2.0 Program
2. Charles Krakoff, PSPI Component Leader, AMIR 2.0 Program
3. Glenn Wood, Customs Sub-Component Leader, AMIR 2.0 Program
4. Tania Revault d'Allonnes, Senior Policy Adviser, AMIR 2.0 Program
5. Raghda Butros, Director, JABA
6. GOJ officials familiar with industry or trade
7. Selected producers and traders
8. Jon Lindborg, Jim Barnhart and Jamal Al-Jabiri, USAID.

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

1. Review the listed tariff reductions and rules of origin of the US-Jordan FTA and identify products or product ranges with extraordinary market access potential
2. Review, in particular through targeted interviews, Jordanian production techniques and trade experience to identify skills which may be extended or transferred to new products or product ranges
3. Draw up a list of niches and skills, for further exploration by business associations
4. Should there be interest in a presentation workshop either on the results or the process of identifying new opportunities, the Consultant(s) shall prepare the workshop material and deliver it in a format to be agreed (it is envisaged that 2 days would be needed for preparation, in addition to the 1 day of delivery – this is not included in the present LOE)

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
	24	1 days	1 days	20 days	0 days	2 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
	2	20	2	0	24
<i>Subtotal</i>	2	20	2	0	24

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

1. *Educational Qualifications*
 - At least an BA in Economics or Business
2. *Work Experience Qualifications*
 - At least 10 years of international entrepreneurial experience

Activity: 504.4 Trade and Market Access (TMA)
SOW Title: US-Jordan FTA Rules of Origin Assessment
Modification: Original
SOW Date:
SOW: Draft
Total LOE: 19
Task and Consultant:

I. Specific Challenges Addressed by this Consultancy

In recent years, Jordan has taken critical steps to improve its trade environment, including accession to the WTO, which has brought Jordan into the global trade regime, and FTAs with the US, the EU and others, which provide Jordanian exporters with preferential market access. To realise the economic benefits of these liberalisation measures, Jordan must develop the capacity to coordinate trade policy formulation and negotiations, and ensure compliance with trade agreements. However, key trade and investment functions and related information systems are currently uncoordinated and spread across several government organisations, including the Prime Ministry, the Central Bank, and the Ministries of Industry and Trade, Planning, and Finance. Little has been done to encourage or improve linkages between Jordan's trade policies, market access agreements, and investment promotion efforts. In addition, the general public, particularly the business community, is not actively involved in trade policy formulation and is ill-informed about the impact of trade and market access agreements on business and investment opportunities.

Goal: Enhance the government's capacity to analyze and implement international market access agreements.

Target results: Effective coordination of Jordan's trade policy and market access agreements; institutionalisation of trade policy decision-making and information dissemination system; maintenance of transparent and predictable WTO- and FTA-compliant trade regime; meaningful participation of private sector in trade policy discussions; e-enabled trade policy services and information; increased export opportunities for Jordanian businesses.

II. Objective

Rules of origin can act as obstacles to trade. While the rules of the US-Jordan FTA are tried and tested by the US, they are new to Jordan both in practice and in principle. The objective of this SOW is to look at how the rules work. Two sets of information would then be derived. First, guidelines to assist the Jordanian producers' efforts in meeting the rules. Second, highlights of potential problems with the rules from the Jordanian viewpoint – this would inform ongoing (re)negotiations of the FTA.

This SOW will principally involve desk research, based on the listed FTA rules. There is a need to complement this with field research on key Jordanian producers however, to assess the practicalities of the rules from the point of view of current production processes. The output would be two-fold:

- Technical assistance to the private sector in understanding and meeting the rules of origin of the FTA:

- A full “academic” review of the rules would consider overall issues and any specific product or product-group problems with the rules
- One-page technical brochures would list product or product-group specific issues for distribution to Jordanian businesses, either directly, through the business associations, or in collaboration with JUSBP firm-level assistance
- Half- or one-day workshops could be envisaged where specific issues are observed for product-groups (eg. food, toys, crafts). These might tie into a separate SOW aimed at identifying potential niches and specific marketing/distribution issues
- Based on the more academic review, policy-making advice in the form of negotiations briefs on specific rules hampering Jordanian enjoyment of the full FTA benefits, for selected products for which the rules might be revealed to act as obstacles to trade.

