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## Performance Evaluation of the USAID/Jordan Fiscal Reform Project II (FRP II)

**October 1, 2014**

This publication was produced at the request of the United States Agency for International Development. It was prepared independently by Touhami Rhaïem, Team Leader and Stephen Creskoff, Nils Junge, Lilit Melikyan, Art Warman, Wala'a Aqrabawi, and Maram Barqawi of Management System International (MSI) and Integrated Services Indigenous Solutions.



# **PERFORMANCE EVALUATION OF THE USAID/JORDAN FISCAL REFORM PROJECT II (FRP II)**

October 1, 2014

Contracted Under AID-278-C-13-00009; USAID Monitoring & Evaluation Support Project

## **DISCLAIMER**

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# ACRONYMS AND ABBREVIATIONS

ATS	Audit Tracking System
ASYCUDA	Automated System for Customs Data
CBJ	Central Bank of Jordan
CDCS	Country Development Collaboration Strategy
CIT	Corporate Income Tax
COP	Chief of Party
COR	Contracting Officer's Representative
DAI	Development Alternatives, Inc.
DG	Director General
DNG	DAI/Nathan Group
DO	Development Objectives
DSEP	Directorate for Studies and Economic Policies
EDP	Economic Development Project, USAID
EDEO	Economic Development and Environment Office, USAID
ESCB	Energy Sector Capacity Building Project, USAID
FRP II	Fiscal Reform II Project
GBD	General Budget Department
GDP	Gross Domestic Product
GFMIS	Government Financial Management Information System
GL	Golden List
GOJ	Government of Jordan
GPI	Government Performance Improvement
GRB	Gender Responsive Budgeting
HR	Human Resources
IMF	International Monetary Fund
ICT	Information and Communication Technology
IEF	Innovation and Excellence Fund
IR	Intermediate Result
ISTD	Income and Sales Tax Department
IT	Information Technology
JC	Jordan Customs
KAA	King Abdullah II Award
KACE	King Abdullah II Center for Excellence
KII	Key Informant Interview
KPI	Key Performance Indicator
IG	Inspector General
LOE	Level of Effort
LTO	Large Taxpayer Office
LTTA	Long-term Technical Assistance
LPI	Logistics Performance Index
LSD	Land and Survey Department

M&E	Monitoring and Evaluation
MEMR	Ministry of Energy and Mineral Resources
MESP	Monitoring and Evaluation Support Project
MFU	Macro Fiscal Unit
MOF	Ministry of Finance
MOH	Ministry of Health
MOPSD	Ministry of Public Sector Development
MOU	Memorandum of Understanding
MSI	Management Systems International, Inc.
MOT	Ministry of Transportation
MTDS	Medium Term Debt Strategy
MTFF	Medium Term Fiscal Framework
OBL	Organic Budget Law
PEFA	Public Expenditure and Financial Accountability
PAP	Public Action Project
PDD	Public Debt Department
PFM	Public Financial Management
PIT	Personal Income Tax
PMP	Performance Monitoring Plan
PPP	Public-Private Partnership
PSD	Public Sector Development
RFC	Regional Financial Center
RFP	Request for Proposal
RKC	Revised Kyoto Convention
ROB	Results-Oriented Budgeting
ROG	Results-Oriented Government
SG	Secretary General
SOW	Scope of Work
STTA	Short-term Technical Assistance
TA	Technical Assistance
TAB	Trading Across Borders
TCN	Third Country National
TOT	Training of Trainers
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
USG	United States Government
VAT	Value Added Tax
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization

# EXECUTIVE SUMMARY

## Evaluation Purpose

This performance evaluation will assess the process, methodologies, and outcomes of the Jordan Fiscal Reform Project II (FRP II), and measure the sustainability of the achievements related to project beneficiaries. The purpose of the evaluation is to provide recommendations to the United States Agency for International Development (USAID) on how best to improve successes, sustainability, and cost-effectiveness of FRP II in its remaining time in addition to informing the design of similar future projects. Specifically, the evaluation team was asked to:

- Look at whether the project accomplished what it set out to accomplish and whether deficiencies existed;
- Analyze whether performance Monitoring and Evaluation (M&E) functions of the project were sufficiently supported;
- Measure the sustainability of the achievements related to project beneficiaries;
- Provide recommendations to USAID on how best to improve successes, sustainability, and cost-effectiveness of FRP II in its remaining time; and
- Inform the design of similar USAID future projects.

## Background Information

FRP II is a \$43 million USAID-funded contract, implemented by DAI/Nathan Group from November 1, 2009 through October 31, 2014. A “bridge” contract focusing on select fiscal areas will continue while the Mission designs the next iteration support for fiscal and policy reform. The DAI/Nathan Group will also implement the 10-month bridge contract.

The goal of FRP II is to “create a stable macroeconomic environment that fosters economic growth by improving economic policy, public financial management, and the business environment.” To achieve this goal, the project was designed to provide technical assistance to the Government of Jordan (GOJ) in the areas of ministerial capacity development (including the Audit Bureau and Ministry of Public Sector Development (MOPSD), tax reform (including drafting new tax legislation), tax administration reform, budget reform, instituting Results-Oriented-Budgeting (ROB), establishing a new government wide budgeting system, budget forecasting and to conduct economic analyses related to policy, customs and trade facilitation.

In 2012 the scope of work was expanded and technical assistance was extended to cover public-private partnerships (PPPs) and support to the energy sector. With the amendment, the project was divided into seven components:

- A. Tax Revenue Mobilization, to develop a stronger, more modern tax administration by enforcing the law, treating taxpayers with dignity, and operating with lower compliance costs.
- B. Public Financial Management, to strengthen knowledge and application of ROB throughout the GOJ, refine budget formatting and reporting, and fostering accountability through use of budget and performance data.
- C. Fiscal Policy & the MOF, to build strong analytic capabilities in macro-fiscal policy, debt management, tax policy, capital and mega projects appraisal, and other areas of fiscal analysis, for the purpose of undertaking solid economic and social analysis within the MOF.
- D. Customs Administration and Trade Facilitation, to increase private sector competitiveness and improve the Environment of Doing Business, increased efficiency in trading across border.

- E. Government Performance Improvement, to enhance accountability, transparency, impact measurement, and monitoring government policies and activities.
- F. Government Financial Management Information (GFMIS) to computerize the entire life-cycle of budget preparation, budget execution, and financial reporting; and create an integrated system to ensure transparency and accountability and support an informed decision-making process.
- G. Energy & Public-Private Partnerships, to support the Ministry of Energy and Mineral Resources (MEMR) in achieving strategic optimization of fuel supplies for electric power generation, and to build capacity for the MOF unit that will act as the institutional focal-point for Jordan's public private partnership (PPP) program.

The main GOJ counterparts for the project are the Ministry of Finance (MOF), the Income and Sales Tax Department (ISTD), the General Budget Department (GBD), Jordan Customs (JC), the MOPSD, Audit Bureau and the MEMR. FRP II is primarily implemented in the capital of Amman, however customs-related activities also involved the port in Aqaba and other border crossings such as King Hussein Bridge.

## Evaluation Questions

The evaluation framework covers 11 questions in four areas designed to evaluate effectiveness, efficiency, sustainability, and learning of FRP II interventions:

### Effectiveness

- 1. What have been the achievements and/or deficiencies in the tasks and sub-tasks of FRP II?
- 2. How did the strategy and implementation approach enhance or weaken achievement of the anticipated tasks?
- 3. To what extent were project counterparts satisfied with technical assistance provided by FRP II?
- 4. How were the main gender constraints in the project addressed?

### Efficiency

- 5. Was the project implemented in the most cost-efficient way?
- 6. Were sufficient funds/resources allocated to monitoring & evaluation and reporting?

### Sustainability

- 7. What technical results of the project can USAID expect to be sustainable (and which will be difficult to sustain)?
- 8. Which incomplete project activities should be prioritized for further investment?
- 9. What lasting benefits can be expected in terms of USAID and the project's relationships with the main project counterparts?

### Learning

- 10. Were there any alternative or unexpected causes of documented results or outcomes?
- 11. Were there strategies or practices implemented that should be replicated in future projects in Jordan or elsewhere?

## Evaluation Methods and Limitations

This performance evaluation employed a mixed methods approach to allow for triangulation of findings increasing their validity and reliability. The evaluation team held discussion groups and key informant interviews with government officials, project staff, private sector stakeholders, and civil society associations. In total, the evaluation team held more than 100 interviews, visited approximately 90 institutions or GOJ departments and collected data through interviews and discussion groups, desk research, a web survey<sup>1</sup>, and a visit to a field installation (Aqaba). The limitations of this methodology and the mitigation of these are as follows:

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<sup>1</sup> Limited to GFMIS



- Interviewee selection bias, related to dependence on counterparts for selection
  - Mitigation: confidential interviews and extension of interviews to relevant stakeholders unnamed by counterparts
- Interviewee response bias, related to attitudes toward assistance
  - Mitigation: multiple information sources and KII probing questions
- Impact of Ramadan and Eid holiday on counterpart availability
  - Mitigation: Extension of evaluation period

## Selected Evaluation Findings

The evaluators found the project to be well managed and tightly implemented from 2012 onward, making a strong contribution to fiscal reform. It is a complex project, one covering a widely dispersed but interrelated set of project activities.

### Effectiveness

Although several management issues occurred before 2012 that reduced project effectiveness, the evaluation results indicate that FRP II has achieved many of its objectives, particularly in the later years. The team confirmed the FRP II technical assistance provided to different stakeholders helped the GOJ staff and managers implement new concepts. The capacity building provided by the project is appreciated and effective. Reported satisfaction levels with FRP II assistance were relatively high across project components.

### Efficiency

The evaluation results indicate that the project showed significant improvement in the later years (2012-onward), following a change in project management and a retooling of the approach to work plans.

### Learning

The majority of people interviewed said the technical assistance was beneficial. The evaluation shows the project achieved higher degree of success when collaboration with the GOJ and ownership of the reform by the latter were emphasized and when such reform efforts were driven and supported by a clear legal framework and transparency.

### Sustainability

Some FRP II activities are likely to be sustained without further project support. The capacity development approach and impact appears long lasting. However, the fiscal reform and Public Financial Management (PFM) tools and the GFMS need additional support to be sustained. This includes a longer timeframe of intervention to ensure the reform is embedded in public management culture and functions.

## Selected Conclusions and Recommendations

Despite some early difficulties related to the management of the project and some external resistance to change on the government side:

1. FRP II succeeded in overcoming important challenges and improved project management and planning during the last two years (2012-onward). Factors that negatively affected the reform progress in early years (2010-2012) were defused when the project upper management changed.
2. FRP II helped the GOJ to make important changes. It helped GOJ make solid progress in many areas, exemplified by an improvement in the public finance management system. Tangible results exist and the GOJ is making use of them, namely the macro-fiscal policy, budgeting, tax

administration and public sector reform, but falls short on achieving other results in some aspects of these areas as explained below in the specific components sections.

3. A Gender agenda was emphasized under FRP II with modest gains noted.
4. USAID should continue support to GOJ to build capacity, consolidate reform gains, and build upon them.
5. USAID and project implementers should assess the commitment level of government officials/institutions before engaging in future reform efforts. USAID should use measured conditionality as a means to advance a reform agenda in Jordan.
6. USAID should continue its investment in supporting institutional and capacity building improvements taking into account the lessons learned through the FRP II project.
7. USAID and project implementers must plan an adequate integration of the trilogy of the main fiscal and PFM reform players: ISTD, GBD, and the Macro-economic/fiscal Department of the MOF. The integration of USAID assistance in these three fiscal components is a cornerstone for the success of any fiscal reform project.
8. A comprehensive fiscal reform should include local governments. USAID should assist the local governments in developing local PFM systems where local governments have some revenue raising powers and financial autonomy in managing local affairs and developing the local economy.

# INTRODUCTION

USAID/Jordan requested that the Monitoring and Evaluation Support Project (MESP), implemented by Management Systems International (MSI), carry out a performance evaluation of the Jordan Fiscal Reform Project II (FRP II). FRP II is a USAID-funded, \$43 million fiscal policy reform project implemented by Development Alternatives, Inc. (DAI), and its prime subcontractor, Nathan Associates, since November 2009. The statement of work (SOW) for this evaluation is provided as Annex I. This report presents the evaluation team's findings, conclusions, and recommendations relating to FRP II activities to date.

## BACKGROUND AND CONTEXT

Jordan has faced, and continues to face, many challenges. These include political and economic instability resulting from multiple regional conflicts; energy import dependence and the disruption of natural gas supplies from Egypt; high unemployment (particularly among youth); gender disparities; reliance on remittances from the Gulf economies; increasing scarcity of water and other natural resources; a regulatory environment not as conducive as it could be to encourage private investment; and a large and increasing public sector debt.

Sound fiscal management is critical to Jordan's economic health and competitiveness. Even with considerable donor support, the country faces a severe budget crisis. To combat a growing budget deficit in 2010, the Government of Jordan (GOJ) began an aggressive fiscal consolidation policy that included containment of the public sector wage bill, reductions in capital expenditures, and phasing out of fuel and food subsidies. However, by 2011 when the GOJ retreated from this and increased wages and pensions and reinstated some of the subsidies, the budget deficit began to grow, reaching almost \$2 billion. Nearly the entire GOJ budget is allocated to recurrent expenditures such as public salaries and energy subsidies. Little remains to invest in the kind of research and development, workforce development, and infrastructure needed to support globally competitive industries.

USAID has developed and is implementing a new *2013-2017 Country Development Cooperation Strategy (CDCS)* aimed at helping Jordan to meet the above-enumerated challenges, among others. The overarching strategy is designed to assist Jordan to “*improve prosperity, accountability and equality for a stable, democratic Jordan.*” This is to be accomplished through three Development Objectives (DOs) and one Special Development Objective:

*DO1: Broad-based, inclusive economic development accelerated*

*DO2: Democratic accountability strengthened*

*DO3: Essential services to the public improved*

*SDO 4: Gender equality and female empowerment enhanced*

FRP II directly supports DO 1 and provides technical assistance to the GOJ in the areas of public financial management, tax and customs administration, increasing effective policy formulation and improving government performance. In 2012 the scope of work was expanded to include public-private partnerships (PPP) designed to encourage large infrastructure investments and to support the energy sector.

# FRP II PROJECT SUMMARY

The \$43 million FRP II Task Order, under the GBTI world-wide umbrella contract, was initiated by USAID and DAI/Nathan Group on November 1, 2009, and concludes on October 30, 2014. The purpose of FRP II is to provide technical assistance to Jordan in the areas of tax and customs administration, public financial management, more effective economic policy formulation, and a more results oriented government. The main GOJ counterparts for the project are the Ministry of Finance (MOF), the Income and Sales Tax Department (ISTD), the General Budget Directorate (GBD), Jordan Customs, the Ministry of Public Sector Development (MOPSD) and the Ministry of Energy and Mineral Resources (MEMR).

FRP II was designed to support the achievement of the USAID/Jordan Strategic Objective: “Improve Economic Opportunities for Jordanians.” Its goal is to “create a stable macroeconomic environment that fosters economic growth by improving economic policy, public financial management, and the business environment. The work of FRP II contributes to the current CDCS Intermediate Result #4: *Efficiency of GOJ budgetary resources improved* under DOI: *Broad-based, Inclusive Economic Development Accelerated*. Each of the seven components, as detailed below, responds to one of three specific Sub-Intermediate Results: Sub-IR #1: *Revenue performance improved*, Sub-IR #2: *Budget execution improved, including a focus on promoting gender-responsive budgets*, and/or Sub-IR #3: *Public-private partnerships developed*. A visual depiction of the Results Framework for FRP II has been included as Annex II.

The overall theory of change for the project is stated as follows: “If FRP II optimized public financial management (PFM) system, then an effective, sustainable fiscal management and public service delivery setup would be established. This setup would be conducive to an accelerated broad based economic development by contributing to a more stable, predictable business enabling environment.” The second level of the theory of change is stated as: “Incremental Theories of Change: If FRP II’s seven pillars provided Jordan’s public institutions with the tools to improve their effectiveness and efficiency, then an effective, integrated PFM model would promote sustainable economic management.”

FRP II project implementation is organized into the following component teams that operate independently but are interrelated as well as cross-functional:

- Tax Revenue Mobilization,
- Public Financial Management,
- Fiscal Policy and the Ministry of Finance,
- Customs Administration and Trade Facilitation,
- Government Performance Improvement,
- Government Financial Management Information System, and
- Energy and Public-Private Partnerships.

## EVALUATION PURPOSE, USE, AND AUDIENCE

This external performance evaluation will assess the process, methodologies, and outcomes of FRP II, and measure the sustainability of the achievements related to project beneficiaries. The evaluation provides recommendations to USAID/Jordan on how best to improve successes, sustainability, and cost-effectiveness of FRP II in its remaining time, in addition to informing the design of similar future projects.

USAID/Jordan is the primary audience for this evaluation. The management purpose of the evaluation is to develop future programming and increase the effectiveness of conversations with Jordanian Government counterparts. USAID may also use this information to inform the design of similar activities in other missions or other geographic regions.

## EVALUATION METHODOLOGY

The evaluation used a mixed methods approach, combining quantitative and qualitative data, to assess issues from different perspectives. Such an approach offers benefits both from the broad, representative overview of an issue enabled by quantitative information (focusing on ‘what’ questions) and the analytical probing and depth derived from qualitative information (focusing on ‘why’ and ‘how’ questions). Different information sources enabled the evaluators to triangulate findings and test and strengthen their validity. The eleven evaluation questions, included below, focused on core areas of effectiveness, efficiency, sustainability, and learning.

A full and detailed description of the evaluation methodology is provided in Annex III, including a detailed Getting to Answers table, outlining the evaluation’s approach to data collection and analysis on a question-by-question basis. Generally, however, qualitative data was drawn from key informant interviews (KIIs) and discussion groups while quantitative information was drawn primarily from project and government data, and a web survey targeted solely to the Government Financial Management Information System (GFMIS).

