



Economic Growth Sector PROJECT PROFILE

April 2014



Photo: USAID/Jordan FRP II

Participants during the “Monitoring and Evaluation / Programs Reviews Workshop” conducted on February 25th, 2014 for General Budget Department analysts and directors.

The FRP II team is committed to working closely with all partners in the GoJ to improve government efficacy and to set the stage for attracting investments and creating jobs; in the pursuit of a better economic future for all Jordanians.

PROJECT SNAPSHOT

Implemented by: Development Alternatives Inc.

Duration: 2009 – 2014

Total Funding: \$ 43,039,107

Beneficiaries: Government of Jordan Institutions

Geographic Coverage: Nationwide

[http:// www.frp2.org](http://www.frp2.org)



Fiscal Reform II Project

The United States Agency for International Development (USAID)’s Fiscal Reform II Project (FRP II) is one of the agency’s leading initiatives in Jordan. Focused on supporting the Government of Jordan (GoJ)’s economic reform process, FRP II aims to improve the macroeconomic foundation for sustainable economic growth by strengthening fiscal policy formulation, implementation and public financial management (PMF).

FRP II’s technical assistance helps the GoJ improve performance in government spending and administration of public resources, enhance accountability and transparency and increase revenue generation through sound tax policies and administration and facilitating international trade transactions at the border.

FRP II pursues 7 principal objectives:

1. Strengthening public financial management for more efficient use of public resources by implementing the Government Financial Management Information System (GFMS).
2. Promoting accountability and transparency through effective monitoring and impact assessments of government policies and actions.
3. Improving revenue mobilization through more advanced revenue administration.
4. Adopting resource-saving reforms in selected government programs based on sound policy analysis.
5. Increasing efficiency in cross border trade.
6. Promoting private sector investments through the development of an enabling PPP Framework.
7. Supporting the GoJ in the implementation of a comprehensive and fiscally sustainable National Energy Strategy.



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“Our technical experts are committed to working hand in hand with our Jordanian partners across the board to help them improve governance at all levels in the best interest of the Jordanian citizen”- FRP II Team

PARTNERS

- Ministry of Finance - General Budget Department, Income & Sales Tax Department, Jordan Customs
- Ministry of Energy and Minerals Resources
- Audit Bureau
- Ministry of Public Sector Development

FRP II IN ACTION

Since its launch in 2009, FRP II has implemented a number of successful programs in close cooperation with all partners in the GoJ and through several FRP II teams embedded with our governmental counterparts.

TRAINING AND CAPACITY BUILDING

- 399 capacity-building workshops and seminars were conducted to date with the purpose of strengthening the GoJ's institutional capacity in financial management, financial analysis and fiscal policy formulation.
- 8,635 Jordanian public sector professionals (both men and women) took part in various training programs in the following fields: economic and fiscal policies, tax policy reforms, effective budgeting, energy sector strategy, public private partnerships, public financial management, transparency and accountability and leadership in capacity building.
- The project delivered two Leadership Capacity Building Programs for the Ministry of Public Sector Development. The programs focused on improving leadership skills of middle-management governmental officials and included the design and creation of operational manuals and guidelines for the Ministry's use in the following areas: Human Resources, Participatory Strategic Planning, Complaints Management, and Public Sector Governance.
- FRP II's team has developed a Service Delivery Tool Kit to help public sector professionals improve the provision of government services. The tool kit was utilized in various government institutions including the Department of Lands and Survey and the Social Security Investment Fund. Over 200 government service providers were trained in using the tool kit.



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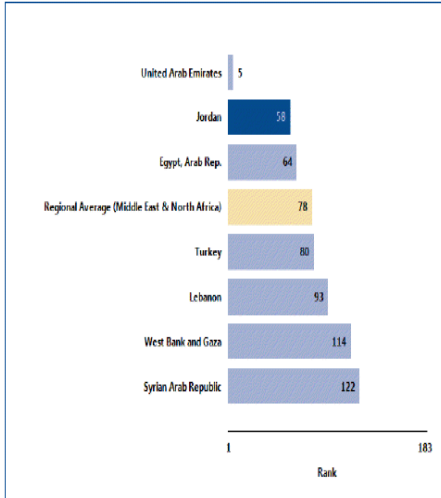


Photo: Doing Business Database

Photo: How Jordan and comparator economies rank on the ease of trading of across borders.

SUPPORTING TAX REFORM

- Three Technical Studies were developed for the Ministry of Finance (MoF) and the Income and Sales Tax Department (ISTD) aimed at supporting Jordan's tax policy reform and improving tax administration. They include: Tax Expenditure Study, Tax Incidence Study, Tax Administration Benchmark Study.
- The project provided technical assistance to the Ministry of Finance and the ISTD in revising and analyzing several drafts to the draft Income Tax Law. FRPII also engaged government officials and members of parliament on international best practices on income tax legislation.

