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Sectoral Licensing Initiative Design

AMIR II Achievement of Market-Friendly Initiatives and Results

March 2005

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JORDAN AMIR II

Achievement of Market-Friendly Initiatives and Results

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ABSTRACT

This report identifies the specific opportunities to improve the enabling environment for investment through reform in the area of business registration and licensing presented by Interim Law No. (68) of 2003: The Investment Law and proposes a plan of action to take advantage of them.

ABBREVIATIONS AND ACRONYMS

AMIR	Achievement of Market-friendly Initiatives and Results Program
ASEZ	Aqaba Special Economic Zone
ASEZA	Aqaba Special Economic Zone Authority
JIB	Jordan Investment Board
GAM	Greater Amman Municipality
MIT	Ministry of Industry & Trade
MOA	Ministry of Agriculture
MOAD	Ministry of Administrative Development
MOE	Ministry of Environment
MOH	Ministry of Health
USAID	United States Agency for International Development
WTO	World Trade Organization

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EXECUTIVE SUMMARY

Establishing a business in Jordan is considered by some to be cumbersome process. Previous studies, including a number by the AMIR Program, have highlighted the difficulties related to establishing a business and recommended actions to overcome them.

A number of recent developments favor action in this area at this time. First of all, Interim Law No. (68) for 2003: The Investment Law, which provides a variety of useful tools to support the reform of the investment process in Jordan (e.g., eliminating pre-approvals and licenses that do not serve a public purpose), was passed in June 2003. Second of all, the Jordan Investment Board (JIB) established a one-stop-shop in May 2004 to offer registration and licensing services to investors in a single location.

For these reasons, the AMIR Program is interested in collaborating with JIB on an initiative to improve the processes of getting sectoral and general licenses in Jordan through an application the Investment Law and the activation of the One-Stop Shop as a catalyst for change.

A phased approach is proposed for the initiative, including the following three phases.

- Phase A – Project Conceptualization
- Phase B – Pilot Project
- Phase C – Roll-out to Priority Economic Activities

This report constitutes Phase A, providing a general project plan for the initiative, as well as a detailed design for Phase B. Based on the application of a set of weighted criteria used to standardize the selection process of the pilot activity, two activities in the tourism sector ranked highest (i.e., hotels, followed closely by restaurants).

This report also identifies the risks and uncertainties that might arise during the implementation of the initiative, as well as alternatives for rolling out the improvements in the pilot phase to the other economic activities in Jordan.

CHAPTER 1: INTRODUCTION

1.1 Background

Several studies, including a number by the AMIR Program, have identified the existing business licensing and permitting practices in Jordan as being unnecessarily costly to investors seeking to establish new businesses.

A number of projects have been undertaken to address this problem. For example, the Ministry of Industry & Trade has collaborated with the AMIR Program to automate the business registration process, which led to a substantial reduction in the time needed to complete the process. Similarly, an automated registration and licensing system in Aqaba Special Economic Zone (ASEZ) was created and achieved successful results. Finally, the AMIR Program is currently implementing a pilot project to streamline the process of professional licensing at the municipal level in Amman and Madaba.

Despite these improvements, however, current practices in the areas of pre-approvals and sectoral licensing continue to be an obstacle that impedes investment in Jordan and require further attention.

In its pursuit to facilitate investment in Jordan, JIB recently launched a One-Stop Shop, a new service which allows investors to apply for all required licenses and permits through a single office that hosts representatives of 10 key ministries and government entities. The new service aims at processing all the necessary applications and issuing the decisions about them within a maximum period of two weeks. This initiative will be evaluated after 3 months of operation, with the results of the evaluation and the necessary recommendations to improve its efficiency being raised to the Cabinet of Ministers.

Current Investment Obstacles

A number of administrative problems and challenges face business set up. A diagnosis based on results of earlier studies conducted through the AMIR Program, such as the various iterations of the Investor Roadmap and draft investment legislation, as well as knowledge gained in the process of previous reform initiatives, especially the radical reforms of the business startup process in ASEZ, summarizes the problems as follows.

- In practice, company and commercial registration often depends unnecessarily on licensing of the activity and/or even of the facility.
- Arguably many of the sectoral licenses do not have a clear and valid purpose and may be a superfluous administrative requirement.
- Licensing requirements are often irrelevant to the purpose of the license (i.e., it is not clear how stipulating such requirements promotes the purpose the license is said to serve).
- Unreasonable licensing requirements are sometimes a pretext for restricting market access and protecting interests of incumbents.
- Licensing procedures of line ministries are not always transparent or timely.
- Criteria for licensing decisions are often vague and leave considerable room for exercise of random discretion.
- Facility- or site-related requirements are sometimes unnecessarily vague and leave room for interpretation regarding compliance (e.g., absence of clear requirement checklists for public health or safety specifications).
- Criteria for deciding to stop the issuance of new licenses and therefore restricting access to the market are often implicit and not publicly disclosed (e.g., higher education, transport sectors).

- Investors do not have clear and practical recourse against protracted procedures and unjustified decisions.
- Excessive licensing requirements are often contrasted with poor post-establishment regulatory strategies.
- Often the overall establishment roadmap is unclear, overly complicated, and time-consuming. This requires investors to shuttle between different departments and entities for pre-approvals, approvals, signatures, submissions, documentation, and the like. Such complications may be attributed to the following features.
 - Processes are designed from the vantage point of government. The burden of ensuring submissions and coordination between government entities is thrust on the client with little semblance of intra-government coordination.
 - Often facility-based requirements of similar nature are spread among different authorities, whereas they may be competently administered by a single point of contact. Same requirements are sometimes duplicated and checked for by different entities.
 - Little or no utilization of information technology for intra-government data sharing and coordination.
 - Often businesses are prevented from starting operations until their facility is checked for compliance, whereas compliance can be checked in many cases on a post-audit basis if criteria are made clear and transparent. This can prevent unnecessary delays for starting operations and put burden on government to expedite compliance checks.
- In addition to substantive and procedural licensing challenges, business establishment, especially of large projects involving land development, are delayed unnecessarily because of the absence of clear criteria for land use, especially outside municipal boundaries. This poses a serious challenge for industrial and other large site-based activities.
- Although issues of market access and foreign equity are generally stipulated in law, exceptions may be granted increasingly on a case-by-case basis by Cabinet approval. While this allows for flexibility, it introduces an unnecessary element of discretion that is potentially distortive and discriminatory. It is preferable to adopt a coherent, universal policy that leaves little room for lobbying and creates a level playing field for both small and large investors.

Interim Law No.(68) for 2003: The Investment Law

The Investment Law, which was enacted in June 2003, attempts to address these problems by rationalizing the requirements and procedures relating to sector specific licenses, licensing approvals, and general cross-cutting permits and clearances.

The reform provisions of the Investment Law are an attempt to address some of the persistent and unwieldy administrative problems associated with investment and business set up. This includes the following.