### Effectiveness

1. What have been the achievements and/or deficiencies in the tasks and sub-tasks of FRP II?
2. How did the strategy and implementation approach enhance or weaken achievement of the anticipated tasks?
3. To what extent were project counterparts satisfied with technical assistance provided by FRP II?
4. How were the main gender constraints in the project addressed?

### Efficiency

5. Was the project implemented in the most cost-efficient way?
6. Were sufficient funds/resources allocated to monitoring & evaluation and reporting?

### Sustainability

7. What technical results of the project can USAID expect to be sustainable (and which will be difficult to sustain)?
8. Which incomplete project activities should be prioritized for further investment?
9. What lasting benefits can be expected in terms of USAID and the project’s relationships with the main project counterparts?

### Learning

10. Were there any alternative or unexpected causes of documented results or outcomes?
11. Were there strategies or practices implemented that should be replicated in future projects in Jordan or elsewhere?

In addition to these evaluation questions, the evaluation team reviewed the project’s implementation, assessed the results achieved, and addressed the following evaluation themes:

- 1) Lessons learned and what factors contributed most to its success (or lack thereof);

- 2) Strengths and weaknesses of: overall project management; technical approach effect on sustainability and outcomes in pursuit of project goal; and, satisfaction with technical assistance provided to counterparts;
- 3) Progress made in each of the seven component team objectives of FRP II, using project indicators and well as qualitative feedback from counterparts;
- 4) Resource Allocation: adequacy of design and implementation of M&E and reporting; and,
- 5) Assess progress made on gender issues as a result of the project impact.

## EVALUATION TEAM

To most effectively respond to the purpose of the evaluation and the evaluation questions, the evaluation team was composed of experts with significant knowledge of evaluation and of fiscal reform in developing countries. The SOW mandated that the Team should have expertise in public finance, economic growth and governance programming.

Touhami Rhaïem, Team Leader, is a lawyer with over 15 years of experience managing national government policy reform programs and advising high-level decision makers, government and parliamentary members in fragile security environments. Nils Junge is an evaluation specialist and policy advisor. Mr. Junge is a specialist in mixed-methods research, and is proficient in the use and integration of quantitative and qualitative methods. Stephen Creskoff, Esq., is a specialist in customs, international trade and foreign claims, and business law, and has had more than 30 years of experience as an attorney. Arthur Warman is an executive consultant and former USAID staff member whose expertise encompasses M&E, stabilization, post conflict capacity development, grants management, policy and regulatory reform, and change management. Lilit Melikyan is an economist with 20 years of experience, including in USAID technical assistance projects and has strong quantitative and qualitative analysis skills and has much experience in socioeconomic research and evaluations. Two Jordanian consultants rounded out the evaluation Team: Wala'a Aqrabawi and Maram Barqawi, both of whom are drawn from the MESP project. Supporting the full team were translators and national staff of the MESP project.

For this performance evaluation, each expatriate team member had specific areas of focus. Touhami Rhaïem served as Team Leader and was responsible for the full report and Component C. Nils Junge focused on survey instruments/questionnaires and Components B, F and contributed to component G. Lilit Melikyan focused on activities related to Component A. Art Warman was responsible for Component E and led on cross cutting activities. Stephen Creskoff focused on Component D. In addition, two national consultants participated: Maram Barqawi and Wala'a Aqrabawi. Maram Barqawi, as MESP Monitoring and Evaluation Specialist provided support to the evaluation team, helped in the organization and delivery of evaluation tasks, in addition to conducting the GFMIS user's satisfaction online survey and Wala'a Aqrabawi focused on Component G (Public Private Partnerships) and helped with component C. While this describes principal responsibilities, over the course of the evaluation, the team often gathered to discuss similar findings as well as challenges and collaborated on the debrief presentation and this report. Prior to conducting the evaluation, all evaluation team members signed forms indicating that they had no conflicts of interest related to the evaluation; these forms are on file with MSI's home office and are available upon request.

# FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

The events in Syria, continued fallout from the Arab Spring, and uncertainties in energy and water are but a few of the macro issues affecting Jordan's fiscal stability. Since the late 1990s, USAID/Jordan has been supporting the GOJ through, *inter alia*, cash transfers, fiscal reform projects and activities that foster both public and private economic growth and stabilization. FRP II, following previous fiscal reform projects, is the latest fiscal reform initiative and is expected to be followed by a future project in the sector. A "bridge" contract focusing on select fiscal areas will continue while the Mission designs the next iteration support for fiscal and policy reform.

Efforts to date under FRP II have contributed to streamlining budgets, improving financial management, making revenue collection more efficient and equitable, supporting ministerial reform, promoting a public-private dialogue, among other activities, that, over the past four years have made contributions to USAID/Jordan's Development Objective #1: *Broad-based, inclusive economic development accelerated*.

Due to the complex nature of the project, and in an effort to increase the utility of this report, the evaluation team chose to organize their findings, conclusions, and recommendations by components as reflecting the project organization as opposed to evaluation questions, though all of the questions are addressed herein. In the following section the evaluators examine each of FRP II seven components, including an initial section on cross-cutting issues.

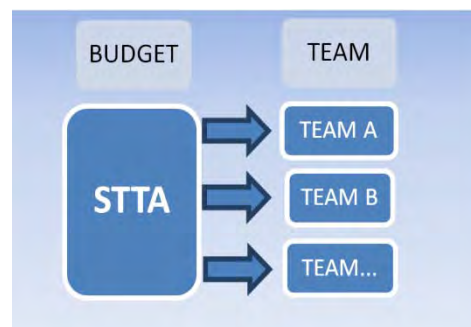
## Cross-Cutting and Project-Wide Issues

While the focus of the evaluation has been on the seven FRP II components, with a look at performance over time, the team was also asked to look at several important cross-cutting areas. The importance of examining across the project is the common elements that reflect performance of the project overall. The five most important are: (1) performance management as it relates to cost efficiency, (2) the Performance Management Plan (PMP) and Monitoring and Evaluation (M&E), (3) gender, (4) international expertise, and (5) overall satisfaction with technical assistance and work products developed under the project. Findings for each are described, followed by conclusions and recommendations.

### **Finding I. Performance Management: Cost Efficiency**

FRP II performance can be divided into two distinct project periods: 2009 to mid-2012 and mid-2012 to present. Figure I depicts how the project was managed in its early years. According to key informants and a review of annual budgets and workplans, a general pool of STTA funding was available to the component teams, and this was significantly overdrawn leading, in part, to component budget cuts which eventually affected available funding. The drawdown from a centralized pot of technical assistance, combined with budget uncertainties related to the overall governing GBTI contract, a heavy reliance on expatriate short-term technical assistance (STTA) and ever-increasing *ad hoc* requests from counterpart institutions, led also to budget confusion and staffing uncertainty across components. In addition, this was a period of tension between project staff and counterparts, resulting in a slowdown in certain key areas while others continued implementation on schedule. A restructuring of project

**Figure I: Budget Structure 2009-2012**

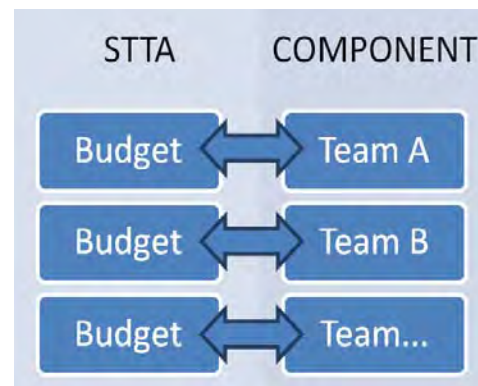




management, operations and programming in 2012 led to a more cost-effective and faster-paced implementation.

The 2012 change in FRP II senior management and a new organizational structure for the project significantly improved how the Project was planned and implemented. Previously, expenditures were tracked quarterly; accruals were now reported monthly, thereby tightening the financial management of the Project. Figure 2 illustrates that each component team had its own budget which led to more certainty as well as oversight. Budgets and work plans were also developed jointly by each team from the bottom up and in full consultation with counterparts. Co-joined budget and work plans, while still allowing for unanticipated and *ad hoc* counterpart requests, significantly tightened internal controls within the project. Anticipated STTA needs were identified and incorporated into both the budgets and work plans.

**Figure 2: Budget Structure 2012-Present**



### Conclusion

FRP II management improved significantly since its inception. While management issues, budget expenditures and a heavy reliance on expatriate STTA were challenges in the early years, project implementation has become significantly more cost effective in direct response to these issues. It is currently more closely managed while allowing for continued responsiveness to *ad hoc* requests across the components. It has shifted markedly to use of national STTA, thereby increasing cost savings and building domestic capacities. The annual bottom-up work plan and budget development combined with monthly accruals has made FRP II, though broad and complex, a well-managed program of activities.

### Recommendation

While it is widely accepted “best practice”, USAID should ensure that implementers develop work plans and accompanying budgets jointly with counterparts, thus enhancing “buy-in” from all elements of the implementing body. Contractors should ensure internal budget allocations match the work plans and that strong financial management is in place. Contractors should consider increasing use of local STTA to reduce expenditures.

### **Finding 2. Performance Management Plan (PMP) and Monitoring & Evaluation (M&E)**

Similar to cost efficiency, the early PMP and M&E efforts bear little resemblance to those from 2012 onward.<sup>2</sup> Previously, the PMP was poorly constructed, did not correctly track indicators against activities, and overall M&E did not receive the attention it should have been accorded by both USAID and FRP II staff. For example, in Component A the project team was not consulted in setting indicators. At the start of the third year, nine indicators were taken out of the PMP with the argument that the project was no longer engaged in activities measured by those indicators.

Over the life of the project, five persons have managed M&E within the project, often called upon to do so as they became available as opposed to having a properly trained professional. Multiple and interim staffing for M&E and the lack of oversight by all parties meant that M&E reporting on the PMP was general in nature and indicators changed often in light of information available as opposed to what was intended or needed (e.g., changing from numbers of taxpayers to amount of taxes collected).

Concurrent with the new 2013-2017 CDCS and in response to an Office of Inspector General audit, FRP II began producing annual PMPs and monitoring of the project more in line with agency and

<sup>2</sup> The evaluators use the broad term “PMP” as it was used during the majority of the life of this project though in the latest USAID guidance this would be an Activity M&E Plan or AMEP.



USAID/Jordan expectations. It also responded with a concerted effort to have the right technical staff aligned to M&E requirements. There has been significant improvement in development, monitoring, and reporting upon outcome and output indicators along with standard F Bureau indicators.

### **Conclusion**

The PMP process initially was not well managed and monitored nor was the project sufficiently challenged by USAID/Jordan to correct the early versions of the PMP. Early staffing in M&E was soft on technical skills, thereby allowing more and more problems in PMP reporting to arise. As with the 2012 project changes in budgets, work plans and operating procedures, the PMP process was revamped and is properly accounting for project performance. Current FRP II monitoring and evaluation staffing and reporting procedures are more than adequate to close out the project. While not fully mature in select areas, as reported in the individual component sections of the evaluation, alignment and progress on indicators has been made in FRP II's monitoring and reporting responsibilities.

### **Recommendation**

During close out FRP II should undertake a concerted effort to examine project achievements from the beginning and not only according to the latest PMP. The bridge project as well as future projects should, where appropriate, consider different outcome and output indicators and should endeavor to employ some indicators of higher-level impact or results. Finally, USAID/Jordan should take a more proactive role in reviewing and approving the M&E functions of a project of this importance as part of work plan review and approval. The monitoring and evaluation personnel assigned through the project life cycle should be subject to USAID/Jordan approval.

### **Finding 3. Gender**

Gender in policy reform projects is difficult to measure. That said, gender has been a focal point of FRP II implementation from the beginning with DAI's development of a *"2010 Baseline Gender Assessment"* and *"Gender Issues in Jordan related to fiscal policy and seeking government results: A pamphlet for DAI Technical advisors."* A general awareness of gender-responsive budgeting is now apparent, and government budget allocation breakdowns by programs for women and children are now made, although these are not yet fully applied. Each FRP II activity had gender targets for participation and often higher levels were achieved than anticipated. A larger study of the impact of fiscal reform on Jordanian society was not contemplated within the present evaluation but the impact of gender emphasis on counterparts was. It is noted that one result of a continued emphasis on gender is the number of women who have been upwardly mobile in their respective organizations, even in departments that were traditionally male dominated. For example, all five women who participated in King Abdullah II Award (KAA)-related training in GBD have advanced with increased roles and responsibilities, as evidenced by their current roles within GBD.

### **Conclusion**

FRP II has been responsive to gender emphasis throughout the life of the project. Also, based on counterpart interviews, it is concluded that without the proactive emphasis on gender by FRP II, far less would have been achieved in this area. Beyond the numbers recorded in PMP reporting, there is a positive indication that gender is being proactively considered internally.

### **Recommendations**

FRP II should continue with gender as a focal point of concern and action in fiscal reform activities. To do so, the role of M&E needs to be enhanced in the regulatory regimes developed. Also, USAID/Jordan should continue to promote activities relating to implementation in the policy reform agenda (implementing regulations, departmental capacity development, and leveraging progress to date) in future projects. It is further recommended that FRP II attempt to assess actual impacts beyond numbers trained as part of close-out activities though this may require a specific assessment. Such an assessment

could have ripple effects throughout the rest of the GOJ. Impact level measurement includes uses of training provided, positions realized and other impact considerations.

#### **Finding 4. International expertise**

There was a preference by counterparts for expatriate STTA over the use of national consultants. One counterpart comment with respect to this expatriate STTA was “*I wish they could have stayed longer.*” A preference was also expressed for specialized international experts in the areas covered by the project. As reflected from 2012 onward, FRP II began more extensive use of national consultants and firms which did result in cost savings and domestic capacity development, as evidenced by repeat use of local firms and consultants.

#### **Conclusion**

There is a belief that capacity building benefits would be higher with more specialized expertise drawing on international experience. This has cost implications, and may reflect local cultural bias. The repeat use of local expertise may be taken as evidence of satisfaction with services but the evaluation did not specifically measure capacity or capacity-building efforts, explicit or implicit.

#### **Recommendation:**

Both USAID and contractors should carefully consider the balance in employing international and local expertise as early use of national consultants may enhance their acceptance and generate cost savings. This local orientation is also consistent with USAID Forward policy.

#### **Finding 5: Overall Satisfaction**

Counterpart satisfaction with the project across all seven components, was not a specific evaluation question but was a general request within the evaluation SOW. The evaluators felt that an overall vision of satisfaction on the part of recipients of technical assistance and work products broken down by component would be an interesting and informative indication of satisfaction. Each component section reports on counterpart satisfaction. Here the evaluation presents overall satisfaction levels. Two areas are presented: assistance provided and products received. Satisfaction levels were assessed based on two specific questions, on a scale of 1 to 5 (with 1 being the lowest and 5 the highest), and respondents were then asked to explain why they gave a specific rating. It is noted that not all interviewees answered both technical and work product questions as they were either not a recipient of both or felt unsure in responding. The two questions were:

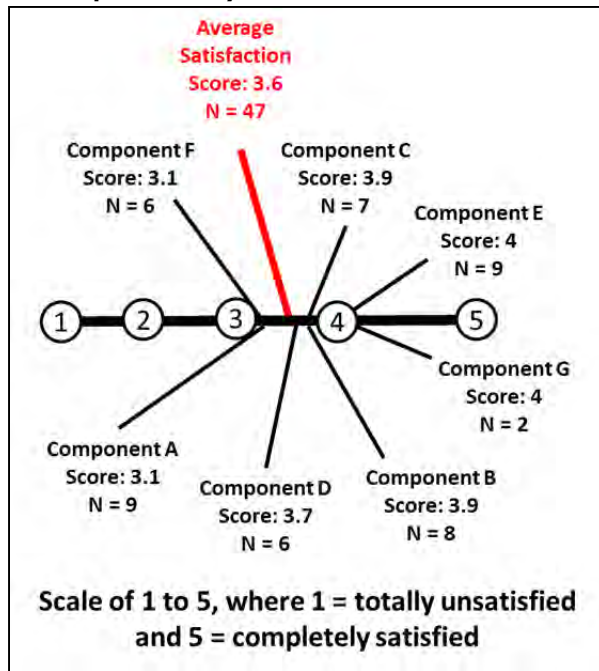
- To what extent were project counterparts satisfied with the assistance provided under the Component?
- Rank the overall quality of products received by FRP II (e.g. Training, GFMIS, Policy advice or papers, etc.)

The overall satisfaction rankings were generally high, with a combined rating across FRP II of 3.8 out of 5.0. In part, this can be ascribed to close collaboration and management of counterpart relationships within FRP II. Figure 3 provides an overview of counterpart responses to the technical assistance provided. Figure 4 provides a similar look at counterpart response to the work products. The overall satisfaction level for technical assistance was 3.6 and work product 4.1, respectively.<sup>3</sup> The “N” represents the number of respondents who actually chose to respond to the question.

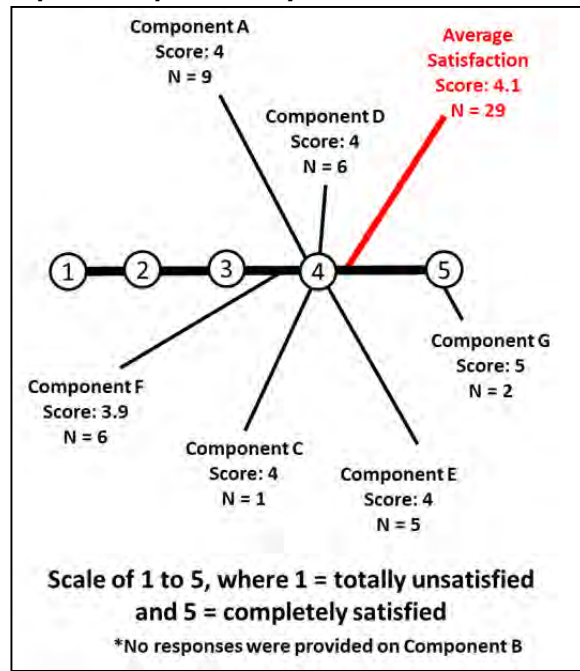
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<sup>3</sup> Bearing in mind that the sample of observations is too small to draw strong conclusions comparing individual components (i.e. the variation in results between them are not statistically significant) the responses as a whole provide a fairly strong sense of satisfaction under the project.

