Jordan competitiveness Program

supporting the goJ in advancing high priority strategic investment projects

September, 2019

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI.

The authors’ views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

##### **Program Title: Jordan Competitiveness Program**

##### **Sponsoring USAID Office: Economic Development and Energy**

##### **Contract Number: AID-278-C-13-00005**

##### **Contractor: DAI**

##### **Subcontractor: Magellan Middle East for Business**

Deliverable 5 – Advancing infrastructure projects – issues and recommendations

# Contents

Contents

[1](#_Toc18421522)

[Contents 5](#_Toc18421523)

[Introduction 6](#_Toc18421524)

[Methodology 6](#_Toc18421525)

[Issues & Solutions methodology 7](#_Toc18421526)

[Stakeholders’ communication & coordination 9](#_Toc18421527)

[Conclusion 11](#_Toc18421528)

# Introduction

This report represents the second phase of work that evaluated and prioritized large scale Jordanian public sector infrastructure projects. In the first phase of this work, a report was presented to USAID JCP in July 2018 titled; ‘Identifying Investment Opportunities and Developing Project Briefs’. That report’s aim was: ‘To support the Government of Jordan in its efforts to better prioritize and pursue the development and delivery of strategic investment projects likely to deliver the largest long-term economic and social impact for Jordan.’ That report was utilized as an input into project preparation for USAID and Word Bank Public Private Partnership (PPP) Program design as part of their support to the GoJ. Further, the report was used by USAID and the World Bank at the ‘London Initiative Conference’ conducted in London during February 2019. This report utilizes existing development partners’ (i.e. bi-lateral and multi-lateral development agencies) reports and government policy documents to identify the issues and solutions that are creating barriers for implementing the Government of Jordan’s (GoJ) infrastructure priorities. In identifying the issues identified within the reports, it is possible to ascertain that there is a broad agreement on the constraints. This report, however, provides an emphasis on the solutions that the GoJ and development partners have identified to improve the ability of the government to implement its infrastructure priorities. By providing a focus on what is shared across development partners and the GoJ, a framework emerges that illustrates achievable next steps that can unlock the potential of Jordan via a more process driven infrastructure development agenda. Within the analysis the broadest challenge becomes one of implementation. Where institutional structures such as the PPP framework (e.g. legislation, the PPP Unit) are in place, there is a need is to ensure that all stakeholders are involved and that the governance framework is transparent and accountable.

# Methodology

The basis for this report were eight separate documents prepared by the GoJ and development partners. As per Table 1. in reviewing development partners and GoJ documents the initial step required a document review for the issues and recommendations that were analyzed within each report. Issues and recommendations then had to be categorized. Once categorized it was then possible to quantify the frequency that issues and or recommendations appeared across the reports. These figures became the basis for the graphical analysis that illustrates the frequency that issues and recommendations were shared across reports (i.e. please refer to the power point presentation prepared with this report). Where issues such as Governance and Policy Implementation were widely shared these illustrate categories of focus that will require redress to move the GoJ infrastructure agenda forward. Where issues such as, for example, Land, were noted in few documents (and none by the GoJ) these were left out of the final analysis. This does not indicate, however, that in the consideration of issues relating to infrastructure implementation that these issues are not important. The nature of large infrastructure projects is such that each project is unique with a potential list of issues ranging from contractual, regulatory to local land issues that will need to be addressed. Consequently, an approach to infrastructure project implementation that encompasses all stakeholders is important to managing the infrastructure portfolio. The results of the following analysis indicate that the development partners and GoJ coalesce around shared issues and the solutions emphasize the need for a renewed commitment to implementation.