- Company and business registration requirements
- Sectoral licenses by line ministries, which typically pertain to qualifications of provider, but often also relate to facility specifications
- Approvals by other than line ministries relating to activity (e.g., Ministry of Interior)
- General facility and site related licenses and permits (e.g., municipal, public health, environmental, public safety)

More specifically, Articles (21-24) of the Investment Law require the following.

- Company and commercial registration shall be independent of sectoral licensing otherwise required by other legislation.
- Licensing any activity shall be only for a clear and justified public purpose, and pursuant to the law (i.e., legitimacy criteria).
- Licenses shall not be used to restrict access to markets by limiting number of providers and restricting competition, without a valid public purpose justification, and in any case without a clear basis in legislation (i.e., relevance and non-restrictiveness criteria).
- Sectoral licenses and general permit requirements, procedures and conditions must be disclosed and must be made available in writing to the public (i.e., transparency and disclosure criteria).
- Decisions regarding sectoral licenses and permits must be issued within a month from date of submission, otherwise recourse can be had to Cabinet to take decision upon recommendation of Minister of Industry and Trade (i.e., timeliness criteria).
- Any decision to turn down a license request must be notified within seven days, must have good cause shown, and is capable of being challenged before high court of justice.
- Licensing by sectoral authorities shall not depend upon any implicit approvals except for those approvals stipulated by Cabinet for national interest.

Proposed Vision

The Investment Law presents an opportunity to advance reforms of the process governing business set up in Jordan. To date, however, this law has not been followed or enforced. Ultimately, the effects of the Investment Law can be felt through concrete reform initiatives that effectively streamline requirements and processes. However, given the wide terrain of possible targets, the question would be where to start to achieve doable and high impact results.

To that end, the AMIR Program is interested in collaborating with JIB on an initiative to improve the processes of getting sectoral and general licenses in Jordan through an application the Investment Law and the activation of the One-Stop Shop as a catalyst for change. The proposed initiative is based on rationalization of the licensing requirements and the streamlining the licensing process of economic activities, followed by the automation of these improved processes.

1.2 Objective

The primary objective of this initiative is to improve the process of setting up and licensing businesses in Jordan by doing the following.

- Rationalizing and streamlining the processes of issuing sectoral and general licenses for a pilot economic activity by implementing the Investment Law, as well as automating those processes
- Facilitating the implementation of the new procedures by the relevant government bodies
- Applying the model that is developed in the pilot project to other economic activities

1.3 Methodology

The approach adopted in designing the initiative was based on a number of considerations.

Phased Approach

Three distinct phases with clear milestones were identified in order to fulfill the objectives stated above. The phases are to begin with conceptualization of the overall initiative and identification of a key economic activity to act as a pilot, followed by the actual implementation of the pilot project and finally the roll out to other priority areas.

Phase A: Project Conceptualization

This phase aims at drawing the broad vision of the project, as well as defining its objectives and its basis for implementing. It includes designing a plan for the whole project including defining the milestones/deliverables for each phase and assigning a time line for each activity. The design of the conceptualization phase will encompass investigating the new Investment Law and identifying an economic activity to be selected for a pilot project.

Phase B: Pilot Project

This phase will involve the business process mapping of the selected economic activity followed by the redesign and streamlining of the process, in addition to rationalization of the licensing requirements. Hands-on training will be provided for the technical staff in addition to training provided to the process managers. The issue of general licenses will be also investigated while analyzing the licensing process for the economic activity. This phase of the project will also include assessing the options of automating the streamlined processes and setting the suitable recommendations in this regard.

Phase C: Roll-out of Other Economic Activities

The pilot project will serve as a model to emulate for other prioritized economic activities that will be identified as part of Phase A. A plan for rolling out the new model for the other economic activities will be designed based on the results of the previous phase and the list of prioritized economic activities and will be subsequently implemented.

The report at hand describes the activities and findings of Phase A of this project which focuses on project conceptualization.

Institutional Championship of the Project

The project design was further based on the underlying principle of collaborative planning whereby close partnership with all stakeholders involved in the licensing process will ensure the delivery of a product that has full ownership by the various stakeholders. It is also envisaged that a key institution to champion this initiative will be identified by the end of phase one to guarantee the continuity of the project and oversee the coordination amongst other governmental institutions so as to maximize the benefits across various sectors following the pilot project.

A number of institutions have emerged as potential champions or stakeholders of the project, including the following.

- Jordan Investment Board
- Ministry of Industry and Trade (MIT)
- Ministry of Administrative Development (MOAD)

CHAPTER 2: PHASE A – PROJECT CONCEPTUALIZATION

Based on the objectives of the project and the suggested methodology, the following design for implementing the project through its different phases is recommended.

2.1 Targets and Indicators

Target One

Selecting a pilot economic activity which represents the challenges facing setting up business in Jordan to streamline the processes of issuing the sectoral and general licensing related to it. The selection of the economic activity will be based on pre-set criteria with clear indicators for each criteria element and weights for each indicator defined (set) according to its importance.

Indicators

- Criteria for selecting the pilot economic activity with indicators for each criteria element and weights for each indicator.
- A selected pilot economic activity and a prioritized list of activities for the roll-out.
- A complete and detailed design of the pilot project.

Target Two

Streamlined, transparent processes for issuing the sectoral and general licenses for one pilot economic activity, which reduces the time and effort needed to obtain those licenses. The new processes should be put in a model that can be rolled out to other activities.

Indicators

- Reduction of time and number of steps needed to issue sectoral and general license for the selected economic activity.
- Documented procedures describing the processes of issuing the sectoral and general license for the selected activity.
- Transparent rationalized requirements for the sectoral and general licenses for the selected pilot activity.
- A methodology for rolling out improvements in the pilot activity process to other economic activities.
- A plan for rolling out improvements to other economic activities according to their importance.

2.2 Project Plan

Phase A: Project Conceptualization

This phase will encompass investigation of the new Investment Law and identification of an economic activity to be selected for a Pilot Project. The Pilot Project Plan will also be identified at this stage, along with the relevant stakeholders and engaging their buy-in.

A summary of the adopted methodology, timeframe and milestones for this phase is described next:

A.1: Project Initiation

Meetings with the main stakeholders will be carried out to present proposed project to the identified stakeholders.

Presentation Delivered to JIB: May 2004

Data gathering: data will be gathered through meetings, interviews, desk research and verification of policy direction.

A.2: Selection of Pilot Economic Activity(ies)

Developing criteria to select the pilot economic activity that will be streamlined using the new investment law and setting the indicators for each criteria element and the assigned weight for each indicator.

Set of Selection Criteria: June 2004

Identifying the economic activities that require getting a sectoral license.

Collecting the information needed to apply the selection criteria to the identified economic activities.

Applying the selection criteria to the economic activities and selecting the pilot economic activity accordingly and prioritizing the other economic activities.

List of Prioritized Economic Activities: June 2004

A.3: Design of Streamlining Project

Designing of the sectoral streamlining project including defining the objectives, methodology, indicators, project phases and timeline.

Project Design: June 2004

Presenting the pilot project to the identified stakeholders and getting their commitment and buy-in.

