



Mid-Term Review of the Social and Economic Transformation Programme (SETP)

Submitted To

**The Government of the Hashemite Kingdom of Jordan
Ministry of Planning and International Cooperation**

FINAL REPORT VOLUME (I)

Amman, September 2005

Submitted by

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ACKNOWLEDGMENTS

The Consortium would like to express its sincere gratitude and appreciation to Her Excellency Suhair Al-Ali, Minister of Planning and International Cooperation, His Excellency Maher Madadha, Secretary General of the Ministry of Planning and International Cooperation, for their full support, cooperation and insight into our work. The Consortium is grateful for the continuous guidance from the Ministers of Finance, Justice, Health, Water & Irrigation, Information & Communication Technology, and Education.

The Consortium also wishes to acknowledge the substantive participation of the counterpart team at MOPIC. It was an extremely complex and comprehensive evaluation of all major economic and social sectors of the Kingdom. This work could not have been accomplished without the contribution of Ziad Obeidat, Director of SETP at the Ministry of Planning and International Cooperation and the interactive participation of the SETP Team, in providing their support and input to our team of consultants.

The Evaluation Team wishes to note the particular contribution of Amjad Al-Attar, MOPIC's Team Leader of the SETP Evaluation Mission, for his unrelenting efforts, thorough knowledge, continuous commitment, and for providing full cooperation throughout the Evaluation Mission.

The Consortium

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EXECUTIVE SUMMARY

I. Background

The Jordanian economy has undergone a major structural transformation in the past 15 years matched by few developing countries. A number of difficult stabilization and structural reform measures adopted during the 1990s with the support of the IMF and the World Bank helped stabilize the economy and resume growth. Real annual average GDP growth increased sharply to over 3% during this period of stabilization but there were marked volatility in real growth rates and the Real GDP index in 2001 was still only 83.2% of the 1987 level. Moreover, the absolute number of poor actually increased by about 40,000 in spite of substantial reductions in the inequality of per capita consumption expenditures as measured by the Gini coefficient from 0.4 to 0.36 (World Bank, CAS 2002). This slow pace of poverty reduction was a key factor prompting the Government to strengthen its efforts at regionally focused social development through a major new policy and institutional reform initiative called the Social and Economic Transformation Program (SETP).

SETP has two principal objectives: 1) to improve the quality of life of the people, particularly the poorer segments of the society, and 2) to encourage increased private investment, domestic and international, to create greater employment opportunities for the Jordanians. These objectives are to be achieved through a three-pronged program of: 1) measures to improve institutional and regulatory framework to enhance the climate for private investment, 2) implementing a significant program of policy and legislative changes aimed at improving the functioning of the economy and of the various public and private sector agencies responsible for the delivery of public services, and 3) a public investment program totalling JD 579.3 million over three years in human resource development, basic government services, rural development and poverty alleviation, and institutional and structural reforms. SETP covered virtually every key economic and social sector – education, training, youth, culture, health, water, infrastructure, information and communications technology (ICT), tourism, agriculture, environment, social welfare and civil defence. Judicial reforms were a key part of the institutional and structural reform agenda.

The bulk (93%) of the funding for the program was financed largely from bilateral donors as grants and a small amount of approximately 7% (JD40 million) from the privatization proceeds. The United States was the largest contributor, accounting for almost 58% of the program funding.

In view of the innovative nature of SETP, MOPIC commissioned in early-2005 an independent “third party” Consortium of experienced international and national consultants to conduct a mid-term assessment of this mega Program. MOPIC was specifically interested in drawing lessons that could be used for a mid-term re-orientation and for any follow-up interventions. The Consortium started its work in March 2005 and submitted this final report on August 25, 2005.

II. Evaluation Approach and Methodology

This Mid-Term Evaluation Report has been prepared by the consortium of two international and one domestic firm¹. The evaluation was carried out by a team of experienced international and national experts with extensive training and experience in all SETP sectors. All of the international consultants had significant experience of evaluation work with the World Bank and other international organizations. The national experts contributed by the local Consortium partner functioned as team members with each of the expatriate consultant and added considerable supporting expertise in carrying out field surveys, data analyses, and project and sector reviews.

The evaluation was based on a review of extensive background documentation, discussions with government officials, donors, private sector, and NGOs. For the evaluation of the investment component of SETP, a sample of representative projects representing 53.4% of the total SETP costs was selected for in-depth evaluation through site visits and formal beneficiary surveys or focus group discussions. Cumulatively, all these sources of information provided a substantial basis for the assessments by the experts of each of the three SETP components. The experts worked closely with MOPIC staff in order to also provide training to them in conducting similar evaluations in the future for this or other programs. Towards the end of the study period, two days of formal training workshops attended by relevant MOPIC staff were held to ensure technical knowledge transfer.

The evaluation of the investment component of the Program followed the standard evaluation methodology used by the World Bank and other international organizations. Each project in the sample was evaluated against 5 different criteria designed to assess whether it was of high priority, implemented efficiently, likely to meet its objectives, can be operated efficiently upon completion, and have a long-term impact on the development of the sector. These ratings from the project level were aggregated to arrive at a judgment about the program as a whole. In addition to the project evaluations, this exercise also performed an independent performance evaluation of the sectors addressed by SETP. These evaluations took in to account development activities that took place in the sectors during the period under review, irrespective of the fact whether they were funded by SETP sources or from without.

It is important to point out that this evaluation was not a financial audit of the program. The TOR for this evaluation did not call for the analysis of the appropriateness of the financial management of the funds expended on various project activities under SETP. This review also did not look into the detailed process through which the projects were selected. The information collected through interviews with the officials of MOPIC and sector ministries indicates that MOPIC essentially assigned priorities to the projects using a prioritization model based on the information provided by the sector ministries. Our preliminary analysis of the prioritization model* revealed that it is built upon very flexible and subjective parameters. (**Please refer to the Grant Thornton Report -SETP Management Process Assessment for the Government of Jordan – July 2004*)

¹ **Consortium members:** The Evaluation Partnership Limited (TEP), International Development Partners and Associates (IDPA), MMIS Management Consultants (MMIS)

III. SETP Evaluation Results

Each of the three components of SETP was evaluated separately, while keeping in mind the inter-relationships among all three. The results for each follow.

Component 1: Private Sector Development

Private sector development objective of SETP included increasing domestic and foreign private investment in industry and to increase exports. There were three major initiatives undertaken for this purpose. First, a number of measures were taken to improve the environment for business by removing regulatory impediments to starting businesses and streamlining of some of the regulations. These measures resulted in Jordan being ranked among the top countries in the region for doing business. Second, the privatization program was pursued systematically under an appropriate legal framework to provide, in addition to significant revenue for the Government, a clear signal about increasing role of private sector in the economy and limiting the Government to only those areas that cannot be undertaken by the private sector. Third, SETP invested some JD 20 million in the ASEZA, which has rapidly become an important investment destination in the country.

The results of these initiatives have been highly successful as judged by the following achievements:

- Significant FDI flows reaching \$330 million in 2003 and \$440 million in 2004. Portfolio flows also registered a significant increase
- Significant new business entries averaging about 5,000 per annum with annual investments increasing to JD 120 million in 2002 and 2003 to JD 273 million in 2004.
- A healthy growth in exports, particularly in the textile sector from QIZs, creating some 45,000 new jobs.
- Registration of 350 companies in Aqaba with over \$1 billion of investment contracted.
- Privatization of 64 enterprises (including 52 companies in which shares were held by the Jordan Investment Corporation) has been completed yielding around US\$ 1,270 million. The privatized companies are estimated to have created 12,000 new jobs.

Component 2: Policy and Legislative Framework

The government of Jordan has been consistently pursuing a structural reform agenda involving legislative, policy and regulatory reforms for more than a decade. This reform program received a new impetus in 1999 when His Majesty King Abdallah II launched new initiatives to enhance the lives of Jordanian people through establishing an enabling economic environment conducive to the growth of the private sector. This Mid-Term review focuses on some key legislative reforms in key sectors that are directly linked with the overall objectives of SETP. A total of 67 new or amended laws were issued as temporary laws under a Royal Decree. Additionally, a total of 135 regulations were issued with a Royal decree. A summary of key legal and regulatory reforms undertaken and their expected impact within each of the affected sectors are:

- Amendment of the Investment Promotion Law facilitated investments in all sectors bringing in JD 418 million in 2004 of which JD96 million came from foreign investors.

- Modification of the military and civil Pensions Law and related regulations are expected to yield substantial budgetary savings and decrease unemployment.
- Laws relating to Financial Securities and Jordan Investment Corporation have yielded major incentives for privatization and broader private sector participation in various economic sectors.
- The government was able to control current expenditures and increase revenues through the process of integrating both the Income Tax and Sales Tax Directorates.
- The current expenditure relative to total expenditure was reduced to (79.4%) which is the lowest in several years. 91.9% of the current expenditures were covered through the national revenue.
- Under the investment encouragement law, the government exempted 1440 additional articles from customs duties. Custom duties were decreased on certain other items imported for commercial use.
- The process of decentralizing the government decision making was speeded up enacting needed legislation.
- Legislation was amended to ensure independence of regulatory bodies.
- Civil Service law was amended to provide flexibility in rewarding competent employees based on their performance.
- The Central Electricity Generating Company is in the process of being privatized. It has received a JD100 million loan to boost its capital.
- A key part of the legislative and policy change required at the sector level has been the linking of higher education to labour market needs.
- Improvements in regulations for organising the Jordanian labour market were addressed through legal reform, with the approval of a new organising law.
- A unified health insurance card bearing the individual's photograph has been introduced to minimise the illegal use of services. All health insurance directorates have been computerised to link up their accounting and record keeping to better track its expenditures and revenues.
- The e-Transactions law – this law sets the rules and provides legislative authorization for electronic transactions and technology-related and authorizes the equivalence of technical tools with paper work and manual transactions.

Component 3: Public Investment

A total of JD 579.3 million had been allocated under the SETP to 181 major projects in 21 sectors and sub-sectors by the end of FY2004. During the formulation of the Program, the Government decided that SETP investments should be geographically dispersed and provide coverage of all governorates.

The largest funding allocation under the program (29.3%) was provided to the Rural Development and Poverty Alleviation sector. Education comprising, General Education, Higher Education and Vocational and Technical Education received about 23%, Infrastructure sector received 21.4% of the total SETP allocations. This allocation indicates the funds were allocated broadly in line with the SETP's overall objectives. This allocation also indicates the overall importance given to poverty alleviation and human development under the program. Water is the most important sector in the Basic Government Services Component in a country whose land area is mainly desert and this is reflected in the SETP allocation. Finally the ICT sector allocation (3.9%) demonstrates the Government's recognition of the overarching importance of this area in enabling Jordan to compete in a globalized economy.

In terms of regional distribution, the governorates on the average received JD108 per capita, with the governorates of Aqaba, Tafila, Balqa, and Karak, receiving significantly higher per capita amounts; The middle region comprising the governorates of Amman, Zarqa, Balqa and Madaba received a total of approximately 39% of the total investments while the southern governorates of Karak, Ma'an, Tafila and Aqaba received the second highest or about 22% of the total funds spent under SETP, reflecting their weaker socio-economic situation. About JD143.2 million was allocated for nationwide programs that benefited the entire country. These included investments in health, water and education sectors whose benefits were divided quite evenly across all governorates.

Our approach to the evaluation centred on our best judgements of the quality of these investments. These judgements were based upon our review of documentation, interviews with key stakeholders, surveys and questionnaires, and focus group discussion groups. These findings were distilled and faced off against the five basic evaluation criteria described below. For the purpose of aggregating and identifying certain common patterns of outcome within the three main components of the program, we have classified all sampled projects within the 16 main sectors and sub-sectors.

Our evaluation of the quality of the investments against the 5 basic evaluation criteria indicated the following:

- In terms of '**Relevance**' (i.e., development priority of the investment), virtually all sectors are rated as being satisfactory to highly satisfactory, rated at **3.1**. This indicates that by and large most investments funded from SETP have been of high priority and supportive of the overall objectives. Indeed, 94% of all SETP investments in 15 of the 16 sectors/sub sectors are in this range. This provides reassurance that SETP investments were useful and not for unnecessary or low-priority projects.
- In terms of '**Effectiveness**' (i.e., prospect for an investment to meet its stated objectives), 8 sectors have ratings in the satisfactory range, rated at **2.6**. These represent some of the critical sectors/sub-sectors such as higher education vocational and technical training, youth care, water resources, ICT, civil defence, rural development and poverty alleviation, and social development. This means that some of the most important sectors are expected to fulfil their development objectives. On the other hand, seven sectors / sub-sectors are rated below average. These include some important sectors such as general education, health, infrastructure, governorate development, agriculture, municipalities, and judicial reforms. The reasons for the lower ratings were generally because of weaknesses in implementation.
- In terms of '**Efficiency**' (i.e., prospect of project completion within reasonable cost and time constraints), 7 sectors are rated in the satisfactory to highly satisfactory range. Among the major sectors where ratings are marginally satisfactory or unsatisfactory include the eight sectors that also rate low. The main reason for low ratings in these sectors are related to poor implementation, lack of capacity (municipalities), excessive designs and adoption of higher cost options (health), and benefit leakages to non-targeted groups (FIS).
- In general, implementation of projects and the associated policy reforms have proceeded slower than planned. Based on discussions with some of the donors, slow implementation seems to be a more general problem in Jordan and the SETP project experience may simply reflect this general situation. But it seems that some SETP projects were approved at an early stage without adequate project preparation, including

designs and implementation arrangements. GOJ needs to pay special attention in the future to expediting implementation. The overall average for efficiency is **2.2**

- The ratings for '**Sustainability**' are in the acceptable range for general education, higher education, youth, water resources, infrastructure, civil defence, municipalities, agriculture and judicial reforms. They are on the low side for vocational training, health, ICT and rural development and poverty alleviation. In most of these cases, low ratings reflected the evaluators' views about the uncertainty of availability of additional funds in the future for operations and maintenance of the assets built under SETP in the tight budget environment facing Jordan. The FIS program, where costs appear to be escalating, is of serious concern in terms of sustainability. For the overall SETP, weighted average sustainability is in the satisfactory range since a number of large investments such as in infrastructure and water have more secure sources of O&M budgets. The overall average sustainability rating is **2.6**.
- The ratings for '**Impact**' should be used cautiously since these incorporate judgements on longer-term actions that are often difficult to predict. Impact ratings are low for health (because of potential problems with future staffing; marginal role of new investments in the sector), agriculture (because of potential movement out of agriculture; transformation of agricultural lands) and municipalities (the difficult challenge of strengthening local government). Overall for the SETP program, the rating however is fully satisfactory. The overall average impact rating is **2.9**

In terms of overall assessments by each sector, it is heartening to note that general education, higher education, vocational training, youth care, water, ICT, civil defence, agriculture and judicial reforms are all rated above average. These are critical sectors for Jordan's future development and also represent a significant part of the sampled SETP public investment projects (about 54%). In this sense, SETP has made a reasonably sound contribution. The main areas of concern are the investments in, health, infrastructure, municipalities, and environment, which reflect about (12%) of total sampled SETP public investment projects (245.599 JD Million), where the overall sector ratings tend to be on the lower side. The remainder (34%) is in the rural development and poverty alleviation, where the rating is in the moderate category. The key challenge in this sector is to improve the performance of FIS, while building on the good performance of EPP.

Overall, the SETP investment program is rated as "Satisfactory" at **2.7**. The SETP investments were generally earmarked for high priority projects that were important from the perspective of SETP objectives and/or to further the objectives in the particular sector. In simple terms, this means that the funds allocated represent money well-spent provided, as noted below, concerns about implementation are addressed.

IV. Overall Assessment and Future Recommendations

The overall conclusions of this evaluation are that the Government's efforts to improve the policy and institutional framework and to mobilize and invest additional resources through the SETP address some of the important priorities of the country. Continued effective program implementation, supported by the measures indicated for each of the sectors, has the potential to improve the quality and quantity of basic services available to the poor; generate additional employment through market relevant training programs; improve the quality and access to higher education to bring Jordanian youth up to the standards of excellence; assist the poor in establishing small businesses; and more generally, encourage the private sector through improved business environment and regulations. These would be important accomplishments.

The challenge is to focus much more squarely on accelerating implementation of the projects and reform initiatives already started under SETP.

While commending the overall success of the program, the investment component of SETP also raises some concerns that should be addressed by the Government in any mid-term corrective actions and its future efforts. These include: concerns about inadequate attention to establishing inter-sectoral priorities and focusing the investments only in the most critical areas that had the highest potential pay-back; diffusion of SETP objectives; and the need to strengthen project monitoring and reporting, particularly in the sector ministries.

The approach of launching a major investment program outside chapter one budget also needs to be re-considered, although we appreciate that in 2001, this may well have been necessary to attract additional donor funds. Jordan is likely to continue to face severe budget constraints for some time. It maybe useful to consider developing a medium-term budget framework (MTBF) that provides some room for new investments each year, and donors should be asked to consider providing annual budget support towards a well-formulated MTBF.

In the short-term, MOPIC may wish to consider mid-term re-allocation of resources within sectors based on the results of this review, moving funds away from lower performing or lower priority projects towards the better performing projects/sectors.

I. BACKGROUND AND OVERVIEW

1.1. General Background

During the past decade (1994-2004), the Jordanian economy has undergone a major structural transformation matched by few developing countries. In 1993, Jordan was barely recovering from crushing exchange rate devaluation and a banking crisis, aggravated by a large influx of refugees from Kuwait and the huge negative impact of the first Gulf war. This halved the living standards of the average citizen and left the Government swimming in a sea of red ink with public debt reaching a crisis level. The most devastating impact was on the poor: The percentage of people living in poverty increased from 3% in 1987 to 14.4% in 1992 before declining to 11.7% in 1997 and 11.2% in 2001.

By 2001, the Jordanian economy had stabilized successfully following the crisis as a result of concerted policy and institutional reforms assiduously pursued by the Government and massive support from the IMF and the World Bank both through technical assistance and structural adjustment loans. Real annual average GDP growth increased sharply to over 3% during this period of stabilization but there were marked volatility in real growth rates and the Real GDP index in 2001 was still only 83.2% of the 1987 level. Moreover, the absolute number of poor actually increased by about 40,000 in spite of substantial reductions in the inequality of per capita consumption expenditures as measured by the Gini coefficient from 0.4 to 0.36 (World Bank, CAS 2002). This slow pace of poverty reduction was a key factor prompting the Government to strengthen its efforts at social and regional development through a major new policy and institutional reform initiative called the Social and Economic transformation Program (SETP).

On 25 October 2001, His Majesty King Abdallah II formally directed the Government of Jordan to formulate an integrated policy reform and investment program to accelerate the pace of social and economic reforms in order to rapidly raise the quality and standard of living of Jordanians. Following the Royal Directive, the Government launched the Social Economic Transformation Program on 15 November, 2001.

The SETP was thus formulated in late 2001 in an environment of mixed economic signals to speed up the pace of policy and institutional reform with the goal of making: (a) tangible and quick impact on poverty alleviation and (b) accelerating the growth of the private sector through a more rapid pace of privatization and improvement in the business environment to increase the scope and volume of private investment.

Since, the general budget of the government had little headroom to finance the additional investments called for by the SETP, the Government embarked on a special financing initiative under Chapter 2 of the budget to fund the SETP through additional grants from donors and a partial utilization of privatization proceeds. Some JD579.3 million were allocated to the Program over 2002-2005, with bulk of the financing targeted to the social and infrastructure sectors. Financing for these projects was provided by external donor grants (JD 530 million) over and above their normal programs, and partial utilization of the privatization proceeds (JD 40million) as per article (5) - (C) of the Temporary Law No. (2) For the year 2002. This extraordinary financing meant that SETP did not add to the public debt. The SETP was entered into Chapter 2 of the general budget, and therefore can be considered part and parcel of the Budget Law, and as such all its financial and administrative rules and regulations apply to it. This ensures accountability and transparency through an institutionalized mechanism for monitoring and evaluating the progress of projects per article

(9) - (g) of the Budget Law No. (12) For the year 2003 and article (10) - (g) of the draft Budget Law for the year 2004. Moreover, the SETP is subject to the Jordanian Parliament's scrutiny and becomes law only upon its approval, similar to all other GOJ projects.

1.2. Evaluation Mission

The aim of conducting this evaluation of the SETP was not merely to judge the success or failure of the program, but rather to identify existing weaknesses and to explore means and ways to improve the Program. Accordingly, the Government of Jordan (GOJ) will acquire a deeper understanding of the specific factors that contributed to the degree of success of the program so as to make an informed judgment on the types of projects that have the greatest impact on the standard of living of citizens and hence position itself to better utilize the scarce financial resources.

Towards this end, the GOJ, with World Bank assistance, finalized the TOR for a mid-term review of the SETP. The mid-term review aims to assess the relevance, efficiency, effectiveness, impact, and sustainability of the Program. The process, which the World Bank has agreed to review, will identify existing weaknesses and explore ways and means of improving the Program.