**Figure 3: “How satisfied are you with the TA provided by the DAI/FRP II team?”**



**Figure 4: "How satisfied are you with the work products provided by the DAI/FRP II team?"**



## Conclusion

Across the components, counterparts expressed satisfaction for both the technical assistance and work products provided under FRP II. Informants in KIs generally provided positive comments with respect to both technical assistance (TA) and work products. The implementer has strong relationships with counterparts, and the later practice of joint collaboration in work plan development is reflected in the ratings. Despite the earlier problems within FRP II, the project is ending on a high note with respect to perceived satisfaction across project components.

## Recommendation

The contractor should detail client satisfaction in FRP II final reporting along with continued recommendations on how this can be further strengthened in future policy reform projects. The information will prove valuable to future areas of collaboration between USAID/Jordan and the GOJ.

## Component A: Tax Revenue Mobilization

### Introduction

Component A aimed to develop a stronger and more modern tax administration by enforcing the law, treating taxpayers with dignity, and operating with lower compliance costs. Specific objectives include: taxpayers better understand their tax obligations; Income and Sales Tax Department (ISTD) staffed with well-trained, knowledgeable employees; improved taxpayer services; increased quality of audits conducted; fewer non-filers and stop-filers; reduced tax arrears accounts; enhanced information technology, human resources, and internal controls; improved property tax laws and market-value basis for property assessments. It links to Sub-IR #1 “Revenue Performance Improved.”

The 5.5 percent decline in tax revenue during 2007–2011 reflected challenges both in tax revenue mobilization and tax policy choices (as well as a weaker economy). The issue of improving tax revenue mobilization, already a GOJ focus, gained new momentum and was reflected in a major commitment of

assistance to the ISTD at the start of FRP II in late 2009. The IMF estimates that deep tax reform could generate up to 2.5 percent of GDP and stronger tax administration could improve compliance and help reduce tax arrears, contributing up to 0.5 percent of GDP.<sup>4</sup> The satisfaction survey for Component A was 3.1 for technical assistance and 4.0 for FRP II work products placing it at 3.6 overall.

**Finding A1. Positive changes in ISTD operational processes can be attributed to the project**

Positive changes included improvements in a range of areas, including *Taxpayer outreach* with ISTD's first large-scale taxpayer awareness campaign in 2010, following adoption of two temporary tax laws (income tax and sales tax). This included distribution of the laws on CDs to taxpayers, TV and radio ads, and TV chat shows. The project supported *Taxpayer Services* with the establishment of the Taxpayer Services and Tax Culture Directorate, and developed a taxpayer survey questionnaire, outreach, booklets etc. *IT security* was enhanced through new IT infrastructure including two state of the art servers, renovating the data center and establishing a data security unit. ISTD's Training of Trainers (TOT) program was enhanced as selected staff from the line directorates were trained as certified trainers. In total 3,472 people were trained, of which 626 (18 percent) were women. ISTD staff (together with other GOJ staff) competed in KAA awards and became certified KAA mentors/assessors. An *Audit Tracking System (ATS)* was instituted at the Large Taxpayer Office (LTO), although not all categories of businesses are able to use it as of this writing. Several elements from successful pilots for tackling non-filers and stop-filers were replicated throughout ISTD (including activities such as using the tax procedural manuals, third-party data cross-matching system, stop-filer identification system and raising pre-assessments in respect to stop-filers). In addition, the project provided advice on property tax law and property valuation to the Property the Tax Policy Task Force (comprising representatives from the MOF, Land and Survey Department (LSD), Greater Amman Municipality, etc.). While the goal was to enact a modern property tax law and use market value as a unified base for property evaluation, the advice was limited to building the capacity of counterparts in how to use new models for valuation. Provision of property tax advice was in the first two years only and stopped after due to the lack of counterpart willingness to proceed.

Changes at ISTD were evident following the appointment of a new Director General in early 2013, including:

- a) *Decision to reduce the share of annually audited businesses to 10-15% (from the current 33%) in the next year, improving risk based audit system (with some elements improved already);*
- b) *Introduction of a new methodology for classification and analysis of arrears;*
- c) *Developing several important studies, including on Tax System Benchmarking and Tax Expenditures (joint activity with Task C), which supported the decision by the MOF to reduce tax expenditures and informed the changes in the draft Income Tax Law;*
- d) *Adoption by ISTD of three new Key Performance Indicators (KPIs), namely: (1) Audit rate based on available resources: current 33% target 25% by the end of 2014; (2) Debt ratio: current 69% target 65%; and (3) Audits with no change: current 80% target 70% by the end of project; and*
- e) *Tabling the new Income Tax law at the Parliament (likely to be adopted in the fall of 2014). While it does not include some of the key recommendations formulated by FRP II (e.g. the removal of bank secrecy for ISTD; flat rate for CIT, etc.), it is a step forward, including, for example, harsher penalties for tax evasion. The Economic and Investment Committee of the Parliament has endorsed increased tax rates as proposed in the draft law, provided there are notable improvements in Tax Administration. According to the IMF, the draft income tax law that is currently in Parliament is expected to raise revenue by 0.7 percent of GDP.<sup>5</sup>*

<sup>4</sup> IMF Jordan Country Report 14/512. June 2014

<sup>5</sup> Interviews with businesses and thinks tanks indicated however that the increased tax rates might induce more tax evasion due to already high tax burden

## Conclusions

Better mobilization of tax revenues is an important goal for the GOJ and ISTD is showing progress, albeit slowly, but with more progress visible in the last year. With the new leadership at ISTD and with the expected passage of the new Income Tax Law, the probability of a more aggressive reform agenda at ISTD has increased, providing a window of opportunity to successfully support ISTD.

## Recommendation

FRP II and the bridge contract should continue support to ISTD but with a better mix of approaches. USAID should explore conditionality arrangements to ensure commitments to reform at higher levels of the Government. This mix could potentially include: signing MOUs or letters of commitment in specific reform areas, stipulating conditional precedents, and/or securing more ownership by ISTD leadership.

### **Finding A2. Progress has been made on most key performance indicators, but fell short of some targets**

Component A achieved important progress, especially in audits and tax compliance areas. Progress included: a) an increase of 2.5 times in the ratio of taxpayers to tax administration staff; b) reduction in VAT stop filers as a percentage of active filers from 13% to at most 9%; c) reduction of the share of companies audited from 39% to 33%; (d) increase in productivity of Personal Income Tax (PIT) from 0.05 to 0.06<sup>6</sup> and Corporate Income Tax (CIT) productivity from 0.14 to 0.19<sup>7</sup>; (e) increase in VAT gross compliance rate from 67% to 75%<sup>8</sup>; and f) improvement in the ISTD's overall performance by 14% during 2010-2012, exceeding FRP II's Year 4 work plan target (5%-10%).<sup>9</sup> Overall, tax revenues have increased over the past two years from 3.1 billion JD in 2011 to 5.1 billion JD in 2013.<sup>10</sup>

FRP II contributed to these improvements through staff training, technical assistance, improvement of IT, public-private dialogue sessions, improved taxpayer services, outreach to taxpayers, and successful pilots (e.g. stop-filers and non-filers). CIT and Sales Tax revenues have begun increasing during the last three years according to interviews and reports.<sup>11</sup> However, PIT has been decreasing due to the high PIT exemptions stipulated in the current temporary Tax Law (effective since 2010).

Other findings are:

- a) Slower than anticipated pace of reform at ISTD was affected by a number of factors including frequent changes in leadership and failure to implement reform measures tackling some of the key challenges (before the latest changes in top management), e.g. i) high share of audited companies with low productivity of audits: the percentage of auditing companies saw only a slight decline; from 39-33% as opposed to 1-5% best practice rate; ii) high tax evasion levels; and, iii) large number of delinquent taxpayers, due partly to insufficient write-off rates of old and small debts; and v) other challenges include: high debt ratio, the insufficient taxpayer services, lack of performance management system, and inadequate functional organization. The measures described in the "Technical Restructuring Proposal", "Tax arrears Action Plan" and "Tax policy and administration advocacy plan" were not implemented;

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<sup>6</sup> PIT yield (PIT revenue/GDP)/PIT weighted average

<sup>7</sup> CIT yield (CIT revenue/GDP)/CIT general rate

<sup>8</sup> VAT yield (actual collections/GDP)/(final private consumption \* VAT standard rate).

<sup>9</sup> Year 3 results; Year 4 results were not available at the time of the evaluation

<sup>10</sup> IMF staff reports for Article IV consultations

<sup>11</sup> IMF Jordan Country Report 14/512. June 2014

- b) Resistance to change both at the mid-level of ISTD as well as the higher level of the Government and Parliament (e.g. related to removing the banks' secrecy of taxpayers for ISTD and setting a clear debt write-off policy);
- c) Cuts in Component A funding starting in year three, prompted by the above-mentioned underperformance but also the overall difficult financial standing of the project mid-term (due to overspending in the first two years);
- d) ISTD's lack of ability to provide the necessary co-funding in certain cases due to imposed budgetary limitations; and,
- e) Political instability in the country (related to the Arab Spring) and changes in the geopolitical situation, which shifted the priorities for ISTD mid-project and increased the costs to businesses due to rising energy prices, affecting incentives to evade taxes.

## **Conclusion**

Progress related to tax administration was made. In particular, ISTD-administered tax revenue increased, however these increases once added up, have not compensated for the revenue loss compared with the baseline in 2009. This is attributed to the high PIT exemptions and lower CIT rates set in the current temporary income tax law (2010). The achievements that fell short of the targets were affected both by external factors (changes in ISTD leadership, resistance to change) and internal factors (project management in early years).

## **Recommendation**

With the new leadership at ISTD and the expected passage of the new Income Tax Law, USAID/Jordan should take the opportunity of promoting an aggressive reform agenda at ISTD and supporting ISTD in the reform efforts. Given the experience with FRP II, it is recommended that this assistance be provided using conditionality arrangements. In addition to continued reform of audit and collections' systems and management of arrears, the potential areas of reform include:

- revision of the currently fragmented and inefficient investment promotion schemes;
- cutting the number of tax payments per year and simplifying tax reporting requirements; and
- reducing the impediments to business registration.<sup>12</sup>

## **Finding A3. Project funding cuts affected progress**

Even though there was an impediment to progress along the defined indicators due to the internal and external factors mentioned above, the establishment and functioning of the Taxpayer Services and Tax Culture Directorate, One-Stop-Shop Center, and Communication Center for taxpayers were affected by the funding cuts. The funding cuts for Component A in the third year of the project did not discriminate and the lower levels of satisfaction with the responsiveness of the project were clearly linked with the cuts in funding in Year 3. GOJ counterparts also commented that that they would have preferred to have a clearer idea of how the project was planning to support their needs at the onset, with clear and transparent terms of assistance, reducing uncertainties related to potential new stages

## **Conclusions**

While it can be argued that in some areas lack of progress was so readily apparent that cuts were justified, in other areas a more selective approach would have better served the ultimate project goals and increased satisfaction levels among GOJ counterparts.

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<sup>12</sup> USAID (2014): "Jordan Fiscal Environment Assessment: Final report", Chemonics International Inc.

## Recommendation

FRP II and the bridge contract should complete some of the incomplete projects, in particular, activities aimed at better taxpayer services, higher taxpayer awareness, and improving tax culture. Any future assistance to ISTD should be based on a thorough needs assessment, have clearer terms of funding, and stipulate clear conditions and expectations from ISTD. Specific cases for future assistance or change in assistance include:

- a) *Media Center*: Further assistance is recommended for the awareness raising related to e-governance. *Equipment*. some equipment was delivered, but not all; based on interviews, the remaining equipment is not acutely needed as the Center is functioning well with the equipment already provided;
- b) *Call center for the taxpayers*: assistance as originally envisioned may need to be reviewed as there is a strategy pursued by the Ministry of Communications to establish a single call center for businesses, of which ISTD is a part.
- c) *Communication/Walk in Center for Taxpayers and Single Window*: there is clearly a need for these units, provided that the necessary business case could be made and ISTD commits to allocating the necessary number of staff and space. It is recommended that the planned equipment is provided if the above condition is met;
- d) *Forensic lab for the Antifraud department*: the merits of completing this are in doubt and additional needs assessment is advised; and
- e) *Computers (100) and a Computer Lab*: there is merit in completing this activity in the context of supporting ISTD efforts to promote e-governance, provided that this positively affects the core functions, such as collections, audits and taxpayer services.

## Finding A4. Low levels of engagement with middle and lower level ISTD staff

The majority of the interviewees from ISTD commented that they would have liked to have a closer engagement with the project. This particularly applies to mid-level staff. The project has often chosen to work on certain issues only with specific staff levels/positions at ISTD, based on the expected effectiveness of such engagement.<sup>13</sup> Interviews with the business community indicated that one of the challenges on the road to reforming ISTD is the fact that middle- and especially lower-level ISTD staff have little understating of the reform goals. Also, the project did not sufficiently follow up on completed activities to avoid the perception of interference in operations of individual departments. However, the lack of follow-up was seen as a weakness by some ISTD staff.

## Conclusion

The project adopted a somewhat distanced approach in cooperating with ISTD mid-level staff on certain reform issues. While this might have somewhat reduced resistance from the mid-level staff, it did not generate their support either.

## Recommendation

In future projects USAID should include an agreement with ISTD from the beginning that ISTD provide updates on the replication, expansion, usage, etc. after individual subcomponents are complete. FRP II, the bridge, and future projects should implement closer engagement with staff of ISTD directorates at all levels as this can strengthen cooperation and buy-in.

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<sup>13</sup> For example: in the case of the draft Income Tax Law, the project has chosen to submit its recommendations directly to the MOF. In the first Fiscal Reform Project FRP I there was a legal committee set up comprising representatives from various stakeholders with the project directly engaging with it: this is an approach that ISTD departments, directorates would have liked to see continue under FRP II.

### **Finding A5. Gender**

The project had a requirement that at least 20% of participants of any training course should be female and this has contributed to an increased number of trained female staff at ISTD. The actual percent was 18%.<sup>14</sup> The share of women trainers has also increased. The average share of women at ISTD has stayed at the same 30% level, however, and career opportunities for women are still limited.

### **Conclusion**

There is room for further improving gender balance when supporting future ISTD capacity building.

### **Recommendation**

Future projects, in addition to continued training opportunities for women, should focus more on Human Resources (HR) issues in their efforts to improve gender balance or equity (e.g. related to hiring retention and promotion to management positions). Review of the Civil Service Bylaws and coordination with the Civil Service Bureau should be envisaged to facilitate women's access to senior executive positions.

### **Finding A6. Sustainability**

The TOT system supported by the project is running based on funding from ISTD (trainers get additional remuneration for delivering training courses). The risk-based audit selection process has been given priority by current ISTD leadership. Similarly, new methodologies for handling tax arrears and improved customer services and outreach efforts are already being used and carried out at scalable levels.

For other components, however, there is a lack of funding from the state budget allocations for ISTD, a lack of decisive reform measures (e.g. related to drastic organizational restructuring, HR management reforms) and an unwillingness (at higher levels of the Government and Parliament) to remove the bank secrecy of the taxpayers from ISTD, or introduce provision to write off bad debts, etc.

### **Conclusion**

The TOT system, the risk-based audit system, new methodologies for tax arrears, and customer services are all likely to be sustainable due to their existing use, funding streams, or priority levels at ISTD. Other components may not be able to deliver similar lasting effects due to lack of funding or reform measures.

### **Recommendation**

USAID should require that future project designs supporting ISTD ensure better sustainability designs for individual subcomponents. For example, training could be tied to organizational or HR restructuring.

## **Component B: Public Financial Management**

### **Introduction**

Under FRP II, the TA provided through the Public Financial Management (PFM) component aimed to build upon FRP I achievements by strengthening knowledge and application of results-oriented budgeting (ROB) throughout GOJ, refine budget formatting and reporting, and foster accountability through the use of budget and performance data.<sup>15</sup> This was expected to help meet FRP II objectives relating to i) more efficient use of public resources through stronger financial management, and ii) results-oriented government (ROG). The specific objectives of the PFM Component included: i) ROB extended throughout GOJ; ii) Strategic planning and analysis informs budget preparation; iii) Performance measures improved; iv) Budget format/reporting refined; v) Budget and performance data used to

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<sup>14</sup> Out of 2472 participants for Component A, 626 were women  
<sup>15</sup> FRP SOW,



ensure accountability; vi) Financial controls strengthened; vii) GFMS throughout Government of Jordan; and, viii) GBD scores more competitively in competition for King Abdullah Award II.<sup>16</sup>

The facilitator for these measures and direct beneficiary of TA was the GBD, which was thus the direct counterpart. ROB was to be enabled through government-wide adoption of GFMS (see discussion under Component F Section). It links to Sub-IR #2: “Budget execution improved, including a focus on gender responsive budgeting.” The satisfaction survey for the Component was 3.9 for technical assistance placing it at an overall 3.9 satisfaction ranking.<sup>17</sup>

**Finding B I. Project support provided to GBD was highly valued and made a positive difference**

Reported satisfaction levels with FRP II assistance were relatively high (3.9 out of 5.0) at GBD, the main counterpart. Reasons given in the KIIs included: i) enhancement of existing capacity; ii) improved conceptual understanding of ROB; iii) collaboration on budget documents (MTFF); iv) recognition of Jordan’s budget transparency; and, v) English language training (in 2011 Component B had developed a capacity building assessment which assessed GBD’s needs). GBD budget analysts report that they have gained valuable new skills (in budget analysis, KPI requirements, analyzing feasibility studies, advanced Excel, English), improving their overall competence and preparing them for the eventual adoption of the ROB approach. Faster progress on developing M&E systems and more specialized training would have raised the satisfaction level scores.