Stakeholder Consensus: July-August 2004

Phase B: Pilot Project

This phase will involve the business process mapping of the selected economic activity followed by the redesign and streamlining of the process, in addition to rationalization of the licensing requirements. Hands-on training will be provided to technical staff in addition to training provided to the process managers. The issue of general licenses will be investigated while analyzing the licensing process for the economic activity.

A summary of the adopted methodology, timeframe and milestones for this phase is as follows.

B.1: Business Process Mapping

- Clarification of the various licenses, both sectoral and general, that the pilot economic activity is subject to.
- Identification of the As-Is licensing process by carrying out meetings and interviews with all main stakeholders involved in the licensing process. These interviews will also investigate the issues that arise from the licensing authorities' point of view.
- Identification of all technical requirements requested.
- Documentation of As-Is process.
- Assess baseline indicators to measure the current performance of the process for future impact assessment of the new streamlined process.

- Undertake an e-readiness study of the selected pilot entity. Assessment shall include infrastructure, hardware, software, network, servers, current applications and human resource capacity.

Business Process Documentation (“As Is”): Month 2

B.2: Business Process Re-engineering

- Analysis of procedural issues faced in the As-Is process, from the investors’ point of view in addition to the licensing authorities’.
- Evaluation of how/if the business process departs from the new Investment Law.
- Design of a streamlined business process that addresses identified issues.
- Evaluation of international and bilateral economic agreements’ conditions and identification of any licensing requirements that are in contradiction to these conditions.
- Rationalization of technical requirements to ensure that they are user-friendly, and in compliance with the new Investment Law.
- Workshop to present process: consensus on streamlined process.

Agreed Streamlined Business Process (“To Be”): Month 5

B.3:e-Readiness Assessment

In close coordination with the AMIR Program ICTI Component and based on the previously conducted e-readiness assessment and the new streamlined process, identify the possible options for automating the streamlined process and presenting it to the pilot entity’s management.

Recommended e-Options : Month 6

B.4: Implementation of Streamlined Process

- Introductory training workshop for technical officers
- Introductory training workshop for managers of licensing process
- On-site implementation and fine tuning of streamlined process
- Documentation and modelling: the project will be documented in details, to include all standard operating procedures, business processes, and so on
- Initiation of public awareness campaign

Working, Documented Streamlined Process and Rationalized Requirements: Month 8

B.5: Pilot Project Impact Assessment

Evaluation of Pilot Project: Months 9 and 12

B.6: Pilot Project Automation

Automation Complete: Month 12

Phase C: Roll-out

The pilot project will serve as a model to emulate for other prioritized economic activities that will be identified as part of Phase A. A roll-out plan will be designed and subsequently implemented.

A summary of the adopted methodology, timeframe and milestones for this phase is as follows.

C.1: Roll-out Plan

- Data gathering: data will be gathered through meetings, interviews, desk research and verification of policy direction.
- Identification of Roll-out Plan for economic activities identified in Phase 1.
- Meetings with the pertinent stakeholders to gain consensus on the roll-out phase.

Agreed Roll-out Plan: Month 8

C.2: Implementation of Roll-out Plan

This stage will largely depend on the agreed roll-out plan. It is envisioned, however that the methodology will consist of the main steps carried out for the pilot project for each of the economic activities.

2.3 Potential Project Participants

The identified potential participants in this project are as follows.

Jordan Investment Board (JIB) and Ministry of Industry & Trade (MIT)

As the host of the One-Stop Shop which aims at facilitating investment in Jordan, the envisaged role of JIB is to facilitate the implementation of the project and to utilize the representatives of key government entities to guarantee the successful implementation of the project. The representatives of the government entities will be the champions of the project in their entities.

Ministry of Administrative Development (MoAD)

Through its mandate of streamlining and improving administrative processes at the different government entities, MOAD may be a useful partner to guarantee the continuous cooperation of stakeholders and their commitment to achieving the project's objectives.

Involved Ministry(ies) or entities

Relevant ministries or entities will be defined based on the economic activities selected for reform. As the parties most involved in the project and most affected by its consequences, the relevant ministry or entity together with JIB should form the government partner team in the project.

Involved Business Association

The existence of a powerful business association representing the private sector players in the selected economic activity will help in lobbying for improvements and achieving project objectives.

Other potential participants might be identified after selecting the pilot economic activity.

CHAPTER 3: SELECTING PILOT PROJECT ECONOMIC ACTIVITY

3.1 Methodology

As an initial step in the conceptualization of this project, a presentation introducing the project and its objectives was delivered to JIB, as the main stakeholder in the licensing process reform. The presentation identified the strong base that the JIB has in place as part of its One-Stop-Shop and how that may provide the critical next step of optimizing the system through policy and process reform.

Using a set of weighted criteria, a pilot economic activity was selected. This pilot economic activity may serve as the pilot project, upon reaching consensus with JIB and the relevant stakeholder ministry. A design of the project was, which identified the various phases and tasks required to fulfill the objectives, was also developed.

Following is an account of various tasks carried out to reach at the pilot project identification and design.

3.2 Selection Criteria

A number of criteria were identified to standardize the selection process and to ensure that the identified economic activity serves well as a pilot project with demonstrable effects and results that can be rolled out to other economic activities.

The process of criteria identification underwent a number of modifications and fine-tuning, and culminated in the list identified in Table 3.1. For each of the criteria, one or more indicators were identified. Where possible, quantifiable indicators were chosen, however a number of indicators remained qualitative and assessed based on the professional opinion of the team.

The criteria (and indicators) were assigned weights, and a matrix was drawn up to arrive at the final score for each economic activity.

Table 3.1: Overview of Pilot Project Selection Criteria, Indicators, and Weights

No	Criterion	Indicator	Indicator Weight	Criterion Weight
1	Impact	No. of professional licenses	25	25
2	Number & Readiness of Stakeholders	No. of Stakeholders	8	20
		Readiness: H-M-L	12	
3	Process Complexity	Legal Constraints: H-M-L	20	20
4	Sector's National Priority	Percentage of GDP Contribution	6	25
		Employment Contribution	6	
		Government Priority	4	
		Potential Economic Impact of Sector H-M-L	9	
5	Private Sector partner	Presence of private sector partner: Yes or No	10	10
Total			100	100

The following sections provide an elaboration on each of the criteria and their indicators.

Impact

Description and Rationale

This refers to the number of professions and licenses affected by sectoral licensing requirements, and hence is an indication of which economic activity stands to provide a more

widespread impact once the licensing process is streamlined and requirements are rationalized in line with the new Investment Law.

Indicator(s)

Number of professional licenses. This information was obtained for each identified economic activity from Greater Amman Municipality (GAM). Data about the number of professional licenses in other areas of Jordan were not available, therefore the information from GAM was considered as an acceptable sample that fairly represents the situation of those economic activities in Jordan as a whole.

Weights and Scoring

This criterion was assigned a weight of 25 out of a total of 100.

Number & Readiness of Stakeholders

Description and Rationale

The number of entities involved in the licensing of any given economic activity needs to be manageable to ease coordination and implementation of the pilot project, furthermore the stakeholders involved need to have the political will to cooperate and implement reforms.