ENCOURAGING PPP

- FRPII provided technical assistance to the Ministry of Finance to help establish the Public-Private Partnership Unit charged with implementing all Public-Private Partnership initiatives in strategic economic sectors including renewable energy, infrastructure and municipal services in order to increase investments in those key sectors thereby spurring economic growth.

MAINTAINING A SOUND BUDGET

- FRPII assisted the General Budget Department in implementing a system to monitor and evaluate performance using a Results-Oriented Budgeting framework. This system allows timely corrections by policymakers and improves the allocation of funds by the central government.
- Technical assistance is also extended to the Ministry of Finance in support of its efforts to comply with the IMF Standby Agreement. FRPII assisted the MoF in estimating and monitoring the primary deficit ceiling on a quarterly basis and simultaneously identified government expenditures reduction alternatives as well as tax and non-tax revenue enhancing measures.
- FRPII also provided technical assistance to MoF in structuring the terms and conditions of a 1.2 billion Eurobond; which is in turn, guaranteed by the U.S. Government. The Eurobond was successfully completed in December 2013.
- FRPII has completed a thorough assessment study on the "Direct and Indirect Fiscal Costs of the Syrian Refugees" in Jordan. The study provides policymakers at the Ministry of Finance and other GoJ institutions with a detailed and com-

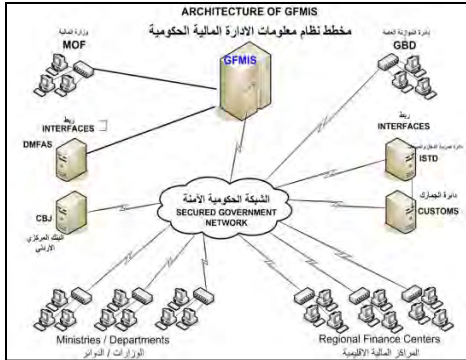


Photo: USAID/Jordan FRP II

"We used to spend 80% of my time searching for financial information and 20% analyzing it. With GFMS, this equation is reversed allowing less time to collect the information and more time to analyze it." GoJ Official on GFMS (with diagram)

prehensive review of the fiscal impact of more than 600,000 Syrian refugees on the Jordanian government's budget in 2013 and 2014.

- FRP II support to the Audit Bureau has focused on strengthening Performance Auditing that improves government accountability. This ensures that the government is compliant with the requirements of Results-Oriented Budgeting. Various studies, training of auditors and an awareness campaign targeting 120 auditors and Audit Bureau managers has also contributed to strengthening Performance Audits as a key component of fiscal reform. A total of 5 performance audit reports have been completed to cover critical fields such as fleet management and government procurement.

FACILITATING TRADE

- FRP II provided support to a USAID-funded agreement between Jordan Customs and United Nations Conference for Trade and Development (UNCTAD).
- A new automated ASYCUDA System was introduced to the Jordan Customs Department in order to facilitate the processing of custom declarations.
- FRP II continues its support to Jordan Customs to enhance the utilization and expansion of the Jordan Single Window (SW) in collaboration with the project's governmental partners. The SW has contributed to significant reductions in both import and export process time and now covers 80% of all customs transactions in Jordan. Its primary objective is facilitating trade and improving Jordan's business competitive edge through a speedier and more efficient cross border flow of goods.
- These measures have contributed to a notable improvement in Jordan's ranking in trade across borders in the World Bank Doing Business Report. Jordan jumped 20 positions from 77 in the 2011 report to 57 in the 2014 report.

STRENGTHENING FINANCIAL MANAGEMENT

- In close collaboration with the Ministry of Finance, FRP II rolled out the General Financial Management System (GFMS) in 52 government entities and evaluated the system's performance in 45 sites. GFMS is an effective financial management tool that ensures transparency and accountability in the allocation, use and monitoring of Jordan's public resources.



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Solar Panels - Jordan

- Technical assistance was provided to the Audit Bureau in developing a Quality Management System in accordance with international standards (ISO 9001).
- FRP II continues to support the newly introduced Key Performance Indicator Audits, the first of its kind in Jordan and the Middle East. These Performance Indicator audits serve to ensure that public resources are spent to achieve the goals set in place, which in turn enhances transparency and accountability of GoJ's spending. These audits were utilized in the Ministry of Environment, Department of Statistics and Income and Sales Tax Department, Jordan Customs and Ministry of Public Works and Housing.

PROMOTING RENEWABLE ENERGY

- FRP II developed a comprehensive assessment study on global renewable energy (RE) trends, in partnership with the Ministry of Energy and Mineral Resources (MEMR). The study guides MEMR in identifying trade-offs between feed-in tariffs and competitive tendering thereby adopting efficient RE pricing approaches that would expedite the deployment of Jordan's RE projects, which are central to Jordan's medium term energy policy focused on decreasing the country's energy dependence.

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