The relationship with GBD faced significant challenges in 2011 (related to personnel issues, disagreements, lack of buy-in, motivation, etc.) and, aside from the KAA component, project funds were frozen for more than one year. Relations improved significantly in 2013 and now there is good cooperation and mutual agreement on goals and approach. GBD management expressed high appreciation for the FRP II support.

Upcoming activities include completing piloting M&E systems, developing Gender-Responsive Budgeting framework, and training on capital expenditure project appraisals. Related to the above activities, external sources (International Budget Partnership, King Abdullah II Center for Excellence assessors, international experts<sup>18</sup>) confirm that GBD has made good progress in improving its performance and overall budget transparency.

Between 2010 and 2012, Jordan jumped 11 places in the International Budget Partnership ranking, from 41 to 30, and increased its score from 50 to 57. Since the score is based on key budget documents, such as a Citizen’s Guide, it is reasonable to assume that FRP II support was a contributing factor in this performance improvement.

**Table 1: International Budget Partnership - Jordan Ranking**

Year	Rank / countries	Score
2006	21 / 59	50
2008	31 / 85	53
2010	41 / 92	50
2012	30 / 98	57

Source: <http://survey.internationalbudget.org/#timeline>

<sup>16</sup> FRP II Year I Workplan, February 2010, p. 26

<sup>17</sup> Note that no responses were given for work products under the component, a random outcome of those selected for interviews

<sup>18</sup> Note that the latter two sources were reported second-hand by GBD and FRP II staff and could not be independently verified. However, triangulation among documents and interview reports gives added confidence in their credibility.

## Conclusions

Within GBD, progress is evident on three key fronts: i) a better understanding and acceptance of key concepts; ii) improved technical capacity; and iii) development of key budget documents. Project support has contributed to Jordan increasing its budget transparency score and maintaining its rank as the top performer in the Middle East.<sup>19</sup>

The project succeeded in overcoming early challenges in cooperation, improving relations, and acting as a valued advisor and capacity building entity. To the extent possible, limited by constraints on the counterpart side, it helped GBD make solid progress in many areas, corroborated by an improvement in performance. While the scope and ambition of the objectives was laudable, noting up front the limits of what a project can achieve and factors outside its control is advisable.

## Recommendations

FRP II and the bridge should continue with the current approach, with a focus on maintaining good relationships with counterparts, embedding project staff within the department, while hiring more highly specialized experts for training.

### **Finding B2. The main objective of adopting a Results-oriented Budget (ROB) has not been achieved**

The fundamental goal of PFM in Jordan is the adoption of ROB, which should lead toward more efficient use of resources, more MOF control over ministry budgets, improved budget transparency, and greater accountability. Yet, despite key achievements, this overriding PFM objective has not been met. The Organic Budget Law (OBL) –which should mandate ROB, including M&E, budget preparation, budget execution, auditing, and accounting system is based on international best practice. The law has been drafted with project assistance, but has not yet passed. As a result, the main pillars of ROB, specifically, ministry/department M&E systems and GFMIS, necessary to monitor results, are not yet in place. The positive side is that the goal of ROB has been embraced by MOF, and GBD staff understands the concept and are gaining the technical skills to facilitate its implementation. A number of constraints on the counterpart side have come into play including political economy dynamics, a weak enabling environment, and reports that ROB faces resistance from GOJ Ministries and Departments. It is also worth pointing out that full implementation of ROB may take years, given the deep structural and non-structural reforms required in all line ministries.

The top PFM priority is now the implementation of M&E systems at line ministries. Component B is helping GBD pilot M&E systems at three agencies: Ministry of Health (MoH), Ministry of Industry and Trade (MoIT), and the Customs Department. Each team is composed of a procedures sub-team, an audit sub-team, and a teaching sub-team. Once completed, lessons from the pilot will be analyzed before expansion to other government entities. Rollout of GFMIS should facilitate M&E implementation. Reasons for delay in moving forward with the M&E system until the last year of FRP II are related to both external and internal factors. On the one hand, capacity at GBD is low – there are too few budget analysts (and even fewer than in 2010, when the insufficient number of budget analysts was already documented as an issue). On the other hand, there is also resistance by government entities to using M&E systems, according to GBD staff (although no GoJ Ministries or Departments interviewed openly said they were against it). This is said to be related to i) the expectation that use of M&E systems at entities would increase oversight and monitoring of performance and expenditures and results; and ii) collecting and sending data is an additional burden for entity personnel.

## Conclusion

Without an M&E system to measure performance, ROB remains more of a concept than a reality. MOF is still far from using ROB and reaping its benefits. However, ROB is still on track for eventual adoption.

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<sup>19</sup> International Budget Partnership <http://survey.internationalbudget.org/#timeline>

The fact that ROB is accepted and embraced as the way forward, that its principles are understood within GBD, and that budget analysts are pushing line ministries to switch to ROB, are all positives.

Successfully instituting ROB may demand a change in mindset from the 'business as usual' approach throughout line ministries and may face resistance within the bureaucracy which will take time to address and overcome.

### **Recommendations**

Future projects, including the bridge, should place greater emphasis on deploying an M&E system throughout line ministries. If continued, external support should focus on areas which would make ROB effective as a system: preparation, execution, accounting, reporting, and auditing.

Once completed, lessons learned from pilots should be applied to future M&E activities. Political economy issues and ministry resource limitations should also be taken into account in developing a strategy for promoting M&E. A two-pronged approach is advisable, improving technical understanding of M&E on the one hand, and instilling a culture of results-oriented work, on the other.

USAID should provide assistance to promote legislation through the OBL including reviewing the final draft of the legislation to include modern budgeting principles and have it progress through the legislative process. The law will facilitate establishing of M&E systems by government entities, as is being done with GFMS.

### **Finding B3. Although GBD is an appropriate counterpart, it has limited capacity and influence over line ministries**

Although entirely appropriate as the intermediary for project PFM support, GBD's significant capacity constraints and lack of authority limit its ability to promote ROB reforms within government entities. Although GBD's internal technical capacity has improved thanks to FRP II, it is institutionally weak. More importantly, GBD has little influence over line ministries and cannot compel them to provide required data and information. Without legislation mandating use of M&E systems, and giving GBD power to collect information, line ministries face no penalty for not cooperating; there are no negative consequences to simply saying 'no' to requests. However, both GBD management and staff expressed commitment to improving the budget performance and appear motivated to continue the work begun under FRP I and II.

GBD appears to be dependent on FRP II for both capacity development and operations. While capacity of individual GBD personnel is said to have improved, overall GBD capacity appears problematic, putting implementation of ROB at risk. GBD staff relies on Team B for capacity development and translation services. Negative staffing trends are an ominous sign, as staff turnover presents a constant risk to sustainability, with budget analysts periodically leaving for the Gulf States where remuneration is better. Without enough staff to conduct key budget activities, GBD is constrained in its ability to improve performance. In a 2010 project assessment it was reported that to fully implement ROB, GBD would need 43 to 63 budget analysts in total, compared to the 33 it had at the time.<sup>20</sup> However, by 2014, the number of budget analysts at GBD had decreased to 25. The conundrum is that while training budget analysts is a positive in terms of increasing GBD effectiveness, it also makes them more marketable and prone to leave.

### **Conclusions**

Although progress has been made on PFM and budget reform and GBD is motivated to continue, if TA stops now, there is a high risk that ROB reforms will not be completed. Dependence on the project therefore raises questions about sustainability. While the performance gains made to date appear secure, should external support be discontinued, the reforms achieved to date may be rolled back,

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<sup>20</sup> USAID. 2010. Capacity Development Plan for General Budget Department.

defaulting to line item budgeting. Technical capacity is a major issue at GBD and needs to be addressed. External assistance is needed to consolidate what has been achieved. GBD needs further strengthening to continue guiding PFM reforms and more authority vis-à-vis line ministries for the implementation and follow up of ROB.

### **Recommendations**

To address the staff turnover issue, USAID should support the revision of civil service bylaws to reclassify key GBD technical staff (budget analysts) to bring remuneration up to market levels (conduct job analysis, create job descriptions, and establish higher salaries). They should also focus on training women in these functions, both as a means to increasing female employment and leadership and, potentially as a means of addressing high staff turnover, since women may be less likely to migrate for work. Collaboration with the Jordanian Civil Service Bureau (commission) in this respect is critical.

USAID should also help the GOJ to extend GBD authority over line ministries, including through new legislation such as the OBL. Future projects should also support a closer collaboration with relevant departments in line ministries, and increase training activities on ROB for line ministry staff.

### **Finding B4. Progress has been made on gender issues**

Encouragement by Team B for GBD to promote participation of female staff in capacity building activities and create opportunities has been welcomed. Deliberate efforts by Team B to encourage female participation in training events and through hiring budget analysts have been met positively within GBD, where most managers interviewed professed shared values concerning gender issues. GBD now has three female budget analysts, whereas before it had none, and is said to be a positive enabling environment for female staff. At the same time, it was reported by both male and female staff that the work of budget analysts can be arduous for women because of long and intense work hours (and the need to be on call) during budget preparation season (which lasts about 3-4 months) while they are still expected to fulfill their traditional roles at home.

Within GBD the concept of gender responsive budgeting (GRB) is understood and there is interest in building capacity to analyze and implement it. Budgets have started including a breakdown of allocation categories by women and children, even if the information is not yet acted upon. However, in general within GOJ institutions, there is a rather limited understanding of gender issues. In some cases this means merely calculating GRB based on salary allocation by gender (a fairly meaningless indicator).

### **Conclusions**

FRP II's attention to increasing women in budgeting positions has been effective, however HR may need support to address the long hours that may deter women from becoming budget analysts. Gender-responsive budgeting (GRB) is mainly on paper but not yet in use, but awareness is evident and is on the agenda, with plans for GRB budget analyst training included in the project. It is also reported that there will be continued work on GRB in the bridge contract.

### **Recommendations**

FRP II and the bridge, as well as all future projects, should continue supporting gender equality and opportunities for women, in recognition of its importance. This would include supporting women to take up management roles and ensuring women are targeted for capacity building, through training activities, etc. These projects should also fund training on GRB at GBD and line ministry level.

### **Finding B5. Selection of performance indicators could be improved**

Two of the Year 4 PFM indicators rely on Public Expenditure and Financial Accountability (PEFA) scores, but PEFA assessments were not conducted for Jordan during the period. A draft OBL (another target) was not submitted to Parliament for approval for internal political reasons. KACE does not publish its assessments and KAA rankings, and only the top three ranked are presented with awards. KACE does

provide participants with scores, however due to changes in scoring criteria, the targeted values for performance evaluation became inappropriate.

### **Conclusions**

Achieving several performance indicators was outside of the control of Team B, so the selection of these performance indicators only complicated the ability to measure progress.

### **Recommendations**

FRP II should carefully examine its present indicators and establish better ones in the bridge PMP to ensure that achieving the indicators is feasible. USAID should oversee this and provide outside assistance if need be.

## **Component C: Fiscal Policy and the Ministry of Finance**

### **Introduction**

Under Component C, FRP II is helping to build strong analytic capabilities in macro-fiscal policy, debt management, tax policy and other areas of fiscal analysis, providing Jordanian officials with the ability to undertake solid economic and social analysis and apply analytic, management, and planning tools to improve their work and facilitate communication with stakeholders. This component also places emphasis on using targeted analysis to identify ways to enhance efficiencies in government administration and service delivery that improve results and generate sustained savings for the public sector.

The Component C goal is focused on macro-fiscal policy, debt management, tax policy, capital and mega projects appraisal, and other areas of fiscal analysis, for the purpose of undertaking solid economic and social analysis within the Ministry of Finance. It links to Sub-IR #2: *“Budget execution improved, including a focus on gender responsive budgeting.”* The satisfaction survey for the component was 3.9 for technical assistance and 4.0 for work products, ranking it at 3.9 in overall satisfaction.

### **Finding C I. Improvements have been made**

The Component went through a challenging period at the beginning, with tension between project staff and MOF affecting the ability to agree on work plans, overall objectives and mutual commitment to Component C activities. Despite this, some gains in capacity development, technical assistance and training were realized in the early years.

Following project reorganization and restructuring in 2012, important gains were made in analytical and policy support to the MOF, development of tools, such as the Medium Term Debt Strategy (MTDS) and tax modeling, significant contributions to the IMF standby facility, internal capacity development and macro-economic modeling for the GOJ. The project strengthened the MOF technical arm, the Studies and Economic Policy Directorate (SEPD), which has helped the MOF to present Jordan’s situation comprehensively.

### **Conclusion**

The project has made progress in building the institutional and technical capacities of the MOF. Although the focus was on providing the Minister of Finance with technical capacities and advisory services, macroeconomic modeling and revenue forecasting are still underutilized by MOF. While MOF is using the simplified model that was developed with project assistance, MOF still needs development and staff training to be fully proficient.

### **Recommendations**

FRP II and the bridge should continue building the capacities of the SEPD and the Public Debt Department (PDD) through advisory support as well as encourage the GOJ in the hiring of senior staff members within the departments instead of hiring fresh graduates. This will help sustain the capacity

building process and knowledge transfer among the employees, ensure stronger units and more sustainable results.

FRP II should review and update the MOF assessment that was conducted through FRP I with participation of MOF staff in order to build trust, enforce efficiency and encourage results-based programming. FRP II and the bridge should continue with the demand-driven approach while incorporating additional components on best practices that are non-demand driven yet important to improve the MOF technical and institutional capacities in terms of policy analysis, macroeconomic and fiscal modeling, and debt management.

The MOF should adopt a ministry-wide communications strategy whereby all employees should be aware of the results and actions that follow the development of the studies/ policy papers.

### **Finding C2. Macro-policy modeling advancing**

The project made important progress on public financial management in assisting MOF to develop macro-fiscal modeling and revenue forecasting. Although the models still need development to attain international standards, they are actively used by MOF to produce analyses and reports used by the ministry and GBD for budgeting purposes. The models enable MOF to make its own internal economic forecasts and not depend only on outside organizations. The project has achieved important progress in building the institutional and technical capacities of MOF, in setting up a Macro-fiscal unit that is legally established by Ministerial Order as part of the Directorate for Studies and Economic Policies (SEPD), staffed it, and trained employees.

### **Conclusion**

MOF has developed macro-fiscal functions including policy analysis, macro-fiscal modeling, revenue forecasting, and a medium-term expenditure framework model thanks to sustained support of FRP II. These functions are critical for Jordan, a country with limited resources exposed to economic, social and regional variations.

### **Recommendations**

Although important steps have been achieved with FRP II assistance, particularly since 2012, USAID should continue the support to MOF in order to assist the GOJ in achieving long term macroeconomic stability, sustained economic growth, and improved budget planning.

In order to consolidate the reform gains it is recommended that USAID continue to provide assistance in macro-economic modeling, revenue forecasting, and tax policy analysis within the Directorate for Studies and Economic Policies. USAID should also provide assistance to MOF to develop an effective recruitment and training plans of professional staff in the above mentioned fields if MOF is to achieve these objectives in terms of macroeconomic stability and sustained economic growth.

## **Component D: Customs Administration and Trade Facilitation**

### **Introduction**

FRP II's customs administration and trade facilitation component is designed to build upon the work of previous USAID projects to improve the speed of export and import deliveries and reduce costs borne by exporters and importers. Specific anticipated results include effective implementation of single window procedures at customs; significant reductions for exporters and importers in the time required to import and export goods; improved customer service on the part of customs; and improved human resources standards and practices on the part of customs.

Jordan Customs (JC) is a critical institution for the collection of tax revenue. It currently collects about 42% of all GOJ tax revenue. This consists of approximately 8.5% from customs duties and 33.5% from sales taxes, trade facilitation, and border security.<sup>21</sup> Although Component D focused primarily on improved trade facilitation, the implementation of modern customs procedures such as single window, Automated System for Customs Data/Information and Communication Technology (ASYCUDA/ICT), risk management, and post clearance audits also improves revenue collection and border security. The Component links to IR #1, Sub-IR#1: *Environment of doing business improved*. The satisfaction survey for the Component was 3.7 for technical assistance and 4.0 for work products, placing it at 3.8 in the overall rankings of the components.

### **Findings DI. Customs Operations and Trade Facilitation improved significantly and impacts appear sustainable**

The principal international indicators for customs operations and trade facilitation are the annual Trading across Borders (TaB) survey, conducted by the World Bank/IFC; the Logistics Performance Index (LPI), an annual survey also conducted annually by the World Bank; and the biennial World Economic Forum's Enabling Trade Index (ETI). These indices all show significant recent improvements by Jordan in trade facilitation and customs operations.<sup>22</sup>

Regarding trade facilitation, TaB shows an improvement of six days for shipment time for exports (from 2009 to 2014), and an improvement of seven days for shipment time for imports (from 2009 to 2014). Based upon research that indicates that a one-day reduction in shipment time can increase trade from 1% to 7%, this improvement represents a substantial benefit to the economy of Jordan.<sup>23</sup> The ETI shows a similar positive trend. Jordan ranked 39 out of 138 economies for border administration in the 2014 survey, an improvement from 50 out of 132 in 2012. The LPI also shows a recent improvement. Jordan is ranked 68 out of 163 in 2014, an improvement dramatically up from 102 out of 158 in 2012.<sup>24</sup>

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<sup>21</sup> Source: Dr. Mohammad Anaswah, Director of Strategy and Institutional Development at Jordanian Customs. Customs also collects non-tax revenues from various fees, e.g., fees for single window, nuclear inspections, etc.