Following a Cabinet memorandum, a tender committee was established to evaluate offers for conducting a Mid-Term Review. The committee approved the TOR and an invitation to bid was announced in newspapers. A Consortium of two international and one domestic firm was selected to undertake the study²

In view of the innovative nature of SETP, MOPIC commissioned in early-2005 a Consortium of experienced international and national consultants to conduct a mid-term assessment of the Program. MOPIC was specifically interested in drawing lessons that could be used for a mid-term re-orientation and for any follow-up interventions. The Consortium started its work in March 2005 and submitted a final version of the report in early September, 2005.

1.3. The Report is organized as follows:

Since the evaluation team has developed and drafted an enormous amount of original data on the projects and sectors under review, it was decided that this information should be passed on to the government as part of the report. We believe this will be of interest to the working level staff of the relevant program implementation Authorities. It will also be a useful tool if some one wished to revalidate the report findings.

As a result, the Report has been divided in two volumes. **Volume (I)** contains the main report consisting of an executive summary, findings and conclusions. Section II of this report describes the SETP Program, including the process of its formulation, its objectives, and detailed description. Section III describes the evaluation methodology used by the Consortium. Section IV discusses the assessment of the various SETP components, including policies, institutions and public investments. Since SETP public investments were only a part, sometimes a small part, of the overall sectoral public investments, Section V

² **Consortium members:** The Evaluation Partnership Limited (TEP), International Development Partners and Associates (IDPA), MMIS Management Consultants (MMIS)

provides an assessment of the contributions of each of the major sectors to the goals of SETP. Finally, Section (VI) provides an overall programmatic assessment and recommendations for the future. **Volume (II)** contains the detailed evaluation results and tools for the Sectors and sampled projects that were studied in depth, and is distributed in two documents represented by Section (1) and Section (2).

II. SETP PROGRAM

2.1 Program Formulation

The SETP Program formulation followed extensive consultations that had been on-going since the establishment of Economic Consultative Council (ECC) in December 1999 by HM King Abdallah II. The ECC comprised of 20 members from the private sector and civil society representatives, had held extensive consultations with representatives of the private sector, NGOs and civil society organizations over a period of 18 months on the economic and social development priorities and constraints. MOPIC, that had been assigned the responsibility for the design of the SETP by His Majesty, was able to build on the extensive work of the ECC.

Each of the sector ministries was asked by MOPIC to identify their proposals for public investments and related policy measures necessary to support the SETP objectives. Given the backlog of investments in virtually every sector, the proposals by sector ministries in total exceeded the available resources earmarked for SETP. MOPIC held extensive consultations with each of the ministries and jointly with them developed a priority list of investments in the sector. A prioritization model developed in cooperation with the World Bank was used to establish project rankings and priorities. However, the final decision on priorities within the sector was with the line ministry concerned. Consultations with the donors also assured the necessary funding for the program. The final SETP package that evolved from these discussions was approved by the Cabinet and officially launched in November 2001.

2.2 Program Objectives

Although SETP has a number of stated objectives, it has two over-arching objectives:

- 1) To improve the quality of life of the people, particularly the poorer segments of the society through:
 - Investments in housing, roads, water supply, environment education and health by both public and private sectors to rapidly upgrade the quality of life.
 - Enlarging social safety nets for the poor and embarking on new initiatives to involve the poorest communities in their social and economic development through participatory planning and development methods.
 - Devolving greater powers to local governments and municipalities to plan and implement social infrastructure projects and mobilize funding from local communities.
- 2) To encourage increased private investment, domestic and international, to create employment through:
 - Ensuring that private firms operate services efficiently and in a non-monopolistic manner by setting up regulatory agencies to enforce supporting laws and regulations;
 - Improving the business environment for private firms by eliminating redundant regulations and laws and speeding up decision making and improving the

efficiency of government through introduction of information technology in basic services delivery and through e-governance;

- Promoting entrepreneurship and innovation by assisting in the establishment of small and medium scale businesses, and establishing and expanding Free Trade zones to attract foreign investment to accelerate the growth of non-traditional exports.
- Further reducing the role of the government in the direct production of goods and services through an accelerated program of privatization and allowing the private sector to invest and operate in areas once exclusively reserved for the state such as water supply and telecommunications through concessions and outright transfer of assets; and
- Maintaining macroeconomic stability through prudent fiscal and monetary policy, help deepen the financial sector and expand both the banking system and equity markets through appropriate regulation and incentives so that financial markets are deeper and less risky, public savings and investments are enhanced and firms are able to mobilize adequate funding for business.

Although not stated, an implicit objective of SETP was also to mobilize additional grant resources from donors that otherwise would not have been available.

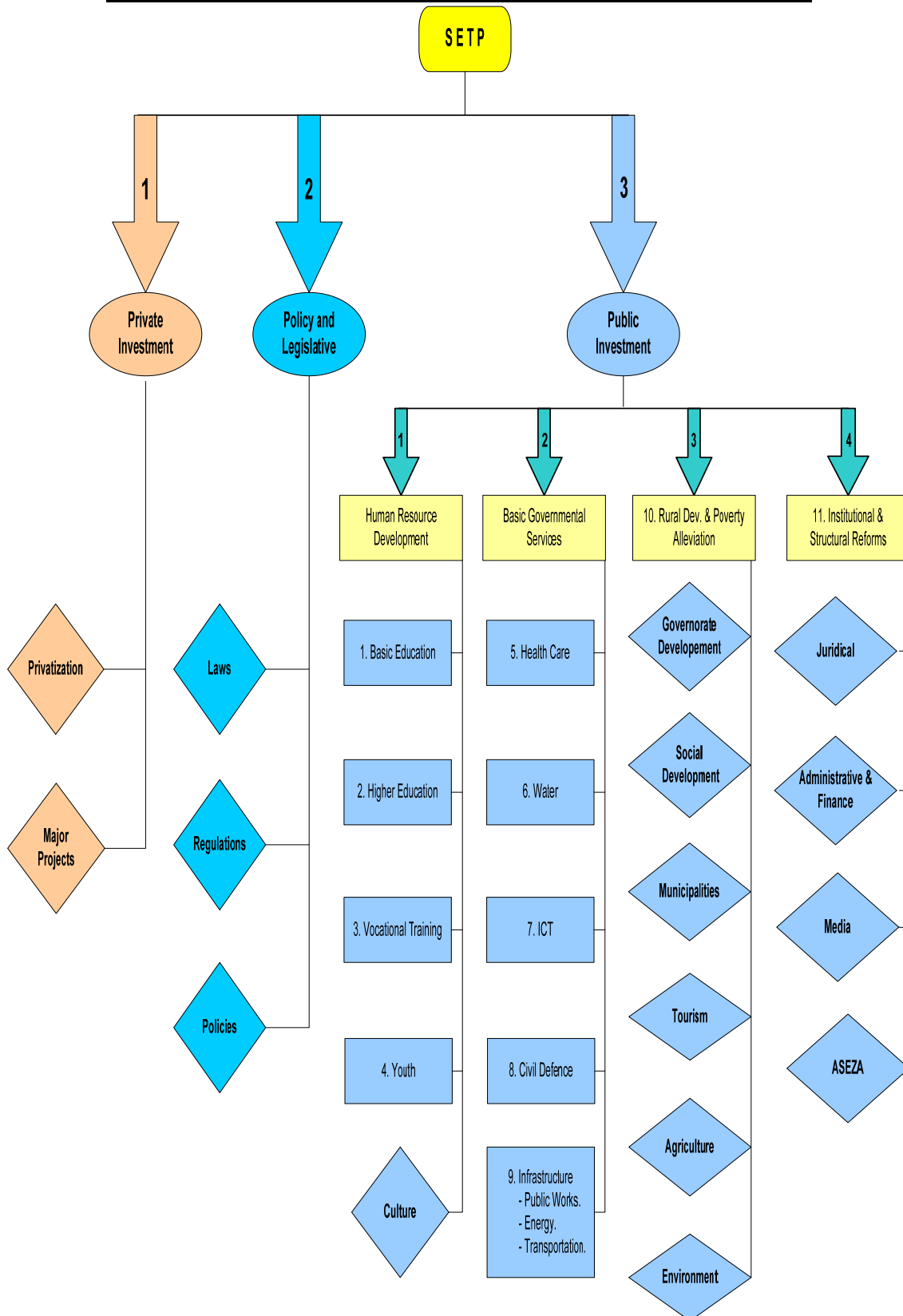
2.3 Program Components

Reflecting the above mentioned goals and objectives, the SETP can be broadly categorized into three inter-related components:

- 1) The first component aims at fostering private sector development through accelerating the pace of privatisation and improving the business environment through mainly policy and institutional reforms to facilitate private investment in not only traditional areas such as manufacturing and services but also new areas such as water supply, telecommunications and urban infrastructure. The SETP does not provide any funding for this component.
- 2) The second component comprises a major program of laws and regulations aimed at deepening the economic reforms initiated by the Government over the past decade to further liberalize the economy and bring about institutional changes to make government regulatory and service agencies more flexible and efficient.
- 3) The third component comprises the public investment component which is the main component involving financing of projects. The public investment component is sub-divided into four major pillars aimed at: i) improving the capabilities of the Jordanians to compete in an increasingly globalized world; ii) improving the quality of government services that directly impact the population; iii) promoting the development of the rural areas and governorates; and iv) improving some of the key public sector institutions that have the most direct impact on the people. These four pillars of the public investment program were supported through institutional reforms and investments in a number of sectors. The overall concept of SETP is illustrated schematically in the diagram below:

Figure 2.1 on the following page is a schematic diagram which illustrates the breakdown of SETP by components, sectors and sub-sectors.

Figure 2.1
Breakdown of the SETP Components, Sectors and Sub-Sectors



A total of JD 579.3 million was allocated to 181 major projects in 21 sectors and sub-sectors and programs by the end of FY2005. Table 2.1 below shows the investment funds allocated to each sector as well as the percentage share of each.

It is important to emphasize that although the funds allocated were mainly for public investments, other two components, namely private investment and policy and legislative changes were equally important. Indeed, these components are necessary to support the public investment program. The SETP components, thus, represented a holistic approach to social and economic development of the country.

Table 2.1
Breakdown of SETP Public Sector Investments by Sector and Sub-Sector (JD Value)

	SECTORS	Total Allocations (JD Millions)	Sub-Sector Value %	Sector Value %
I.	Human Resource Development	140.5		
I	General Education Sector	61.9		10.7%
2	Higher Education Sector	37.1		6.4%
3	Vocational Training Sector	31.9		5.5%
4	Culture and Youth Care Sector	9.6		1.6%
II.	Basic Government Services	239.9		
5	Health Sector	17.8		3.1%
6	Water Sector	72.6		12.5%
7	ICT Sector	22.7		3.9%
8	Infrastructure Sector	123.8		21.4%
9	Civil Defence	3.0		0.5%
III/10	Rural Development and Poverty Alleviation	170.0		29.3%
	Social Development Sub-Sector (FIS)	56.8	9.8%	
	Agriculture Sub-Sector	7.4	1.3%	
	Municipalities Sub-Sector	3.6	0.6%	
	Governorate Development Sub-Sector (Enhanced Productivity Program)	97.4	16.8%	
	Tourism Sub-Sector	2.9	0.5%	
	Environment Sub-Sector	1.9	0.3%	
IV/11	Institutional & Structural Reforms	29.2		5.1%
	Justice Sub-Sector	3.2	0.6%	
	Industry and Trade	6.0	1.0%	
	ASEZA	20.0	3.5%	
	Total	579.3		100%

2.4 Program Funding

The bulk (93%) of the funding for the program was financed largely from bilateral donors as grants and a small amount from the privatization proceeds. The United States was the largest contributor, accounting for almost 58% of the program funding. The distribution among the major sources is illustrated in Table 2.2 below:

Table 2.2
Major Funding Sources

Source	Total (JD Million)	% of Total Fund
United States	335	58%
Gulf Countries (Saudi Arabia, Kuwait and UAE)	172	30%
Japan	32	5%
Total Donor Support	539	93%
Privatization Proceeds	40	7%

Data Source: MoPIC

III. EVALUATION APPROACH AND METHODOLOGY

The evaluation was carried out by a team of experienced international and national experts with extensive training and experience in all SETP sectors. All of the international consultants had significant experience of evaluation work with the World Bank and other international organizations. The national experts contributed by the local Consortium partner functioned as team members with each of the expatriate consultant and added considerable supporting expertise in carrying out field surveys, project and sector reviews and data analysis.

The evaluation by the experts was based on the following:

- A review of extensive documentation of SETP and sector reports by various donors (See Bibliography, Annex 1);
- Detailed discussions with the staff of the line ministries responsible for the design and implementation of the SETP program components in their areas of responsibility, some of the key policy makers, donor representatives, and the representatives of private sector and NGOs;
- Visits to project sites for the project samples selected for detailed assessment and discussions with the beneficiaries and community leaders wherever possible; and
- Formal surveys and focus group meetings with project beneficiaries to seek their opinions on the project benefits.

Cumulatively, all these sources of information provided a substantial basis for the assessments by the experts of each of the SETP components and themes.

The public investment component, which absorbed the SETP funding, a sample of projects was selected for more in-depth assessments by the experts. The sample selection criteria, which was in accordance with the Terms of Reference, included:

- Mix of ongoing and completed projects, focusing on completed
- Financial value with a focus on large projects with some small ones included
- Project location with a spread over 12 governorates

The sample projects were evaluated using the evaluation methodology used by the World Bank's independent Operations Evaluation Department and other international financial institutions in carrying out evaluations of projects and programs.

Each project in the sample was assessed against the following five criteria:

- 1) **Relevance:** The priority and importance of the project investment in relation to the development objectives of the sector or the program.
- 2) **Effectiveness:** The extent to which the project is meeting, or likely to meet, its development objectives
- 3) **Efficiency:** The extent to which the project is completed, or expected to be completed, within reasonable cost and time.
- 4) **Sustainability:** The likelihood that the project will have adequate operations & maintenance arrangements to ensure that the benefits are continued over the life of the investment.
- 5) **Impact:** The expected longer-term benefits for the sector

A 4-point rating scale was used for each of the indicators as follows:

- 4– Very high
- 3- High
- 2- Medium
- 1- Low

For any of the indicators, a rating of 3-4 should be considered highly satisfactory. A rating of 2 should be considered as moderately satisfactory, and a rating of 1 as unsatisfactory.

The assessments of individual projects within a sector were aggregated as weighted averages to arrive at sector-level assessments. These were further aggregated by weight to arrive at program-level assessments. In aggregate terms, a rating of above 2.5 should be considered as good, between 2 and 2.5 as fair, and below 2 as a cause for concern.

While the methodology requires specific projects to be examined in depth, the results have been used to verify and support the overall conclusions pertaining to a particular sector and to provide specific examples of the results achieved.

Besides providing a mid-term assessment of the Program to MOPIC, the review also had an important objective of helping MOPIC develop a methodology for conducting future evaluations and providing training to MOPIC evaluation staff. This objective was achieved through MOPIC staff working closely with the experts from the Consortium in all phases of the review, including the design of the evaluation, field work and discussions with the line ministries. Formal training was also provided to MOPIC staff in the evaluation methodology. This mid-term assessment is first of its kind in the country and it is hoped that experienced gained by MOPIC staff will be helpful in other similar evaluations in the future.

It is important to state some caveats to the evaluation exercise at the outset so that evaluation results can be viewed in proper perspective:

- The SETP comprises both completed projects as well as ongoing projects. While completed projects can be evaluated rigorously using the above mentioned standard evaluation criteria, ongoing projects cannot be evaluated with the same degree of confidence and certainty as effectiveness, impact and sustainability can be measured accurately only after the project is completed and in operation for some time. Thus the evaluators have rated the ongoing projects for expected outcomes based on project implementation experience to-date as well as the expectation that project implementation agencies would adopt the recommendations suggested by the evaluators to improve project performance. This involves a certain degree of forecasting the final outcome based only on partial experience; actual outcome could well be higher if the implementation performance in the future was better than in the past.
- The ratings at the project level are necessarily subjective, since they involve judgements on the part of the experts. Different experts looking at the same data can well assign ratings that are marginally better or worse than the judgments reflected in this evaluation. However, in aggregate, the ratings provide a useful and robust indicator for the sector or the program.
- Although a computer model was used by MOPIC for analysing the priority of SETP projects, these projects were not subjected to standard economic and financial appraisal to calculate rates of return and or other output/outcome performance indicators. Thus there were few, if any, ex-ante projections of project performance indicators available to the evaluators which could have provided benchmarks for comparison. Thus the ratings for the various criteria were based on qualitative information and data collected by the evaluators and their interpretation of these results. The availability of adequate project appraisal reports for SETP financed investments would have permitted a more comprehensive and systematic evaluation in some cases.

It is also important to point out that this evaluation was not a financial audit of the program. The TOR for this evaluation did not call for the analysis of the appropriateness of the financial management of the funds expended on various project activities under SETP. This review also did not look into the detailed process through which the projects were selected. The information collected through interviews with the officials of MOPIC and sector ministries indicates that MOPIC essentially assigned priorities to the projects using a prioritization model* based on the information provided by the sector ministries. Our preliminary analysis of the prioritization model revealed that it is built upon very flexible and subjective parameters. (**Please refer to the Grant Thornton report -SETP Management Process Assessment for the Government of Jordan – July 2004*)

IV. SETP EVALUATION

4.1 PRIVATE SECTOR DEVELOPMENT

4.1.1 Background

Jordan's successful stabilization from its economic crisis in the early nineties was built on four major policy pillars: macroeconomic and budgetary reforms aimed at fiscal consolidation, debt sustainability, deregulation of domestic commodity prices and restoring confidence in the Dinar; trade policy reforms to reduce protection and promote exports; privatization of state enterprises to eliminate losses, improve efficiency and the quality of public services, develop equity markets and mobilize resources for the state; and legal and regulatory reforms to improve the functioning of product and factor markets and invigorate private sector development (See the IMF Report on Jordan, 2004 for details). While stabilization and fairly high but volatile GDP growth was achieved, the supply response from the private sector in terms of investment, job creation and export growth remained tepid. Merchandise export growth (cumulative growth rates in US dollar terms) during 1993-2000 averaged 6.2%. During 1996-1999, non-government gross fixed investment remained flat as a share of GDP averaging about 16%, increasing to 16.9% in 2000.

The SETP was formulated in 2000/2001 in an environment of mixed economic signals to speed up the pace of policy and institutional reform with the goals of making: (a) a tangible and quick impact on pockets of poverty and (b) accelerating the growth of the private sector through a more rapid pace of privatization and improvement in the business environment to increase the scope and volume of private investment. The SETP combined policy, legal and institutional reforms with additional Chapter 2 budgetary funding of projects which targeted the social and infrastructure sectors.

The macroeconomic performance of the economy since 2001 as measured by higher GDP growth, low inflation and a strong Dinar shows that Jordan has embarked on a more stable and robust growth trajectory. Although the recent robust economic performance cannot just be attributed to the SETP and needs to factor in the cumulative effects of the structural adjustment policies that have been pursued over the past decade, it seems a reasonable hypothesis that the SETP has been able to make a contribution to rapid development and structural change.

This section of the report analyzes the SETP's impact on performance and investment of the private sector. The impact of SETP supported reforms in promoting private sector investment can be measured by some indicators such as the effectiveness of the privatization program, level of foreign investment (direct and portfolio) flows, volume of new business formation, transactional activity in the Amman Stock Exchange, and increase in credit to private sector firms from the domestic banking system, and export performance.

4.1.2 Foreign Investment and Financial Markets

Data from the Central Bank Of Jordan for the past four years (2000-3) on direct foreign investment and portfolio investments show a major spike in 2000 (9% of GDP) when some large asset sales occurred through privatization followed by a sharp drop in 2001-2 when asset sales dropped sharply. However, the pattern has been reversed by a sharp upswing in 2003 as new transactions have been completed and foreign investments are taking place in privatized companies and other projects. Portfolio investment has shown large swings but the recent increase shows higher foreign interest in the stock market reflecting greater confidence in the stability and growth prospects of the economy.

Table 4.1: Foreign Investments (\$Million)

Foreign Investments	2000	2001	2002	2003	2004
FDI	782	91	31	330	439.8
Portfolio	104	-111	18	347	239.2

Source IMF, CBJ

There has been a significant entry of new businesses in the domestic market as measured by capital investment and registrations of businesses in the Amman stock exchange. However, the biggest share in 2003 was in the trade sector which accounted about 47% of new registrations by number and 42% by capital reflecting the opening up of the economy and liberalization of domestic trade. The share of industry was 14% by number and 19% by capital. In 2004, a big jump occurred in both number and capital. The biggest share of this increase is attributed to the "Other" category which could be in infrastructure or services. Industry also showed a large increase.

Table 4.2: Financial Capital Mobilization by Private Firms

Year	2000	2001	2002	2003	2004
Number	4351	4943	4717	5082	6485
Capital (JD Mill)	146	194	128	119	273

Source Central Bank of Jordan

Credit to private firms from deposit money banks and specialized financial institutions showed a modest growth during 2001-2004 by about 25% in nominal terms partly reflecting the low financial leverage ratio of private firms. This may also indicate a high level of liquidity and reliance on self generated funds for working capital and investments by private firms.