This work also includes a technology transfer component in that understanding the FTA rules of origin improves understanding of trading rules in general and may assist in future trade agreement negotiations.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

1. TIJARA Draft Plan
2. US-Jordan FTA Agreement, especially the schedule of Rules of Origin
3. MOP's Competitiveness Unit Cluster Studies
4. AMIR Backward Linkages, Enterprises Connections Program Pilot Assessment
5. Selected sector-specific studies

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

1. Charles Krakoff, PSPI Component Leader, AMIR 2.0 Program
2. Tania Revault d'Allonnes, Senior Policy Adviser, AMIR 2.0 Program
3. Raghda Butros, Director JABA
4. Key members of the FTA Committees
5. Selected producers

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

1. Review the listed rules of origin of the US-Jordan FTA and highlight any problem with these, whether at the overall, product or product-group level
2. Prepare targeted factsheets about product-specific difficulties with the rules
3. Prepare clear and solid negotiating briefs to resolve any serious problem with the rules in discussions between Jordanian and US officials

4. Should there be interest in presentation workshops, the Consultant(s) shall prepare the workshop material and deliver it in an agreed format (it is envisaged that 2 days would be needed for preparation, in addition to the 1 day of delivery, for each product or product-group – this is not included in the present LOE)

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
	19	1 days	1 days	10 days	0 days	7 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
	2	10	7	0	19
<i>Subtotal</i>	2	10	7	0	19

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

1. *Educational Qualifications*

- At least an MA in Economics with a focus on trade and trading arrangements

2. *Work Experience Qualifications*

- At least 10 years of international experience advising governments and government officials on trade, trading arrangements and trade negotiations

Activity: 504.4 Trade and Market Access (TMA)
SOW Title: Effective Tax Rates Assessment
Modification: Original
SOW Date:
SOW: Draft
Total LOE: 62
Task and Consultant:

I. Specific Challenges Addressed by this Consultancy

In recent years, Jordan has taken critical steps to improve its trade environment, including accession to the WTO, which has brought Jordan into the global trade regime, and FTAs with the US, the EU and others, which provide Jordanian exporters with preferential market access. To realise the economic benefits of these liberalisation measures, Jordan must develop the capacity to coordinate trade policy formulation and negotiations, and ensure compliance with trade agreements. However, key trade and investment functions and related information systems are currently uncoordinated and spread across several government organisations, including the Prime Ministry, the Central Bank, and the Ministries of Industry and Trade, Planning, and Finance. Little has been done to encourage or improve linkages between Jordan's trade policies, market access agreements, and investment promotion efforts. In addition, the general public, particularly the business community, is not actively involved in trade policy formulation and is ill-informed about the impact of trade and market access agreements on business and investment opportunities.

Goal: Enhance the government's capacity to analyze and implement international market access agreements, and to understand the implications of its tax regime on trade performance.

Target results: Effective coordination of Jordan's trade policy and market access agreements; institutionalisation of trade policy decision-making and information dissemination system; maintenance of transparent and predictable WTO- and FTA-compliant trade regime; meaningful participation of private sector in trade policy discussions; e-enabled trade policy services and information; increased export opportunities for Jordanian businesses.

II. Objective

Countries levy taxes and equivalent charges for a variety of reasons. Jordan has been involved in significant efforts to rationalise its tariff structure for instance, but has not undertaken a full review of its tax regimes. In order for Jordanian exports to be competitive, they must land in their destination markets at a price that is lower than competitors'. This has direct implications for taxation. A straight-forward example is with tariffs: any tariff protection, and in particular cascading tariff structures such as the one in effect in Jordan, distorts the production structure and thus trade performance. Effective protection analysis quantifies the level of "true" protection afforded domestic producers, when taking into account both the tariff imposed on competing products and the tariffs levied on imported inputs. As more inputs are taxed, costs increase and the amount of protection on the product is unlikely to offset these (note that in export markets the product has no protection, and certainly no control over the level of protection it receives from a foreign government).