<sup>22</sup> Trading across Borders is the oldest and perhaps most referenced indicator, however its methodology is limited to selected imports and exports by SMEs transported by ocean freight, and it thus does not capture an overall picture of trade facilitation. The Logistics Performance Index and Enabling Trade Index are broader in scope. However, all three indices are based upon surveys of stakeholders and thus are subject to some subjectivity.

<sup>23</sup> S. Djankov et al, *Trading on Time*, Review of Economics and Statistics, vol. 92 (2010). Ibid

<sup>24</sup> When these surveys are disaggregated to track customs performance, TaB shows in 2014 customs clearance and control for exports required only two days (out of a total of 13 days) and for imports only three days (out of a 15 total of days). By comparison, Singapore, the highest ranked economy by TaB, requires one day for customs clearance and control of imports and one day for exports and Turkey, a regional OECD economy, requires two days for both imports and exports. The LPI ranks Jordan customs operations at 78 out of 163 in 2014 compared with 115 out of 158 in 2012. The ETI for 2014 ranks Jordan customs services at 62 out of 138 economies and Customs transparency at 1 out of 138 (tied with 35 economies). For 2012, the ETI ranked Jordan 65 out of 132 economies for efficiency of customs administration. Customs transparency was not ranked in 2012.

**Figure 5: Trading Across Borders - Jordan**



Stakeholder interviews confirmed a general improvement regarding customs operations and trade facilitation during FRP II. Golden List participants in particular reported that their shipments received expedited treatment. Notably, JC received the King Abdullah II award for government excellence in 2011 and 2013.

Golden List participants and other traders constitute an important constituency supporting improved customs procedures and trade facilitation. Stakeholder interviews with both Jordan Customs and traders demonstrate that there is satisfaction with Component D work and support for the continuation and expansion of customs and trade facilitation reforms.

### **Conclusions**

FRP II work with JC on trade facilitation has led to significant improvements, as indicated by internationally recognized measures of customs operations and trade facilitation and stakeholder interviews. The evaluators believe a causal relationship exists between Component D activities and improved customs operations and trade facilitation.<sup>25</sup> In addition, sustainability of customs and trade facilitation improvements after termination of USAID assistance does not appear to be a problem. In view of the demonstrable benefits to the economy, more work to further improve customs operations and trade facilitation would still yield benefits.<sup>26</sup>

### **Recommendations**

USAID should continue to support customs operations and trade facilitation by providing support to JC in the areas of single window, ASYCUDA and other IT improvements, Golden List (authorized economic operator) program expansion, and improved risk management and audits, and also support implementation of the provisions of the World Trade Organization (WTO)'s new Trade Facilitation Agreement, particularly the establishment and operation of a national committee on trade facilitation devoted to furthering sustainable trade facilitation improvements in Jordan.

### **Finding D2. Several Management Issues Reduced the Effectiveness of Component D**

Despite the significant accomplishments to date as noted above, the evaluators did note problems in Component D.

#### *a) Progress on Conformance to International Agreements / Legal Reforms Has Been Slow*

<sup>25</sup> In order to establish a causal relationship between FRP II Component D activities and the above noted improvements in customs operations and trade facilitation, the FRP II interventions must have occurred prior to the improvements, they must have had an association with the improvements, and other causes for improvements, such as assistance from other donors and self-financed improvements by the GOJ must be excluded. These requirements have been generally met.

<sup>26</sup> See, e.g., fn 23, *supra*.



One of the objectives of Component D is to increase compliance with international agreements relating to customs. These include, among others, the WCO's Revised Kyoto Convention, the WTO Agreement on Customs Valuation, and the new WTO Agreement on Trade Facilitation. At the inception of FRP II, Component D undertook a legal "gap analysis" regarding the compliance of Jordanian customs law with the Revised Kyoto Convention and other key international customs agreements and a final report was submitted in September 2010. Now, after almost four years, the proposals have finally been submitted to Parliament for adoption. These proposals include provisions essential for modernization, such as the authorization of electronic documents.

The new WTO Agreement on Trade Facilitation concluded in December 2013 contains many important trade facilitation measures, some of which have not yet been implemented by Jordan.<sup>27</sup> Two self-assessments regarding the new Agreement have recently been conducted with the assistance of UNCTAD (2013) and the WTO Secretariat (June 2014) containing some 15 measures that require further action.<sup>28</sup> Of particular concern, there appears to be no urgency in establishing a national trade facilitation committee comprised of public and private sector stakeholders to coordinate all trade facilitation matters, as is required by the WTO Agreement.

*b) Problems with FRP II Project Management reduced Component D effectiveness*

A number of problems with FRP II project management were brought to the attention of the evaluators in interviews, primarily relating to the years 2009-2011. These included the failure of the project to deliver promised assistance to Jordan customs in a timely manner; poor communication by JC to FRP II Component D regarding appropriate consultants for planned technical assistance; turnover in Component D embedded personnel earlier in the project; and (except for training programs in which a much greater percentage of trainees than staff were women) the failure specifically to address gender constraints as required by project plans. In addition, about one-third of the funding originally budgeted for Component D was diverted to other FRP II activities without the knowledge or consent of the Component D implementing organization.<sup>29</sup>

*c) Performance Indicators for Component D can be improved*

JC informed the evaluators that they had not been consulted when FRP II developed performance indicators for Component D and that they use different indicators than does JC. In most cases, the performance indicators used by FRP II are not directly linked to the outcomes desired for Component D, in other words, they are output indicators, not outcome indicators, and the outputs measured do not necessarily link to desired outcomes (see conclusions below).<sup>30</sup>

No FRP II indicator other than training reports captures the impact of Component D work on gender.

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<sup>27</sup> For example, Jordan has not yet adopted advance rulings, pre-arrival processing (except for an experimental program), post-clearance audit for all traders, publication of average release times, and a national trade facilitation committee.

<sup>28</sup> Jordan Fiscal Environment Assessment (February 2014, p. 42).

<sup>29</sup> This is discussed in the Inspector General's Report, Audit of USAID/Jordan's Fiscal Reform Project II (December 11, 2013) (revised), pp. 11-12. Management of the implementing organization said they had no knowledge of this until they read the IG Report.

<sup>30</sup> These are, in order of importance from the FRP II SOW: significant reduction for exporters and importers in averages times from order to delivery of goods; effective implementation of single window; improved customer service; improved human resources standards and practices.

## Conclusions

The management problems indicated above relate in part to problems experienced more generally by FRP II during the first years of its operation and have since been mostly corrected. However, definition of Component D indicators can be improved. (see below)

To capture impact of gender-related efforts, indicators tracking the impact of customs and trade facilitation improvements on women-owned businesses involved in international trade and the employment and advancement of women at JC would be useful.<sup>31</sup>

Output indicator percentage of violations uncovered in red lane inspections supports the outcomes of an improved risk management system that facilitates trade and increases revenue. The output indicator of increased volume of trade covered by Golden List procedures supports the outcome of reduction of shipment time for imports and exports measured by a time-release study. The output indicator of number of women employed at JC supports the outcome of improved opportunities for women.

## Recommendation

The bridge and future projects should revise output indicators in this area to more directly report on outcome and to capture work on gender issues. If the legal reforms are not high priority for both JC and the GOJ, future assistance should deemphasize implementing international agreements.

### **Finding D3. The Inspector General's Report and the Jordan Fiscal Environment Assessment Report incorrectly concluded that assistance to Jordan Customs was or would be achieving diminishing returns**

A recent audit of FRP II by USAID's Office of the Inspector General<sup>32</sup> concluded that the "Implementation of activities with Customs has generally been positive."<sup>33</sup> "However... [c]ontinuing the same type of assistance to Jordanian Customs would generate a diminished marginal return. Instead, assistance to Jordanian Customs could be scaled down or eliminated, and resources redirected to the government agencies and private companies that are creating trade barriers..."<sup>34</sup> Yet the data in the report does not indicate that assistance to Customs has resulted in a diminished marginal return. To the contrary, international indicators such as TaB, LPI, and ETI (which the IG's Report did not reference) show recent significant improvements for both trade facilitation and customs operations, resulting in part from USAID assistance.

Another recent assessment (Jordan Fiscal Environment Assessment (February 2014)) concluded that "Given the substantial assistance that Jordan has received in the area of customs and trade, as well as the resulting improvement in Jordan's trade performance" aid to other areas such as the energy sector and LGU capacity building should receive priority over continued assistance to customs and trade facilitation.<sup>35</sup> Nonetheless, USAID assistance has produced demonstrable results and continued targeted assistance to JC and the support of a national trade facilitation committee and the other measures set forth in the WTO's new Trade Facilitation Agreement should produce significant measurable benefits in the future to the economy of Jordan.<sup>36</sup>

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<sup>31</sup> The Component D DAI/Nathan team told the evaluators that approximately 20% of trainees were women at Customs, FDA and MoA were promoted to more responsible positions during the course of FRP II. The evaluation could not confirm attribution.

<sup>32</sup> Audit Report No. 6-278 – 14 – 003 – P (December 2013)(revised)

<sup>33</sup> Ibid. p. 7

<sup>34</sup> Ibid. p. 8

<sup>35</sup> Ibid p. 27. This study, which was conducted in 2014, did not consult the relevant international measures of trade facilitation and customs operations (discussed above). If it had, its conclusions might have been different.

<sup>36</sup> See footnote 23 above.

## Conclusions

The analysis and conclusions of the above two reports regarding trade facilitation and customs operations are incorrect for two reasons: the reports (1) failed to consider current international indicators of trade facilitation and customs operation showing that both trade facilitation and efficiency of customs operations have rapidly improved (as a result of USAID assistance); and (2) greatly understated the importance of customs to the collection of government revenue (although recognizing that revenue from customs tariffs alone is less than 10 percent of GOJ revenue – see above).

## Recommendation

Recognizing its critical roles in trade facilitation, revenue collection and border security USAID should continue support to JC and support the establishment and functioning of a national trade facilitation committee (as required by the new WTO Trade Facilitation Agreement), the implementation of the customs procedures required by that Agreement that have not yet been adopted in Jordan, and trade facilitation assistance to private sector stakeholders. As one example, assistance to the clearing agents association to increase professional training and qualifications could result in improved customs operations and trade facilitation.

## Component E: Government Performance Improvement

### Introduction

Government Performance Improvement (GPI), formerly Results Oriented Government, focused efforts on improving the quality and innovativeness of strategic thinking and planning and the roles government should have in the most cost effective way. With the formation of the GPI component in 2012, Results Oriented Government, King Abdullah Awards (KAA), and the newly added Audit Bureau were merged into the new component. Throughout the FRP II project, the focus of the government performance work has been on introducing innovation and “outside-the-box” thinking to improve strategic planning, linking plans with actions, and improving feedback for performance management within the GOJ. These are reflected in the GPI component work plans beginning in 2012. The Component links to Sub-IR #2: *“Budget execution improved, including a focus on gender responsive budgeting.”* The satisfaction survey for the Component was 4.0 for technical assistance and 4.0 in work products received, placing it 4.0 in the overall rankings of the components.

### Findings EI. Capacity Development Effective and Long Lasting

At its core, the component focuses upon capacity development within GOJ counterpart institutions. While the composition of counterparts evolved slightly over time, most notably with the addition of the Audit Bureau in 2012, central to all the work across the component has been an emphasis on department-level capacity development. Through targeted technical assistance, training and the development of tools (i.e. websites, customer satisfaction portals, Results Oriented Government toolkits, etc.) the skill levels and abilities to carry out governmental responsibilities by teams within counterpart departments were enhanced. Two of particular note are KAA and the Ministry of Public Sector Development (MoPSD)-led leadership training. More than 69 mid-to-senior level government officials have been trained to date through three leadership training courses.

From the beginning of FRP II the contractor worked with KACE on strengthening specific government departments in preparing for award consideration. This work contributed to several awards and nominations ranging from JC to significant institutional strengthening, *inter alia*, within the GBD and the ISTD. KACE also received internal capacity development in communications, public awareness, and management. Notably, those trained within the government departments continue to assume increased responsibilities and participate in reshaping the GOJ as evidenced by the KIs.

From year one, FRP II has focused on department-level capacity development. Project documentation shows that participation in trainings, technical assistance, and teams such as the KAA work with ISTD and GBD results in skills transfer, upward mobility, and increased responsibilities within the work place. For example, all five women who participated in the KAA work related to GBD have advanced in their careers and now are team leaders themselves within the budget department, as reported in KIIs and contractor success stories.

The Ministry of Public Sector Development (MoPSD)'s role involves modernizing the public sector in Jordan. Small in size, with slightly less than 100 employees, its mandate reaches across the GOJ. FRP II assistance in governance, streamlining, rationalization of organizational roles, toolkits, manuals and communication strategies has contributed toward making the ministry a powerful agent of change within the GOJ. The *Leadership Training* program developed jointly with FRP II support is representative of sustainable capacity development. Developed for staff levels below the Secretary General, the program promotes upward mobility within the GOJ. Three such training programs have been held under FRP II. Each lasts almost four months and includes approximately 30 people drawn from line ministries or departments. It has been such a success that Leadership Training #4, covering a six-week period, will be carried out by the MoPSD with the ministry assuming most associated costs.

*"The Key Driver for change in any organization is its people"*

**Dr. Khleif Al Khawaldeh**  
Minister of Public Sector Development

## **Conclusion**

While generalized training might introduce new concepts and skills, individually-focused technical assistance and training over time has longer-term impact. The evaluation noted that staff retention patterns of those who had received skills enhancement over time showed significantly lower attrition rates; the exception being those hired away to the Gulf States which is a recurring problem for the GOJ in general.

Placing emphasis on continued technical assistance and training in individual and group settings increases staff capacities and contributions to the overall work plans of a department. While the KAA model's ultimate prestige is receiving actual KACE awards, this recurring and integrated approach to capacity development should be encouraged, leveraged and focused on those key groups central to achieving work plan results. Internal capacity development is a goal in itself. Also, the more broadly information is shared across ministerial departments the more effective collaboration on cross-departmental teams will be (as evidenced by the changes in cost savings and achievements realized in years 2012-2014).

## **Recommendations**

FRP II and the bridge should promote layered and integrated training and technical assistance activities to realize capacity development. One-time training, such as an introduction to a topic, does not ensure knowledge transfer. They should also target "groupings" of technical assistance and training over a period of time to foster lasting impact.

## **Finding E2. Bottom up Work Plan Development: the MoPSD Example**

Beginning in 2012, FRP II began work plan and budget development by component from the bottom up. As a newly added component, Government Performance Improvement clearly illustrates the positive impact of such an approach, having none of the implementation issues that arose in the early years. With the ongoing collaboration with MoPSD and the new role of providing assistance to the Audit Bureau, a hands-on, joint team approach to developing work plans was undertaken. Mutual agreement on the institutional mandates and intended goals and objective enabled a focus on the organizational priorities.

In turn, this often leveraged impact beyond the agreed upon work plan. This approach was applied to work products, such as *Streamlining Government*, Results Oriented Government toolkits (which went through more than a dozen design meetings) and, for example, creation of the “*Public Sector Participation in Strategic Planning*” modules. Also, it is found that *ad hoc*, off-work plan requests were significantly lower in the later years of FRP II, in part due to the mutual focus on agreed areas of work.

Within the MoPSD, in addition to the leadership training discussed above, the jointly-produced work plan focused on critical strategic directions for the ministry, as well as department by department priority areas of assistance. This included workforce alignment, human resources, streamlining governance, communications, and complaint system management. Each involved development of toolkits, manuals, training, and/or targeted technical assistance. As applicable, each is being rolled out to ministries and departments of the GOJ.

Joint progress monitoring was initiated by the contractor and counterparts. The evaluators were informed by the Minister and through KIs that this was a very impactful approach. Each month a report is produced on the status of all activities and is shared across the ministry and becomes the focal point for identifying issues, problem resolution, and future directions. Typically, these monitoring reports reside with contractors and key counterparts but within MoPSD, all departments receive the monitoring report. Currently, toolkits like the Results Oriented Government and Service Delivery Improvement are being implemented across the government, and shortly the new government-wide HR manual will be distributed to all GOJ departments, followed by HR training.

## **Conclusion**

The bottom-up, joint work plan development proved very effective across the component. Bottom-up and joint planning led to stronger interaction and understanding among parties, and enhanced the quality of work products. It did have costs in terms of more time required for collaboration and, in some instances, of procurement delays. In the case of MoPSD, the ministry-wide distribution of monthly performance reports was effective in keeping visibility on work plan objectives, deliverables, and intended results. In contrast, the evaluators concluded from the KIs that in the Audit Bureau where such an approach was not used, some offices did not know why FRP II was there or what they were doing. Top-down work plan development, as evidenced in the early years of FRP II, did not work nearly as effectively or transparently as the later FRP II approaches.

## **Recommendation**

As earlier “buy-in” promotes quicker implementation and leads to results, the bridge and future projects should insist upon bottom-up planning for work plans and accompanying budgets. Transparency should be paramount as it promotes collaboration even among those not involved in the project. The project should share information on project status and progress across a wider audience, though this is atypical of donor projects.

## **Finding E3. Evolving Role of the Audit Bureau**

The traditional role of an audit bureau is to monitor expenditures of the state. In Jordan, the Audit Bureau reports to the Parliament under day-to-day direction of the Prime Minister. Even with the 2008 passage of Results Oriented Budgeting, it is a little known entity and is often tasked with non-audit assignments by either the Prime Minister or Parliament and does not operate as an independent entity. Moreover, its traditional role has been heavily focused on financial audits with little innovation in audit functions according to the Minister and Component Team Leader. Under FRP II significant progress has been made in re-branding the institution and adding new skill sets, most notably performance indicator audits, and more modest progress in moving to an independent status. FRP II developed the bureau’s first communication strategy, modernized the website and rebranded the agency logo. It has its own

public awareness campaign in place. It now outsources financial audits and is the only audit bureau in the MENA region performing indicator audits, with future audits to include environmental audits, code of ethics, and public sector procurement. As a late addition to the work, the key issues facing the Audit Bureau were identified and the bureau has made progress in strengthening its public image and, to a lesser extent, its independence. Major progress was made in moving the organization beyond the role of traditional financial audits and in creating the first public awareness capability within the Bureau.