Table 4.3: Credit to Private Sector from Financial Institutions

Year	2001	2002	2003	2004
Amount (JD Mill)	4695.6	4847.9	5015.5	5885.0

Source: CBJ

4.1.3 Export Performance

In successive rounds of liberalization, quantitative barriers to imports and tariffs were eliminated or reduced on a multilateral or bilateral basis, opening up Jordan to the world trading system. According to MOPIC statistics, total exports grew from \$ 2.29 billion in 2001 to \$3.95 billion in 2004 representing a compound annual growth rate (CAGR) of 14.6%. Domestic exports grew from \$1.91 billion to \$3.29 billion over the same period at a CAGR of 10.7%. The largest contribution to this strong performance has been exports from the Qualified Industrial zones (QIZ) which were set up under the US FTA. QIZ exports, mainly apparel, increased from a negligible \$25 million in 2000 to over \$1.12 billion in 2004 accounting for over 34% share of domestic exports. QIZs have been significant recipients of FDI from garment and apparel manufacturers from other countries who have taken advantage of the duty free access to the US market. Total investment as of June 2005 was estimated at \$540 million with half originating from foreign sources. However, export performance of other products have been mixed with mining products decreasing by 1% between 1999-2003 while exports of other products, mainly manufacturing grew on average by 7.3%. The Iraq war heavily impacted export of other products in 2003 which fell by 34.5% between 2002 and 2003. Since then, there has been a sharp rebound in exports of other products.

Although, the main driver of export growth has been textile exports to the US from the QIZs, their contribution to GDP growth is much smaller than for mining or other manufactured goods. This is because the share of value added of textiles in total value added of exports is low and was only 18% compared to 34% for mining in 2003. The World Bank estimates that the increase in textile exports added 0.5 % to GDP growth annually since 2000. The thirteen QIZs in Jordan (four are inactive) are estimated to have employed over 45,000 persons in 2005 of which 57% were Jordanians of which 70% were women which is a very significant contribution to job creation. However, a major concern about future potential of this trade is the abolition of trade restrictions on textile imports by developed countries which could affect QIZ apparel exports. The main policy implication is that there is a need to look beyond Special Trade Agreements and address obstacles to higher domestic demand, in particular, improving conditions for more efficient private sector operations. Jordanian policy has been addressing this issue as discussed below through privatization, infrastructure improvements, better delivery of government services and improvements in the overall policy and regulatory framework and the business environment that has been reinforced by the SETP.

4.1.4 Privatization Program

Apart from the direct investments made in a wide range of projects covering many sectors to supplement budgetary financing, the SETP has played a prominent and facilitative role in promoting private sector development and boosting private investment mainly through its support for the extensive legal and regulatory reforms that have been enacted since 2001. It has also played a coordinating and monitoring role in reviewing and working with the Executive Privatization Commission and various sector ministries to ensure projects were on track and corrective actions were being taken in case of delays. These legal/regulatory reforms have been instrumental in two areas: Firstly, the legal and regulatory reforms have accelerated the privatization program by generating confidence in regulatory transparency and stability which is considered vital to the successful implementation of the program. Secondly, the reforms reinforced earlier reforms in trade policy, domestic pricing and

competition by significantly improving the business environment and reducing regulatory barriers to the more efficient functioning of the private sector. These are analyzed below.

Jordan's privatization program started in 1996 with the formation of a Higher Ministerial Council and the Executive Privatization Unit. To legally formalize the privatization program, a privatization law was passed in 2000 (law 25/2000) which created a Privatization council chaired by the Prime Minister, transformed the EPU into the Executive Privatization Commission with broader authority and established a Privatization Proceeds Fund for the transparent utilization of sale and contractual proceeds according to the government's policy priorities. These privatization laws supplemented other supporting laws enacted earlier for improving governance of private firms such as the Companies law (1997), the stock exchange law (1997), customs laws (20/1998) as well as various intellectual property rights laws introduced in 1999/2000. Nevertheless, as has been the experience elsewhere in the world, additional legislation was needed to support individual transactions such as the restructuring of Jordan Post (law No. 5/2002) into a public shareholding company, and the General Electricity Law (13/1999 and 64/2002) for the vertical separation of generation, transmission and distribution, competition law (49/2002) as well as laws and decrees establishing commissions and regulations affecting individual firms in key sectors such as telecommunications, aviation, electricity, postal services, shipping and transportation. Without these laws and regulations, the restructuring of these companies prior to their privatization may not have been possible and could have impeded efficient privatization. The SETP program provided an impetus to the adoption of these laws and regulations and helped maintain the dynamism of the privatization program.

The privatization program has been accompanied by additional legislative reforms supported by the SETP aimed at improving the business environment which has contributed significantly to improving new entry and structural transformation of private firms. Together with the privatization laws mentioned above and a public debt law to limit government borrowing from the Central Bank which limits expansionary spending, the Government passed a number of laws during 2001-3 for the following: abolishing remaining controls on foreign ownership of private property and land; encouraging and regulating leasing activities, electronic commerce and e-government; streamlining the efficiency of government agencies; strengthening financial disclosure by companies, modifying the military and civil retirement laws to reduce the pension burden and introducing a variety of tax and budgetary reforms and public governance improvement measures to create a more conducive environment for a dynamic private sector.

According to the EPC (March 2005), since the inception of the privatization program, 64 enterprises, (including 52 companies in which shares were held by the Jordan Investment Corporation, a holding company for non-infrastructure assets) have been privatized, yielding around US\$ 1,270 million (See Private Investment Report in Volume II – Section 2). Most important of all, EPC estimates that privatization has had a dramatically beneficial effect on employment, creating over 12,000 new jobs overall. The 12 major state companies prior to privatization had cumulative debts of US\$ 875 million and accumulated losses of \$1.3 billion. Privatization relieved the Government of these financial obligations and in fact is bringing substantial revenue in the form of fees. About JD 660 million of these proceeds have been utilized, in accordance with the Privatization Law no. 25, to reduce Government debt, to settle debts of privatized enterprises, to finance feasible socio-economic development projects, as well as funding retrospective subscriptions to the Social Security Corporation on behalf of employees of privatized enterprises. It is estimated that about \$850 million have been invested by the private investors in telecom, water, transport and other

sectors related to the privatizations and Public-private partnership contracts. A substantial investment has also been made by the private sector in establishing new hotels, health and educational facilities and in tourism infrastructure. There are no recent estimates available for these investments. An additional area which has been supported by the SETP in terms of providing technical inputs, planning advice and some small funding involves some mega projects which are planned to be implemented through BOT or some other model of non-recourse financing. A major project that involves a substantial investment from the SETP is the ASEZA project which will be managed by a private company under a contract. Allocation to ASEZA was JD 20million of which JD 11.36 million (57%) was expended in 2004. The zone is being developed as a major free trade area. Some measure of success has been achieved already. The Zone has registered some 350 companies since establishment in 2001 and contracted over \$1 billion in investment by 2003.

4.1.5 Business Environment

The second major factor contributing to Jordan's structural transformation and improved private sector performance is the significant improvement in the business climate brought about by the policy and legislative reforms mentioned above. A very large numbers of laws and regulations have been enacted since 2002 covering almost every aspect of the economy to improve the efficiency of government agencies, liberalize the economy by reducing the regulatory burden and promote private sector entry, both foreign and domestic, into new sectors. The IMF provides basic data (See IMF Report 2003) about country rankings of attractiveness to FDI and ease of doing business. Jordan scores highly on such indicators as regulatory quality, government effectiveness, rule of law, and country risk compared to other Mashreq countries.

The World Bank's survey of the Business environment (Doing Business in 2005, World Bank) which measures the ease of doing business and drag of regulatory restrictions through a set of indicators categorized under five headings: Starting a business; Hiring and Firing workers, getting credit; Enforcing contracts; and Closing a business. The survey shows that excluding the credit indicator, Jordan is only 4% better than the average for the MENA region indicating considerable room for improvement. Nevertheless, the 2004 survey shows that compared to previous years, Jordan has made good progress in improving the environment for private business which is also substantiated by the Arab Competitiveness Report (2005) which analyzed the competitiveness of 12 Arab countries. Jordan ranked fifth out of 12 (the Gulf States including Oman ranked in the first four) but ahead of Tunisia, Saudi Arabia, Morocco, Egypt and Yemen).

4.1.6 Conclusions

Jordan's economy has undergone a profound structural change and is developing into a more open, competitive economy as a result of the implementation of a program of sustained macro and structural reforms over a decade. The SETP has reinforced the policy, legal and institutional reforms over the past three years and helped further stimulate the privatization program, enhance the effectiveness of the Government in the provision of services and encourage the growth of a dynamic and competitive private sector. The SETP financed EPP has created over 1774 small businesses generating 5411 jobs at a total investment cost of JD 29.6 million in low income areas. The emerging domestic private sector is gradually moving beyond its traditional spheres of manufacturing and commerce to participate in activities that have been in the province of government such as water supply, energy,

education and transport. FDI has become a major source of capital; technology and management know how that has profoundly altered the competitiveness of major segments of industry. The poverty and rural development components of the SETP represent a bold foray into tackling the structural poverty problem that has developed over the past decade and is starting to make an impact by assisting the poor in rural communities take charge of their destinies and participate in community development.

4.2 LEGISLATIVE, POLICIES AND REGULATORY FRAMEWORK

The government of Jordan has been consistently pursuing a structural reform agenda involving legislative, policy and regulatory reforms for more than a decade. This reform program received a new impetus in 1999 when His Majesty King Abdallah II launched new initiatives to enhance the lives of Jordanian people through establishing an enabling economic environment conducive to the growth of the private sector. This initiative aimed at transforming the Jordanian economy involved the introduction of comprehensive legal and regulatory changes affecting key economic sectors to improve the quality of basic services available to the population and supplement the government's role by attracting private investment and management in these sectors. This Mid-Term review focuses on some key legislative reforms in key sectors that are directly linked with the overall objectives of SETP. A total of 67 new or amended laws were issued as temporary laws under a Royal Decree. Additionally, a total of 135 regulations were issued with a Royal decree. Specific reforms relating to the eleven sectors reviewed under this evaluation are discussed in more detail in the Sectoral Reviews presented in Volume II of this report.

Some of the key legal and regulatory reforms undertaken and their expected impact within each of the affected sectors are discussed below:

4.2.1 General Education

Legislation to Manage and Control Performance was up-graded under ERfKE which targets a number of legislative improvements linked to the process of educational reform. Anticipated changes include more decentralization, new policy on examinations, specifically the final exit exam, and changes to student assessment. Other SETP funding has targeted quality control at MoE.

ERfKE in particular amongst the SETP projects, includes the development of a National Strategy for Education that will set the core goals, objectives, and policy directions of the reform program. It also includes a process of organisational change which will restructure MoE's governance and management. Part of the reform process also involves the education curriculum where ERfKE is developing new curricula. Other SETP investments have targeted improvements in quality control at the Ministerial level.

4.2.2 Higher Education

A key part of the legislative and policy change required at the sector level has been the linking of higher education to labour market needs. There are indications that this is happening at some universities. For example, at Al-Balqa' Applied University there has been a move to bring in qualified business people to work with the colleges in determining program specializations and content. A program development unit has been set-up to develop programs according labour market needs. The idea is for each program to have a mix of business people and other community members to evaluate the degree to which programs are connected to labour market needs.

- A committee was formed in 2004 to study the admission system at the university to make sure that the system achieved the equity and equal opportunities for all the students and fit with national development needs.

- Amended some laws and legislations in Higher Education Sector, such as the Higher Education Law and the Private University law to establish an effective participation between the public and private institutions and to encourage the private sector to invest in Higher Education Sector.
- Establishing the Student Support Fund (SSF) regulation in 2004 which aim to help poor students to complete their studies.

4.2.3 Vocational and Technical Training Sector

At the centre of legal, regulatory, and institutional reforms has been the establishment of the Higher Council for Technical and Vocational Training and its associated sub-committees. This met the need of a governing body for the sector, playing a key coordinating role. Policies and procedures of the Council have been formulated and were endorsed in 2004

Improvements in regulations for organising the Jordanian labour market were addressed through legal reform, with the approval of a new organising law. The law includes provisions for certifications and workplaces. It is now being implemented on a trial basis. All of SETP investments were in line with the substitution of foreign workers with Jordanians. SETP invested in, and helped to establish a vocational and technical training infrastructure, and when combined with programs such as the NTP, have imparted skills and abilities to over 50,000 Jordanians. All of these trainees have the potential to substitute for foreign workers as they enter the labour market. Results to date show improved effectiveness of the vocational and technical training sector which has occurred as a result of legal, regulatory, and institutional reforms. Under this law, a new unit within the Vocational Training Corporation now has the mandate to implement the law which includes the provision of certification of capacities, degrees, and skill levels in addition to workplaces in such areas as occupational safety and health. This gradual implementation is appropriate given the concerns that the law may affect employment and that the VTC will need increasing capacity as it moves to full implementation.

4.2.4 Youth Care and Culture Sector

Youth and Culture sector has a special place in SETP's overall objectives. Although direct expenditures on this sector were limited, most of the education and ICT sector allocations were targeted towards the country's youth. A Higher Council for Youth was established to set strategies and policies for the Youth and follow up on the implementation plans. This structural change has provided the Higher Council for Youth the flexibility to deal with Youth related issues without going through government procedures. In addition, a National Fund for Youth and sports was activated to provide the necessary financing mechanism to initiate and run several youth programs. Several youth Fitness centres were established in remote areas to provide useful activities to youth.

A national strategy for youth was developed to achieve a working framework under which several youth related activities would be coordinated, MOPIC and UNDP cooperated on a program to support a number of projects involving activities for youth. Processes were developed to involve youth members in national dialogue and communications between the government, Universities and youth members.

Programs for summer camps and other extracurricular activities were established to impart discipline and life skills to the nation's youth. Private sector companies were encouraged to

get involved in youth related activities through grants of land and licenses to operate youth facilities around the country.

4.2.5 Health Sector

The government has taken a number of specific actions to address the health sector priorities. The reforms support the effort to enhance the service efficiency, reduce illegal use of subsidised services, increase the quality of care, improve the procurement of drugs and supplies, and to improve PHC and hospital management. Some of the key activities undertaken in this regard are:

- A unified health insurance card bearing the individual's photograph has been introduced to minimise the illegal use of services. All health insurance directorates have been computerised to link up their accounting and record keeping to better track its expenditures and revenues. A comprehensive plan has been developed to link up all MOH facilities. This will allow MOH to develop and implement a unified system of collecting health statistics at the national level.
- Legislation for public health, pharmacy practice, pharmaceutical law, legislation dealing with primary health care corporations and the regulations for dealing with food and drug corporations have been upgraded and rationalized.
- An independent Authority has been established in cooperation with the International Health Council (IHC) for hospital accreditation to bring service standards to international levels. IHC has been activated with an operating secretariat.
- Hospital management is being decentralized and the management authority is being delegated to the local levels to improve accountability. In this regard, the management of PHCs has also been decentralised to the governorate level.
- In the human resources side, MOH has recruited 1500 new medical staff, prepared training modules for qualifying examinations. MOH is also developing various incentive programs to attract and retain qualified medical professionals.
- An authority for promoting Jordan as a therapeutic destination has been set up to promote therapeutic tourism.
- A new department within MOH monitors quality standards and provides training on performance standards to medical and administrative personnel in the PHCs.
- Management of procurement and distribution of drugs and supplies is being improved by computerising and the directorate of supplies and the establishment of a Cost Containment Committee.

Policy and legislative changes, when put into effect, will significantly impact on the quality and standards of medical services provided in the Kingdom. The hospital accreditation system will not only improve the standard of all public and private facilities but will also boost the confidence of users of these services from abroad. Bringing these standards in line with international standards will increase the therapeutic tourism as well as the medical procedures that are being provided to foreign visitors at the private hospitals which is bound to enhance business and employment opportunities in the sector. MOH's challenge in this area will be to ensure strict enforcement of these regulations and laws and to maintain the system's credibility.

4.2.6 Infrastructure Sector

The infrastructure sector comprises Public Works and Housing, Transport and Energy sub-sectors. The sector has achieved significant objectives in terms of policy and legislative reforms to expand privatization opportunities, regulatory streamlining and enhanced private sector collaboration.

In the road sector, The Government is taking strong policy action to reduce rapid road wear caused by overloaded trucks, with a highly successful program to reduce truck axle-load. It has rapidly expanded its inspection station program and has implemented an aggressive campaign of imposing significant penalties for those found to have overloaded trucks. Highway inspections have increased by over 35% between 2000 and 2003, which has resulted in a decline in illegal overloading over the period from 8.4% to 2.8%. An amendment to the Transport Law has allowed transport companies to restructure and combine to form larger units which will make them better equipped to compete in the larger market.

In the energy sector, the SETP worked on the process of providing funds through privatization processes. A new legal framework was established for the sub-sector, which enabled it to totally restructure and un-bundle the various sector activities (generation, transmission, and distribution) and to establish a new, independent electricity authority. This authority is now responsible for the establishment of policies for the sector and for the issuance of licenses and the setting of fees related to the strategy for the privatization of both the electricity generation and distribution centres.

The Central Electricity Generating Company is in the process of being privatized. It has received a JD100 million loan to boost its capital. It has been transformed into a joint stock company and the stock has been transferred to the Treasury. In addition, invitations for bids for a new, private sector Independent Power Producer's license (IPP) were issued in September, 2004.

Oil and gas sector exploration and production have also been opened for private sector investment. Jordan has established nine exploration areas, seven of which have been made available to international petroleum companies for exploration and development.

4.2.7 Water Sector

Many important actions have been taken within the SETP to improve water management in the Kingdom, including:

Programs to increase public awareness about the importance of water and the best ways of controlling consumption include the preparation for holding the first international conference on water demand management in the region.

News media coverage is expected to enhance public awareness of wasteful water consumption in agriculture and industry;

1. Introduction of a management contract for the operation of the Amman water system, which is beginning to have a significant impact on water availability, and water losses embarking on rehabilitating water network in Aqaba;

2. Improving the processing of waste water through supporting the activities of Jordan Standards and Meteorology Institution in the development of new guidelines and standards for treating industrial sewage water;
3. Preparing studies and designs for improving water supply to northern provinces;
4. Supported specific measures to rationalize the use of and conserve mined water resources by:
 - a. Implementation of the Underground Control Bylaw No. 95/2992, concerning agricultural water use of groundwater;
 - b. Preparing regulations for specifying water reserve areas;
 - c. Issuing and applying new controls on the exploitation of underground aiming at reducing the quantity of water take out from underground basins;
 - d. Taking out of operation privately controlled well drilling rigs to eliminate the proliferation of new wells that would over-exploit limited underground water reservoirs.
 - e. Introducing regulations that prevent the licensing of new agricultural wells, so as to the control the over-exploitation of non-renewable groundwater;

4.2.8 Information and Communication Technology Sector

The ICT witnessed major developments and changes to its legislative and regulatory framework in support of the sector's goals and objectives, which, in turn, are aligned with the SETP's broader goals. By removing legal barriers and constraints, the ICT sector can now seize more investment opportunities and attract foreign investment.

The ICT Sector initiatives have contributed directly and indirectly to the SETP goals by improving the quality of life for Jordanians, through reducing unemployment and poverty, and effecting change in the areas of human resource development, basic government services, rural development and poverty alleviation; and institutional and structural reform.

The policies and strategies of ICT Sector were clearly defined and documented. The setting of such policies and strategies has important implications for the information of stakeholders in sectors within ICT as well as for others who might consider investment in these sectors. The ICT policies have legal status, as they set the context within which the independent regulator for the sector must meet its obligations under the law. This should go a long way in strengthening the credibility of Jordan with regional and international investors. SETP was critical in strengthening existing laws and regulations, as well as stimulating the initiation of other laws considered essential to implementing the e-Government Program and the Connecting Jordanians Initiative.

The SETP key role in developing the legislative and legal framework is clearly demonstrated by the following laws:

- **The e-Transactions law** – this law sets the rules and provides legislative authorization for electronic transactions and technology-related and authorizes the equivalence of technical tools with paper work and manual transactions.
- **Endorsement of Biennial National ICT Policy and Strategy**
- Law amending the Telecommunications Law.
- Amending the Law of the Jordanian Television and Radio Corporation.

4.2.9 Rural Development and Poverty alleviation

The thrust of the government's policies in this area is to promote and strengthen local government's decision making capacities by devolving administrative powers from central bodies to local governments and municipalities. To this end, HM King Abdallah issued a vision statement in 2004 spelling out his ideas about reorganizing local and regional governments with the objective of empowering local citizens to play a more active role in local administration and planning. A Royal Committee has been appointed to examine these issues including redistricting provinces to allow for more effective administration. The plan calls for the establishment of a elected council which together with municipal governments would play a prominent role in the development and administration of provinces. Local governments would be strengthened through greater powers for governors and local institutions which would be assisted through building up a cadre of trained staff to carry out local level planning and administration more efficiently. A larger role would be given to the local community in defining development needs and priorities, ensuring opportunities for local members to participate in preparing plans and programs of local development and activating local institutions in carrying out, following up and evaluating the local development plans. A number of workshops have been held to formulate and develop these ideas into projects for support by international donors including the World Bank. The co-operative sector has been singled out for further reforms including changes in laws and regulations in order to improve governance. Cooperatives can play a critical role in serving as the institutional model for income generating projects in rural areas but are currently constrained by lack of a sound legal and regulatory framework. An inter-ministerial committee has been formed to examine these issues and prepare new laws and regulations to improve the functioning of cooperatives.