Indicator(s)

Number of Stakeholders. It was maintained that for any licensing process, a minimum of one stakeholder and a maximum of three were involved (excluding the involvement of the Civil Defense which was applicable to all economic activities, and did not count towards the various stakeholders involved in the licensing of an activity). It was agreed that the optimal number of stakeholders to work with was 2, to better demonstrate the effects of process facilitation between two entities. The least preferred number of stakeholders for the pilot project, on the other hand, would be three as it may prove somewhat less manageable to coordinate.

Readiness. This was a more subjective assessment of the willingness of the main stakeholder to cooperate and implement change based on the team's professional opinion and previous experience with involved entities, and was judged as either High, Medium, or Low.

Weights and Scoring

This criterion was given a weight of 20 out of a total of 100, which was subdivided between the two indicators.

Number of Stakeholders received a weight of 8 and was scored as follows.

Number of Stakeholders	Score
2	8
1	4
3	2

Stakeholders' Readiness received a weight of 12 and was scored as follows.

Characteristics	Score
Usually Ready to improve or implement change	12
Reluctant but not resistant to change	8
Usually shows resistance to change	4

Process Complexity

Description and Rationale

This criterion refers to the level of complexity of introducing changes within the process in terms of existing legal constraints, taking into consideration the given timeframe.

This particular criterion served as a prerequisite in the initial filtering of the activities, whereby any activity identified as being inflexible in terms of legal constraints would be immediately disqualified.

Indicator(s)

Legal Constraints. Describes whether any process is currently governed through a law or regulation.

Weights and Scoring

The criterion was assigned a weight of 20 out of a total of 100. Scoring was carried out as follows.

Characteristics	Score
Very flexible process, not governed by law or regulation	20
Ambiguous or unclear process, or governed by regulation	10
Inflexible: governed by law	0 (Disqualified)

Sector's National Priority

Description and Rationale

It was advisable to select a sector of national priority either because of its current or potential economic value added or for its social implications. The returned benefits from streamlining the licensing process and rationalizing its requirements would be more significant and visible, and prompt other sectors to ensue in similar reform steps.

Indicator(s)

Percent Contribution to GDP. This indicator captures the “As-Is” significance of a particular economic activity in terms of its added value in terms of contribution to Gross National Domestic Product. This information was obtained from the Department of Statistics website and Statistical Yearbook.

Percent Contribution to Employment. This indicator captures the “As-Is” significance of a particular economic activity in terms of its added value towards employment generation. This information was obtained from the Department of Statistics website and Statistical Yearbook.

Government Priority. This indicator serves to identify sectors that are receiving Government attention and priorities, to help align all reform efforts on the national scale. It will also be likely that the political setting for reform and change will be more enabled in those sectors that are receiving Government Priority. The assessment of whether or not the sector was considered a Government Priority was subjective and based on the team’s professional opinion.

Comparative Advantage. This indicator serves to capture the ‘futuristic’ significance of an economic activity once the relevant sector or activity fulfils its full potential. It was determined important so as not to undermine the significance of any economic activity based only on current track record/ achievement. Certain sectors, such as the Tourism Sector, did not particularly fare highly in the recent couple of years due to various factors, amongst

which was political tension in the region, but is believed to be one of the most vital sectors in Jordan in terms to its potential contribution to the economic growth and employment. Although the assessment of this indicator is quite subjective, it was further broken down to 3 sub-indicators to reach a more structured approach towards scoring and assessing. These sub-indicators were:

- **Presence of supportive infrastructure.** Includes utilities, natural resources, know-how and human factor. This sub-indicator assesses whether or not Jordan provides an enabling environment to carry out the relevant economic activity.
- **Local demand.** High demand by the end-user/customer provides an indication of an economic activity that will be attractive for an investor. Local demand captures those economic activities that particularly cater to the local community, and are more of a service nature that cannot be exported (e.g. schools).
- **Foreign demand/export potential.** Similar to local demand, however captures those export-based activities or services that can cater to non-Jordanians as well (e.g. tourism, medical services, universities).

Weights and Scoring

This criterion received a weight of 25 out of 100, with the following breakdown of weights for the indicators.

Table 3.2: Breakdown of Weights and Indicators

Indicator	Weight	Sub-indicators	Weight	Scoring
% of GDP Contribution	6	-	-	Highest % Contribution received full score; scores of remaining activities were a pro rata of highest value.
% of Employment Contribution	6	-	-	Highest % Contribution received full score; scores of remaining activities were a pro rata of highest value.
Government Priority	4	-	-	Presence or Lack of.
Comparative Advantage	9	Presence of Supportive Infrastructure: H-M-L	3	An addition of the three sub-indicator scores.
		Local Demand: H-M-L	3	
		Foreign Demand/ Export Potential: H-M-L	3	

Availability of a Strong Private Sector Partner

Description and Rationale

Availability of a strong private sector partner -such as business associations- that can lobby for sector licensing reforms would be an advantage in facilitating process reform.

Indicator(s)

Same as criterion.

Weights and Scoring

This criterion received a weight of 10 out of a total of 100. Presence of a private sector partner scored 10 whereas lack of scored 0.

3.3 Pilot Activity Identification

Initial Identification of Potential Activities

A comprehensive list of all professions that are carried out in Jordan was obtained from the Greater Amman Municipality. The list comprised of 1430 different licensed activities, and

indicated what entities are responsible for the licensing of each. The list was revised and professions were classified based on the entities involved in the issuance of the professional licensing.

The following preliminary filters were applied to screen this list.

All activities whereby the main stakeholder was the Civil Defense, Ministry of Interior, Amman Chamber of Commerce or Amman Chamber of Industry, Central Bank or other similar institutions were not considered. The involvement of such entities is either governed by law or else they serve a public interest function (e.g. Civil Defense).

As a result, 410 professions were found to need at least one pre-approval from other entities

All activities subject to pre-approvals that are required either for security reasons (e.g. Ministry of Interior & Amman Governorate...etc.) or for regulatory considerations which are not applied sectorally (e.g.: Ministry of Water & Irrigation, ministry of labor...etc.) were further eliminated.

As a result, 227 professions were identified as professions that require issuing what could be considered as a sectoral license prior to operation. However, 5 professions in the transportation sector were excluded based on the recommendations of the “Investment law implementation action plan” issued by the Private sector policy initiative-AMIR program which was issued in March 2004 because they are subject to regulatory bodies that largely follow international practice. Another 33 professions which require the pre-approval of The Press & Publication Department were excluded because they belong to several sectors and could not be classified under one or more economic activity.

Those professions were grouped into 17 different economic activities based mainly on the 2-digit and 3-digit ISIC code classification of professions and based on the working team experience and technical judgment. Those 17 activities were grouped further in 7 main sectors: Education, Higher Education, Health, Tourism, Transport, Publishing, Construction. Within these groups, a number of professions were purposely excluded for the following reasons.

Aviation and maritime transport activities. These are subject to regulatory bodies that largely follow international practice, in addition to being driven by tendering and request for proposal process within a growing regulatory framework.