With a better appreciation of the effective rate of protection, Government can make key choices about various tax measures, including tariffs and similar charges. The output would therefore be policy briefs both on levies overall and on specific protection skewness which Government might choose to correct, thereby improving the competitiveness of Jordanian products.

The work involves substantial data collection, including an industrial survey to appreciate the production process (ie. all production points where costs are incurred and inflated by taxation). There are a number of technology transfer aspects to this work, including theoretical and practical economic tools, survey methods, and policy analysis. Once acquired, these skills can be reused for periodic assessment of tariff (and other) protection. In this respect, it is intended that selected staff from JAED/MIT or other government bodies may be tied to the Consultant(s), either formally or ad hoc.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

1. TIJARA Draft Plan
2. Jordan Customs Tariff Book
3. Jordanian Laws on Company, Land, Production, Sales, Revenue Taxes
4. MOP's Competitiveness Unit Cluster Studies
5. Selected sector-specific studies

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

1. Steve Wade, Chief of Party, AMIR 2.0 Program
2. Charles Krakoff, PSPI Team Leader, AMIR 2.0 Program
3. Glenn Wood, Customs Sub-Component Leader, AMIR 2.0 Program
4. Tania Revault d'Allonnes, Senior Policy Adviser, AMIR 2.0 Program
5. Barry O'Connell, IVP Sub-Component Leader, AMIR 2.0 Program
6. HE Dr Salah Al-Bashir, Minister of Industry and Trade
7. Dr Khaled Al-Wazani, Economic Advisor to HM King Abdullah
8. Jon Lindborg, Jim Barnhart and Jamal Al-Jabiri, USAID

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

1. Calculate the current effective tax rate on goods made in Jordan (ie. where value is added in Jordan, as opposed to any formal definition of "made in") for export. This will take into account all taxes and non-commercial charges levied. The resulting structure will be broken down vertically into three parts (import, internal, export)

- and horizontally by individual tax or charge to highlight problem rates
2. Identify all significant non-tariff barriers to trade and calculate a price/tax equivalent for these barriers
 3. Comment on the relative costs and benefits of any Jordanian NTBs from the point of view of competitiveness and trade performance
 4. Construct a tax and NTB policy matrix, based on the HS classification, that can produce “what if” scenarios for different policy choices
 5. Construct a tax and NTB matrix based on the HS classification, which will highlight not only tariff rates but any tax exemptions and NTBs at the product level (this would be approximate because of the overlap of regulations)
 6. Provide policy recommendations on changes needed either because the current structure offends international commitments or because it hampers performance or investment.

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
	62	1 days	1 days	35 days	0 days	25 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
	2	35	25	0	62
<i>Subtotal</i>	2	35	25	0	62

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

1. Educational Qualifications

- At least an MA in Economics with a focus on trade

2. Work Experience Qualifications

- At least 10 years of international experience advising governments and government officials on trade and taxation
- Good understanding of NTBs and WTO obligations
- Strong mathematical economic skills
- Strong modelling skills (this could be provided by a programmer, provided clear algorithms could be evolved).

Activity: 514 Backward Linkages
SOW Title: Improving Backward Linkages
Modification: 3
SOW Date: June/July 2002
SOW: Draft
Total LOE: 35
Task and Consultant:

I. Specific Challenges Addressed by this Consultancy

Jordan is embarking on a process of re-engineering and upgrading its investment promotion capability, in order to bring its standards of operation up to international best practices. One important element of a successful investment promotion initiative is an efficient Backward Linkage Program which fosters links between businesses (foreign and domestic, large and small, manufacturing and services, byproducts), and maximises the growth of local firms through supply and other opportunities. Worldwide, the relatively low levels of local sourcing by foreign firms has often been attributed to the significant technological and managerial gaps between the foreign firms and the local SME potential suppliers, which prevent the latter from meeting the needs and requirements of the former. In general, foreign firms complain about the lack of adequate response from local SME suppliers to the following requirements:

- Quality control
- Time of delivery
- Flexibility of production
- Ability to design parts and components
- Competitive price
- Long term commitment.