Under the rural development and poverty alleviation initiative, Jordan's desert communities in which the poorest and most vulnerable citizens live are receiving special attention. These initiatives include:

- Initiation of a project for preparing a plan for establishing institutional abilities in the Jordanian rural communities and supporting productivity there, and to define their councils' needs and search for investment opportunities for general development within a plan set for 3 years.
- Preparing a proposal for a project of enhancing the abilities of southern rural inhabitants in cooperation with the UNICEF.
- Cooperating with universities about mechanism and method of actual implementation. This will include defining the roles of each party which will also undertake training of respective personnel who are working in executive and local councils in each province. In this context, four agreements were reached for cooperation with public universities in the provinces in order to build institutional ability to start the training programs which is expected to train 1200 person employed in the municipalities located in Jordan's rural areas.

In addition, to strengthen community level planning, a data base for each province is being developed. Data about the economic and social situation in each province and smaller administrative area are being collected and supplied to a computerized data base. The data will be analyzed and used for development purposes.

Strengthening of local government institutions including municipalities is an important tool for poverty alleviation and empowers local communities to play a more inclusive role in their development. This important initiative is likely to make a significant impact on rural development in the future as has been the experience in many other countries which have adopted policies to strengthen local governments.

4.2.10 Agriculture Sector

More and more nations are treating agriculture as a strategic sector in terms of national security and to develop it within the context of sustainable development. In Jordan, the sector has three principal goals: to assist farmers in maintaining their economic viability, increase agricultural revenues through increased exports, and to ensure that agricultural development gives due attention to environmental issues. In terms of sectoral policies, all three sector goals continue to be pursued in the context of open sector economy where the sector is allowed to operate with minimum distortion from tariffs and other controls. Overall, the SETP goal of reducing poverty possibly is being best served by the open sector economy permitting lower expenditures on food. MoAg has been able to continue with progressive policies partially by courting investments from private sector facilitated by the amended Investment Promotion Law. This amendment facilitated investment in all sectors bringing JD 418 million in total in 2004 of which JD 96 million came from abroad. Investment in Agriculture has brought in JD 27 million.

In relation to policy and legislation measures, there has been some enabling and some hindering factors affecting the achievement of the sector-specific goals. On the regulatory side, MoAg has taken some bold steps to formulate regulations in the areas of: genetic engineering of agricultural products, modernization of the Ag Law (to be ratified by the Parliament), and facilitation of import licenses. A law was also instituted to abolish the Foundation of Agricultural Marketing which has further liberalised the market and given greater flexibility to the farmers to market their output.

These measures should help improve the productivity of farms by making available critical inputs to improve crop yields and reduce production costs as well as provide incentives to farmers to grow crops which have higher market values.

4.2.11 Environment Sub-Sector

The importance of the environment to development is underscored through two very significant recent developments. First, the Jordanian Parliament enacted the “Environmental Protection Law” in early 2003 which legally established the government’s accountability for environmental management. Second, a separate Ministry of Environment (MOE) was subsequently established in 2003 to act as the government’s main watchdog to safeguard and monitor all aspects of environmental protection. The newly enacted legislation empowers the government, through the Ministry of Environment, to monitor key stakeholders such as transporters of goods and services, industry, farmers, exploiters of natural resources etc. and to enforce guidelines and regulations to safeguard the environment.

It is now well recognized that the management of the environment cuts across all development sectors and thus the Ministry of Environment has a critical role in development planning and monitoring. Although the establishment of the MOE is a recent development, the

GOJ has in the past paid a very close attention to ensuring good environmental safeguards as part of its development agenda. Water being one of the Kingdom's most critical natural resource has always been at the forefront of environmental conservation efforts. Environmental protection and conservation of the Gulf of Aqaba has also received top priority.

4.2.12 Tourism Sector

A number of institutional reforms were carried out to enhance Tourism trade and revenue. Regulations to streamline licensing of food related business were implemented to ensure that the tourism related trade would receive preferred treatment. Imports for tourist related businesses were given certain exemptions to assist in this sector. Seminars and trade promotion activities were also held for this sector.

A national strategy for tourism was developed that listed a number of incentives to give a boost to the tourism sector. Special efforts were made to open new international markets such as Russia and several Eastern European countries through seminars and participation in international conferences.

4.2.13 Public Sector

Improvements in the public sector are closely linked to the SETP's objectives of improving basic public services and to enable Jordanian citizens to avail efficient and cost effective services from the government. A number of significant legislative and regulatory reforms were undertaken to enhance public sector efficiency. Some of these are mentioned below:

- The process of decentralizing the government decision making was speeded up enacting needed legislation.
- Legislation was amended to ensure independence of regulatory bodies.
- Civil Service law was amended to provide flexibility in rewarding competent employees based on their performance.

These regulatory reforms were intended to improve the quality of services provided by GOJ. Combined with the new e-government initiatives, the reforms are expected to significantly improve the efficiency of government agencies.

4.2.14 Financial and Trade Sector

Financial sector has benefited from a number of legislative and policy reforms, both in terms of rationalisation of the fiscal policy as well as achieving budgetary reforms. Several initiatives also supported the government's move toward greater private sector participation in the economic sectors together with new privatization transactions. Some of the most prominent laws and policies implemented are:

- **Modifying the military and civil retirement law.** Modification of this law is considered an important step towards financial reform and improving the military retirement system which is an important section in the economic reform program. The modification took into consideration the projected reductions in the future cost of military retirement, Unifying the basis & procedures in which employees of public sector, army, civil security & police

are subjected to under the social security law. The revised law also adopted the necessary measures to preserve retired citizen rights & insures granting the disability salary “compensation “on fair basis”. Modification of **civil service retirement** is also considered an important step towards financial reform which is an important section in the economic reform program. Under this change, the retirement age was raised to 60.

- Law amending the Law of the Jordan Investment Corporation. This amendment provided greater flexibility to JIC in handling privatization transactions.
- Law amending the Financial Securities Law.
- Law amending the Law of Postal Savings Fund.
- Law amending the Law of Investment in National Resources allowed private local and foreign investments in the ICT, oil and gas sectors.

In addition to the above mentioned legislative changes, a number of policy reforms were undertaken to enhance sector effectiveness. Some of the key reforms are listed below:

- Improving the process for tax collection.
- Restructuring the national budget to allow larger flexibility in managing capital & current expenditure.
- Rescheduling debt to ease the fiscal strain.
- Selling the government share of stocks in The Jordan Investment Corporation.

As a result of these reforms, the government was able to control current expenditures and increasing revenues through the process of integrating both the Income Tax and Sales Tax Directorates. The current expenditure relative to total expenditure was reduced to (79.4%) which is the lowest in several years. 91.9% of the current expenditures were covered through the national revenue.

Following regulatory reforms were undertaken to enhance sector efficiency and to improve the business environment to attract private investment.

- Under the investment encouragement law, the government exempted 1440 additional articles from customs duties. Custom duties were decreased on certain other items imported for commercial use.
- To encourage tourism, tourists and non-residents were exempted from sales tax. Sales tax on hotels and restaurants was also decreased from 16% to 7%.
- Issued regulations to improve the tax collection process to enhance government's financial management.
- Allowed the Jordan Investment commission to sell government shares to private investors.

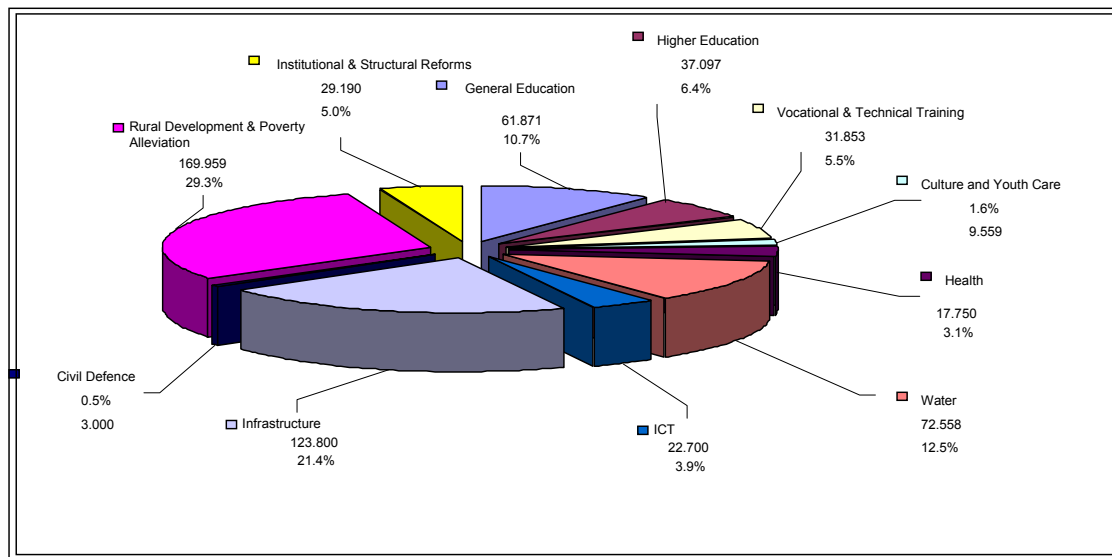
These regulations were aimed at improving the fiscal situation by reducing the burden of pensions, improving tax administration and supporting the tourism sector. The regulations also enabled the GOJ to sell shares in medium size firms to private investors thereby helping to deepen the capital market and accelerate the privatisation program.

4.3 PUBLIC INVESTMENTS

4.3.1 Overview

A total of JD 579.3 million had been allocated under the SETP to 181 major projects in 21 sectors and sub-sectors and programs by the end of FY2004. During the formulation of the Program, the Government decided that SETP investments should be geographically dispersed and provide coverage of all governorates. Figure 4.1 below shows the funds allocated to each sector.

Figure 4.1: Allocation 2002-2005 by Sector (JD Millions)



The largest funding allocation under the program (29.3%) was provided to the Rural Development and Poverty Alleviation sector. Education comprising, General Education, Higher Education and Vocational and Technical Education received about 23%, Infrastructure sector received 21.4% of the total SETP allocations. This allocation indicates the funds were allocated broadly in line with the SETP's overall objectives and goals. This allocation also indicates the overall importance given to rural development and poverty alleviation and human resources development under the program. Water is the most important sector in the Basic Government Services Component in a country whose land area is mainly desert and this is reflected in the SETP allocation. Finally the ICT sector allocation (3.9%) demonstrates the Government's recognition of the overarching importance of this area in enabling Jordan to compete in a globalized economy.

4.3.2 Analysis

A sample of 26 projects was chosen based on the criteria discussed earlier – adequate sectoral, financial, geographical and implementation stage. At the aggregate financial level, the sampled projects add up to JD 309.3 million, equivalent to about 54% of the total program allocation between 2002-2004 (see Table 4.1 below). Coverage of individual pillars varied from 10.9% for the institutional and structural reforms to a high of 91.2% for rural development and poverty alleviation. The sample projects are representative of the program as a whole, as illustrated in Table 4.1 below.

Table 4.1: Financial Coverage of Sampled Projects
(Based on the four pillars of the SETP Public Investment Component)

Pillars	Total SETP Investment (JD million)	Sampled Projects Coverage Value (JD million)	Sampled Project % Coverage of Total Pillar Investment	Sampled Project % Coverage of Total SETP Investment
1. Human Resources Development	140.4	77.0	54.8%	13.3%
2. Basic Government Services	239.9	74.2	30.9%	12.8%
3. Rural Development & Poverty Alleviation	170.0	155.0	91.2%	26.8%
4. Institutional and Structural Reform	29.2	3.2	10.9%	0.6%
Total	579.3	309.4		53.4%

The above summary is indicative of the SETP financial contribution to the four pillars of the SETP Public Investment Component, and the percentage coverage of the evaluation.

The SETP Mid-Term Review Evaluation Team has conducted a very thorough evaluation of twenty-six (26) projects, as detailed in Table 4.2 below:

Table 4.2: Sampled SETP Projects

	(I) Human Resources Development
	General Education Sector
1	Implementing the Educational Reform for Knowledge Economy (ERfKE) Project
2	Computerization 500 Primary Schools
	Higher Education Sector
3	Support for Computerization in Universities
4	Establishing a Training Institute for Instructors at Balqa Applied University
	Vocational Training Sector
5	Implementing the National Training Program
6	Establishing Training Center Specializing in Construction Industry in Marka
7	Establishing a Vocational Training Centre in Jarash
	Youth Care
8	Establishing Youth Centers
	(II) Basic Government Services
	Health Sector
9	Constructing 56 Primary Health Care Centres
	Water Sector
10	Desalination of Abu Ezzeighan Brackish Water
11	Modernization of Amman Water Networks
12	Various Waste Water Networks
13	Securing Water Services for Underprivileged Areas
14	Revitalization and Improvement of Rass Al-Ein Spring
15	Implementing of the Water Conveyance Project from Jordan River to Al Karameh dam
	Information & Communications Technology Sector
16	Implementing The E-Government Initiative
17	Implementing The Connecting Jordanians Initiative
	Infrastructure Sector
18-1	Construction of Al-Quds - Suweimeh – Zara Tourism Road & Infrastructure Development
18-2	Brief Overview of the Establishing Al Suweimeh National Park
	Civil Defence Sector
19	Constructing Integrated Civil Defence Centers
	(III) Rural Development & Poverty Alleviation
	Social Development Sub-Sector (FIS)
20	Implementing the Poverty Alleviation Program
	Governorate Development Sub-Sector (EPP)
21-1	IRADA
21-2	RCCDP – Village Clusters
21-3	CIP Agriculture Roads
21-4	Small Grants
	Agriculture Sub-Sector
22	Developing Al-Zarqa Basin
	Municipalities Sub-Sector
23	Establishing Solid Waste Transfer Plants
24	Brief Overview of the G.I.S. (Geographic Information System)
	Environment Sub-Sector
25	Industrial Waste Water Treatment Center at Zarqa
	(IV) Institutional & Structural Reforms
	Justice Sub-Sector

➤ Project Evaluations:

Using the methodology described earlier, one or more evaluators assessed each of the projects in the sample against the 5 evaluation criteria – Relevance, Effectiveness, Efficiency, Impact and Sustainability. In addition, beneficiary and stakeholder surveys and focus group meetings were conducted for 15 projects to provide additional basis for the project assessments. Individual project ratings for each of the evaluation criteria are summarized in Annex II with underlying details provided in Volume II. Each project assessment also included recommendations for improving project performance.

Ratings from individual projects in a sector (sub-sector in case of Rural Development and Poverty Alleviation in view of the disparate sub-sectors included under this sector, and for institutional and Structural Reforms were used to compute weighted sector/sub-sector averages for each of the five evaluation criteria³. The weighted average for the sector/sub-sector is then used for evaluation of the sector/sub-sector based on the assumption that the sample is representative of the remaining SETP-financed investments in the sector. The resulting weighted sector/sub-sector averages were then used to compute the weighted average for SETP investments as a whole. The results for each of the main sectors are summarized in table 4.3 on the following page.

In considering the ratings, the following points should be kept in mind:

- The ratings for **relevance** represent the most robust judgments of the sector experts. This is because the projects evaluated are defined in sufficient detail to allow an assessment against the SETP and sector objectives.
- Ratings for **effectiveness** and **efficiency** are essentially co-related since the judgment about how effective the project will be in meeting the objectives “Efficiency” is often influenced by the implementation experience. Since all projects in the sample were in various stages of implementation, it was possible to make reasonable judgments on these aspects and these ratings therefore are also fairly robust.
- Ratings of **Impact** were much more difficult to arrive at. Typically the impact of a project is only evident some time after completion. It also often depends on other complementary actions in the future e.g. availability of continued financing to implement critical complements, for an investment to have an impact. Therefore, at this interim stage, with most projects still in the implementation phase, this rating should be considered to represent only the broad direction. The focus should be on future actions that have been identified to ensure impact. The actual impact could well be lower if the required complementary actions are not taken and/or are delayed.
- The **sustainability** rating is an attempt to guess the future based on past experience and is perhaps the least precise of all ratings. But like the “Impact” rating, this too should be

³ The weighted average for a sector/sub-sector equals sum of individual project rating x project cost for all projects evaluated under the particular sector/sub-sector divided by sum of cost of all projects. So say a sector had two projects evaluated which had costs of C1 and C2 and ratings of R1 and R2 for relevance, the weighted average rating for the sector as a whole for relevance would be $(C1 \times R1 + C2 \times R2) / (C1 + C2)$

seen as a way to point to need for future actions. A low rating may reflect the evaluator's concerns such as whether budget for operations and maintenance will be available.

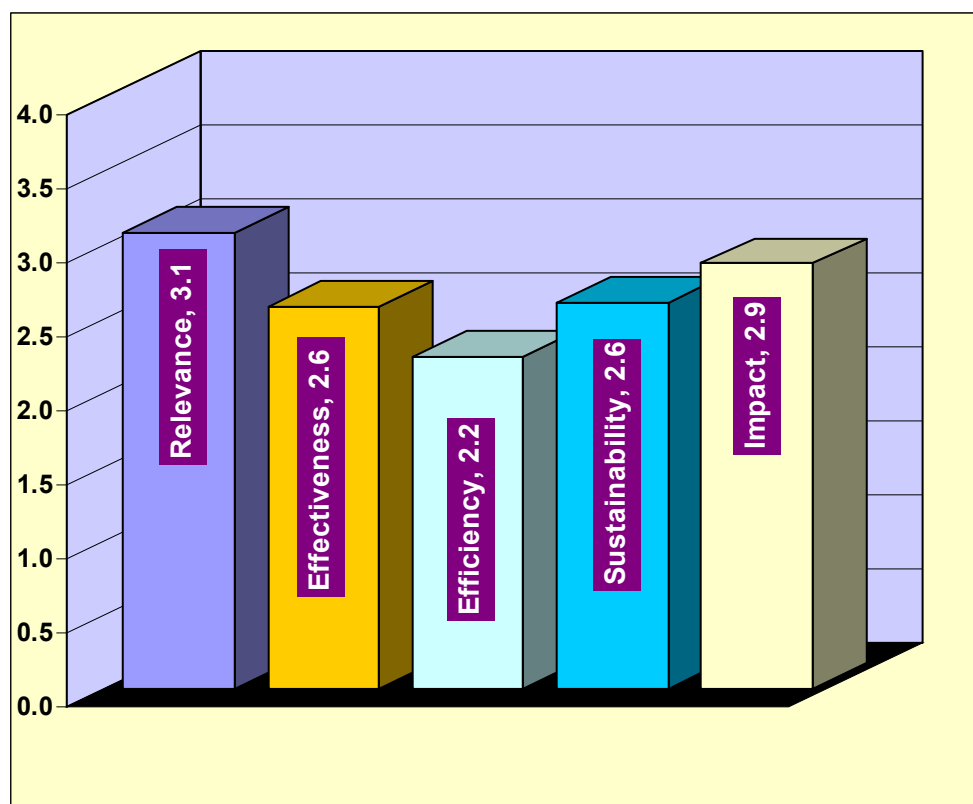
**Table 4.3: Value Weighted Program Ratings by Sector
(Based on Sample Projects)**

SECTORS		Ratings					
		Relevance	Effectiveness	Efficiency	Sustainability	Impact	Sector Average
I	HUMAN RESOURCES DEVELOPMENT						
Sector 1:	General Education	3.4	2.3	2.3	3.0	3.0	2.8
Sector 2:	Higher Education & Scientific Research	3.0	3.9	3.0	3.0	4.0	3.4
Sector 3:	Vocational & Technical Training	2.9	2.9	2.9	2.0	2.5	2.7
Sector 4:	Youth Care	3.0	3.0	4.0	4.0	3.0	3.4
II	BASIC GOVERNMENT SERVICES						
Sector 5:	Health Services	3.0	1.0	1.0	2.0	2.0	1.8
Sector 6:	Water Resources	3.4	3.2	2.8	3.4	3.0	3.1
Sector 7:	Information & Communication Tech.	4.0	3.5	2.3	2.0	4.0	3.2
Sector 8:	Infrastructure	3.0	2.0	2.0	3.0	NA	2.0
Sector 9:	Civil Defence	4.0	4.0	3.0	4.0	4.0	3.8
III	RURAL DEVELOPMENT AND POVERTY ALLEVIATION						
Sector 10:	Rural Development & Poverty Alleviation ⁴	3.1	2.7	2.0	2.1	2.7	2.5
Sub-Sector 10.1	Governorates Development (EPP)	3.2	2.2	2.0	2.2	2.2	2.4
Sub-Sector 10.2	Social Development (FIS)	3.0	3.0	2.0	2.0	3.0	2.6
Sub-Sector 10.3	Agriculture	3.0	2.0	3.0	3.0	2.0	2.6
Sub-Sector 10.4	Municipalities	3.0	1.0	1.0	3.0	2.0	2.0
Sub-Sector 10.5	Environment	1.0	NA	NA	NA	NA	1.0
IV	INSTITUTIONAL AND STRUCTURAL REFORMS						
Sub-Sector 11.1	Judicial Reforms	4.0	2.5	3.0	3.0	4.0	3.3
Average by Criteria		3.1	2.6	2.2	2.6	2.9	2.7

Rating Scale:			
Very High: 4	High: 3	Medium: 2	Low: 1

⁴ The Rural Development and Poverty Alleviation Ratings represent the average ratings for all the sub-sectors under this sector, including: Governorate Development (EPP), Social Development (FIS), Agriculture, Municipalities and Environment.