Manufacture of tobacco. This industry was excluded from being considered within the priority list of economic activities to be streamlined for socio-political reasons given the product manufactured by this industry.

Note on Industrial Licensing

No industrial activities was identified since the Ministry of Industry and Trade has stopped issuing industrial licenses. Instead, each of the industries is licensed by a relevant Ministry or entity based on its activity. This seems to be in line with the recommendations of the Investor Roadmap Study, which recommended to abandon industrial licensing for the majority of investors.

Previously, all industrial activities located anywhere in Jordan, required a special “Industrial License” from the Department of Industrial Development (DID) of MOIT as required by Regulation No. 52 (1975). Industrial licensing involved a preliminary approval and the final licensing. The “pre-approval” by the DID, MOIT, was a cursory step and served no particular purpose except sending investors a word of “no objection.” The purpose of the final licensing was not clear either. In most industrialized countries, companies are duly registered

and do not need a special license for industrial activities except in a few areas such as food, drugs and other products for human consumption.

The resulting economic activities are detailed out in Table 3.3.

Table 3.3: Potential Economic Activities

Sector	Economic Activity Groups	Detailed Activities Within Each Group	ISIC Code	Main Stakeholder	No of Professions Identified
Education	Schools and Vocational & general training	Primary & secondary schools	801 & part of 802	Min. of Education	15
		Vocational & general training	8022		
	Universities & Colleges		8030	Min. of Higher Education, Amman Chamber of Commerce (ACC)	5
Health	Human Health Activities & social work activities	hospitals/medical & dental practice activities/ other human health activities, rehab centers..)	851	Min. of Health (Association of Medical Doctors for medical practices)	118
	Retail & wholesale trade of medical goods		51 & 52	Min. of Health, ACC	
	manufacture of chemicals		24	Min. of Health, ACC	
	manufacture of food & beverages		15	Min. of Health, ACC	
	manufacture of medical equipment		33	Min. of Health, ACC	
	manufacture of tissue paper and sanitary products		21	Min. of Health, ACC	
Tourism	hotels & accommodation facilities		551	Min of Tourism & Antiquities	27
	restaurants/bars and (not cafes)		552	Min of Tourism & Antiquities / (Min. of Interior for bars)	
	recreational/ sporting/ cultural activities/ other recreational activities		92	Min of Tourism & Antiquities	
	rental cars		711	Min of Tourism & Antiquities	
	activities of travel agents		630	Min of Tourism & Antiquities, ACC	
Contractors					8
	all construction related contractors (civil, electromechanical, roads, sanitary works)		45	Ministry of Public Works, Contractors Assoc.	
Publishing					11
	Publishing, printing and reproduction of recorded media & advertising		22	PPD, (ACI for printing activities)	

Table 3.3: Potential Economic Activities

Sector	Economic Activity Groups	Detailed Activities Within Each Group	ISIC Code	Main Stakeholder	No of Professions Identified
	Advertising		743	PPD, Amman Chamber of Commerce	
Transport					5
	Land transport and transport activities		60	MoT, Amman Chamber of Commerce	
Total					189

3.4 Criteria Application

A matrix was drawn up to include the weighted criteria and indicators to arrive at the final score for each economic activity from the list above. Certain data could only be obtained for the economic activities based on the 1-digit ISIC code, and was nonetheless used indicatively.

Table 3.4 presents a summary of the criteria application and subsequent scoring.

Table 3.4: Summary of the Criteria Application and Subsequent Scoring

	Process Complexity		Impact		No. & readiness of stakeholders		National Priority: 25			Private Partner Availability		
	Weight	legal constraints	No. of Licenses	weighted score	Stakeholder no.	Readiness	GDP contribution	Employment contribution	Government Priority	Comparative Advantage ¹	Y/N: 0 or 10	final score
Schools (primary & secondary) & Vocational & general training	10		876	13.8	4	8	2.66	4.62	4	7	10	64.08
Universities & Colleges	20		47	0.74	8	4	2.66	4.62	4	9	0	53.02
Human Health Activities	10		1162	18.3	8	4	1.48	2.14	4	9	10	66.92
Retail & wholesale trade of medical goods	10		1589	25	8	4	²	1.59	0	5	0	53.59
manufacture of chemicals	10		129	2.03	8	4	3.02	2.6	4	7	10	50.65
manufacture of food and beverages	20		417	6.56	8	4	2.98	6	0	7	0	54.54
manufacture of medical equipment	20		12	0.19	8	4	0.69	0.23	0	3	0	36.11
manufacture of tissue paper & sanitary products	20		4	0.06	8	4	0.51	0.67	0	6	0	39.24
hotels and accommodation facilities	20		324	5.1	4	12	1.54	5.5	4	9	10	71.14
restaurants/bars(not cafes)	20		192	3.02	4	12	1.54	5.5	4	8	10	68.06
recreational/ sporting/ cultural activities	20		11	0.17	4	12	0.44	0.8	4	8	0	49.41
rental cars	20		167	2.63	4	12	0.15	0.18	0	7	0	45.96
activities of travel agents	20		387	6.09	8	12	2.57	0.6	0	6	10	65.26
all construction related contractors (civil, electromechanical, roads, sanitary works)	10		766	12.05	8	8	4.36	2.99	0	7	0	52.4

¹ Details on the scoring of this criteria may be found in Annex 1

² No data was available specifically for Medical Goods, only for the overall category of retail and wholesale.

Sectoral Licensing Initiative Design

Publishing, printing and reproduction of recorded media & advertising	20	352	5.54	4	4	1.68	0.85	0	5	0	41.07
Advertising	20	196	3.08	8	4	1.68	0.85	0	6	0	43.61
Land transport and transport activities	10	403	6.34	8	8	6	1.34	4	9	0	52.68

3.5 Findings

As a result of the criteria application, the activities ranked as detailed below. The main activities that fared the highest, were amongst the tourism, health, and educational sectors. Hotels ranked number one, closely followed by restaurants. Although licensing of both activities is carried out by the Ministry of Tourism and Antiquities, their licensing processes differ substantially to maintain them as two separate activities rather than combining them. Several of the activities scored very closely to others, and it is therefore recommended to view the scoring and ranking within a larger context than just the score, given that some subjectivity was involved in the criteria application.

Table 3.5: Ranking of Activities

Economic Activities	Final Score	Rank
Hotels and accommodation facilities	71.14	1
Restaurants/bars(not cafes)	68.06	2
Human health activities	66.92	3
Activities of travel agents	65.26	4
Schools (primary & secondary) & vocational & general training	64.08	5
Manufacture of food and beverages	54.54	6
Retail & wholesale trade of medical goods	53.59	7
Universities & colleges	53.02	8
Land transport and transport activities	52.68	9
All construction related contractors (civil, electromechanical, roads, sanitary works)	52.4	10
Manufacture of chemicals	50.65	11
Recreational/ sporting/ cultural activities	49.41	12
Rental cars	45.96	13
Advertising	43.61	14
Publishing, printing and reproduction of recorded media & advertising	41.07	15
Manufacture of tissue paper & sanitary products	39.24	16
Manufacture of medical equipment	36.11	17

CHAPTER 4: RISKS AND UNCERTAINTIES

A number of assumptions have been made while designing and conceptualizing this project. A number of risks accompany those assumptions. Following is a brief description of both.