### **Conclusion**

Overall, the Audit Bureau has been a receptive counterpart to FRP II. A gradual move toward independence from the Parliament will strengthen the Audit Bureau's independence which is likely to contribute to continuing innovation and expansion in audit practice areas.

### **Recommendation**

Should USAID provide additional support in line with the 2013-2017 CDCS, the two key areas of focus that should be enhanced are audit capabilities and institutional independence. Strengthening audits in new areas (e.g. environment, social costs, etc.) can be considered.

## **Component F: Government Financial Management Information**

### **Introduction**

GFMIS is an integrated system that replaces previous 'closed' management systems used by government entities. It consolidates financial and accounting information from all ministries, departments and regional financial centers through the MOF. The system computerizes the entire life-cycle of budget preparation, budget execution, and financial reporting.<sup>37</sup> Once fully functional, GFMIS should ensure transparency and accountability in the allocation, use and monitoring of Jordan's public resources. GOJ entities will no longer be able to spend above their budget allocations. GFMIS will support an informed decision-making process by linking all government institutions.

Support through this component contributes to three of FRP II's higher-level objectives: 1) Improved efficiency of use of public resources through stronger public financial management; 2) Results-oriented government; and 3) Enhanced revenue mobilization through better revenue administration. The specific project support objectives for Component F were:

- GFMIS enables consistent budget preparation and execution processes for all spending agencies
- GOJ, MOF, and spending agencies have real-time access to financial data to make informed decisions
- Government financial controls are strengthened
- GFMIS is staffed with well-trained, knowledgeable employees<sup>38</sup>
- GFMIS unit provides best practice support to all clients

The GFMIS unit undertakes activities that will enhance and extend GFMIS. It links to Sub-IR #2: *Budget execution improved, including a focus on gender responsive budgeting*. The satisfaction survey for the

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<sup>37</sup> GFMIS has eight modules/tracks which all feed into the General Accounts: Budget Preparation (which incorporates Position management and Project Management); Budget Execution (which incorporates Purchasing and Payments) and Revenues and Cash Management

<sup>38</sup> The terminology used here is taken directly from the FRP II Work Plans. It should be noted, however, that in fact, the GFMIS is under a separate unit within MoF called the GFMIS Directorate, which is managed and supported by FRP II. There is no entity known as (the) GFMIS unit.

Component was 3.1 for technical assistance and 3.9 for work product received, placing it 3.5 in the overall rankings of the components.

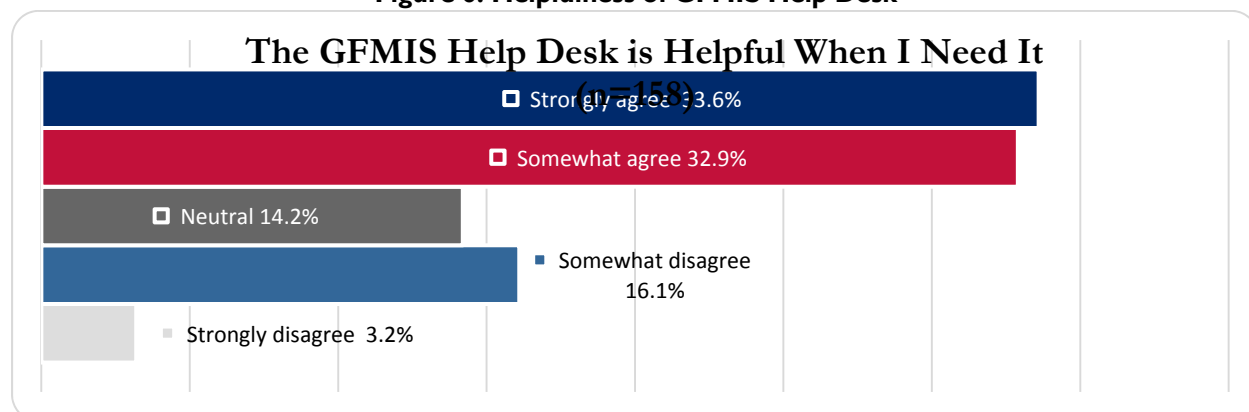
Following a slow and difficult start (related to both institutional relationships and long reviews and lengthy testing cycles) GFMIS was launched in 2008. Since then it has been rolled out in 53 ministries and regional financial centers (RFCs) as of the time of the evaluation. IntraCom rolled out GFMIS to 45 ministries and RFCs by the 4<sup>th</sup> quarter 2011, in batches of about three per month, when it exited the project.<sup>39</sup> This was considered Phase I. Since then, the GFMIS Directorate supported by Team F has rolled out a further eight batches under Phase II. The plan is to roll out the remaining 26 until all 79 ministries and RFCs covered.<sup>40</sup>

Note that as an electronic system, GFMIS can be considered gender neutral. As a tool for budget transparency and allocation it can contribute toward empowerment of women, which could be accomplished through MoF policy (specifically through GRB, under GBD).

### **Finding F1. Satisfaction levels with FRP II support to GFMIS are generally positive**

In meetings with department heads and in discussion groups with users, the level of support provided by the GFMIS Directorate (led and managed by Team F staff) is rated either moderately high or very high. Training on using the system was considered sufficient and of good quality, and GFMIS Help Desk responsiveness was also rated highly. As shown in Figure 6 below, the GFMIS user survey (see Annex XI for results) found that 64 percent of respondents somewhat or strongly agreed with the statement ‘the GFMIS Help Desk is helpful when I need it,’ compared to 22 percent who somewhat or strongly disagreed.

**Figure 6: Helpfulness of GFMIS Help Desk**



Source: GFMIS user survey

While satisfaction levels with the GFMIS as a system cannot be linked directly to FRP II support, since the system is an independently developed product, which allows relatively minimal customization, they are informative regarding likely sustainability as well as being reflective of the general support provided by the project. Reviews are mixed, and depend in part on the costs and benefits different stakeholders derive from the system. In general, the evaluators found that satisfaction levels of financial departments (within ministries) are high while, according to the survey, satisfaction with the system is mixed among

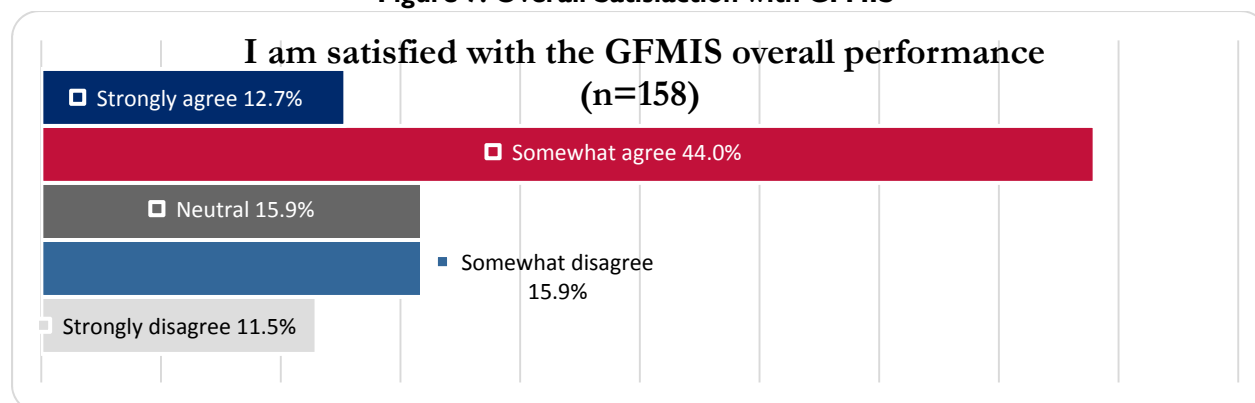
<sup>39</sup> IntraCom supported the rollout in Phase I, and the operation was led by FRP II staff and MOF (including Training of entities, site support, information gathering, auditing). IntraCom worked on preparation of set up which was later taken over by MOF staff.

<sup>40</sup> GOJ has 55 ministries in Amman and 29 RFCs.

users. Some 75 percent of users say it is slower than their previous system, yet 60 percent say it makes their work more efficient. Reasons for the slow processing relate largely to the fact that the current GFMIS system was designed for about half the current number of users (for more detail, see Finding F3, below).

Regarding overall performance, and shown in Figure 7 below, 57 percent of users are satisfied while 28 percent are not. Key reasons include slow processing times (especially compared with legacy systems which end users were accustomed to), and technical glitches.

**Figure 7: Overall Satisfaction with GFMIS**



Source: GFMIS user survey

Some users report that GFMIS makes their work less efficient, (even if it may increase efficiency at government-wide levels) and can cause difficulties with departments or persons who depend on the transactions being processed in a timely manner. The larger number of procedures and additional approval/control measures also slow things down. Yet most users describe it as relatively easy to use and to learn (depending on their capacity), despite its more complicated procedures.

## Conclusion

GFMIS Directorate is doing a relatively good job of managing system support. Despite the challenges inherent in the system, most users find it more efficient and are satisfied with it.

## Recommendations

In its remaining time FRP II and the bridge should ensure rollout is completed and the system becomes fully functional and sustainable, ensuring that both GOJ and USAID can maximize the returns on investment in the system.

## Finding F2. FRP II staff responsible for managing and supporting GFMIS system

FRP II project staff plays a critical role in managing GFMIS, occupying key management positions within the GFMIS Directorate, essentially as civil servants on the project payroll. The Team F Lead is the head of the GFMIS Directorate, and eight other Team F members are embedded within the GFMIS Directorate. Following contract disputes between IntraCom and the Contractor, the GFMIS Directorate took over implementation and roll-out to government entities.

Team F, responsible for GFMIS rollout and support, is divided into several sub-teams: functional, technical, and project management. Their main roles include evaluating pre/post implementation. Within the GFMIS Directorate there are also communication, business process realignment, and change management teams. Turnover levels (of staff on government salaries) are high: in the past two years, 20 out of 50 staff have moved on as GFMIS skills are valued in other countries.



## **Conclusion**

GOJ relies heavily on FRP II to manage GFMIS, and in essence it has taken on a system it cannot yet afford. Because of the need for well-qualified specialists to run and manage the GFMIS, remuneration rates need to be higher in order to attract and retain staff. At present, the nine FRP II staff working at the GFMIS Directorate (closely integrated with the staff, and managing the Directorate), are occupying an ambiguous position between project staff and government staff. This situation is understandable and no doubt necessary, but it means that dependence on FRP II is high. Discontinuing assistance (i.e. effectively lowering salaries) could easily degrade GFMIS human resource support.

## **Recommendation**

USAID projects should support GOJ revision of civil service bylaws so as to reclassify key GFMIS technical staff to bring remuneration up to market levels. This may require conducting job analysis, creating job descriptions, and establishing higher salaries which may have larger ramifications throughout the GOJ. Some conditionality arrangements could be envisaged in order to ensure commitments at higher levels of the Government, including signing MOUs or letters of commitment of specific reform areas and stipulating conditions precedent. USAID should also consider providing support to GOJ in building qualified teams through continuous capacity building and assessments.

## **Finding F3. Expert capacity and technical capacity constraints**

GFMIS was designed and built for 600-700 users. This is a significant under-estimate as it is currently used by 1,200 users and, when complete, the number of users is expected to exceed 2,000. Reasons for the delay in addressing these issues are said to relate to issues with obtaining new servers and hardware to replace the original GFMIS system (now five years old) and software upgrades required. Action is finally being taken through a tender to upgrade the infrastructure/hardware prepared, but the entire process has been held up by the need to issue a certificate by IntraCom and obtain a final acceptance letter from GOJ. The new infrastructure will be funded by FRP II, even though it was not part of the FRP II SOW. However, it is deemed an urgent need due to the GOJ's financial constraints.

The system is not inexpensive, and the GOJ has relied on USAID until now for implementation. USAID has had to convince the GOJ to pay for new servers itself. License fees are also significant, at US \$2,000 per GFMIS end-user, plus a 22% per year subscription rate. As with most new technology, however, there are also indirect costs, in this case related to user problems with the system, slow processing times, lack of control by users/entities, additional technical support, and (at least from the perspective of some users) fewer features.<sup>41</sup> While a certain degree of dissatisfaction and problems is to be expected (e.g. glitches during rollout, loss of functions compared with legacy systems, learning by users), others relate to the GFMIS implementation design.

## **Conclusion**

The rationale for implementing GFMIS is strong: control, effective use, accountability, transparency, and reporting ability (including to the IMF). The potential benefits to financial management and fiscal benefits of adopting GFMIS are vast, but GFMIS introduction also carries costs, both monetary and non-monetary. GFMIS is still in a start-up phase, not yet fully rolled out, and with only limited functions available. Capacity constraints, coupled with partial rollout, means the system is not yet operating completely nor delivering many of its potential benefits, according to users and GBD staff. Once activated in all ministries and RFCs, and linked across government, GFMIS's functionality and acceptance or support should increase substantially.

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<sup>41</sup> Note that GFMIS Directorate reports the GFMIS in fact has more features than previous systems.

Given the legislative backing and the retirement of legacy systems, GFMIS has a chance at being sustainable, but this is highly conditional upon continuing external support.

### **Recommendations**

USAID should ensure that support for development of infrastructure capacity (servers, upgrades) continues, encouraging GoJ to commit its own resources to GFMIS to ensure its sustainability and wean it off dependence on external support. The activation and utilization of unused modules and functionalities (project management and the business intelligence) should also proceed. A plan of action for moving greater responsibility for the system to GoJ should be developed and agreed upon. Any plan should provide support to GFMIS end users.

## **Component G: Energy and Public-Private Partnership**

In 2012 FRP II decided to reorganize Component G by moving work on public-private partnerships (PPP) out of Component C and to combine it with the existing work on Energy in the component. The rationale was to give these activities greater emphasis within the project. For evaluation purposes they are treated separately below.

### **Introduction – Energy**

Component G was established in Year 4 of FRP II with the aim of supporting the Ministry of Energy and Mineral Resources (MEMR) “in achieving its long-term, strategic optimization of fuel supplies for electric power generation.”<sup>42</sup> The economy-wide implications of the fuel crisis arising from the cut-off of Egyptian gas imports acted as an impetus for this technical assistance. FRP II support consisted of producing several technical assistance studies and providing strategic advice built around MEMR's existing policies, looking into the most efficient ways of achieving their objectives, to prioritize and rationalize what could be done over the short term. This component is limited in scope and size. Implementation of some tasks, such as an outreach campaign, was passed from FRP II to other USAID projects (e.g. Public Action Project (PAP), and Energy Sector Capacity Building (ECSB)).

The following reports were successfully developed with, presented to, and discussed with MEMR counterparts:

- Security, Reliability, and Optimization of Fuel Supplies for Electric Power Generation in Jordan: A Strategic Road Map. (Prepared by IHS-CERA). Jan. 2013
- NEPCO Debt Recovery Forecast with a Focus on the Electric Power Sector. (Prepared by Carlos Yermoli). Nov. 2012
- Jordan Renewable Energy Policy Comparative Assessment Overview. (Prepared by IHS). Nov. 2013
- Findings and Recommendations for Attracting Investment in Oil and Gas Development in Jordan. (Prepared by Mark Schlagenhauf). July 2013

The component links to Sub-IR #3: “*Public-private partnerships developed.*” The satisfaction survey for this Component was 4.0 for technical assistance and 5.0 for work products received, placing it 4.5 in the overall rankings of the components.

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<sup>42</sup> Year 4 Workplan, p 59.

### **Finding G1. Satisfaction levels with Component G energy technical assistance were generally high**

Based on a review and discussions with MEMR counterparts, overall quality of technical assistance (including the studies themselves, and the consultative and advisory role played by Team G and STTA) was high.<sup>43</sup> The studies were cited for their high degree of relevancy to sector policies, their overall quality, and the consultative process which accompanied them. The cost of the individual studies was somewhat high, but this was justified based on the contracting of a top firm in the field (HIS-CERA).

Counterparts reported that for at least three of the four studies there was very good follow-up by, and regular contact with FRP II team members and STTA. The fact that experts were based in Amman was a key advantage—their availability allowed the Ministry to discuss issues on an as-needed basis, and made the technical assistance much more useful than it otherwise would have been. Counterparts felt that this type of process-oriented approach, with expertise close at hand (as opposed to consultants delivering analytical work and leaving without being available to provide further advice) made FRP II assistance particularly valuable.

### **Conclusion**

Close engagement between FRP II and counterparts in designing and implementing the technical assistance, together with the high quality of the outputs, increased the relevance and utility of the outputs, increasing counterpart engagement and buy-in.

### **Recommendation**

The bridge and future projects should promote a participatory and interactive approach for technical assistance studies and, whenever possible, plan for longer-term, ongoing presence of technical assistance based in-country recognizing that this has significant cost implications which USAID should also recognize in its project design.

### **Finding G2. A weak enabling environment at MEMR had implications for the technical assistance**

Although the technical assistance was seen as useful and relevant, few of its recommendations (aside from those relating to the LNG port and renewable energy) were taken up by counterparts due to host country political sensitivities and geo-political factors during the life of the project, although they are currently being considered by MEMR.<sup>44</sup> This was largely attributed, by the counterparts themselves, to internal issues at MEMR. Although most of the TA was driven by demand from higher levels at MEMR, interest in the technical assistance and ownership over the problems at middle and lower levels within the Ministry were reportedly weak. A lack of political will at MEMR was described, so that the technical assistance recommendations were generally not taken up, while reforms were not pursued. It should be noted that MEMR does not have an updated energy strategy, which takes into account the new geopolitical environment and trade constraints.