**Figure 4.2: SETP Value Weighted Program Ratings by Evaluation Criteria
(Based on Sampled Projects' Evaluation)**



The project-level analysis of SETP as presented in the Figure 4.2 above indicates the following key findings:

- In terms of **'Relevance'** (i.e., development priority of the investment), virtually all sectors rated higher than 2.5 with the weighted average for the entire SETP investment program at 3.1. This indicates that by and large most investments funded from SETP have been of high priority and supportive of the overall objectives. Indeed, 94% of all SETP investments in 15 of the 16 sectors and sub-sectors are in this range. This provides reassurance that SETP investments were useful and not for unnecessary or low-priority projects.
- However, there is one exception to the high ratings on relevance: The environment sector, due to the fact that it included only one small project for a waste disposal system that was inappropriate in concept as well as design and is expected to be re-formulated completely. It should be noted, however, that bulk of the investments in environment were included in the water sector, where the average rating is much higher; investments classified under the environment sector are relatively small.

- In terms of '**Effectiveness**' (i.e., prospect for an investment to meet its stated objectives), 8 sectors / sub-sectors have ratings in the satisfactory range of above 2.5. These represent some of the critical sectors/sub-sectors such as, higher education, vocational and technical training, youth care, water resources, ICT, civil defence, rural development, and social development. This means that some of the most important sectors are expected to fulfil their development objectives. On the other hand, seven sectors/ sub-sectors are rated 2.5 or below (below average). This includes some important sectors such as general education, health, infrastructure, governorate development, agriculture and municipalities, and judicial reforms. The reasons, as indicated earlier, are generally co-related to the efficiency ratings. For the program as a whole, the weighted average rating for effectiveness at 2.6 is satisfactory.
- In terms of '**Efficiency**' (i.e., prospect of project completion within reasonable cost and time constraints), 7 sectors are rated in the satisfactory range (above 2.5). Among the major sectors where ratings are lower than 2.5 include all 8 sectors where ratings for effectiveness are either moderate or low. The main reason for low ratings in these sectors are:
 - The common weak thread in all these projects is the poor implementation. Some of the reasons for poor implementation include, shortcomings in project design, delay in making funds available and general lack of project progress monitoring.
 - In the case of municipalities' project, it is the lack of experienced staff and institutional weakness to implement and monitor the project.
 - In the case of health sector, the issues identified for lower ratings included excessive building design, higher cost design option selected and delays in completing the facilities' construction.
 - For FIS, low efficiency ratings a reflection of its high cost arising from some benefits going to the non-poor and a lack of incentive for exit towards work.
 - A general issue related to efficiency is common among various organizations is that of slow and rigid tendering process.
 - Lack of implementation capacity within some of those organizations.
- In general, implementation of projects and the associated policy reforms have proceeded slower than planned. Based on discussions with some of the donors, slow implementation seems to be a more general problem in Jordan and the SETP project experience may simply reflect this general situation. But it seems that some SETP projects were approved at an early stage without adequate project preparation, including designs and implementation arrangements. GOJ needs to pay special attention in the future to expediting implementation.
- The ratings for '**Sustainability**' are in the acceptable range for general education, higher education, youth, water resources, infrastructure, civil defence, municipalities, agriculture, and judicial reforms. They are on the low side for vocational training, health, ICT and rural development and poverty alleviation. In most of these cases, low ratings reflected the evaluators' views about the uncertainty of availability of additional funds in the future for operations and maintenance of the assets built under SETP in the tight budget environment facing Jordan. The FIS program, where costs appear to be escalating, is of serious concern in terms of sustainability. For the overall SETP, weighted average sustainability rating of 2.6 is in the satisfactory range since a number of large investments such as in infrastructure and water have more secure sources of O&M budgets.

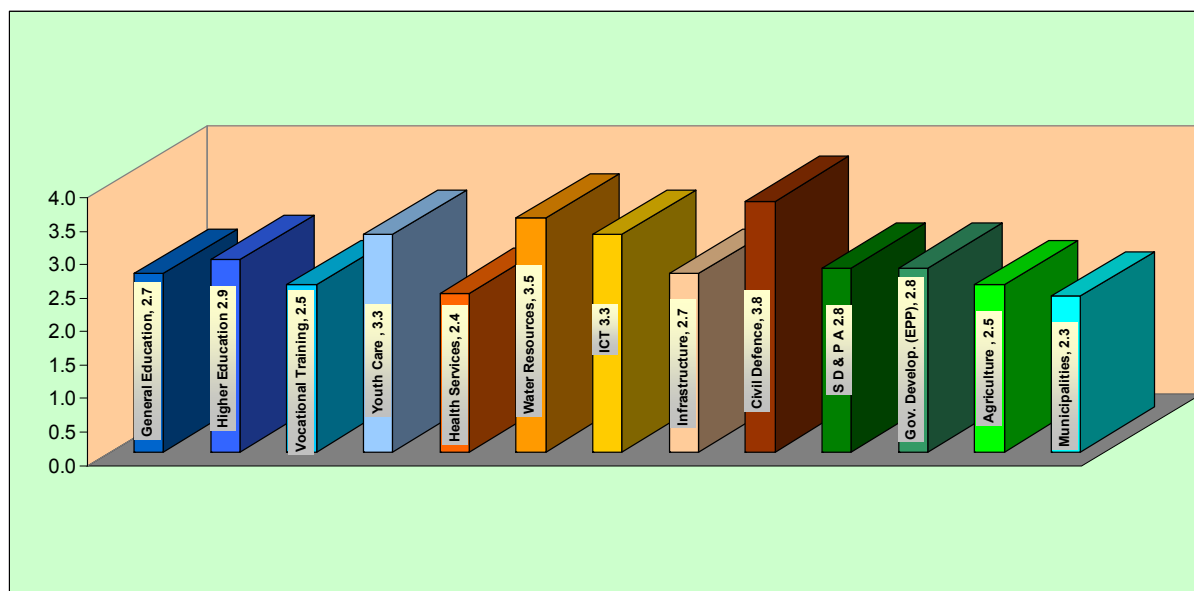
- As noted earlier, the ratings for **'Impact'** should be used cautiously since these incorporate judgements on longer-term outcomes that are often difficult to predict. The low impact ratings are for health, agriculture and municipalities. On the other hand, Higher Education, ICT, Civil Defence, and Judicial Reforms are highly successful sectors where the expected impact is rated as very high.
 - In the health sector, massive new investments have been made in updating/building new physical facilities, while the existing facilities are being underutilized due to lack of supplies and trained medical personnel. The needs in the health sector are to improve efficiency and reduce costs to sustain what otherwise is an excellent system. In this context, the impact of new SETP-financed facilities maybe marginal.
 - In the municipalities sector, the impact is linked to the degree of success in strengthening local governments, in areas where progress is being made.
- Overall weighted Impact rating for the program is satisfactory at 2.9

In terms of overall assessments by each sector, it is heartening to note that general education, higher education, vocational training, youth care, water, ICT, civil defence, agriculture and judicial reforms are all rated above average. These are critical sectors for Jordan's future development and also represent **a significant part of the sampled SETP public investment projects (about 54%)**. In this sense, SETP has made a reasonably sound contribution. The main areas of concern are the investments in, health, infrastructure, municipalities, and environment, **which reflect about (12%) of total sampled SETP public investment projects (245.599 JD Million)**, where the overall sector ratings tend to be on the lower side. The remainder **(34%) is in the rural development and poverty alleviation**, where the rating is in the moderate category. The key challenge in this sector is to improve the performance of FIS, while building on the good performance of EPP.

Overall rating for the SETP at **2.7** is considered as **"Satisfactory"**

➤ **Sector Evaluations:**

The sector evaluations took into account multiple factors associated with the overall objectives of SETP. Our evaluators considered each sector's specific objectives and achievements, the effects of activities funded outside of SETP budget and extrapolated the results documented by the sampled projects funded by the SETP. The results such compiled provided us another independent measure of success or the lack of it in achieving the generic SETP objectives. It is not surprising to find that the sector outcomes thus found, do not vary much from the project results found in our detailed evaluations. This is firm evidence that SETP activities were quite consistent with those of the government's overall developmental objectives.

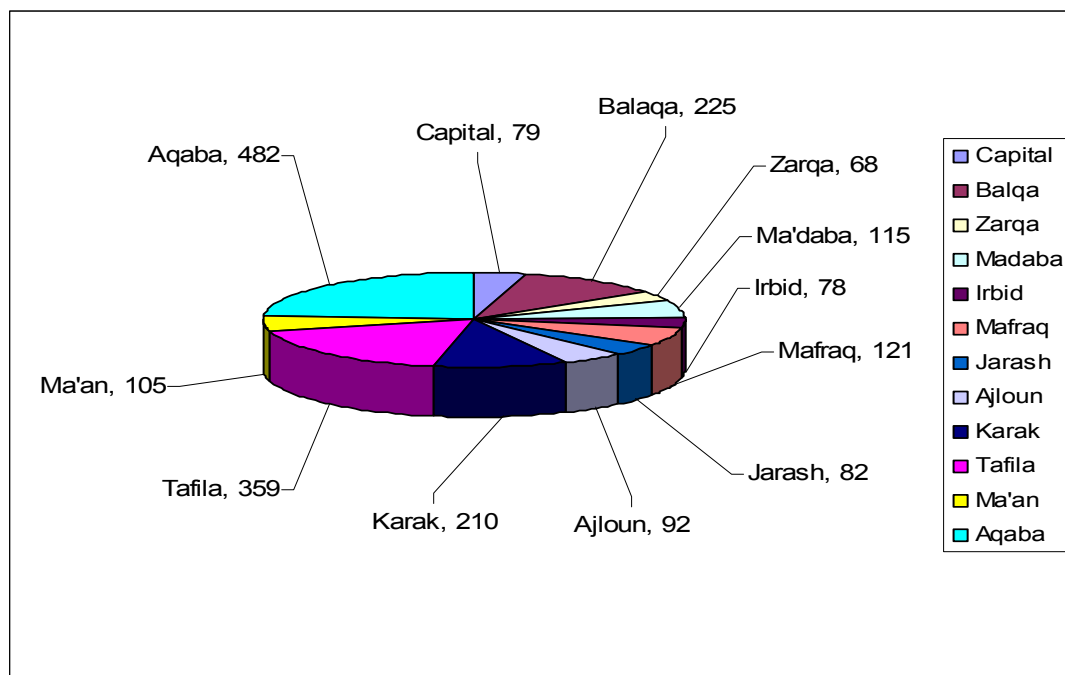
Figure 4.3: Value Weighted Ratings by Sector Based on Sector Ratings

We should point out that the evaluators' ratings for the sectors as a whole (discussed under each sector in Volume II and summarized in Annex III – Volume 1, could be higher or lower than ratings for public investments (see table 4.3, page 31). The reason for this variation is that the former rating also takes into account policy and institutional initiatives in the sector under SETP, and investments/initiatives outside of SETP. In its further deliberations of the SETP for individual sectors, MOPIC should keep both ratings in view.

Distribution of SETP Funds and Benefits by Governorate

The pie chart below illustrates the distribution of SETP investments per expected beneficiary in each of the governorates. On average, the governorates received JD 108 per capita, with the governorates of Aqaba, Tafila and Balqa receiving the highest per capita assistance at JD 482, JD 359, and JD225 respectively. JD 143.2 Million was allocated for nationwide programs that benefited the entire country. These included investments in health, water and education sectors whose benefits were divided quite evenly across all governorates. The southern governorates of Karak, Ma'an, Tafila and Aqaba received approximately 22% or JD122 million of the total SETP budget.

Figure 4.4: SETP Per-Capita Allocation by Governorate



Source: Ministry of Planning

V. EVALUATION OF SETP'S FOUR MAIN PILLARS

In addition to undertaking a project-level assessment of a sample of projects from the eleven economic sectors, an assessment was also undertaken to determine the extent of contributions made by the individual sectors to the four pillars namely, the Human Resource Development, Basic Government Services, Rural development and Poverty alleviation and Institutional and Structural Reforms. Detailed assessments of all sectors supported by SETP are presented in Volume II.

5.1 HUMAN RESOURCE DEVELOPMENT (HRD)

This component is considered as one of the critical components of SETP since it cuts across a number of sectors with its overarching objective of updating the skills of the Jordanian work force. The four key goals in this component are:

- **Improving the quality of General Education through:** 1) improvements in the curriculum; 2) improved learning environment; 3) upgrading the quality of teachers; and 4) improvements in the management of the sector.
- **Improving the quality of Higher Education through:** 1) rationalizing the university admissions process; 2) enhancing university administration efficiency; 3) Improving the sector planning process by introducing modern technology; 4) encouraging private sector's participation in applied science and research domains; 5) enhancing quality assurance and developing a financing model to reach financial autonomy for higher education institutions; and 6) developing necessary legislation needed to upgrade the sector.
- **Increasing the relevance of Vocational Training and Education programs** to the changing market requirements.
- **Supporting the Jordanian youth** in harnessing their true potential to in building the modern and well disciplined society

HRD activities supported a number of investments as well as policy reforms in the General Education, Higher Education, Vocational Training, Youth and Culture sectors. The Education Reform for Knowledge Economy (ERfKE), which was the single largest component of SETP's general education investments, made a significant contribution by: 1) introducing revisions in the school curriculum, supporting the e-learning enabled schools with teachers with improved skills and knowledge of the curriculum and IT, and with IT infrastructure including computers; 2) promoting early childhood education programs that have proven to be very cost-effective in establishing an early basis for future learning; 3) helping reduce dropout rates by making education experience more involving for the students; and 4) improving skills of administrative staff and helping them acquire IT skills. We consider ERfKE initiative to be highly relevant to Jordan's current needs.

5.1.1 SETP General Education investments also contributed to urgently needed facilities and supplies to enhance the sector's ability in meeting the demands. Building new schools, adding classrooms, providing furniture and supplies to schools, upgrading facilities, and building and equipping new laboratories – are some of the activities funded by SETP that made significant contributions to improving the learning environment for school children and are also considered highly relevant to the Kingdom's efforts in improving the overall quality of education. Performance and implementation of these components has been effective and timely.

Under the same program, about 500 schools were provided with computers and related equipment that has been crucial in both improving IT learning environment and in helping to improve school administration. Over 40% of SETP support was provided through the computerization project. Procurement-related delays did, however, hinder the school construction and rehabilitation causing several projects to slip from the original schedules.

The reform efforts in the sector that included the development of a National Strategy for Education, restructuring of MoE's governance and management, the development of an education decision support system, and curriculum reform, have also proceeded but at a slower pace than expected. The delays are largely because of external factors, but all reform components are now proceeding well.

5.1.2 SETP investments in Higher Education were closely related to SETP goals, of improving the quality of life for Jordanians through effecting change in the area of human resource development and improving the decision making process through the use of information technology. The relevancy of these interventions was confirmed through a well conducted needs analysis study and by the beneficiaries in a survey conducted by the Consortium.

A number of well focussed actions in terms of legal and regulatory change were taken to support the sector objectives. Progress was made on amending a number of key laws including the Higher Education Law and the Private Universities Law to give the universities the needed financial independence and flexibility. As with effectiveness, the impacts of the sectoral investments have also been mixed. The Computerization of Universities project was able to facilitate many impacts with respect to the 8 universities.

SETP supported infrastructure has been used to improve university administration and make many processes more efficient. At Al-Balqa' the equipment has been used in a variety of administrative areas including accounting, payroll and the library. With SETP support Al-Balqa' has been able to automate many functions leading to improved efficiency. Library systems are also now on-line, enabling searches for books on each individual campus.

SETP investments in information technology at the universities have also increased access to information by many different users. Previously students had little or no access to PC,s, and now, through the use of computers and the connectivity provided by SETP, student's exposure to the world has improved and this has reinforced a change in attitudes towards learning.

A key part of the regulatory and policy change required at the sector level has been the linking of higher education to labour market needs. There are indications that this is happening with some universities. The impacts from the computerization project have been significant in terms of scope.

5.1.3 Vocational and Technical Training Sector is the third sector of major intervention in the effort to reform the HRD. Similar to the higher education sector, the key challenge in the vocational and training sector is to be able to keep up with skills needed by the market place and to continuously modify the training curriculum to reflect the needs. This is possible only if timely and accurate feed back can be obtained from the market as well as the graduates and trainees of various programs being conducted. SETP investments in vocational and technical training were clearly linked to SETP goals, particularly for improving the quality of life for Jordanians through increasing the marketability of the beneficiaries and increasing their income potentials.

There have been a range of results showing improved effectiveness of the vocational and technical training sector. These have occurred at the level of legal, regulatory, and institutional reforms, in addition to the delivery of training to provide specializations and skills to young Jordanians. At the centre of legal, regulatory, and institutional reforms has been the establishment of the Higher Council for Technical and Vocational Training and its associated sub-committees. An important input for sectoral reform and future policy and decision-making is gathering adequate and timely information on the labour market. The Al-Manar project at NCHRD is developing the HRIS that is expected to be a major provider of this information. Currently in its second year of implementation the database includes information on the labour market and human resources and is linked with an electronic labour exchange website for job-seekers and career / profession counselling. In the area of legal reform, the introduction of a new law to organise the labour market has been a key step.

The main impact of TVET supported by SETP is employment of graduates of VTCs and the NTP, and the economic gains that employment brings. Statistically significant empirical data on employment rates of VTC graduates is not available; however, for small numbers of graduates at the two VTCs included in field visits the prospects look positive. Employers stated that they would be hiring graduates and in one case a trainee had been offered a job even before he had completed the training.

Our survey shows that the NTP has had considerable impact in improving the prospects for the graduates to secure full-time employment. There has been a 23% increase in full-time employment among the graduates. The survey shows that the majority (68%) of graduates felt that the NTP program was very important for them to look for work. This is higher than the percentage of graduates who were working (60%) post-NTP training. So, some graduates who were not able to secure full, part-time, or self-employment, felt that the NTP was important for their job search. The NTP was able to train and empower impressive number of young Jordanian women as well.

5.1.4 Culture and Youth Sector, the fourth area of intervention received only about 1.6% of the total SETP resources. Since the establishment of the Higher Council for Youth (HCY) 2001, Jordan has been working ardently to meet the challenge set by His Majesty King Abdallah II, to work hand in hand with the youth of Jordan, to ensure that they are growing up into responsible optimistic and committed citizens who can contribute to the development of their country.

In addressing part of the needs of the youth, the Government of Jordan has established a number of youth centres throughout the country, especially in the less privileged areas. The socio-economic household level of Jordanian families as well as the lack of available facilities for youth has had clear repercussions on young people's leisure time activities.

Subsequently, this project aims to ensure access to knowledge and sports facilities through these centres. The underlying goal is to engage the youth in their respective communities in various activities that foster teamwork, leadership, and community services.

Equipping youth with life skills which will enhance their communication, decision making, dealing with their parents and peers, healthy life styles, will positively contribute to the overall objectives of seeking well being of society. The higher Council for youth has launched the first ever National Youth Strategic Plan for the years 2005 – 2009. The implementation of the strategic plan and the SETP objectives are in unison, particularly in the non-formal education, employment, leisure time and participation themes of the strategy. The sector has performed and accomplished its target in establishing the centres as planned.

5.2 BASIC GOVERNMENTAL SERVICES

The Second Reform Pillar includes all public service areas namely, Health, Water, Information and Communication Technology, Civil Defence, and Infrastructure. Approximately JD240 Million (41%) of the total SETP allocations were invested in these five areas. These sectors also accounted for about 12.8% of the sample size evaluated in depth by the consortium.

5.2.1 In the Health Sector, in line with the GoJ's goal of making good quality health services available to all citizens, the national strategy for health calls for developing a comprehensive health care system which combines both, the public and the private providers through a national health insurance scheme. One of the key elements of the SETP was to reach a goal of 90% coverage through improved and expanded public health service. It is estimated that at full utilization of the new PHCs, about 800,000 additional people will come under the service coverage. Some of the specific goals in this sector are:

1. Expansion of health care insurance to cover all the poor and low income individuals.
2. Enhancing the quality and access of public health services offered to the citizens.
3. Raising the health awareness and improving healthy living habits of the citizens.
4. Expansion of preventive measures and making people aware of the causes of diseases such as smoking and lung cancer.
5. Updating the legislation and administrative reforms to support better management of the health sector.