Assumptions I

A general differentiation criteria will be developed and applied to identify general licenses versus sectoral licenses.

Risks I

The criteria for the distinction between general and sectoral licenses are not clear at this stage. Little documentation is available to explain what is considered a general license and what is a sectoral license, although the Aqaba experience may provide a useful point of reference in this respect. In any case, the first step in understanding the difference between the general and the sectoral license will be reading the related provisions in the Investment Law, which defines the sectoral and general licenses as follows.

Sectoral License. Any permit, approval, or permission granted by an official body to any person to allow him/her to carry out a certain project, excluding general licenses.

General License. The license, the purpose of which is to achieve regulatory, health, or environmental purposes, or to accomplish public safety considerations.

Hence, the team will depend on such definitions while examining the requirements for licensing, validating such, and categorizing them to fit under each definition. The prospective outcomes of this exercise are (1) developing a better understanding of the law, (2) fostering an interactive application and understanding of the spirit and concepts provided for in the law by the line licensing authority, and (3) placing the on-going reform process of licensing requirements on solid legal grounds.

The risks inherent in this process is the lack of additional legal explanation of the meaning of general and sectoral licenses, which may result in some inconsistencies or gaps while the law is applied by different entities or to different activities. Nonetheless, the flexibility in the law may add value to the interpretive efforts lead by licensing authorities to utilize it in a manner that would serve their licensing process, as well as their streamlining.

The law does not eliminate existing licenses. Rather, it aims to mould them into new “structures.” General and sectoral licenses should not be interpreted as a new form of licenses, but rather categories into which existing licenses should fall.

Nevertheless, some licenses may inevitably appear superfluous and redundant, such as the vocational license, which serves as the general health license in the instances when it is granted upon an inspection conducted by the municipality’s doctor. In these cases, the team will use its considerable information and experience to produce solid recommendations as to what should be done with these licenses.

In all events, the outcome of the process rationalization will become the actual factor to decide where each of the requirements fit; how to regard and deal with other licenses in place; and when to dispose of excessive licensing requirements.

Assumptions II

The Investment Law will provide a general platform for eliminating irrational, vague or redundant licensing requirements.

Risks II

There will always remain the legal question regarding special laws (i.e., *lex special*) and general laws, as well as the issue of recent laws versus older laws. This jurisprudential debate may add an extra level of uncertainty towards what laws should be applied in particular cases. For example, which law applies to the licensing of restaurants? Is it the Investment Law, which is recent and therefore supercedes earlier provisions of the Tourism Law? Or, is it the Tourism Law, which is a special law and therefore supercedes the general provisions of the Investment Law?

As the answers to these questions are relative and subjective, the team's exercise should utilize relevant jurisprudence and court literature for guidance. Another tool that can be utilized in this case is the superceding effect of international agreements to which Jordan is a party. For example, the World Trade Organization (WTO) provides an excellent base –under the General Agreement on Trade in Services (GATS) – to streamline and reform investment requirements. As well, the World Tourism Organization might assist in the specific example of tourism sector. Other agreements also need to be examined for their relevance.

However, the relevance and applicability of international agreements will depend on the sector in question, the requirements identified, and the process of rationalizing those requirements. Once all of these variables are known, the specific agreements will be studied to assist in the process. For example, the following services are listed in Jordan's Schedule of Specific Commitments to the WTO. As such they are not subject to restrictions.

- Consultancy services related to the installation of computer hardware (CPC 841)
- Software implementation services (CPC 842)
- Data processing services (CPC 843)
- Data base services (CPC 844)
- Maintenance and repair services of office machinery and equipment including computers (CPC 845)
- Other computer services (CPC 849)

In theory, this means that Jordan has committed to unbind the services listed above to any market access/national treatment restrictions. This allows the argument that licensing requirements (if containing such restrictions) are in violation of WTO commitments.

Thus, the overruling effect of the international commitments must be utilized effectively whenever the requirements of such agreements are in favorable to investment licensing improvement and the removal of irrational requirements.

Assumptions III

The new streamlined model for issuing sectoral and general licenses will be rolled out for the other identified economic activities according to the roll out plan which will be produced in Phase 3.

Risks III

Many obstacles might obstruct or delay the roll out of the new model to other economic activities, such as the lack of qualified human resources, financial resources, or stakeholder commitment. Therefore, the roll out plan should propose mechanisms, which ensure that the process will be sustainable. Suggestions include the following.

Cooperate with JIB. JIB's role in facilitating investment in Jordan, in addition to its ownership of the one-stop-shop, puts it in a good position to ensure the continuation of the project. The investment facilitation department at JIB would be a potential counterpart, which

can lead the roll out of improvements to the other economic activities. Capacity building for the department in the area of process streamlining might be needed and can be provided.

Involve the Public Sector Reform Unit (PSRU) of the Ministry of Administrative Development (MOAD) in the project from the beginning (including the pilot phase), in order to build the capacity of its staff in the area of process streamlining. This will enable the unit to lead the roll out effort for the other economic activities. MOAD's main objectives of improving the performance of public entities, especially those dealing directly with the public and investors, makes it a strong candidate for continuing the project after the pilot phase.

The King Abdullah II Award for Excellence might also be used as an incentive for ministries and other public entities to apply the licensing reform model.

ANNEX 1: SCOPE OF WORK

I. Specific Challenges Addressed by this Consultancy

Through various investor roadmap exercises, both phases of the AMIR Program have identified existing business registration and licensing practices as being unnecessarily costly to entrepreneurs seeking to establish and operate a business. In the past, the AMIR Program has worked successfully to automate business registration process, resulting in a dramatic decrease in processing time. Currently, the AMIR Program is working to streamline professional licensing at the municipal level through a successful pilot project. Despite improvements at these levels, current practices in the areas of pre-approvals and sectoral licenses continue to burden investors with overly-complicated and unclear procedures, as well as unpredictable timeframes, resulting in high transactions costs.

Interim Law No. (68) for the Year 2003: The Investment Law, which was passed on 16 June 2003, promises substantial improvement to business registration and licensing in Jordan, as it establishes innovative principles and requires a change in both expectations and processes in the areas of (1) sectoral licenses, (2) business registration, (3) prior approvals, (4) prior licenses, and (5) general licenses. More specifically, Articles (21)-(24) of the law require the following.

- Elimination of prior approvals or licenses for company registration
- Streamlining of sectoral licensing
 - Elimination sectoral licenses that are superfluous
 - Elimination sectoral licenses that limit competition
 - Elimination of prior approvals or licenses for sectoral licenses
- Expedition of sectoral licensing process
- Transparency of sectoral licensing process
- Recourse in case of delay of sectoral licensing process or rejection of application
- Streamlining of general licensing
 - Elimination of prior sectoral licenses
- Transparency of general licensing process
- Recourse in case of delay of general licensing process or rejection of application

Despite the great promise of The Investment Law, few in either the public or private sectors seem even to be aware of the law, let alone enforcing or taking advantage of it.