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<sup>43</sup> Caveat: Analysis of this component was based on only three interviews (two with counterparts). Attempts to meet with other stakeholders were unsuccessful.

<sup>44</sup> The Component G noted that MEMR in fact approved a very important part of some report recommendations (the assessment of neighboring gas as a viable fuel option) but believed that the opportunity did not occur to discuss the issue in detail between FRP II, USAID and the counterpart. FRP II notes that it fully considered the geopolitical factors (which were even included in the seminal FRP II CERA Strategic Report). Because of the strategic study, the geopolitical recommendations were taken up by the counterpart which is now working on developing them.

## Conclusion

The inability of counterparts to employ the technical assistance to inform policy making limited its usefulness. The fact that it was added late to FRP II (in 2012), and subsequently passed on, in part, to other USAID projects (PAP and ESCB) limited its ability to inform policy. Generally, sector components can be more effective when they are more closely aligned with a project; in this case, energy, although a major component of the economy, is only tangentially linked to fiscal reforms.

## Recommendations

To increase the usefulness of the technical assistance provided, USAID should take into account political economy risks when funding any areas of work not directly related to the core project, particularly in an area such as energy reform which is not driven principally by economic arguments.

## Introduction – Public Private Partnerships (PPP)

The Public Private Partnership (PPP) contribution under Component G is a continuation of activities which began under Component C. At the beginning of FRP II, efforts focused on institutionalizing Economic Impact Assessment at the GOJ through introducing cost-benefit analysis, improving the process of appraising the mega and capital projects, and establishing a unit responsible for planning and managing long-lived assets. The Prime Ministry (PM) was initially responsible for developing the PPP in theory and practice and thus the FRP II PPP assistance was directed at the PM since 2010. However, a change in government has resulted in a decision to have a PPP unit established at the MOF which then became the main counterpart for the PPP team.

The PPP Unit was envisioned as an innovative financing mechanism that would enable partner investors in large PPP infrastructure projects to benefit from some capital guarantees without causing the GOJ to exceed its debt and debt guarantee limitations. It links to Sub-IR #3: *Public-private partnerships developed*. The satisfaction survey for the Component was 3.1 for technical assistance and 3.9 for work products received, placing it at 3.4 in the overall rankings of the components.<sup>45</sup>

## **Finding G3. PPP Enabling Framework (law, bylaws, setup)**

The core PPP activities concerned the endorsement and issuance of the PPP law. Changes in the GOJ during the project lifetime caused a significant delay in setting up the PPP enabling framework, also delaying most of the activities in the work plan. FRP II management and USAID agreed not to proceed with any action before the law was in place. The PPP Law underwent several reviews with direct assistance received by the World Bank until July 2014, when the law was finally approved by the Lower House Parliament but the law is still not fully approved.

Recognizing the importance of PPP, FRP II has been working with the Word Bank on developing the mandate for a PPP unit, starting with capacity building and awareness raising workshops on PPP-related topics, as well as with the recruiting process. The collaborative work with the World Bank, which appears productive, is as yet unrecognized by the MOF, which perceives FRP II as minor contributor to PPP activities and gave it a low satisfaction rating. FRP II subsequently reports that it is presently establishing staffing, developing a business plan and building the capacities on PPPs and capital budgeting decisions at the MOF in full cooperation with the World Bank and this could change the rating in the future.

## Conclusion

FRP II made a prudent management decision to slow the progress of work under PPP during the period of developing and approving the PPP law.

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<sup>45</sup> Both Energy and Public Private Partnerships are in very early stages under FRP II and cannot be considered as having equal weight in the satisfaction survey results. The rankings are provided for *illustrative* information only.

## **Recommendation**

In the future, USAID should increase the level of the technical assistance related to developing PPP by-laws and all related arrangements, as well as in institutionalizing a PPP unit according to best practice. This entails working with the line ministries, MOF, as well as with the HR department in order to: (a) increase the level of understanding of PPP and its impact on the economy, (2) establish a strong unit with qualified people who are capable to coordinate with line ministries and evaluate major long-term investment projects that have multi-million dollar budget costs, and (3) take public interest and social value into account to increase projects' profitability.

## **Finding G4. PPP Advocacy, Communication and Outreach**

In June 2012, FRP II management decided to add two additional objectives to the project, one of which was PPP-focused. The rationale, according to FRP II, was to increase attention on PPP. This assumes that the major counterpart and stakeholders will be targeted intensively and directly in order to increase their understanding of PPP and get their buy-in so they all become advocates for PPP. With the delay of PPP law and lack of higher level vision of PPP and commitment, a few activities were accomplished, mainly those related to trainings. One example is the training program on financial and economic project appraisal conducted in April 2013 and which included specialized employees and project managers from within the MOF in addition to line ministries (Water, Energy, Transport, and Planning) who are involved in the management of major capital projects.

## **Conclusion**

A better communication and outreach component could have helped the buy-in for the PPP law and other PPP-related activities. However, given the sensitivity of the topic among politicians and the public in general due to its association with privatization, FRP II has responded carefully to the local context by acting slowly with very low profile under existing boundaries. Also, the project reports that it was a conscious decision to work in support of the more public profile of the World Bank which in turn made the level of direct interaction with the MOF and related stakeholders unrecognized.

## **Recommendation**

If PPP remains a part of USAID programming, the bridge and future projects should emphasize support for GOJ communication and outreach efforts. Further, future projects should incorporate multiple stakeholder interests (including government, businesses and the wider public). Moreover, careful consideration should be given on how to ensure high level government support to PPPs given the urgency of the situation wherein the current debt percentage for capital investment is now at 77% which means that greater use of public-private partnerships (PPP) and other debt alternatives should be a strategic focus to the GOJ and donor community as a means to achieving economic growth.

# ANNEXES

## ANNEX I: EVALUATION STATEMENT OF WORK

### PERFORMANCE EVALUATION FOR THE USAID/JORDAN FISCAL REFORM PROJECT II

#### I. INTRODUCTION

USAID/Jordan requires an external mid-term evaluation of the USAID/Jordan Fiscal Reform II Project (FRP II). The objective is to evaluate the performance of the project and identify the areas and tasks that remain to be addressed in this and potential future projects.

Details of project to be evaluated:

Project Title:	USAID-funded Jordan Fiscal Reform II Project (FRP II)
Implementing Partner:	DAI/Nathan Group
Total Cost:	\$43,039,107
Duration:	November 1, 2009 through October 31, 2014

#### II. BACKGROUND

USAID/Jordan has provided dedicated project assistance on fiscal and public financial management issues since 2006. This has included both the Jordan Fiscal Reform I project (2006-2009) and the current Jordan Fiscal Reform II Project (2009-2014).

**FRP I:** The Jordan Fiscal Reform I project (FRP I) was an \$18 million, 3-year contract focused on supporting the Ministry of Finance (MoF) to: prepare a comprehensive tax reform proposal and draft a new tax code; introduce improvements in tax administration; implement initial steps toward government-wide Results-Oriented Budgeting; train MOF and other ministries to implement a Government Financial Management Information System (GFMIS); and establish a Macro-Fiscal Unit to produce forecasts and to conduct economic policy analysis.

FRP I had certain success in key areas such as budget management. The project provided the necessary assistance to the GOJ to initiate results-oriented budgeting. This was new to Jordan and allowed for all budget activities to be tied to budget classifications. Other lessons were also learned during FRP I and recognized during FRP II. For example, efforts to improve tax administration were adopted by the Income and Sales Tax Department (ISTD) and proved useful in generating additional revenues but measures to reform tax policy often became stalled in the legal process due to a lack of political will and consensus.

**FRP II:** The USAID/Jordan Fiscal Reform Project II (FRP II) Task Order was initiated by USAID and DAI/Nathan Group, the contractor, on November 1, 2009. The purpose of FRP II is to provide technical assistance to Jordan in the areas of tax and customs administration, public financial management, more effective economic policy formulation, and a more results oriented government. In year three of the project, the scope of work was expanded to assist in the formation of public-private partnerships (PPPs) and support the energy sector since it was and continues to be the driving force behind the fiscal crisis. The main GoJ counterparts for the project are the Ministry of Finance, the ISTD, the General Budget Directorate, Jordan Customs, the Ministry of Public Sector Development and the Ministry of Energy and

Mineral Resources. FRP II is primarily implemented in the capital of Amman, however customs-related activities also involved the port in Aqaba. FRP II has focused on seven objectives. The objectives are:

1. more efficient use of public resources through stronger public financial management, including the implementation of GFMS and results oriented budgeting;
2. enhanced accountability, transparency, impact measurement, and monitoring of government policies and activities;
3. enhanced revenue mobilization through better revenue administration including tax administration reforms;
4. adoption of resource-saving reforms in selected government programs based on sound policy analysis;
5. increased efficiency in trading across borders;
6. promoting private sector investments through the development of an enabling PPP framework; and
7. assistance in the preparation and implementation of a comprehensive national energy strategy that is fiscally sustainable.

The above seven objectives are shared among USAID, the Government of Jordan, and FRP II staff which support the project's goals and are clearly outlined in the contract between DAI/Nathan, the contractor, and USAID.

FRP II was designed to support the achievement of USAID's Strategic Objective: "Improve Economic Opportunities for Jordanians." Its goal is to "create a stable macroeconomic environment that fosters economic growth by improving economic policy, public financial management, and the business environment.

The Theory of Change is articulated by FRP II in a detailed "Theory of Change and Development Hypothesis - Jordan Fiscal Reform II Project" document dated April 14, 2014. The Overall Theory of Change is stated as follows: "If FRP II optimized public financial management (PFM) system, then an effective, sustainable fiscal management and public service delivery setup would be established. This setup would be conducive to an accelerated broad based economic development by contributing to a more stable, predictable business enabling environment." The second level of the theory of change is stated as: "Incremental Theories of Change: If FRP II's seven pillars provided Jordan's public institutions with the tools to improve their effectiveness and efficiency, then an effective, integrated PFM model would promote sustainable economic management." The document also includes a detailed description of the seven pillars of project activities and results as they relate to the incremental theories of change.

FRP II project implementation is organized into the following component teams that do not precisely match the seven objectives as they are cross-functional:

- a) Tax Revenue Mobilization,
- b) Public Financial Management,
- c) Fiscal Policy & the Ministry of Finance,
- d) Customs Administration and Trade Facilitation,
- e) Government Performance Improvement,
- f) Government Financial Management Information and
- g) Energy & Public-Private Partnerships.

### **III. PURPOSE OF THE EVALUATION**

The purpose of this external performance evaluation is to assess the process, methodologies, and outcomes of FRP II, and measure the sustainability of the achievements related to project beneficiaries. The evaluation will provide recommendations to USAID on how best to improve successes, sustainability, and cost-effectiveness of FRP II in its remaining year in addition to informing the design of similar future projects.

As outlined in the detailed evaluation questions section below, the contractor shall review the Project's implementation methodology and verify the results achieved as well as highlight the following:

- Identify lessons learned and what factors contributed most to its success (or lack thereof);
- Specifically assess the strengths and weaknesses of:
  - Overall project management;
  - Technical approach effect on sustainability and outcomes in pursuit of project goals;
  - Satisfaction with technical assistance provided to counterparts
- Assess progress made in each of the seven component team objectives of FRP II, using project indicators as well as qualitative feedback from counterparts.
- Resource Allocation: Analyze adequacy of design and implementation of M&E and reporting.

### **IV. EVALUATION QUESTIONS**

The evaluation must provide detailed answers for the following questions:

#### **Effectiveness**

1. What have been the achievements and/or deficiencies in the tasks and sub-tasks of FRP II?
2. How did the strategy and implementation approach enhance or weaken achievement of the anticipated tasks?
3. To what extent were project counterparts satisfied with technical assistance provided by FRP II?
4. How were the main gender constraints in the project addressed?

#### **Efficiency**

5. Was the project implemented in the most cost-efficient way?
6. Were sufficient funds/resources allocated to monitoring & evaluation and reporting?

#### **Sustainability**

7. What technical results of the project can USAID expect to be sustainable (and which will be difficult to sustain)?
8. What lasting benefits can be expected in terms of USAID and the project's relationships with the main project counterparts?

#### **Learning**

9. Which incomplete project activities should be prioritized for further investment?
10. Were there any alternative or unexpected causes of documented results or outcomes?
11. Were there strategies or practices implemented that should be replicated in future projects in Jordan or elsewhere?



## **V. IMPLEMENTATION**

### **A. EVALUATION APPROACH**

The Evaluation Team should utilize both qualitative and quantitative methodologies that address all evaluation questions as appropriate. This may include document review, in-depth interviews, focus groups, and/or surveys. The methodology will be developed and finalized by the Evaluation Team.

In consultation with USAID, the Evaluation Team shall perform the following tasks:

1. Preparation and Planning:
  - a. Review all relevant information and additional materials that may be necessary to support drafting of the evaluation report. Project deliverables are available on the FRP II website <http://www.frp2.org> as well as from the COR.
  - b. Meet with USAID and FRP II staff to discuss evaluation work plan and methodology.
  - c. Present an evaluation work plan to USAID for approval by the close of the 3rd working day of arrival in-country.
  - d. Based on the desk review of the available information and in-briefing with USAID, develop evaluation tools which may include interview guides, focus group guides, and/or a survey.
  - e. Present the detailed evaluation design report (methodology, work plan and tools) to USAID for approval.
2. Data Collection:
  - a. Conduct interviews and/or focus groups with the appropriate staff of USAID/Jordan, the GOJ, stakeholders and beneficiaries of the project. USAID will provide the initial list of in-country contacts prior to the Evaluation Team's arrival.
  - b. Perform field trips as needed to interview project beneficiaries.
  - c. If recommended in the detailed evaluation design, perform an online survey of project beneficiaries or stakeholders.
3. Reporting
  - a. Conduct a debriefing presentation to USAID management on evaluation findings, initial conclusions and recommendations.
  - b. Conduct a validation workshop with project stakeholders to validate evaluation findings, initial conclusions and recommendations.
  - c. Prepare a final report which must include an executive summary, table of contents, body and appendices, and must not exceed 40 pages (excluding the appendices). All evaluation questions must be answered, recommendations must be stated in an actionable way with defined responsibility for the action and supported by a specific set of findings, and any limitations on quantitative or qualitative data must be clearly stated. Copies of the evaluation scope of work, sources of information, and all data collection instruments and results must be included as appendices in the final report.

## B. DELIVERABLES AND TIMELINE

Deliverable	Timeline (working days after arrival in-country)
Weekly progress meetings with USAID while in-country to provide updates, verify and/or clarify information, and address any logistical issues	Weekly, on-going
Work plan	3
Draft evaluation report outline	8
Detailed evaluation design report (design, methodology, work plan)	8
Conduct a debriefing presentation to USAID management on evaluation findings, initial conclusions and recommendations	25
Conduct a validation workshop with project stakeholders to validate evaluation findings, initial conclusions and recommendations	26
Draft report detailing the findings from the evaluation, lessons learned and recommendations for future interventions, incorporating comments from the USAID debriefing and validation workshop	28
USAID provides written comments on the draft evaluation report	33
Submit final report together with supporting materials detailing the findings from the evaluation and lessons learned with a concrete set of recommendations for future interventions	38

## C. PERFORMANCE PERIOD

The evaluation is expected to take place in May-July 2014. USAID anticipates that approximately 40 working days are needed to conduct the evaluation. The Evaluation Team will spend up to 5 weeks in Jordan to complete the necessary analysis and draft reports though it may be possible for specific team members to complete specific assignments in shorter times. The following schedule is envisioned:

- Preparation Work and Document Review: Up to 5 working days, in home country
- Interviews, Field Work, Debriefings, and Report Writing: Up to 30 working days (five weeks), in Jordan
- Finalizing Evaluation Report: Up to 5 working days, in home country.

The Evaluation Team shall make arrangements for a 6-day workweek although the formal working week in Jordan is Sunday through Thursday. The Evaluation Team shall budget for all travel and administrative support costs within Jordan as needed. The Evaluation Team is expected to arrange all logistics needed for the evaluation.

The Evaluation Team shall provide a detailed work plan for conducting the evaluation. This shall include a list of tasks to be completed, the level of effort for each task, and the deliverables upon the completion of each task.

## D. TEAM COMPOSITION

USAID envisions that a team of 3-4 principal technical experts, one of which will serve as Team Leader, and one evaluation specialist is required to conduct the evaluation. The Evaluation Team will be composed of international and local experts with significant knowledge on fiscal reform in developing countries and monitoring and evaluation.