In addition to the capital investments of approximately JD18 million in physical facilities, equipment and supplies, The government also made a number of administrative and policy reforms to enhance the service efficiency, reduce illegal use of subsidised services, increase the quality of care, improve the procurement of drugs and supplies, and to improve PHC and hospital management.

All these reforms together with the enlargement of service facilities through the new PHCs are bound to have significant impact on the SETP objectives in the medium to long term.

The GoJ has traditionally paid very close attention to ensuring that its health services standards are high and its accessibility is within the reach of ordinary citizens. The highly subsidised public health services are available to all upon demand. By all accounts, the

kingdom's health sector performance is at par with the best in the region and ranks high when compared to other middle income countries in the world. However, these high standards are being maintained at an ever increasing public health spending and the cost ranks amongst the highest when compared to other countries in MENA region. A number of steps, planned for implementation, such as reduction of expensive drug usage, improved cost controls in procurement of drugs and supplies, and ways and means to form public private collaborations to ensure optimum use of facilities, already under implementation, should result in holding the line on overall public spending in the health sector.

Two other projects funded under SETP involving provision of 50 ambulances and expansion of specialized services such as dental clinics in the PHCs do contribute to improving the rate of utilization of facilities and improving the services at marginal additional costs. The project involving expanding the existing health centres and equipping the dental clinics are also expected to make significant impact on service efficiency.

5.2.2 The second area of intervention within the public services pillar and, perhaps of the highest priority, is the **Water Sector**. One of the key governmental basic services is the supply and management of water resources in the most optimum manner ensuring a long-term reliable supply to all Jordanians. The one overarching goal of this sector is to improve the quality and quantity of potable and agricultural water. The scarcity of water is an every day fact of life in Jordan. Jordan's rapidly growing population has put considerable pressure on the limited supplies of water availability, with per capital annual water resources declining from about 530 cubic meters in 1960 to about 160 M3 in 2000. Only three other countries have lower per capital levels of fresh water resources, and all of these are oil rich: Libya, UAE and Saudi Arabia. Despite this scarcity, Jordan has been able to provide a higher percentage of its population with piped water than the average country in the Middle East and North Africa (MENA). In Jordan 100% of the urban population and 84% of the rural population have access to piped water, compared with 97% for urban populations and 84% for rural populations on average in MENA as a whole.

Efficiency of the water delivery systems has, however, been considerably lower than that of most other lower-middle income countries in the region. In the 1990s, of the region's large urban areas, only Damascus had a higher rate of unaccounted for water (UFW) than Amman, 65% vs. 56% respectively. Jordan spends a high percentage (5-6%) of its GDP on water. The Government's spending on water as a percentage of its total capital expenditures rose rapidly from about 20% in 1998 to a peak of 35% in 2000 and 2001, and has declined somewhat since then, to about 25% in 2003, the last year for which annual data is available.

Projects financed under the SETP have supported all aspects of Jordan's water development program. All the projects under review were highly relevant in supporting the sector goals. SETP has focused on (i) improving water infrastructure, including upgrading water distribution systems to reduce losses and expanding waste water treatment pipeline and facilities; (ii) Exploring alternative water technologies for improving water quality and improving water harvesting; (iii) Promoting private sector participation in the water sector; (iv) rationalizing the utilization of underground water facilities, especially those non-renewable underground reservoirs, by reducing unauthorized use and reducing contamination; and (v) providing information and technologies for better use of available water resources by establishing a water resource and usage information database, including ways to improve water use efficiency in agricultural. All the projects under review made important contributions to the broad SETP goals.

The sector policies implemented appear to have, to date, been highly effective in achieving their desired goals. Many important actions have been taken within the SETP to improve water management in the Kingdom. Programs to increase public awareness about the importance of water and the best ways to conserve this scarce resource include the preparation for holding the first international conference on water demand management in the region. A management contract for the operation of the Amman water system (fresh and waste water), which is beginning to have a significant impact on water availability has been introduced. Processing of waste water through supporting the activities of the Standards and the approval of new the standards for treating industrial sewage water has been initiated. Studies and designs for improving water supply to Northern provinces have also been prepared.

5.2.3 ICT Sector is one of the Kingdom's newest and most promising initiatives supported by SETP. Government's principal goal in this sector is to bring Jordan in line with the ICT standards in the developed countries. Since REACH 1 initiative was released in 2000, the role of the ICT sector in general was defined to be one of the major contributors to the social and economic development in Jordan. This opened channels to the outside ICT world regionally and internationally. Accordingly, Jordan has become a regional pioneer in supporting the ICT sector through numerous national initiatives including e-Government, Connecting Jordanians, and Jordan Educational Initiative, among many others. REACH Initiative was initiated by His Majesty King Abdallah II to involve the ICT private sector in developing a vision and policy for the sector.

Jordan realized, among its key goals and objectives of reform, that the Information and Communications Sector (ICT) is one of its key sectors which require progressive and continuous endeavours to embark on the reform program. Efforts to achieving this commenced, and progress has been made in establishing some measures for creating an enabling environment, competitiveness, and excellence in the ICT sector.

It was evident that Information and Communications Technology (ICT) is an area of immense potential, both, in terms of development, and in the direct contribution it can make to the efficiency of the wider economy and the operations of the government, together with the development of the Jordanian human resources, Progress has been made to-date, but, still is not up to the aspirations of the Jordanian government and people.

Two major ICT initiatives, Connecting Jordanians, and the e-Government Program funded under SETP were selected for in-depth evaluation.

The impact of implementation of both Connecting Jordanians and the e-Government Program was apparent. ICT initiatives were instrumental in consultations, reviews and facilitating the drafting of legislations, development of the e-transaction laws, and adopting and complying with intellectual property rights and copyrights. Such initiatives created more awareness in peoples' minds and facilitated the adoption of technology in many areas of everyday use.

The goals of building local capacity, enhancing infrastructure, attracting private sector investment and creating technology related employment were achieved. The enabling factors affecting the achievements of the ICT sector specific goals include: the existence of the e-transaction law, copy right laws, and intellectual property rights law. However, there were some hindering legislative measures which need to be revisited. These included the need for the e-transaction law to be further amended to accommodate the requirements of more e-services.

Since 2000, the government introduced the Copyright law, Intellectual Property (IP) law and the E-Transactions law. The government also endorsed the biennial National ICT Policy and Strategy. The E-Transactions law allows for the endorsement of the government e-services, which in turn enhances the life style of the Jordanians by providing easier access to government services. The ICT Policy and Strategy sets a roadmap for the future development of the sector including more job opportunities, by encouraging exports and enhanced FDI, better education and usage of technology.

5.2.4 Civil Defence is another essential public sector service which has profound effect on the nation's citizens when and as these services are needed. A country's credibility and responsiveness to its citizens is judged on the bases of its efficiency and ability to provide emergency civil services. The mandate of the Civil Defence in Jordan, during peace periods, includes protecting citizens' lives and their properties against actual and potential dangers such as fire and natural disasters and alike.

As one of the Basic Governmental Services of the government, civil defence has been included under the Social and Economic Transformation Program (SETP), which has financed two major projects in order to achieve the following goals:

- Upgrading inspection facilities at border check points; and
- Building the capacity of Civil Defence Institutions and providing training to Civil Defence personnel.

The two projects financed by SETP are:

1. **Constructing Seven Integrated Civil Defence Centres** in several governorates, especially in remote areas to provide services to the inhabitants at a cost of JD One million.
2. **Establishment of the Civil Defence Academy**, which will be an integrated civil defence training centre in Jordan to train and qualify civil defence workers locally and serve as a regional training centre for training civil defence personnel. The SETP had allocated JD Two million for this project.

Achieving the above-mentioned sector goals increases civil defence efficiency in performing its duties and provides enhanced benefits such as:

- Saving citizens lives in accidents and other potential dangers,
- Protecting private and public property from losses or damage.
- Assisting health sector services by providing the necessary ambulance and first aid services,

Supporting the role of private sector in the economy either by protection of assets or saving lives in areas served by civil defence clearly achieves the planned SETP goals of Improving the Quality of Life for Jordanians,

5.2.5 The Infrastructure Sector as part of the public services includes the sub-sectors of Roads, Transportation, Housing, and Energy. Most of the SETP investment in infrastructure has been in the public works. However, considerable benefits were also achieved from the important policy initiatives in the other sub-sectors.

The **Public Works** (Transport and Housing Construction) sub-sector covers activities related to roads, transport planning and public works (buildings), all of which are implemented by the Ministry of Public Works and Housing (MPWH). The specific goals of the road and transport sectors are to continue to improve the service level of road network in the kingdom to arrive at an “efficient, economical, competitive and safe transport sector by developing the infrastructure needed to support investment, and improve the services of tourism sector. Establishing a network of highways between governorates with neighbouring countries; and, for tertiary roads, to serve small farmers and improving their economic viability; and facilitate their market access.

Since the road infrastructure system provides a basic government service that is critical for supporting the country’s economic growth, it can be seen that these sector specific goals directly support SETP’s broad goals in the government services Pillar.

The Ministry of Public Works and Housing (MPWH) has developed a 5 year program (2002-2007) for the expansion of the national road network. This program includes 33 projects with a cost of about JD 430 million. The Directorate of Road Studies is responsible for all highway designs and feasibility studies for major road projects, but with the exception of projects funded by the multilateral donors, these are primarily technical studies, with little or no economic input. The program lacks a comprehensive framework, master plan and/or a set of transparent technical and economic criteria and associated analysis on which prioritisation and sequencing can be based.

The SETP supports only a limited number of projects or project components for which the Ministry has not received adequate funding from the central budget, but which it considers to be of high priority. A notable weakness in the process is the absence of any sound economic analyses upon which these competing priorities are based.

In construction sector of the SETP program, 11 road projects were completed in the years 2002-2004, for a total of JD 16.1 million, JD 2.0 million of which was allocated for road maintenance. 12 road projects for JD 55.4 million are currently under construction. SETP policy priorities in the Transport Sub-sector have focused primarily on the need to improve performance and rapid decision making by devolving many activities, wherever possible, to the private sector. Government entities in the transport sector that are in the process of being privatized include: Airports and Civil Aviation, Ports, and Vehicle Repair and Maintenance.

In recognition of the decline in road freight transport over the past decade, a new Road freight Transport Law, which was instituted in 2002, encourages the formation of larger trucking companies to enhance the international competitive capacities of the sector. It also provides the legal framework for an inland port on the outskirts of Amman that is designed to provide international standards of transport services and eliminate the existing severe congestion and excessive delays associated with the existing customs depot.

Housing Sub-Sector

In the Housing sub sector, the SETP was to provide JD 1.3 million financing, over three years starting in 2003 to support reasonable cost financing for housing for the lower income citizens and thereby encourage the private sector to increase the production of housing units for these citizens. The funding was intended to support the Jordanian Investors Association as an umbrella organization for granting loans to small investor to construct houses for low-income groups. This project was therefore to support both the basic needs of lower income citizens and, at the same time, support an expansion of private sector investment and production in the housing industry. However in the list of project in the Public Works and Housing Ministry, only one project was listed that related to housing, which was for JD 0.7 million. However, some housing may have been included in the "Various Infrastructure Project, which had a total expenditure of JD4.6 million.

The government secured a JD 7.8 million for the purchase of lands for governmental buildings, and financing the construction of such building in locations that are convenient for users of the related governmental services. This support is to cover a wide range of government ministries. [Source: MOPIC Report on Reforms in the Construction Sector] However in the list of project in the Public Works and Housing Ministry, only one project was listed that related to housing, which was for JD 0.7 million. This may because some housing may have been included in the "Various Infrastructure Project, which had a total expenditure of JD4.6 million.

STEP did not provide any funding for **Electric Energy Sub-Sector**. Instead it worked on the process of providing funds through privatization process. The energy sector went through a restructuring with a new law legal framework established with a new electricity authority that is independent of the Government. Government's past performance in the energy sector is considered as highly responsible and sufficiently well planned.

The Central Electricity Generating Company is in the process of being privatized. It has received a US\$100 million loan to boost its capital. It has been transformed into a joint stock company and the stock has been transferred to the Treasury. A privatization tender has been issued and bids have been received. The contract has not yet been awarded.

A new electricity generation company (al-Samra Electricity Generation Company Ltd.) was established and registered in 2004. It is wholly-owned by the government, with US\$50 million in equity capital provided by the government. An additional US\$168 million in loans has been secured from the Arab Fund and the Kuwaiti Fund. This establishes a healthy 70:30 debt to equity ratio. Work on the project has commenced. In addition, invitations for bids for a new, private sector Independent Power Plant (IPP) were issued in September, 2004.

Oil and Gas, there were no specific investment projects in the oil and gas sub-sector of the SETP program. Most of the SETP efforts were focused on and commerce and in attracting private financing to the sector. To assure that the sector can provide the materials needed by industry, an expansion of the Jordan Petroleum Refinery is needed. A feasibility study was implemented in 2004. The second phase of the study, comprising an analysis of the financial, funding and legal requirements for the project is currently in progress. This expansion will also improve the level of quality for petroleum products and to maintain environmental safety in the production and transport of these products. As part of the SETP's objectives to attract private sector financing to the sector, oil and gas sector exploration and production have also been opened for private sector investment.

5.3 RURAL DEVELOPMENT & POVERTY ALLEVIATION

Is the third pillar of the SETP Public Investment Component. The SETP has been a major funding source for the Sector providing an investment of JD 170 million, accounting for over 29 percent of the total Public Investment Component which totalled JD 579.3 million. Efforts within this pillar focused on the governorate development, social development, municipalities, tourism and agriculture sub-sectors. Most of the funds, however, were targeted on two large programs: (a) Family Income Supplement (FIS) Program of JD55 million; and (ii) the Enhanced Productivity Program (EPP) of about JD95 million.

The principal goal of the SETP in this sector continues to be to improve the quality of life of poor by ameliorating poverty through a comprehensive program which includes: (i) improvement of employment opportunities in rural areas; (ii) improvement of productivity of individuals and local communities; (iii) promotion of sustainable enterprise development projects; (iv) encouragement of the role of the private sector in developing and directing investment to disadvantaged areas; (v) improvement in the efficiency of local governments; (vi) improvement of basic service delivery in governorates; (vii) encouragement of entrepreneurship through educational programs and facilitation of micro-finance; (viii) increase of agricultural exports; (ix) provision of incentives for the private sector to participate more actively in agriculture projects; and (x) provision of a safety-net for various vulnerable groups without income.

Although the poor are fairly widely dispersed in Jordan, as shown by the recent Poverty Study, there are poverty pockets with concentrations of poor and near poor in Amman and four governorates which pose problems of structural poverty that are difficult to address. The SETP has been designed as a nationwide program to address the growing structural unemployment and poverty problems in poverty pockets particularly afflicting first time job seekers, women and minority groups in rural and urban poverty pockets. The EPP comprises three sub-programs or projects which have been designed to assist the above vulnerable groups.

A major policy focus of the SETP is on **Governorates Development** as shown by the spatial coverage of SETP funding of projects. Table 5.1 on the following page provides an analysis of the spatial coverage of investments by governorates. The capital region received 18.9% of funding while the North, Middle and South received 15.4%, 20.0% and 21.4% respectively, consistent with population and poverty incidence. This allocation complements and reflects the Government's policies to promote and strengthen local government's decision making capacities by decentralizing administrative powers from central bodies to local governments and municipalities. To move this forward, in 2004, His Majesty, the King issued a directive to the Government to strengthen the role of local governmental bodies including municipalities in project planning and implementation. This directive proposed that a larger role be given to the local community in defining development needs and priorities, ensuring opportunities for local members to participate in preparing plans and programs of local development and activating local institutions in carrying out, following up and evaluating the local development plans.

Table 5.1: Total Allocations by Governorate

Region	Governorate	Allocation 2002-2005 (JD million)	% Percentage of Total
Middle	Amman	109.228	18.9 %
	Zarqa	32.861	5.7%
	Balqa	70.632	12.2%
	Madaba	11.923	%2.1
Sub-Total		224.644	38.8%
North	Irbid	48.667	8.4%
	Mafaq	23.540	4.1%
	Jarash	8.960	1.5%
	Ajloun	7.986	1.4%
Sub-Total		89.153	15.4%
South	Karak	38.734	6.7%
	Ma'an	25.560	4.4%
	Tafila	8.019	1.4%
	Aqaba	50.047	8.6%
Sub-Total		122.360	21.41%
National Level		143.18	24.7%
Grand Total		579.337	%100

Source: Ministry of Planning and International Cooperation

Strengthening of **Local Government** institutions including municipalities is an important tool for poverty alleviation and empowers local communities to play a more inclusive role in their development. This recognizes the findings of development agencies that the planning and implementation of sub-regional socio-economic projects are enhanced greatly if local bodies are closely involved in all phases of project design and execution. This important initiative is likely to make a significant impact on rural development as has been the experience in many other countries which have adopted policies to devolve powers to strengthen local governments.

Over the past two years, the Government has been implementing His Majesty's directive with considerable diligence which has started to produce significant benefits. A number of workshops have been held to formulate and develop these ideas into projects for support by international donors including the World Bank. The co-operative sector has been singled out for further reforms including changes in laws and regulations in order to improve governance. Cooperatives can play a critical role in serving as the institutional model for income generating projects in rural areas, but are currently constrained by lack of a sound legal and regulatory framework. An inter-ministerial committee has been formed to examine these issues and prepare new laws and regulations to improve the functioning of cooperatives. Data on smaller

administrative areas are being collected into a data base for use in preparing development plans. In addition, national and local universities have been solicited to provide training to administrative personnel at the local levels and to assist with actual implementation of development plans.

Local governors and Executive Councils are now closely involved in all aspects of project selection, design and implementation in association with Central government representatives. There has been a modest but noticeable improvement in coordination and cooperation between Central Government representatives at the Governorate and District levels and local government officials leading to early identification of project implementation problems and initiation of remedial actions. Community participation in projects is being fostered through NGOs who are actively involved in organizing local communities to voice their aspirations and take part in identifying priorities of their communities. An important example of these initiatives is the Village Clusters project (RCCDP) through which MOPIC has initiated a bold program of civic empowerment and participatory planning.

The SETP investments in rural development and poverty alleviation sector are closely linked to the goals of SETP, specifically to improve the quality of life for Jordanians through the reduction of poverty and unemployment. The recent World Development Report (World Bank, Washington 2001) recommended a strategy for attacking poverty in three ways: **enhancing security/safety-net, promoting opportunity, and facilitating empowerment of the poor.** The importance of the sector lies in addressing these three issues, which in turn are relevant in meeting the SETP goal of improving the quality of life for Jordanians through the reduction of poverty and unemployment. The mid-term evaluation finds that the SETP interventions in this sector utilize all the three strategies. Although each project/program has elements of more than one of the three strategies, SETP uses the FIS program for enhancing safety-net, the EPP for promoting opportunity, and the individual ministries, and now increasingly the municipalities to address empowerment as well as environmental issues. Consequently, in terms of including all the components of a good strategy to address poverty, SETP is highly relevant.

5.3.1 The FIS Program deals with the creation of the safety-net for the poorest of the poor, particularly for those who find it hard to work – the disabled, the widows either alone or taking care of their children, and the elderly. Having a low income restricts the ability of the poor to deal with a crisis from various risks such as illness and injury, old age, unemployment, and domestic violence. Cash transfer programs are one of the few formal mechanisms to help the poor. The design and administration of the FIS program are, however, weak and need to be restructured to ensure better targeting and to reduce unintended leakage of funds to non-poor.

With the support of the SETP, the FIS has increased its coverage of eligible families by over 40 percent to approximately 70,000 families between 2002 and 2004 and the maximum cash support to beneficiary families increased by over 90 percent to JD156 per family per month. In 2002, the number of beneficiaries increased by 22 percent and the level of overall assistance increased by 66 percent.

5.3.2 The success of the **EPP** in reducing unemployment through three of its projects is very high. The IRADA project is highly relevant as it aims to assist low-income new entrepreneurs, often first time job seekers and small business owners in establishing and/or expanding small businesses in rural and low-income urban areas and thereby create opportunities. The Rural Community Clusters Development Project is relevant as it empowers poor communities to take control of their destinies by organizing themselves to work collectively to establish

projects to generate local employment. The Community Infrastructure Project (CIP) project of EPP aims to also generate jobs by attracting private investments in tourism and agriculture into poverty areas by building infrastructure such as access roads for factories and rural settlements. These investments are expected to bring about new income generating opportunities.

The **IRADA** project was designed to assist low income individuals living in poverty pockets with limited and modest educational achievements to start small business ventures instead of looking to the government for jobs or subsidies. IRADA has been extremely effective in providing a variety of assistance to 2130 applicants, which led to a total of 1774 projects being established as of December 31, 2004; Forty nine of these projects failed due to a variety of reasons including financing problems, poor management and other reasons leaving a net of 1670 business created or expanded. This is a remarkable achievement for a project of this nature compared to the track record of agencies with similar functions in other developing countries. A total of JD 29.6 million was invested in these ventures, with investors own capital contribution amounting to JD 18.3 million (62 % of total investment). It is estimated that a total of 5411 jobs have been created at an average investment cost per job of JD 5770.