The AMIR Program stands ready to provide the Government of Jordan with the technical assistance that it requires to improve the enabling environment for business by realizing the full benefits of improved business registration and licensing that are promised by The Investment Law. It has already taken a first step in this direction by developing a concept paper that discusses issues and experiences surrounding such a reform initiative and suggests some of the steps that might be taken to implement the business registration and licensing aspects of The Investment Law. At this stage, it is necessary to translate this preliminary research into a proactive initiative that makes immediate impact on and sustained improvements to the enabling environment for business.

II. Objective

The primary objective of the proposed consultancy is to design an initiative for the utilization of the business registration and licensing aspects of Interim Law No. (68) for the Year 2003:

The Investment Law to improve Jordan's enabling environment for business at the sectoral level.

III. Specific Tasks of the Consultant(s)

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

A. Background Reading Related to Understanding the Work and Its Context

Consultant shall read, but is not limited to, relevant sections of the following materials to understanding fully the work specified under this consultancy.

1. AMIR Program. "Investment Law Implementation Action Plan" (March 2004)
2. Interim Law No. (68) for the Year 2003: The Investment Law
3. AMIR Program. "The 2002 Investor Roadmap of Jordan" (October 2002)
4. AMIR Program. "Analysis of Roadmap Implementation Efforts" (April 2002)
5. AMIR Program. "Investor Roadmap" (June 1998)
6. AMIR Program. "Entrepreneur Roadmap Phase II: Validation of Phase I Findings" (May 2002)
7. AMIR Program. "Microinvestor Roadmap Phase I: Outline of Microenterprise Registration and Licensing Process" (February 2002)
8. AMIR Program. "Municipalities BPR E-Readiness Assessment Study for Wadiseer Municipality" (April 2004)
9. AMIR Program. "To Be Phase Summary Report Wadiseer Municipality/Municipality of Greater Amman" (March 2004)
10. AMIR Program. "BPR Baseline Assessment Study of Wadiseer Municipality Licensing and Renewal Procedures" (February 2004)
11. AMIR Program. "Selection of Pilot Municipality-Greater Amman Area" (January 2004)
12. AMIR Program. "Processes Analysis Report Wadiseer Municipality/Municipality of Greater Amman Main Report" (January 2004)
13. AMIR Program. "BPR Municipality Pilot Project High Level As Is" (January 2004)
14. AMIR Program. "Municipal Business Process Re-engineering Pilot Project: Concept Paper" (November 2003)
15. Relevant laws, regulations, and instructions (including ASEZA)

B. Background Interviews Related to Understanding the Work and Its Context

The Consultant shall contact personally, by e-mail, or by telephone the following individuals in order to fully understand the work specified under this consultancy.

1. Greta Boye, PSPI Team Leader, AMIR Program
2. Brad Fusco, Investment Promotion Subcomponent Manager, AMIR Program
3. Geoff Wright, Trade and Market Access Manager, AMIR Program
4. Terri Kristalsky, MEI Team Leader, AMIR Program
5. Suhair Khatib, Business Management Specialist, AMIR Program
6. Abed Shamlawi, Acting ICTI Team Leader, AMIR Program
7. Reem Badran, CEO, Jordan Investment Board
8. Relevant stakeholders in targeted business registration and licensing processes (including ASEZA)

9. Jamal Al-Jabiri, Project Management Specialist, U.S. Agency for International Development (USAID)

C. Tasks Related to Achieving the Consultancy's Objectives

The Consultant shall use his education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to achieve the following.

1. Design Project

The project design should include, but not be limited to the following elements.

- Objectives
- Targets and indicators
- Timeframe, including milestones
- Implementation process, including pilot project and phased roll-out
- Participants
- Roles and responsibilities, including project management
- Required external (i.e., in areas other than business process engineering and law) support, including communications materials

2. Establish Criteria for Pilot Project

As a first step in broader reform, it is necessary to select a single economic activity that is representative of the challenges the initiative seeks to address and to improve the business registration and licensing procedures of that activity through an application of The Investment Law. In order to select this activity, it is necessary to develop a set of criteria against which to screen possible economic activities. Following is a list of indicative criteria.

- Potential to serve as convincing “proof of concept” to broad audience
- Potential impact by value of economic activity affected
- Potential impact by number of businesses affected
- Feasibility, especially in light of timeframe and political constraints

3. Conduct Field Research

Collect the information required to apply the selected criteria to various economic activities.

4. Apply Criteria and Select Pilot Project

This exercise should result not only in the selection of the pilot project, but also a prioritized list of subsequent projects.

6. Determine Political Orientation

In order to undertake a cross-cutting reform initiative at the ministerial level successfully, it is critical to have an appropriate political mandate and adequate political support. The following institutions have all been suggested as candidates for project partnership.

- Ministry of Administrative Development
- Ministry of Planning, National Competitiveness Team
- Ministry of Industry & Trade
- Jordan Investment Board
- Excellence Inc.
- Leading business association(s)

7. Prepare and Present Pilot Project Proposal

Present to project partner as well as pilot project stakeholders in order to ensure their active participation.

8. Identify Follow-on Tasks

Identify follow-on tasks that require attention from the AMIR Program. Provide adequate documentation of the background and rationale for these tasks, to serve as the basis for subsequent scopes of work.

IV. Time Frame for the Consultancy

Unless otherwise specified in writing, the time frame for this consultancy is specified by the expenditure start and end dates shown in Annex C.

V. LOE for the Consultancy

The days of level of effort are allocated by location in Annex C.

VI. Consultancy Qualifications

The Consultant shall have the following minimum qualifications to be considered for this consultancy.

1. *Educational Qualifications*

- Minimum of a Bachelors degree in a relevant discipline

2. *Work Experience Qualifications*

- Familiarity with Jordanian (including ASEZA) business licensing legislation and procedures

VII. Notes

The body of the final report should not exceed 15 pages. Additional material may be included as annexes.

The deadline for the draft report is 25 days from the start date. The deadline for the final report is 30 days from the start date.

The draft reports must be submitted for review with at least 20 percent of the LOE remaining.

Grammar and syntax should be consistent with standard English, as set out in *The Chicago Manual of Style* (<http://www.press.uchicago.edu/Misc/Chicago/cmosfaq/>) or *The AP Stylebook*.

ANNEX 2: COMPARATIVE ADVANTAGE CRITERIA SCORING

With regard to the scores of comparative advantage, see Table A2.1 for the scoring of the sub-indicators.