According to a wide cross-section of foreign employers in this country who were interviewed in 1999 under the AMIR 1 project, these issues are also prevalent in Jordan.

II. Objective

The proposed consultancy will examine the design of a Backward Linkage Program for Jordan, partly based on what was proposed in 1999, but updated to reflect the current policy, regulatory and institutional environment. The expected result is a tailored Backward Linkage Program designed and developed for Jordan to international standards. Specific tasks include:

- A review of all the information sources on potential suppliers and outsourcers, quality and problems (Chambers of Industry, DOS annual industrial survey, JIB, ASEZA, JUSBP, micro-finance institutions etc.).
- A review of project proposals and projects already in place to improve linkages (NGOs, donors, government).
- A series of meetings with selected foreign investors, government regulators, business leaders and other stakeholders, to identify specific needs (information gap, capacity gap, costs and risks).

- An assessment of the need for intermediaries, “middlemen” that can guarantee quality and delivery.
- An assessment of the obstacles to linkages between activities in special zones (IE, QIS) and activities outside enclaves, and recommendations on how to foster cross-zone linkages.
- Detailed recommendations on design and installation of the Program, which will include needs assessment TA for both the investment promotion institution and local enterprises (how linkages fit into the overall development strategy).
- Schedule of implementation of the Program, in conjunction with counterparts (in particular JUSBP, NAFES, EJADA and MIT’s SME Agency, where firm-level assistance programs might be recommended).
- A training program for Jordanian officials who will be involved in the Program.
- An awareness campaign to increase understanding of linkages and drum up support for the Program (linkages are sought only where they benefit Jordan by addressing the competitive needs of domestic enterprises).

The Backward Linkages Program is expected to include principally a register of local producers (the implication being that those who are interested in building linkages are best equipped to select their partners in this), suggestions for TA for firm- or cluster-level assistance and for TA to GOJ, and some kind of IT support to foster links between firms.

The Program is not expected to pre-select sectors or clusters to be included or excluded, nor should it restrict recommendations or assistance to any such sector or cluster (economic or geographic). The intention is to devise an all encompassing, non-distortionary, voluntary facilitation mechanism for promoting backward linkages.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

- Investment Task Force Executive Summary and Accompanying Report (January 2002)
- Strategic Plan of the Ministry of Industry and Trade
- TIJARA Draft Plan
- AMIR 1.0 Report “Investor Targeting Strategy for the Investment Promotion Corporation”
- AMIR “Backward Linkages Program” (1999).
- AMIR “Backward Linkages, Enterprises Connections Program Pilot Assessment” (MIE 2002).
- UNCTAD World Investment Report 2001 – Promoting Linkages.
- USAID: CIDE Technical Report No. 17 “Export and Investment Promotion in Thailand”
- USAID: CIDE Technical Report No. 22 “Investment and Export Promotion in Egypt and Morocco”

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

1. Steve Wade, Chief of Party, AMIR 2.0 Program
2. Charles Krakoff, PSPI Component Leader, AMIR 2.0 Program
3. Suhair Khatib, Business Management Specialist, AMIR 2.0 Program
4. Directors of JIB, JIEC, JEDCO, FZC
5. Mr M Arslan, Head ZIC
6. Mr M Ziabat, JIB representative at ZIC
7. Ms M Alhaq, ECP Administrator
8. Selected existing foreign investors
9. Dr Salah Al-Bashir, Minister of Industry and Trade
10. Mr A Hadidi, IDD Director, MIT
11. Mr A Hindawi, Director General, JISM
12. Other GOJ officials familiar with issues of investment formation
13. Mr N Muasher, Chairman, Investment Committee
14. Dr K Al-Wazani, Economic Advisor to HM King Abdullah
15. Key members of the FTA Committees
16. Mssrs J Lindborg, J Barnhart and J Al-Jabiri, USAID.