**Table 1. The reports used as the basis for this report are as follows:**

1. EBRD; Strategy for Jordan (2014)
2. World Bank Group; Strategic Assessment: The 2019 Project Pipeline for Jordan and Investment Opportunities
3. World Bank Group; Transformation Through Infrastructure – Infrastructure Strategy Update FY 2012-2015
4. World Bank Group; Hashemite Kingdom of Jordan-Promoting Poverty Reduction and Shared Prosperity-Systematic Country Diagnostic- February 2016
5. IMF; Jordan Public Investment Management Assessment (PIMA)- Technical Assistance Report 2017
6. The Economic Policy Council; Jordan Economic Growth Plan 2018 -2022
7. Government of Jordan; Jordan 2025
8. Jordan Investment Board; 2020 National Investment Strategy

# Issues & Solutions methodology

The following methodology was adopted in reviewing and identifying strategic infrastructure projects:



In reviewing the reports, whether GoJ or donor analysis, the constraints to developing the infrastructure sector have been identified and are shared.The range of issues relating to strategy, policy and legislative reforms indicate that, although there are references to reforming existing policy, the most pressing need is for implementation. The reports do identify specific policy and legislative instruments that require revision. With a further review of the reports, where the specific policy *et a*l have been identified, they may form the basis for a shared infrastructure policy reform agenda. For this agenda to work, however, there is a need to addressing other findings from the review that will increase the opportunity for a reform agenda to be systematically managed. These include increasing inter-ministerial coordination, human resource capacity and good governance.

Table 2. Issues identified in the Reports:

|  |  |  |
| --- | --- | --- |
| No. | Infrastructure issue | Shared |
| 1 | Implementation of existing strategy, policy, laws & regulations relating to infrastructure development | 7/8 |
| 2 | Policy design and creation | 6/8 |
| 3 | Governance | 6/8 |
| 4 | GoJ human resource capacity | 6/8 |
| 5 | GoJ inter-ministerial coordination | 6/8 |
| 6 | Need for more analysis | 4/8 |
| 7 | Development & need to improve quality and maintenance of existing infrastructure | 4/8 |
| 8 | GoJ Accountability & Transparency | 4/8 |

The GoJ and development partners’ reports are consistent in calling for coordination, stakeholder’s outreach [i.e. including Public Private Dialogue (PPD)] and transparency and accountability for the GoJ infrastructure development agenda. These are matters that relate to the enhancement of the government’s ability to implement. The need for improving government coordination and, more broadly, governance, are related to improving the government’s capacity to manage and implement the existing agenda. Although there is an identified need to make improvements to the policy and regulatory framework, these are not viewed as the major inhibitors of large-scale infrastructure projects. Where the policy framework and institutional framework are in place (e.g. PPP Law and the PPP unit) then a specific focus on improving the procedures and developing a more effective approval and monitoring process is required.

The challenges identified in the reports illustrate the need to address fundamental questions regarding the approach the GoJ is taking towards managing the major infrastructure development agenda. For example:

1. Are all partners looking at managing the identified issues correctly?
2. Shouldn’t partners work to cluster responsible agencies to resolve key issues?
3. How to create an automatic recourse to communicate issues to all agencies involved in major infrastructure developments?
4. What agency will take responsibility to improve accountability & transparency thus contributing to improved governance?
5. What communication system can be implemented to improve inter government coordination, stakeholder engagement and public private dialogue (PPD)?

Achieving results will require a level of coordination and a decision-making capacity from the highest level of political support (e.g. the office of the Prime Minister). This support can only be provided when the mechanisms for coordination and the tools required to make the mechanism work have been fully developed. Based on the recommendations from the reports used as inputs for this analysis, the level of transparency and accountability required is substantive from the current base line. For accountability frameworks to be impactful then they need to be professionally managed and have a clear institutional mandate that will institutionalize sustainability regardless of future ministerial or other changes within key bureaucratic personnel across agencies.

# Stakeholders’ communication & coordination

Technical constraints such as legal interpretation, land allocation and procedural issues can inhibit major project development. Institutional barriers, however, that prevent a timely flow of information between agencies and decision makers, can be as significant as or more so than procedural issues themselves. In aggregating the information from the available analysis, where governance issues that include coordination, transparency and accountability are noted, so are the suggestions for greater inter-ministerial and private sector engagement that would contribute to addressing the aforementioned constraints. Both GoJ and development partners’ reports identify key stakeholders in the infrastructure development agenda (Table 3). These stakeholders are the basis for creating a sustainable stakeholder group that is required to address the impediments to the implementation of a diverse, but challenging, major infrastructure priority list.