A2.1: Comparative Advantage

Economic Activity	Presence of Supportive Infrastructure	High Local Demand	High Foreign Demand/ Export Potential	Comparative Advantage (Out of 9)
Schools (i.e., primary and secondary), vocational and general training	H	H	L	7
Universities and colleges	H	H	H	9
Human health activities (i.e., hospitals, medical and dental practice activities, other human health activities), Social work activities (i.e., rehabilitation centers)	H	H	H	9
Retail and wholesale trade of medical goods	M	M	L	5
Manufacture of chemicals	M	H	M	7
Manufacture of food and beverages	M	H	M	7
Manufacture of medical equipment	L	L	L	3
Manufacture of tissue paper and sanitary products	L	H	M	6
Hotels and accommodation facilities	H	H	H	9
Restaurants, bars (i.e., not cafés)	M	H	H	8
Recreational, sporting/, cultural activities	M	H	H	8
Rental cars	H	M	M	7
Activities of travel agents	H	M	L	6
All construction related contractors (i.e., civil, electromechanical, roads, sanitary works)	H	H	L	7
Publishing, printing and reproduction of recorded media	M	m	l	5
Advertising	h	m	l	6
Land transport and transport activities	h	h	h	9

ANNEX 3: ASEZA MODEL FOR PERMITTING ECONOMIC ACTIVITIES

Permitting System Development

A new streamlined permitting system, based on the one-stop-shop concept, was designed and successfully implemented for the Aqaba Special Economic Zone (ASEZ) under the USAID-funded Aqaba Technical Support Project (ATASP), to replace the Vocational Licensing System, pursuant to the Investment Climate Regulation No. 11. The process was designed to be dynamic, allowing it to be continuously improved and fine-tuned. As part of the designed permitting system, specific health, public safety, environment, and operational technical requirements were developed to ensure high standards of operation in ASEZ.

The requirements were adopted based on Jordanian standards (and international standards in certain cases), hence guaranteeing the level of control and quality that has been reached in the Customs Area, yet introducing the concept of risk-based classification and distinguishing the permitting procedures for both the low and high risk activities.

Over a year and a half of on-site support in the design and business mapping, and procedure-setting of the process resulted in the following outputs. All are available in both Arabic and English.

1. Instructions for regulating and monitoring registered enterprises' activities

These include the following annexes.

A. Public Safety Certificate Requirements

Enhanced public safety requirements were drawn up to reflect all the modifications that have been included in the new version of the Fire Prevention Code, which was yet to be passed nationally, as well as modifications that are present in the NFPA. The new set of requirements are user-friendly and identify the low-risk activities (i.e., the Public Safety Positive List) and their requirements, as well as the high-risk activities and their requirements. The positive list includes those activities exempted from pre-operational inspection according to their occupancy category and identifies the characteristics that allow such an activity to be placed on the positive list.

The process by which the Investor Services Division of ASEZA and the Civil Defense Directorate would interact in the process of issuing the Public Safety Certificate was laid out. All timeframes that have to be observed by the Civil Defense Directorate were identified, as well as all required documents and drawings that have to be submitted by the investor. The process differentiated two distinct paths: one for any activity identified in the Positive List and another for those that are not exempted from pre-operational inspection. The process was further mapped out on a flow chart.

B. Health Certificate Requirements

Public and occupational health requirements for all existing and new facilities in ASEZ were established as part of the ongoing process to clarify and provide transparent permitting requirements. No clear requirements had been previously in place, except for a number of activities.

This involved categorizing the economic activities (as classified under the ISIC code) into low- and high-risk, according to their public and occupational health risk. This risk classification was based on the nature of the specific activities, scale, type of materials used, and the degree of interaction and effect on general public. General health requirements were then compiled for low-risk activities. Specific health requirements were compiled for high-

risk activities, according to type of activity. Additional guidelines were developed which offer additional information on certain subjects, such as the Guidelines for the Responsibilities of Employers and Employees, Guidelines for Occupational Medical Examinations, and Noise Guidelines.

Health certification procedures were designed – the methodology to be applied by ASEZA with the aid of the Aqaba Health Directorate for economic activities preparing to operate within the Zone. The design of the process was based on and integrated with the investment permitting process. In addition to this, a health manual was compiled, focusing on a number of public health issues that are pertinent to the community as a whole (e.g., pest control, general sanitation, nuisance prevention), not only economic activities.

C. Technical Requirements for Activities Listed in Annexes 1 and 2 of the Investment Climate Regulation (i.e., activities requiring an operational permit)

These represent any requirements for a named sector and were collected/formulated in an ongoing process.

The rule created in the ASEZ is that no license is required to operate in any activity in the Zone, except if a license is specifically stipulated in the Investment Climate Regulation. Hence, the technical requirements are only required for activities listed as requiring an operation permit. On a parallel track, yet relevant to the permitting process, the general environmental requirements, the forms and standard operating procedures for the environmental clearance process were also identified.

2. Inspection of Facilities Instructions

3. Service Fees Instructions

4. Objection Instructions

5. Permitting Forms and Certificates

6. Strategy for the Introduction of Operating Enterprises Within the Zone into the new Permitting System

This included the following deliverables.

A. Transitional Instructions

These dictate the legal methodology and approach to be adopted in the transitional phase.

B. Transitional Strategy

This dictates the logistic approach to be used throughout the transitional phase.

7. Supportive Tools: The Investor's Guideline and Standard Operating Procedures

The Investor's Guideline outlines the process for registering and approving a business venture in the zone, the required certification, and environmental clearance. The Standard Operating Procedures were drawn up to assist the Investor Services Officer in implementing the process.

The new permitting system thus included the following main features.

- Time bound
- Easy market entry with emphasis on the post-audit inspection
- Clear transparent requirements
- Presence of an investment facilitation form, designed to solicit information on any activity (both industrial and non-industrial)

- An activity identification number, which restricts its holder to the location and activities to which he/she were permitted to carry out. This number will hence be used in place of the vocational license.
- Distinction between the permitting process for low-risk activities, versus high-risk activities. Low-risk activities were allowed to be permitted without a pre-operational inspection, based on an investor's signed declaration of compliance with the assigned requirements. Compliance is therefore ensured during post-audit inspections.

Compliance System Development

The permitting system was designed with the concept of easy market entry and strong post-operational monitoring to ensure compliance. A conceptual design for an integrated compliance inspection system was identified whereby the tentative criteria for the compliance inspection system were identified and from thereon the framework was further detailed out and consensus sought at several levels with ASEZA. In setting the basis upon which much of the proposed steps within the compliance inspection system would be derived, a business census was launched so as to map out the enterprises that are operative in the Zone. These enterprises were mapped out using a GIS ARCVIEW application for the purpose of utilizing it for the inspection system.

ASEZA's Enterprise Registration and Permitting System

ASEZA's Enterprise Registration and Permitting System enables the Investor Services Directorate to "register" and "permit" enterprises by electronically entering data and electronically producing the required forms and certificates. Covering all the aspects of processing investment facilitation services, the electronic system allows investors to fill and submit their registration and permitting applications, in addition to tracking the status of their submitted applications online through ASEZA's website (www.aqabazone.com). The system also connects ASEZA's Investor Services Directorate to other departments (i.e., Environment, Zoning, Health, and Public Safety) through a paperless environment.

The basic principle underlying the system is the time-bound nature of the decision making process, which mandates ASEZA to respond to the investors' applications and requests in a timely fashion. Moreover, the system presents a very useful management tool for ASEZA by providing functional and statistical updates through preset statistical reports.