The **Small Grants** component of the CIP has two sub-components: grants to charities and civic organizations to establish income-generating projects to benefit the community and to municipalities and charities for improving social infrastructure such as libraries. The Small grants program has made a positive impact on job creation for the poorest segment of communities and assisted in strengthening and building community based organizations.

5.3.3 Substantial reforms have been undertaken by the government in the **Agriculture sub-sector**, both prior to and, during the implementation of the SETP to create an open agricultural sector which can compete in world markets. Various priorities have been identified in the National Strategic Plan for Agriculture Development during the SETP implementation period but have not been implemented vigorously, thereby reducing the effectiveness of the program.

The main thrust of the agricultural strategy is to facilitate exports. Jordan is a leader in drip irrigation, and vegetables (e.g. tomatoes) produced in the Jordan Valley are very competitive in the various international markets particularly in the winter. MoAg has successfully negotiated with Saudi Arabia and the EU to help producers compete in these markets. Similar initiatives are expected to take place with other neighbouring countries. To create a perception of quality of Jordan's products, MoAg has started to use "brand" concepts. For example, MoAg now promotes high quality olive oil under the emblem of the Jordanian crown.

In terms of poverty alleviation, it has made 1,880 loans through the ACC to poor farmers (up to a maximum of 3,000 JDs), developed 20 food-security related projects, and supported the EPP with local small agriculture/small irrigation related projects. However, the ACC could prove to be a fiscal burden and may not be sustainable as more and more loans are being written off to appease emergency situations arising out of drought and other adverse climatic conditions.

On the regulatory side, MoAg has taken some bold steps to formulate regulations in the areas of: genetic engineering of agricultural products, modernization of the Ag Law (to be ratified by the Parliament), and facilitation of import licenses.

However, MoAg has yet to develop the new role of Ministry vis-à-vis other institutions in addressing the needs of the rural areas. This may require additional enabling legislation, for example, on the use of “agricultural” land and on-farm water management. This will definitely need closer coordination among the various entities serving rural areas.

The agriculture sector also contributed to the overall SETP goals of reduction of poverty and activating the role of private capital in the economy. Poverty has been reduced in the highlands by permitting the poor land owners to diversify their income and switching to tree crops. To facilitate private investments in the sector, MoAg has produced a feasibility study for a marketing company, as well as, an action plan for agricultural export infrastructure. It regularly supports the Encouragement Investment Board to attract private investment to the sector, much of it from Jordanians residing abroad. These foreign investors have invested over US\$128million in Agriculture during the implementation of SETP

5.3.4 During SETP implementation, the **Municipalities** sub-sector has been restructured by the amalgamation of 328 municipalities of the Kingdom into 99 larger ones. This has been the main enabling factor affecting the achievement of the sector specific goals. The SETP has initiated a number of important actions. Progress has been made on creating a comprehensive database to monitor activities. In addition, MoMA has started executing the Geographical Information System (GIS), which digitizes property, and other information at the municipality level.

Although several of policy measures have been taken by the Government, the progress on the selected evaluated projects till date has been modest. For the Solid Waste project, only 8 out of 12 plant construction contracts have been awarded. Of these, construction has started in four with implementation progress at 30-70 percent level. In the other four plants, construction has been delayed due to objections from citizens. In the GIS project, digital master plans were prepared for 30 out of 99 municipalities.

5.4 INSTITUTIONAL AND STRUCTURAL REFORMS

Is the fourth Pillar of the government's reform efforts in the public sector. Substantive reforms have been undertaken in the areas of Judicial, Administrative and financial, Environment, Media and the Aqaba Special Economic Zone administration.

SETP aims to establish an enabling legislative and regulatory environment to expedite public and private investment. A significant aspect of policy reform is the shift in Government orientation from implementation to regulation. Consequently, new regulatory bodies, such as the Food and Drug Administration, will be created. In addition, a number of policy reforms are introduced to allow for the greater participation of the private sector in formerly exclusive public sector arenas. Other reforms include, for instance, the strengthening of the Higher Council of Health, which is responsible for national coordination, policy formulation and planning for health care and promoting the reputation of Jordan as an advanced medical hub in the Middle East.

A key goal of the SETP under the umbrella of Institutional Reforms is to create an enabling organizational environment that will promote public and private investment. The SETP introduces a number of changes in government procedures and institutional arrangements, including the extension of e- government to all public institutions. Some of the most important actions and objectives of these reforms are listed below:

- Improving service delivery of a number of public institutions, and simplifying bureaucratic procedures.
- Completing a number of public administration restructuring studies.
- Introducing ICT into many facets of government work and educational institutions (e-government and Connecting Jordanian initiatives).
- Starting the implementation of a comprehensive ICT system in 73 courts.
- Amending a number of laws and regulations related to judicial reform (Judicial Autonomy Law, Court Formation Law).
- Establishing the Higher Council for Media.
- Undertaking a number of reforms related to pension reforms.
- Improving the transparency of the income tax system.
- Establishing Jordanian Upgrading Modernizing Program (JUMP).
- Eliminating subsidies on a number of commodities.
- Introducing objective criteria for selecting senior management in public sector based on merits.
- Setting criteria for the performance of the judicial system.
- Accelerating the court ruling procedures.
- Building the capability of the Legislative Bureau.
- Establishing an independent institution to support SMEs.
- Establishing a Higher Investment Committee.
- Updating the strategy for developing the tourism sector
- Allocating part of the income generated from tourist activities to promote the sector.

Table 5.2: Institutional & Structural Reforms / SETP: Allocated funds

Category /Sector	Judicial Reforms	Industry	ASEZA	Total
Total Allocated (JD Million) 2002-2005	3.19	6.00	20.00	29.19

Achievements of this pillar are rather impressive. Both, the administrative and the legislative branches of the government acted in expeditious manner to approve an impressive number of institutional strengthening measures during the last 3-4 years.

5.4.1 In the **Judicial sub-sector**, these reforms were supported through the e-Courts Review project funded under the SETP. New system, supported by computerised tracking and monitoring methods resulted in reducing and better managing the case work loads, providing more accurate and timely information to the attorneys and judges, and improving the efficiency of the overall courts in Amman. Although further work still needs to be carried out to complete the system, improvements made so far outweigh the expenses incurred on the automation systems.

5.4.2 In the **Financial and Administration side**, the institutional reforms have achieved the modification of the military and the civil retirement system which will have significant positive budgetary implications in the long-run. The unification of the tax system is another very important step in improving the national fiscal policies. This reform is expected to improve the tax collection system in general. Other important decisions taken in the financial sector are:

- Improving the efficiency of capital expenditure utilization & increasing self dependency.
- Re-scheduling of national debt.
- Selling the government share of stocks in The Jordan Investment Corporation.

5.4.3 Reforms in the **Media Sector** included cancelling the Ministry of Information and establishing the Higher Council of Information under a new law for the Higher Council of Information which allowed a wider participation base in planning the information" media" policy and the transition to the concept of state media. In addition, the new regulation allowed private investment in the media sector. Under the modified law for audio-visual sector, the government allowed the private sector to participate in this field and ended the monopoly of the public sector in this area. The government also allowed the issuance of licensing to the private T.V and radio stations & regulating the activity of this sector and setting regulation in regards of classified media items & its use circulation. The government expects that these changes will promote the freedom of press and free private competition in the media sector.

5.4.4 The **Environment Sector** was also a significant beneficiary of SETP's Structural reform component. The environment regulations, including the ministry's authority to implement and enforce these regulations were established as part of the reforms in this sub-sector. MOE commissioned a study to find ways and means to involve private sector on the management of solid waste disposal. Private sector participation has also been studied for the hazardous waste disposal projects. A waste water treatment plant project in Zarqa is being implemented in cooperation with Chamber of Commerce, the private sector and the government.

This sector has been opened up for private providers of services. The government has made a conscious decision to privatize sanitation services including all kinds of waste.

5.4.5 Aqaba Special economic Zone Authority (ASEZA) also implemented a number of structural reforms to enhance its services and management capability. A major project that involves a substantial investment from the SETP is the ASEZA project which will be managed by a private company under a contract. Allocation to ASEZA was JD 20million of which JD 11.36 million (57%) was expended in 2004. The zone is being developed as a major free trade area. Some measure of success has been achieved already. The Zone has registered some 350 companies since establishment in 2001 and contracted over \$1 billion in investment by 2003. A new QIZ was established in 2003 --The Aqaba International Industrial estate-- which will capitalize on easy access to ASEZA port facilities. New incentives are being provided including establishing a one stop shop for approvals of permits and incentives for setting up businesses.

Through the introduction of e-government system and technology, several key procedures for business licensing, monitoring and control were simplified. The government is already considering if this model can be replicated in other QIZs.

VI. OVERALL ASSESSMENT AND RECOMMENDATIONS FOR FUTURE

6.1 OVERALL PROGRAM ASSESSMENT

The overall conclusions of this evaluation are that the Government's efforts to improve the policy and institutional framework and to mobilize additional resources through the SETP have addressed some of the very important social priorities of the country. Continued effective program implementation, supported by the measures indicated for each of the sectors, has the potential to improve the quality and quantity of basic services available to the poor; generate additional employment through market relevant training programs; improve the quality and access to higher education to bring Jordanian youth up to the standards of excellence ;assist the poor in establishing small businesses; and more generally, encourage the private sector through improved business environment and regulations. These would be important accomplishments. The challenge is to focus much more squarely on accelerating implementation of the projects and reform initiatives already started under SETP.

Among the specific achievements measured against the two original objectives of SETP are as follows:

Objective 1: Improving quality of life of the population

The SETP program, at completion will provide direct and indirect benefits to Jordanian people, a significant portion of those in the lower-income strata of the country. This would involve improvements in a number of important sectors, most notably general and higher education, youth development, water resources, information and communications technology and EPP, which is government's major initiative to help the poor directly.

It is difficult at this interim stage to quantify the improvements in quality of life since that would only be evident after projects have been completed and are operational. However, progress at the individual sector-level indicates that the benefits are likely. Among some of the accomplishments in the key sectors include:

- About 500 schools were provided with computers and related equipment that has been crucial in both improving IT learning environment and in helping to improve school administration.
- It is estimated that at full utilization of the new PHCs, about 800,000 additional people will come under the service coverage.
- There has been a 23% increase in full-time employment among the graduates of the National Training Program.
- In the ICT sector, initiatives were instrumental in consultations, reviews and facilitating the drafting of legislations, development of the e-transaction laws, and adopting and complying with intellectual property rights and copyrights.

A bulk of the public investment of JD 579.3 million under SETP has been in support of this objective.

Objective 2: Increase domestic and foreign investments to create jobs

The policy and regulatory changes underpinning the Private Investment component of SETP has already shown promising results. Among some of the notable accomplishments in the 2002-2004 period have been:

- Significant FDI flows reaching \$330 million in 2003 and \$440 million in 2004. Portfolio flows also registered a significant increase
- Significant new business entries averaging about 5,000 per annum with annual investments increasing of JD 120 million in 2002 and 2003 to JD 273 million in 2004.
- A healthy growth in exports, particularly in the textile sector from QIZs, creating some 45,000 new jobs.
- Establishment of 1,774 small businesses supported by one of EPP projects, creating an estimated 5,411 jobs.
- Since 2000, the government introduced the Copyright law, Intellectual Property (IP) law and the E-Transactions law. The government also endorsed the biennial National ICT Policy and Strategy.

While it is difficult to attribute success to SETP actions alone, nevertheless, the various actions under the Program have been important contributory factors. Priority for the Government in the future is to continue to private investment agenda aggressively. It is clear that much more private investment – domestic and foreign – is needed if the Jordanian economy is to create adequate jobs for its youth.

Objective 3: Mobilize additional donor grants to increase investments

An implicit objective of SETP was also to mobilize additional donor funds for priority investments. SETP was highly successful in this regard since, as noted previously, 93% of the financing was raised as grants from donors. Even more importantly, these funds were mobilized on a programmatic basis rather than in the conventional donor mode of supporting individual projects which provided the government the needed flexibility to implement its own priorities. The programmatic support, when utilized effectively, is significantly more beneficial for Jordan since it can truly be targeted on government's own priorities and avoids significant other costs associated with project support. It is difficult to assess whether the Government could have mobilized these substantial additional funds from its own investment budget. Our view, based on discussions with some of the donors, is that most donors were not prepared to move to general budget support without a rational program of investments for a variety of reasons. The most important donor reservation was about the uncertainty of allocating budgetary resources to the investments, given the usual pressures of spending on essential functions such as salaries, subsidies and pensions. This is an issue for consideration for the future.

Public Investment Component

In conducting this evaluation, we were specifically asked to examine the effectiveness in the use of funds which is the reason that this subject occupied a significant part of the evaluation work. Based on detailed assessments of a representative sample of projects, we conclude the following:

- The 'Relevance' of the bulk of the investments was high, with an overall rating of 3.1. This means that the investments were generally earmarked for high priority projects that were important from the perspective of SETP objectives and/or to further the objectives in the particular sector. In simple terms, this means that the funds allocated represent money well-spent (provided, as noted below, concerns about implementation are addressed).
- The benefits of SETP at completion would be widely shared among the Jordanians. There was a bias in favour of allocation to the poorer governorates, which is appropriate.
- Although the principal focus of the Public Investment Program component of SETP was to improve quality of services for the people, some of its investments were also supportive of the private investment agenda. In particular, investments in basic education, higher education and ICT are critical to support the transformation of the Jordanian economy based on private investment, skills and technology. The vocation training component, in principle, should also be important in this regard. But, as noted in the sector review, there is a need to rationalize and restructure the vocational training sector to improve its efficiency and sustainability. International experience shows that vocational training is most effective when it is driven by employers' needs and not through public sector institutions.
- The Program suffers from implementation delays in both investments and policy reforms. These can contribute to reducing the benefits of the program. The somewhat lower ratings for 'Efficiency' at (2.2) overall, while marginally satisfactory, should be a matter for concern.
- There are also concerns about sustainability of some of the investments arising from concerns about future needs for operations and maintenance. Further attention should be given to this aspect in designing the program, taking into consideration the recurring costs. These needs should be considered explicitly in future budget allocations.

6.2 FUTURE DIRECTIONS

While our overall assessment of SETP is generally positive, the program also raises several concerns that need to be addressed while considering a follow-up program.

In general, the policy, institutional and regulatory changes were very important and effective. The efforts to promote private investments and exports should be continued and even accelerated. These efforts require first and foremost continued push for reforms (de-regulation; investment promotion; privatization) and the development of appropriate institutions to support these initiatives (e.g. export promotion agency; improving the functioning of the investment authority). This program should be supported by limited but targeted public investments in improving the quality of education at all levels to help Jordanians acquire skills needed to compete in an increasingly globalized world.

A number of temporary laws and regulations were adopted in support of both of the above-mentioned objectives. Our review indicates that these laws and regulations were appropriate and necessary. The next steps would be to make them permanent through legislative action as needed.

The public investment program, however, raises several concerns about the way the Public Investment component of SETP was conceived, designed and implemented that need to be considered in the design of a follow-up to SETP:

- While each individual SETP investment seems appropriate and of high priority, the program could have benefited from a systematic assessment of these within the overall investment framework. Our review of documentation revealed that investment decisions did not take adequate account of investment priorities across sectors. It may have been better to have a more focused program in just a few sectors and, within these, focusing on the most critical areas. SETP investments appear to have been too diffused.
- One reason for the diffusion of the investments appears to be that while the SETP objectives were too many and all encompassing. (The two key objectives used in this evaluation represent the evaluation team's synthesis). Many of the objectives also do not lend to measurement and thus it is difficult to make a precise assessment. More focused objectives that dealt with the most pressing issues only could have helped reduce program diffusion.
- The focus of SETP has been much more on new investments without adequate consideration of future operations and maintenance. This should have been a much more central feature in program.
- Most of the projects funded under the SETP that did not rate well were approved at the concept stage without adequate designs or implementation arrangements. This has been one of the contributory factors for delays in implementation of these projects. Moreover, there was inadequate project appraisal documentation that would have required the sponsors of these investments to set more precise base line information and to develop accurate and measurable outputs. This procedure, while making the selection procedure more competitive, would have also avoided

the problem of post justification of these investments. Fortunately, given the large backlog of investments in almost every sector, SETP was able to select obviously priority projects and the appraisal deficiency did not result in inappropriate projects being selected. But this should be rectified for any follow-up program for SETP.

- The overall management of the SETP needs greater high level supervision, and it would be advisable that a Higher Council headed by the Prime Minister is responsible for reviewing and guiding the Program, as this would lend to more accountability and credence, as in the case of the privatization process.
- SETP public investments have been financed from funds that are either one-time (privatization) and/or uncertain (extraordinary donor commitments). Such funding can be justified if the public investments undertaken are also one-time and exceptional in nature. Although some SETP public investments could be termed as "one-shot booster" for the economy (e.g. ICT, computer literacy), most of the projects financed are what should have been a part of the normal investment budget. SETP in practice seems to have been a way to make room in a constrained budget and were nothing more than a supplementary budget.
- More fundamentally, it is not normally advisable, in a resource-constrained environment such as Jordan, to undertake public investment programs under extra budgetary resources (such as chapter two), where investment funds may or may not become available. It would be advisable to have such public investment programs within a normal government budget (chapter one), where funds are appropriated and officially approved, along with all the necessary checks and balances built into the budget process. This means ensuring that there is a participatory process within the government and an adequate review and oversight by the Parliament. Some of the SETP weaknesses could have been picked up had it followed the more normal budget process.

Looking to the future, the Jordanian budget is expected to be severely constrained for some time to come. Recent analysis by the Bank and IMF suggests that there is little flexibility in the budget since rigid expenditures such as civil service salaries, pensions, defence, and debt service, account for nearly 80% of all expenditures. Allowing for the necessary social expenditures in health and education, there is virtually no room in the budget to accommodate additional investments. Jordanian policy makers need to address this issue rather relying on un-reliable or one-shot funds to finance additional public investments. This will require some difficult measures such as making public utilities self-reliant, further reduction in subsidies, rationalizing wasteful expenditures in sectors such as health, and perhaps even additional revenue measures. These actions have a much more sustainable potential of generating resources that can be used for financing the very worthwhile investments of the type financed under SETP.

Jordan would benefit from developing a medium-term budget framework that spells out policy choices for expenditures and revenues over the next 5 years. Such a MTF should incorporate essential investment priorities of the type funded under SETP, but at a pace more in accord with having a stable budget with gradual annual growth. Donors should be encouraged to provide financing to the budget under the MTF rather than continuing to follow the project-financing approach. For this, the donors would need to be satisfied that the budget truly reflects well-prioritized investments and is sustainable.

In the short-term, MOPIC may need to consider re-allocation of resources among sectors/projects based on this mid-term evaluation by shifting resources from the poorly performing projects or from projects that face issues of effectiveness.

As discussed in the report itself, we feel that it will be highly appropriate to institutionalize the function of central project/program monitoring and evaluation, preferably, this function should be independent of the implementation agencies, and its role should be limited to monitoring and reporting to the appropriate implementing authority.