**Table 3. Government Stakeholders identified in Donors and GoJ reports:**

1. Office of the Prime Minister,
2. Ministry of Transport,
3. Ministry of Water and Irrigation,
4. Jordan Investment Commission
5. Ministry of Energy and Mineral Recourses
6. Ministry of Digital Economy and Entrepreneurship,
7. Ministry of Transport
8. Ministry of Planning & International Cooperation
9. Ministry of Finance

**Private Sector Stakeholders:** Private sector stakeholders include sector and cross sector stakeholders e.g. Private Sector Business Membership Organizations with a focus on associations / chambers representing the following: Infrastructure, Manufacturing, Agriculture, Transportation & Logistics, ICT, Exporting, and Legal Services.

**Next steps to develop a comprehensive solutions framework:** The review of the available reports and the aggregation of data illustrates that reports often emphasize similar issues with solutions that focus not only on new structures or policies but on implementation of what already exists. To move beyond a cosmetic attempt at enhancing, rather than fundamentally improving, the current process then further analysis is required. To address the issues and solutions raised in this report, it is recommended that GoJ, in coordination with development partners, consider the following:

1. Undertake a Stakeholder Assessment the identifies all stakeholders and their institutional alignment
2. Develop an institutional schematic that will improve infrastructure sector governance and stakeholder engagement. This is designed to directly address governance, coordination and accountability.
3. Audit reports & consult with stakeholders to create a Policy, Legislation, Regulations and Procedures Action Agenda. Building a reform agenda focused on infrastructure development based on report recommendations and interviews with stakeholders. Within the institutional schematic a function should be identified that will lead the Strategy, Policy, Legislative et al agenda.
4. Utilizing 1,2 & 3 above creates an Infrastructure Ecosystem Assessment.

From our analysis and based on the above, in order to be able to better support the overall emphasis on implementation we recommend the following:

1. Identify a decision-making process that is predictable, transparent and inclusive of the private sector and all relevant line ministries.
2. Review and assess the functions of all existing committees w from the level of the Cabinet and across agencies to identify where support can be provided to enhance the GoJ infrastructure implementation decision making process.
3. Assess the existing platforms and, if any, and establish a platform that includes all ministries to be able to commence the work and advance strategic infrastructure projects. The platform is expected to incorporate PPD via Forums, Working Groups and Task Forces. This platform should also be able to manage a prioritized reform agenda from strategy to regulations. The process should be outcome focused and accountable to all stakeholders

Identifying a *‘champion’* to take the infrastructure agenda forward that is inclusive and accountable may already be apparent within the governments existing system of executive committees. The aggregation of the analysis utilized for this report, however, indicates that this function either does not exist or does not have the visibility to steer the current infrastructure portfolio. The criteria for the champion of the infrastructure agenda will require a clear line of authority i.e. thus providing political will.

Within the context of next steps, a review of the relevant committee mandate will be required to ensure that all stakeholders are structurally bound to the convening and decision-making authority of the process. Where it is discovered that a mandate is required that outlines roles, responsibilities and line of authority for decision making surrounding the GoJ infrastructure development agenda then this will need to have the authority of the Office of the Prime Minister and or the Cabinet.

# Conclusion

Infrastructure issues and solutions are broadly shared by the GoJ and development partners. In line with the analysis provided by development partners and the GoJ, the overarching issue is one of implementation. The implementation orientation provides an opportunity for all stakeholders to coalesce around addressing the structural constraints (e.g. policy, legislation and regulations) with an improved accountability framework. Governance is a critical issue that can be improved with tools that better inform, monitor and communicate issues relating to the implementation of Jordan’s infrastructure development agenda. The issues are significant, as they range from budgetary to land and from policy to human capacity. They are not, however, insurmountable. The reports from GoJ and development partners alike point to pragmatic, action oriented, steps including GoJ coordination, PPD and more evidence bases analysis. Implementation takes place when policy direction is clear, stakeholders are engaged and decision makers are transparent and accountable. Feeding into a process for greater outcome focused engagement is a complete strategy, policy, legislative, regulatory reform agenda. This agenda can be, in the first instance, formulated by a review of the aforementioned GoJ and development partner reports. Overall, the focus on implementation emphasizes the need to find solutions for developing major infrastructure projects that will contribute to unleashing a new phase of growth for Jordan.

**USAID Jordan Competitiveness Program**

**King Hussein Business Park**

**Building 3, GF, Amman, Jordan**

**www.USAID JCP-jordan.org**