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
	37	1 days	1 days	35 days	0 days	0 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
	2	35	0	0	37
<i>Subtotal</i>	2	35	0	0	37

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

1. *Educational Qualifications*
 - At least an MA in Economics with a focus on trade and investment
2. *Work Experience Qualifications*
 - At least 8 years of international experience advising governments on trade, investment promotion, economic development and building business.

Activity: 512 Investment and Export Development Research and Policy
SOW Title: Cluster Analysis
Modification: Original
SOW Date: 12 May, 2002
SOW: Draft
Total LOE: 15
Task and Consultant: Mihir Desai

I. Specific Challenges Addressed by this Consultancy

Accelerating foreign direct investment is crucial to achieving higher rates of growth. Technical assistance under AMIR targeted the Jordan Investment Board based on the assumption that it could become a world-class, private sector led agency for stimulating FDI. However, the overall results of efforts to strengthen JIB have been disappointing.

In late 2001, HM King Abdullah II appointed an Investment Task Force to address this problem and to provide recommendations for restructuring Jordan's existing investment and trade promotion organisations. The ITF commissioned Booz-Allen to examine international best practices and recommend a model most appropriate to Jordan's needs. Based on this study, the ITF recommended adopting a structure similar to Ireland's Forfás, a semi-autonomous umbrella agency that controls and coordinates all of Ireland's national trade and investment promotion and facilitation activities, and functions as the principal source of advice and recommendations to Government on trade and investment policy and strategy. The ITF recommended that existing bodies charged with investment and trade promotion functions (JIB, the Jordan Export Development Corporation, the Jordan Industrial Estates Corporation and the Free Zones Corporation) be subsumed under this new agency – the Jordan Authority for Economic Development.

A key objective of the AMIR 2.0 Program is to support this effort and to provide whatever technical assistance is required for JAED to function properly. Pending the creation of JAED, investment and trade policy remains under the joint responsibility of the Ministry of Industry and Trade and the ITF. The ITF had been instructed to present to His Majesty, by April 30, 2002, a set of investment and trade policy and strategy recommendations for immediate action. The ITF, in the absence of any alternate vision to that proposed by Booz-Allen, presented the recommendations of that study as its own, with minor modifications adopted by the Investment Committee. For the establishment of JAED and related activities, the Investment Committee with AMIR Program support has developed a detailed set of recommendations that owes as much to the Committee's own research and deliberations as it does to the recommendations contained in the original study.

No such research or discussion has taken place with respect to current investment and trade strategy with the result that the recommendations contained in the Booz-Allen study are likely to be adopted without modification. The Booz-Allen study examined some 10 existing sectors and proposed immediate actions to improve the export and investment performance of these sectors. Terming them "Quick Fixes", it recommended sweeping reforms touching on tax codes, international agreements, regulatory and legal reforms, infrastructure development and more. These sector analyses and recommendations were based in part on prior sector studies carried out by Deloitte & Touche.

The potential danger in adopting these recommendations for “quick fixes” is that it may commit Government to a long-term course of action based on short-term considerations rather than in the context of a long-term set of policies and strategies. Such action could require the new JAED to focus to a large degree on undoing possible harmful consequences of these “quick fixes” instead of developing a coherent basis for national investment and trade policies and strategies. It is essential, therefore, to examine the recommendations presented in the Booz-Allen report and to propose an alternative approach based on existing strategies and on the initiatives that AMIR is supporting in respect of JAED and its affiliated implementing agencies.

II. Objective

The objective for the consultant under this particular SOW is to produce a “model” cluster analysis in the context of AMIR work toward a national investment strategy that will help consolidate rigorous economic analysis into investment promotion through JAED. The intention is for those who promote both FDI and DDI in Jordan to understand their task in the context of an investment strategy, with knowledge of Jordan’s comparative advantages by industry and sector, and promote an incentive structure that will contribute to long-term growth rather than short-term investor gain. The ability to underpin the new JAED’s mandate with rigorous analysis and solid metrics will greatly enhance the reputation of the new body and in turn promote Jordan as a destination of capital.