ANNEXES

Annex (I) Bibliography

<i>I. Programme Documents</i>					
1	SETP Current Status and Future Outlook (Arabic)	Ministry of Planning & International Cooperation (MoPIC)	The Economic & Social Developments 1989 – 2001. The evolution of the SETP program. SETP components, Public Investment & distribution of funds on governorates, Privatization & major development projects, Regulatory reform. Management review & the mid-term review study. SETP achievements. Future outlook.	237 p.	Feb 2005
2	SETP Policies	MoPIC	The main objectives and policies of the SETP program by sector. A list of regulatory reforms related to each sector.	17 p.	Mar 2005
3	SETP Presentation	MoPIC	Proposition of the SETP, SETP vision, SETP budget & funding, financial analysis.	44 p.	Oct 2001
4	SETP Background Information: - SETP Foundation - SETP Objectives - SETP Components - SETP Tracking Unit - SETP Achievements - Mechanism of Fund Allocation	MoPIC	Several documents authored by the MoPIC SETP program team, providing background information about the program so far.	36 p.	Mar 2005
5	Donor Reports: - Annex 1 USA 2002 - Annex 2 USA 2003 - Annex 3 USA 2004 - Annex 4 USA 2004 - Final USA Assistance 2005 - Japanese 2003 – 2004 Grant Final	Donors	US and Japanese donor reports and allocated funds for the coming year.	200 p.	2002 – 2005
6	SETP Progress Report	MoPIC	SETP Project Summary Report & Project Progress	120 p.	Mar 2005

Annex (I) Bibliography (Cont'd)

7	SETP Management Process Assessment Study – Final Report	Grant Thornton LLP	This report is organized around six major categories of recommendations: 1. Strengthen SETP Management Procedures 2. Build SETP/MoPIC Organization Infrastructure 3. Train Staff in Project Monitoring 4. Develop Integrated Project Monitoring & Project Performance Evaluation System 5. Develop Program Impact Evaluation Capabilities 6. Improve GOJ Planning, Implementation and Monitoring Procedures.	48 p.	Jul 2004
8	Inception Report	Consortium	This Inception Report for the Mid-Term Review of the Social and Economic Transformation Programme (SETP) aims to present the results of the first phase of the review project, phase I- detailed methodology, and outlines the detailed steps of phase II- data gathering & analysis, and phase III- conclusions and recommendations.	57 P.	Mar 2005
9	Addendum to the Inception Report	Consortium	This document offers information for each selected project, the questions to be asked for evaluation, and the data collection methods used. A meeting was held on March 29th, 2005 at the Ministry of Planning and International Cooperation between MoPIC Representatives and the Mid-Term Review Team to discuss and receive feedback on the project's Inception Report submitted on March 27th, 2005. An understanding was reached on many issues; one is that the consulting team has prepared this memorandum of understanding to reflect the agreement reached during the said meeting.	160 P.	Apr. 2005
Sector Documents					
General Education					
1	"Moving Forward: Part II" A Follow-up Report on the Training, Qualifications, Supervision and Ranking Programs in the Hashemite Kingdom of Jordan	Dunlop-Robertson Consultancy	The report is a follow-up report to the July 2004 report on Training in the Hashemite Kingdom of Jordan entitled "Moving Forward". This report assesses progress in all of the areas of the previous report and makes recommendations for future consideration.	95 p.	Mar 2005

Annex (I) Bibliography (Cont'd)

2	Integrated Plan	Ministry of Education	This document contains a detailed integrated plan for the directorates Curricula, Textbooks, Training, Digitization, Examinations and Testing.	72 p.	Feb 2005
3	Education Reform in Jordan: The Transformation of Governance & Administration, Programs & Practices, Physical Environment for Learning and Learning Readiness	Ministry of Education	This document details the progress and achievements of the ERfKE's project in all components to date.	13 p.	Mar 2005
4	World Bank Supervision Mission for the ERfKE Project	Ministry of Education	This is a collection of reports and documents presented to the World Bank supervision mission, main contents include: - Performance Assessment Report - Component 1 – Report on Results & Progress to March 2005 - Component 2 – Report on Results & Progress to March 2005 - Component 3 – Report on Results & Progress to March 2005 - Component 4 – Report on Results & Progress to March 2005 - National Education Strategy Final Draft - KfW Mission Report Dec 2004 - Component 4 – Institutional Needs Assessment report, KG learning Standards Report	300 p.	Mar 2005
5	Plans and Accomplishments of ICT projects	Ministry of Education	Indicators & assumptions for the ICT projects in education in the period 2002 – 2006. Project deviation recorded for the ongoing projects.	8 p.	Unknown

Annex (I) Bibliography (Cont'd)

6	National Center for Human Resources Development, DUCATION REFORM FOR KNOWLEDGE ECONOMY (ERfKE I) "MONITORING AND EVALUATION" Revised Framework	NCHRD	NCHRD is the responsible for monitoring and evaluating the ERFKE program to ensure timely implementation for project components. This document describes the monitoring and evaluation process and strategy, and the evaluation criterion.	31 p.	March 2005
7	Detailed Specifications of the action plan	NCHRD	The document shows the costs, Expected completion date, and the expected effort (staff days) for achieving the measurable results under the components of the ERFKE program	11 p.	March 2005
8	Proposed action plan	NCHRD		6 p.	
Higher Education & Scientific Research					
1	Education Key Stakeholder Groups	Consortium	This document tabulates all of the key stakeholder groups in the education sector, including public education, higher education, and vocational and technical training	4 p.	Mar 2005
Vocational & Technical Training					
1	The National Training Project	Consortium	The National Training Project detailed profile	2 p.	Mar 2005
2	Vocational Training Centre / Jerash	Consortium	The Establishment of a Vocational Training Centre in Jerash project detailed profile.	2 p.	Mar 2005
3	National Training Program, First Stage: Managerial & Financial Directives Graduates Status	The National Training Program	The first part of this document explains the structure of the steering committee and the program, and lists the directives concerning each of the program, the Vocational Training Corporation, and the Jordanian Armed Forces. The second part is a study about the program's graduates status, includes a survey and statistics.	100 p.	Directives : Jan 2002 Study: Sep 2004
4	Vocational Training Corporation / Jerash	Vocational Training Corporation	This document shows the need for Training in Jerash Governorate, Measurable Results, Recommendations, Work Procedures, Responsible parts.	18 p.	Feb 2005
Youth Care					
1	National Youth Strategy	Higher Council of Youth	This document has 9 volumes for the themes of the strategy and a summary document in English and Arabic		

Annex (I) Bibliography (Cont'd)

Water Resources					
1	Water Sector Planning & Associated Investment Program 2002 - 2011	Ministry of Water & Irrigation	This document details the completed, on going and planned projects for the years 2002 – 2011. Each chapter is divided into Technical Assistance Projects, Private Sector's Projects, Water Projects, and the Wastewater Projects.	107 p.	Feb 2002
2	The Study on Water Resources Management in The Hashemite Kingdom of Jordan: Final Report	Yachiyo Engineering Co. LTD, Japan International Cooperation Agency, Ministry of Water & Irrigation	Part A: Water Resources Management Plan: A comprehensive study of the water resources in Jordan and a development and management plan, suggested priority projects and institutional and legislative improvement.	600 p.	Dec 2001
3	Feasibility Study for the Treatment of Industrial Wastewater in the Zarqa Governorate. Draft Inventory & Options Report (revised)	Dorsch Consult, Germany & EnviroConsult Office, Jordan	This report inspects the current and forecasted industrial population in the governorate, the existing legislation and tariffs. The second part focuses on wastewater treatment and the feasibility study of constructing a central industrial wastewater treatment plant.	100 p.	Mar 2002
4	Environmental Assessment for the Treatment of Industrial Wastewater in the Zarqa Governorate. Pre-Scoping Document	Dorsch Consult, Germany & EnviroConsult Office, Jordan	This report inspects the existing conditions in the Zarqa governorate, describes the project and lists all project alternatives, as well as preliminary issues, environmental and socio-economic.	20 p.	Jun 2002
5	Water projects financed by SETP 2002 & 2003	Ministry of Water & Irrigation	This report lists the profiles of completed projects funded by SETP during the years 2002, 2003	60 p.	2002 – 2003
6	Construction of Ma'an Sewer Lines & House Connections: Monthly Progress Report No. 14	Associated Consulting Engineers Int'l – Jordan (ACE)	Monthly Progress Report for the project	35 p.	Nov 2004
7	Pumping Station & Main Rising Line for the City of Ma'an: Monthly Progress report No. 13	Associated Consulting Engineers Int'l – Jordan (ACE)	Monthly Progress Report for the project	35 p.	Jan 2005

Annex (I) Bibliography (Cont'd)

8	Main Lines & Miscellaneous Sewer Net Works & House Connections for the City of Ma'an: Monthly Progress Report No. 5	Associated Consulting Engineers Int'l – Jordan (ACE)	Monthly Progress Report for the project	35 p.	Mar 2005
Information & Communications Technology					
1	The National Strategic Plan	Ministry of Information & Communications Technology (MoICT)	The National Strategic Plan on the Information & Communications Technology Sectors & the Postal Sector	49 p.	Sep 2004
Rural Development & Poverty Alleviation					
1	Jordan Poverty Assessment – Executive Summary	The World Bank & the Hashemite Kingdom of Jordan	An Assessment carried out by the World Bank and the Hashemite Kingdom of Jordan. Contents: A. Poverty in Jordan: Indices & trends B. Why has poverty declined in Jordan, and will the decline continue? C. The new Social Protection System is leaky and needs improvement D. How well are the poor able to use the labor market? E. The poor are lagging behind in education F. The poor have weaker health outcomes but bear a higher burden of expenditure	29 p.	Dec 2004
2	Directory of services	National Aid Fund	This Directory Aimed to Facilitate Gathering information or Services Offered By Governmental Departments.	14 p.	Apr 2001
3	Aid Instructions and Rehabilitation and Adjustments.	National Aid Fund	This Document contents are Aid Instructions and Rehabilitation and Adjustments.	17 p.	
4	Yearly Reports for the years (1992-1997-1999-2000-2001)	National Aid Fund	Those reports Clarify the main Objectives and the main Social and Economic role of the National Aid Fund.	42 p.	1992-2001.
5	National Aid Fund Plan for the year 1998.	National Aid Fund	This Plan Contents are the main objectives, strategies and projects (constructed under this plan) of the National Aid Fund.	32 p.	1998
6	The Development Projects Follow-up Project and the Assessment of their Impact on the Governorates	Local Development Directorate - MoPIC	- Project Objectives - Follow-up Methodology - Government Capital Expenditures (1997 – 2003) - Project Management System (PMS)	60 p.	2004

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Institutional & Structural Reforms					
1	Judicial Upgrading Strategy (JUST) 2004 - 2006	Ministry of Justice	Presentation Outline: - Strengths & Weaknesses Facing the Judiciary System in Jordan - Just Strategic Objectives - Upgrade Objectives & Strategies - Work progress to date	42 p.	Dec 2004
III. Project Documents					
1	Tentative Appointment Master List	Consortium	A document detailing appointment dates and times, participants names, and logistics.	2 p.	Mar 2005
2	Initial List of Beneficiaries	Consortium	A list of all SETP governmental beneficiaries	1 p.	Mar 2005
3	Al-Zarqa River Improvement Project	Ministry of Agriculture	This document present, Description of the project, Measurable Results, Achievement, Recommendations.	85 p.	
4	Rural Community Clusters Development Program	Creative Associates International	The objective of this Document is to contribute to a sustainable rural economy that strengthens the social and economic fabric of the communities and ultimately plays a prominent role in overall Jordanian social and economic development.	33 p.	Jan 2003
5	CHF/ CCA Rural Community Cluster Development Program	Ministry of planning	This document Describe the Program Objectives and Principles.	25 p.	May 2003
6	The Enhanced Productivity Program / Social and Economic Development Group	The World Bank & the Hashemite Kingdom of Jordan	This document contents are Poverty in Jordan, poverty Declined Reasons, the New Social Protection System is leaky and need improvement, the poor problems in Jordan.	213 p.	Jun 2004
7	Monitoring and Evaluation of community Grants programs	Academy for Educational Development	This document made to improve the financial situation of Poor communities in Jordan while reducing their water consumption	93 p.	Unknown
8	Governorates supporting Investment infrastructure projects	Enhanced Productivity Program	This Document Contents are the Main Procedures for Executing project, Achievement Rates, Expenditure Rates, and Governorates Participation in Financing, Timing and Detailed projects Schedule.	19 p.	Apr 2005

Annex (I) Bibliography (Cont'd)

IV. Other Supporting Documents					
1	The Millennium Development Goals Jordan Report 2004	MoPIC, United Nations Development Program (UNDP)	This document includes a set of goals and targets that Jordan will strive to achieve by the year of 2015, and the progress s far in these goals. The goals are in the socio-economic, education, health and environment sectors.	70 p.	2004
2	Jordan Human Development Report 2004: Building Sustainable Livelihoods	MoPIC, UNDP, Jordanian Hashemite Fund for Human Development, Queen Zein Al Sharaf Institute for Development, Jordan	This report focuses on poverty alleviation and human development: - Ch1: Towards sustainable human development in Jordan - Ch2: The poor and vulnerability - Ch3: Focus on the poor - Ch4: Policies for poverty alleviation - Ch5: Promoting enterprise and employment - Ch6: Claiming rights - Ch7: Claiming gender rights - Ch8: Local development, participation and governance		
3	Educational Reform for Knowledge Economy 2005: Monitoring and Evaluation Revised Framework	National Center for Human Resources Development	The report Focuses on transforming the education system at the early childhood, basic, and secondary levels to produce graduates with the skills necessary for the knowledge economy. The project aims at reforming education by providing access to modern instructional technologies, methods, contents, policies, and structures to all students, teachers, and administrators. In the end, the project intends to improve learning (especially high-order levels that include critical thinking and problem solving) and productivity of school graduates.	31p.	Mar 2005
4	The Enhanced Productivity Program	Experts Evaluation Team	This document represents a significant measure that the Government of Jordan is adopting to increase economic opportunities and address regional development. And present the situation of poverty, income inequality and Unemployment in Jordan.	12p.	

Annex (I) Bibliography (Cont'd)

5	Proposed Action Plan For ERFKE	Experts Evaluation Team	Action Items, Evaluation Tools, Action Dead lines, Estimated efforts for each item.	7p.	Mar 2005
6	Detailed Specifications of the action plan	Experts Evaluation Team	Action Items, Measurable Results, Action Dead lines, Estimated efforts for each item.	12p.	Mar 2005
7	The Enhanced Productivity Program / Implementation Completion Report on a Lone in the amount of US\$5 Million	The World Bank & the Hashemite Kingdom of Jordan	Training and Employment Support Project the document contents are project Data, Principal Performance Rating , Assessment of Development Objective and Design, Achievement of Objectives and outputs, Major factors affecting implementation and outcome , Sustainability and Bank Borrowers Performance.	43p.	Mar 2003
8	Social and Economic Development Plan (2004-2006)	Ministry of Planning	This plan contains the main objectives, procedures and policies for all sectors.	292 p.	2004

Annex (II) - Evaluation Ratings Based on Project Evaluations

COMPONENTS AND SECTORS		Ratings				
		Relevance	Effectiveness	Efficiency	Sustainability	Impact
	HUMAN RESOURCES DEVELOPMENT					
Sector 1:	General Education					
	Implementing the Educational Reform for Knowledge Economy (ERfKE) Project	3.5	2.0	2.0		
	Computerization of 500 Primary Schools	3.0	3.0	3.0	3.0	3.0
Sector 2:	Higher Education and Scientific Research					
	Support for Computerization in Universities	3.0	4.0	3.0	3.0	4.0
	Establishing a Training Institute for Instructors at Balqa Applied University	3.0	2.0		2.0	
Sector 3:	Vocational and Technical Training					
	Implementing the National Training Program	3.0	3.0	3.0	2.0	2.5
	Establishing Training Centre for Hotel Management Professions in Wadi Mousa	2.5	2.0	2.5	2.5	
	Establishing a Vocational Training Centre in Jarash	2.0	2.0	1.5	1.5	
Sector 4:	Youth Care					
	Establishing Youth Centers	3.0	3.0	4.0	4.0	3.0
	BASIC GOVERNMENT SERVICES					
Sector 5:	Health Services					
	Constructing 56 Primary Health Care Centers	3.0	1.0	2.0	1.0	2.0

Rating Scale:			
Very High: 4	High: 3	Medium: 2	Low: 1

Annex (II) - Evaluation Ratings Based on Project Evaluations (Cont'd)

COMPONENTS AND SECTORS		Ratings				
		Relevance	Effectiveness	Efficiency	Sustainability	Impact
Sector 6:	Water Resources					
	Desalination of Abu Ezzeighan Brackish Water	4.0	3.0	2.0	3.0	3.0
	Modernization of Amman Water Networks	3.0	3.0	3.0		3.0
	Various Waste Water Networks	3.0	4.0	3.0	4.0	3.0
	Securing Water Services for Underprivileged Areas	4.0	2.0	3.0	2.0	2.0
	Revitalization & Improvement of Rass Al-Ein Spring	4.0	4.0	4.0	3.0	4.0
	Implementing of the Water Conveyance Project from Jordan River to Al Karameh Dam	4.0	3.0	3.0	3.0	
Sector 7:	Information & Communication Technology					
	Implementing The E-Government Initiative	4.0	3.0	2.5	3.0	4.0
	Implementing The Connecting Jordanians Initiative	4.0	4.0	2.0	1.0	4.0
Sector 8:	Infrastructure					
	18-1 Construction of Al-Quds-Suweimeh-Zara Tourism Road & Infrastructure Development (completed)	3.0	3.0	2.0	4.0	
	18-2 Overview of Establishing Al Suweimeh National Park					
Sector 9:	Civil Defence					
	Constructing Integrated Civil Defence Centers	4.0	4.0	3.0	4.0	4.0
RURAL DEVELOPMENT AND POVERTY ALLEVIATION						
Sector 10:	Rural Development and Poverty Alleviation	3.2	2.2	2.0	2.2	2.2
	Implementing the Poverty Alleviation Program / FIS	3.0	3.0	2.0	2.0	3.0
	Enhanced Productivity Program (EPP)	3.0	3.0	2.0	2.0	3.0
	IRADA	4.0	3.0	2.0	3.0	3.0
	RCCDP	3.0	2.0	2.0	2.0	2.0
	Small Grants	3.0	2.0	2.0	2.0	2.0
	CIP Agriculture Roads	3.0	2.0	2.0	2.0	2.0

Annex (II) - Evaluation Ratings Based on Project Evaluations (Cont'd)

COMPONENTS AND SECTORS		Ratings				
		Relevance	Effectiveness	Efficiency	Sustainability	Impact
Sub-Sector 10.2	Agriculture					
	Developing Al-Zarqa Basin	3.0	2.0	3.0	3.0	2.0
Sub-Sector 10.3	Municipalities					
	Establishing Solid Waste Transfer Plants	3.0	1.0	1.0	3.0	2.0
	(Brief Overview of the G.I.S.-Geographic Information System)					
Sub-Sector 10.4	Environment (Overview)					
	Industrial Waste Water Treatment Center at Zaraq	1.0				
Sub-Sector 11.1	Judicial Reforms					
	Developing Comprehensive Information System for the Judicial System	4.0	2.5	3.0	3.0	4.0

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Annex III: Sector Ratings based on Sector Reports ratings

SETP Mid Term Review

Sector Ratings based on Sector Reports Ratings

COMPONENTS AND SECTORS			Ratings					Sector Average
			Relevance	Effectiveness	Efficiency	Impact	Total	
Sector 1:	General Education	1	3.0	2.0	3.0		3	2.7
Sector 2:	Higher Education and Scientific Research	2	3.0	2.5	3.0	3.0	3	2.9
Sector 3:	Vocational and Technical Training	3	3.0	2.5		2.0	3	2.5
Sector 4:	Youth Care	4	4.0	3.0	3.0	3.0	3	3.3
Sector 5:	Health Services	5	3.0	2.0	2.0	2.5	2	2.4
Sector 6:	Water Resources	6	4.0	3.0	3.0	4.0	4	3.5
Sector 7:	Information & Communication Technology	7	4.0	3.0	3.0	3.0	3	3.3
Sector 8:	Infrastructure	8	3.0	2.0		3.0	3	2.7
Sector 9:	Civil Defence	9	4.0	4.0	3.0	4.0	4	3.8
Sector 10	Rural Development & Poverty Alleviation	10	4.0	2.0	3.0	2.0	3	2.8
Sub-Sector 10.1	Social Development (EPP)		3.0	3.0	2.0	3.0	3	2.8
Sub-Sector 10.2	Agriculture	11	3.0	2.0	2.0	3.0	3	2.5
Sub-Sector 10.3	Municipalities	12	4.0	2.0		1.0	2	2.3

Rating Scale:			
Very High: 4	High: 3	Medium: 2	Low: 1

Annex (IV) - KEY Official Meetings by Ministry

Ministry of Planning and International Cooperation

H.E. / Dr. Tayseer Smadi
*** Minister of Planning**

H.E. Mr. Maher Madadha
*** Secretary General**

Mr. Amin Khleifat
Director, SETP Program

Mr. Omar Rafie
Director, Social Development / EPP

Ziad Obeidat
Small Grants and Direct Intervention

Mr. Amjad Attar
Team Leader, SETP MOPIC Evaluation Mission

Omar Hmoud
Program Officer-RCCDP-EPP

Adel Basbous
CIP Coordinator - SPP Unit

Mu'taz Qutob
C.I.P / Qudurant

Ministry of Justice

H.E. Dr. Salah Al Basheer
*** Minister of Justice**

Ministry of Water and Irrigation

H.E. / Dr. Hazem Al-Naser
*** Minister of Water and Irrigation**

Eng. Nayef Naeam Al-Smadi
Water Projects Manager

Eng. Waled Erafi
Eng. Maher Krashat

Ministry of Health

H.E. / Dr. Said Darwazeh
* Minister of Health

Dr. Sulleiman Arabiyat
Mota University President

Ministry of Information & Communications Technology

H.E. / Mrs. Nadia Al Saeed
* Minister of Information & Communications Technology

Ministry of Education

H.E. / Dr. Khaled Toukan
* Minister of Education

Ian McLillan
Advisor, Policy & Planning (CIDA)

Higher Education and Scientific Research

Eng. Mousa Khres
Department of Buildings

Civil Defense Department

Major Iyad Ibrahim
Eng. Mohamed Al-Halaq

Eng. Mohammad Al-Halaq
Constructions Director

Ministry Of Municipalities

Eng. Salh Jaradat
Manager of Evaluation and Monitoring Department

Higher Council of youth

Dr. Mohammad Al-Abed
Fayez al-Hayari