Although some work has been done on clusters in Jordan, the concept of competitiveness and the benefits of cluster-based policy are not sufficiently understood by policy-makers. Both Government and the private sector are eager to improve the competitiveness of Jordan but appear not to recognise that it is Jordanian *enterprises* that compete, both domestically and internationally, by upgrading their capabilities and increasing productivity while operating within developed and well-functioning clusters. Clusters encompass an array of linked industries, including suppliers of specialised inputs and support services. Clusters therefore extend to manufacturers of complementary products and to companies of industries related by skills, technologies or common inputs. They naturally include all related and supporting industries, and enterprises of all sizes. The value of cluster policy is to reinforce the development of all clusters and not to select so-called “winners” and protect them with special tax concessions or subsidies.

The intention is to develop a model, benchmark cluster analysis, based on existing material, for one or two sectors (eg. Pharmaceuticals and/or Medical services). The Competitiveness Unit of the Ministry of Planning (MOP) has “Cluster Analyses” for 13 clusters, but these are incomplete (and slightly out of date). While they provide good descriptive information, they do not draw conclusions or recommendations. The mission would be to update and more importantly to upgrade the existing study(ies) so that they act both as case studies for the clusters included, but more importantly as methodological and formal templates for further cluster studies.

This SOW would put the theory into practice, by upgrading existing studies in such a way as to increase policy-making capacity in JAED, MIT and MOP, if desired. To this end, selected staff of these bodies would be tied to the study team, either formally or de facto, so that they

benefit from on-the-job training. The anticipated outcome would therefore be both a full cluster analysis (or two) and a practical methodology that can be duplicated in evolving future policy advice.

III. Specific Tasks of the Consultant(s)

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories:

A. Background Reading Related to Understanding the Work and Its

Consultant(s) shall read, but is/are not limited to, the following materials related to fully understanding the work specified under this consultancy:

1. AMIR Work Plan
2. Investment Task Force Executive Summary and Accompanying Report
3. Strategic Plan of the Ministry of Industry and Trade
4. TIJARA Draft Plan
5. AMIR 1.0 Report “Investor Targeting Strategy for the Investment Promotion Corporation”
6. AMIR presentations on JAED and implementing agencies
7. MOP’s Competitiveness Unit Cluster Studies
8. AMIR Backward Linkages, Enterprises Connections Program Pilot Assessment

B. Background Interviews Related to Understanding the Work and Its

The Consultant(s) shall interview, but is/are not limited to, the following individuals or groups of individuals in order to fully understand the work specified under this consultancy:

1. Steve Wade, Chief of Party, AMIR 2.0 Program
2. Charles Krakoff, PSPI Team Leader, AMIR 2.0 Program
3. Barry O’Connell, IVP Sub-Component Leader, AMIR 2.0 Program
4. HE Dr Salah Al-Bashir, Minister of Industry and Trade
5. Mr Nadeem Muasher, Chairman, Investment Committee
6. Dr Khaled Al-Wazani, Economic Advisor to HM King Abdullah
7. Jon Lindborg, Jim Barnhart and Jamal Al-Jabiri, USAID

C. Tasks Related to Achieving the Consultancy's Objectives.

The Consultant(s) shall use his/her education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to:

1. Update the data and information contained in one or two of the cluster studies of MOP
2. Upgrade these cluster studies in such a way as to draw clear and practicable policy recommendations aimed at improving the clusters’ performance
3. Upgrade the studies in such a way as to make them models of cluster analysis for future duplication on these and other (existing and potential) clusters

4. In light of the cluster analyses, evaluate the existing proposals before Government and recommend appropriate near-term and intermediate-term actions
5. Draft a 12-month research agenda for JAED/MIT/MOP that will enable Jordan to identify appropriate long-term investment and trade policies and strategies by focusing on clusters.

IV. Time frame for the Consultancy.

Unless otherwise specified, the following time frame will govern the timing for the completion of this consultancy:

	Start	LOE	To Post	From Post	Field Work	3rd Country	U.S.A.
Mihir Desai	May 20, 2002	15	1 days	1 days	13 days	0 days	0 days

V. LOE for the Consultancy.

This consultancy will require the effort of the following consultants:

<u>Consultant Name</u>	<u>Travel</u>	<u>Field</u>	<u>U.S.</u>	<u>3rd</u>	<u>Total</u>
Mihir Desai	2	20	0	0	22
<i>Subtotal</i>	2	20	0	0	22

VI. Consultancy Qualifications

The Consultant(s) shall have the following minimum requirements:

1. Educational Qualifications

- Master's Degree or higher in the area of economics or public policy from a recognised international university.

2. Work Experience Qualifications

- At least 6 years international experience in enterprise development, export and investment development, competitiveness and related areas
- Practical and theoretical expertise in a wide range of areas including:
 1. trade and industrial policy appraisal and reform
 2. enterprise development
 3. cluster analysis

ANNEX C – PERSONS MET

Mr Sultan Abunuwar		JEDCO
Dr Salah Al-Bashir	Minister	Ministry of Industry and Trade
Mr Aref Al-Farra	Minister Advisor	Ministry of Industry and Trade
Mr Amer Al-Hadidi	Director, Industrial Development	Ministry of Industry and Trade
Mr Jamal Al-Jabiri	Project Management Specialist, Private Sector	USAID
Mr Rami Al Qusus	Minister Advisor	Ministry of Industry and Trade
Ms Maisaa Al-Saket	Director, Drugs Directorate	Ministry of Health
Mr Samer Al-Tarawneh	Director, Industrial Property Protection	Ministry of Industry and Trade
Mr Andrew Baird	Project Manager	Chemonics
Ms Salwa Bamieh	Director	MMIS Consultants
Mr Jim Barnhart	Deputy Director, Economic Opportunities Office	USAID
Ms Raghda Butros	Director General	Jordanian American Business Association
Mr Ken Donaldson	Consultant	AMIR
Mr Munir Eid		Customs
Ms Cathryn Goddard	Consultant	AMIR
Ms Nilgün Gökür	Consultant	AMIR
Ms Zeina Goussous	FTA Unit Coordinator	Jordanian American Business Association
Mr Majed Hamoudeh	Director, Foreign Trade Policy	Ministry of Industry and Trade
Dr Ahmad Hindawi	Director General	Jordan Institute for Standards and Metrology
Ms Hind Jaber	President	Jordan Federation of Business & Professional Women
Ms Suhair Khatib	Business Management Specialist	AMIR
Mr Muhammad Khawaja	Organiser	Foreign Investors Association
Mr Jon Lindborg	Director, Economic Opportunities Office	USAID
Mr David Lovegrove	Consultant	AMIR
Mr Ali Madadha	Director General	Free Zones Corporation
Mr Amer Majali	Director General	Jordan Industrial Estates Corporation
Mr Barry O'Connell	Investment Promotion Adviser	AMIR
Mr Charles Krakoff	Component Leader, PSPI	AMIR
Mr Samir Mansour	Regional Representative	PhRMA
Mr Malcolm Peplow	Consultant	JUSBP
Ms Jumana Salti	Economist	Royal Court
Ms Diane Scott	Communications Specialist	AMIR
Ms Ahlam Shabana	Consultant	MMIS Consultants
Mr Lee Skillington	Consultant	PhRMA

Ms Hana Uraidi- Hammoudeh	Consultant	MultiLink Consultants
Mr Steve Wade	Program Director	AMIR
Mr Arun Walvekar	Vice President	JUSBP
Mr Tony Whitehead	Consultant	AMIR
Mr Glenn Wood	Customs Reform Manager	AMIR
Dr Beryl York	Consultant	AMIR