The Team should have expertise in public finance, economic growth and governance programming with particular focus on:

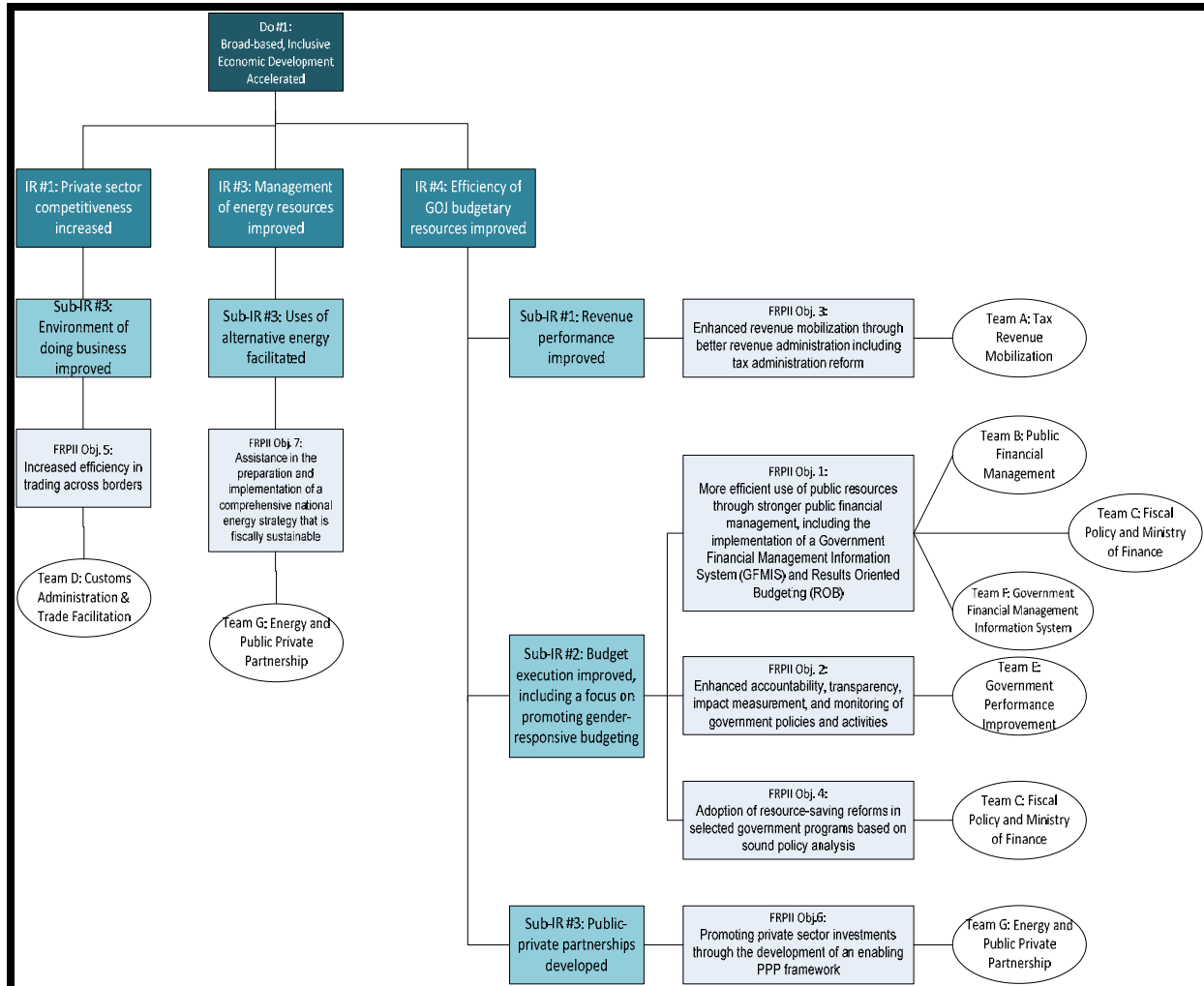
- Experience in implementing highly complex economic growth-related projects in developing countries;
- Strong technical expertise in some aspect of public finance;
- Experience in monitoring and evaluation of USAID programs;
- Demonstrated past performance in the Middle East-North Africa region;
- Excellent writing and communication skills with experience in producing team-based, collaborative reports that are learning-oriented;
- Demonstrated strong data analysis skills that show causality;
- Academic background in public finance, economics, or related field and evaluation methodologies.

## **E. MANAGEMENT**

The Evaluation Team will report to the Office of Program Management at USAID/Jordan, and will work closely with the Contracting Officer's Representative (COR) of FRP II. The team can expect to receive guidance from the FRP II/COR to determine plans, methods of action and timelines. The Team will be managed in Jordan by the MESP Senior M&E Advisor with regular oversight by the COP and with regular and close contact with technical evaluation expertise in MSI/Washington.

The Team will provide briefings to USAID prior to commencing the evaluation, on a regular weekly basis while in Jordan, and prior to the submittal of the draft report. The Evaluation will primarily be carried out in Jordan with possible consultations in Washington.

## ANNEX II: FRP II PROJECT RESULTS FRAMEWORK



## ANNEX III: EVALUATION METHODOLOGY

The evaluation used a mixed methods approach, combining quantitative and qualitative data, to assess issues from different perspectives. Such an approach offers benefits both from the broad, representative overview of an issue enabled by quantitative information (focusing on ‘what’ questions) and the analytical probing and depth derived from qualitative information (focusing on ‘why’ and ‘how’ questions). Different information sources enabled the evaluators to triangulate findings and test and strengthen their validity. The eleven evaluations questions, included below, focused on core areas of effectiveness, efficiency, sustainability, and learning.

### Effectiveness

1. What have been the achievements and/or deficiencies in the tasks and sub-tasks of FRP II?
2. How did the strategy and implementation approach enhance or weaken achievement of the anticipated tasks?
3. To what extent were project counterparts satisfied with technical assistance provided by FRP II?
4. How were the main gender constraints in the project addressed?

### Efficiency

5. Was the project implemented in the most cost-efficient way?
6. Were sufficient funds/resources allocated to monitoring & evaluation and reporting?

### Sustainability

7. What technical results of the project can USAID expect to be sustainable (and which will be difficult to sustain)?
8. Which incomplete project activities should be prioritized for further investment?
9. What lasting benefits can be expected in terms of USAID and the project’s relationships with the main project counterparts?

### Learning

10. Were there any alternative or unexpected causes of documented results or outcomes?
11. Were there strategies or practices implemented that should be replicated in future projects in Jordan or elsewhere?

Qualitative data was drawn from key informant interviews (KIs) and discussion groups. Quantitative information was drawn primarily from project and government data, and a web survey targeted solely to GFMS. Details on each method are provided below, followed by a detailed Getting to Answers table, outlining the evaluations approach to data collection and analysis on a question-by-question basis.

All final data, including notes from interviews and data gathered from the survey are available upon request to USAID/Jordan in Microsoft compatible formats including Microsoft Word and Excel.

## SECONDARY DATA COLLECTION

The evaluators conducted a desk review of relevant project documents, analytical reports, and data and reports from counterpart institutions. Project performance data was used to assess to what degree project components met their goals, and whether performance M&E functions were sufficiently supported. (PMP indicators changed over the life of the project.) Performance data was extracted from FRP II Performance Management Plan (PMP) and quarterly and annual reports. Other secondary sources included, *inter alia*, DAI’s 2010 “Baseline Gender Assessment” USAID/Jordan’s “2013-2017 Country

*Development Collaboration Strategy*”, the FRP II 2010 “*Project Strategy Document*” all of which were used to understand the project’s approach to implementation and addressing gender issues. Review of budget documents provided context to the cost-effectiveness of implementation and the sufficiency of resources for M&E and reporting. The combined use of all secondary data allowed the evaluation team to formulate hypotheses about what was intended to happen, whether or not it happened, and why.

## PRIMARY DATA COLLECTION

- **Key Informant Interviews**, together with the desk review, were carried out as the primary means of collecting information. Key informants included the USAID USAID’s Contracting Officer Representative(COR), senior GoJ representatives for participating ministries and offices, and the senior management for DAI/Nathan and FRP II partner organizations. More than 100 KIs were carried out with counterparts who may have had insights on gender, performance, effectiveness and sustainability issues. Eleven questions were developed for each component (Annex I). Most had a sub-set of questions designed to flush out further information. Follow-up questions were used to probe responses to the main questions and to seek clarifications. Gender issues were addressed at every interview.
- **Discussion groups (DG)** were held with GFMS users (6, including one pilot), GFMS staff (2) Customs (2).
- **A Mini-survey** was used to gather structured and easily comparable responses to evaluation questions for the GFMS component. At present, approximately 1,200 staff at 53 government agencies/ministries are said to be using it. A list of GFMS users with email contact information formed the sample population. The survey consisted of 15 questions (see **Annex XI**) all but two of which were close-ended. Questions covered issues relating to efficiency, satisfaction levels. The survey was conducted electronically using web-based survey software (Survey Gizmo) and was anonymous. Respondent gender was asked, so that the results could be disaggregated by sex. More than 150 responses were received.

## LIMITATIONS OF THE EVALUATION METHODOLOGY

Limitation	Mitigation Method
Possible interviewee selection bias, related to evaluators’ considerable dependence on FRP II staff for selection of counterparts to interview. It was possible that evaluators could have been directed away from counterparts who might have had negative things to say about the project	Independent selection of interviewees when possible. In some cases, evaluators could select from a list of counterparts and independently select whom to interview and could ask interviewees whom else to interview not on the lists as well as research and interview additional relevant stakeholders
Interviewee response bias, related to attitudes toward assistance: respondents may answer strategically, if they believed their responses could influence the report findings or future USAID assistance	Multiple information sources and KI probing questions, to assess the veracity of answers when information provided was found insufficient
Impact of Ramadan (June 28 - July 28) and Eid holiday (week of July 28) on counterpart and staff availability	Extension of evaluation period

## GETTING TO ANSWERS

Evaluation Questions	Type of Answer/Evidence Needed (description; comparison (to what); cause and effect (and notes on any special requirements or sources of data)	Data Analysis Methods, e.g., Frequency Distributions, Trend Analysis, Cross- Tabulations, Content	Methods for Data Collection, e.g., Records, Structured Observation, Key Informant Interviews, Mini-Survey	
			Method	Data Source
Effectiveness Questions				
1. What have been the achievements and/or deficiencies in the tasks and sub-tasks of FRP II?	Descriptive: Planned – When – Achieved/ Not achieved/ Partially achieved. The constraint here is that significant changes to indicators have been occurring throughout the project as well as the continuing re-planning as documented in the VPs. We do however have now a document which describes the changes over time	<ul style="list-style-type: none"><li>• Content analysis of KIIs</li><li>• Gender and sector disaggregation</li></ul>	<ul style="list-style-type: none"><li>• Primary Doc Review</li><li>• KIIs</li><li>• Group Discussion (GD) among taxpayers</li><li>• Group discussion among project beneficiaries for the customs component</li><li>• Web based mini-survey of GFMS users</li></ul>	<ul style="list-style-type: none"><li>• Quarterly/Annual Reports</li><li>• PMP</li><li>• Work plans</li><li>• FRP and partner staff for each task/sub-task</li><li>• GoJ institution reps</li><li>• USAID staff – COR</li><li>• Survey results</li><li>• GD summaries</li></ul>
2. How did the strategy and implementation approach enhance or weaken achievement of the anticipated tasks?	Description of approach from documents followed by a validation through the KIIs. KIIs will also probe into the way respondents felt that this was plus/minus and what would have been better. Some of the changes in the approaches raise concerns about sustainability and capacity substitution instead of capacity building and in our KIIs (including with USAID) we will probe into these aspects.	<ul style="list-style-type: none"><li>• Content analysis of KIIs</li><li>• Disaggregate by sector</li></ul>	<ul style="list-style-type: none"><li>• Primary Doc Review</li><li>• KIIs</li><li>• Web based mini-survey of GFMI users</li></ul>	<ul style="list-style-type: none"><li>• Strategy Doc (2010)</li><li>• Technical approach in contract</li><li>• Quarterly/Annual Reports</li><li>• Work plans</li><li>• FRP and partner staff for each task/sub-task</li><li>• USAID staff – COR</li><li>• Survey results</li></ul>
3. To what extent were project counterparts satisfied with technical assistance provided by FRP II?	Quantitative and Descriptive Different aspects including amount, quality, time of interaction. Change over time (especially after '09)	<ul style="list-style-type: none"><li>• Content analyses of KII notes and group interview summaries</li><li>• Gender and sector disaggregation</li><li>• Quality of deliverables/products, as perceived by the beneficiaries</li></ul>	<ul style="list-style-type: none"><li>• KIIs</li><li>• Group Discussions</li><li>• Web based mini-survey of GFMI users(including a satisfaction scale and ideally will get at changes over time (increase/decrease)</li></ul>	<ul style="list-style-type: none"><li>• FRP and partner staff for each task/sub-task</li><li>• GoJ institution reps</li><li>• USAID staff – COR</li><li>• Survey results</li><li>• GD summaries</li></ul>

Evaluation Questions	Type of Answer/Evidence Needed (description; comparison (to what); cause and effect (and notes on any special requirements or sources of data)	Data Analysis Methods, e.g., Frequency Distributions, Trend Analysis, Cross-Tabulations, Content	Methods for Data Collection, e.g., Records, Structured Observation, Key Informant Interviews, Mini-Survey	
			Method	Data Source
4. How were the main gender constraints in the project addressed?	Descriptive Fiscal reform not generally gender-relevant, although gender issues were considered during capacity building, and gender based budgeting and gender responsive budgeting are gaining support, and were attempted by the project (Task B) SOW says “do gender analysis and incorporate”: the KIIs will help to understand whether such analysis was done for every Task.	<ul style="list-style-type: none"> <li>Content analyses of KII notes and group interview summaries</li> <li>Comparison of open-ended interview responses to structured survey responses</li> <li>Gender and sector disaggregation</li> <li>Analysis of constraints identified in either project or missions level docs</li> </ul>	<ul style="list-style-type: none"> <li>Primary Doc Review</li> <li>KIIs</li> <li>Group Discussions</li> </ul>	<ul style="list-style-type: none"> <li>Strategy Doc (2010)</li> <li>Tech approach in contract</li> <li>Quarterly/Annual Rep</li> <li>Work plans</li> <li>FRP and partner staff for each task/sub-task</li> <li>GoJ institution reps</li> <li>USAID/Jordan Gender Assessment</li> <li>GD summaries</li> </ul>
<b>Efficiency Questions</b>				
5. Was the project implemented in the most cost-efficient way?	Descriptive/Expert judgment Comparison of plans/results to those of other FR projects.	<ul style="list-style-type: none"> <li>Content analysis of KIIs</li> </ul>	<ul style="list-style-type: none"> <li>Primary Doc Review</li> <li>KIIs</li> <li>Secondary documents</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly/Annual Rep</li> <li>Work plans</li> <li>FRP and partner staff</li> <li>USAID staff – COR</li> <li>Budget documents</li> </ul>
6. Were sufficient funds or resources allocated to monitoring & evaluation and reporting?	Descriptive Important, as it is one of the factors illuminating observed deficiencies. KIIs will probe into the reasons why this practice was chosen. KIIs will also probe into the extent to which changes in the Project indicators were agreed with USAID	<ul style="list-style-type: none"> <li>Content analysis of KIIs</li> <li>Review of documents, and performance data in particular</li> <li>Gender and sector disaggregation</li> </ul>	<ul style="list-style-type: none"> <li>Primary Doc Review</li> <li>KIIs</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly/Annual Rep</li> <li>Work plans</li> <li>PMP</li> <li>Budget docs</li> <li>FRP and partner staff</li> <li>USAID staff – COR</li> </ul>
<b>Sustainability Questions</b>				



Evaluation Questions	Type of Answer/Evidence Needed (description; comparison (to what); cause and effect (and notes on any special requirements or sources of data)	Data Analysis Methods, e.g., Frequency Distributions, Trend Analysis, Cross-Tabulations, Content	Methods for Data Collection, e.g., Records, Structured Observation, Key Informant Interviews, Mini-Survey	
			Method	Data Source
7. What technical results of the project can USAID expect to be sustainable (and which will be difficult to sustain)?	Descriptive (expert judgment). We will look into two aspects: <ul style="list-style-type: none"> <li>sustainability as a project; and</li> <li>sustainability as a GOJ policy or practice</li> </ul>	<ul style="list-style-type: none"> <li>Disaggregate by sector</li> <li>Gender and sector disaggregation</li> <li>Content analyses of KIIs and group interview summaries</li> <li>Sector and country specialists on the evaluation team will review project docs, secondary docs, and data collected to identify sustainability issues on sector-by-sector bases</li> </ul>	<ul style="list-style-type: none"> <li>Primary Doc Review</li> <li>KIIs</li> <li>Group Discussions</li> <li>Web based mini-survey of GFMI users</li> <li>Secondary doc review</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly/Annual Rep</li> <li>Work plans</li> <li>FRP and partner staff for each task/sub-task</li> <li>GoJ institution reps</li> <li>USAID staff – COR</li> <li>Published documents on sector subject matters relating to sustainability</li> <li>GD summaries</li> </ul>
8. Which incomplete project activities should be prioritized for further investment?	Descriptive (expert judgment). We shall look into “incompleteness” understood as: <ul style="list-style-type: none"> <li>vs. FRP plans</li> <li>vs. GOJ reforms</li> <li>vs. ideal practice</li> </ul> <p>We shall keep this analysis mostly in the boundaries of activities of FRP; however we will also include areas that were to be part of the planned activities but were not (project design issue)</p>	<ul style="list-style-type: none"> <li>Content analyses of KIIs and group interview summaries</li> <li>A comparison of the approach in the work plan, to the progress stated in periodic reports, to the burn rate of the budget.</li> <li>Evaluation team analysis of documents will be compared to interviews, and then discussed with USAID</li> <li>Gender and Sector Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Primary Doc Review</li> <li>KIIs</li> <li>Group Discussions</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly/Annual Rep</li> <li>Work plans</li> <li>Budget docs (burn rate)</li> <li>FRP and partner staff for each task/sub-task</li> <li>GoJ institution reps</li> <li>USAID staff – COR</li> <li>Survey results</li> <li>GD summaries</li> </ul>
9. What lasting benefits can be expected in terms of USAID and the project’s relationships with the main project counterparts?	Descriptive (expert judgment) Since the project is ending, our understanding is that the question is about USAID relationship with project counterparts	<ul style="list-style-type: none"> <li>Content analyses of KIIs and group interview summaries</li> <li>Gender and Sector Analysis</li> <li>Review docs to identify any mention of this issue</li> </ul>	<ul style="list-style-type: none"> <li>Primary Doc Review</li> <li>KIIs</li> <li>Group Discussions</li> <li>Web based mini-survey of GFMI users</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly/Annual Rep</li> <li>FRP and partner staff for each task/sub-task</li> <li>GoJ institution reps</li> <li>USAID staff – COR</li> <li>Survey results</li> <li>GD summaries</li> </ul>

Evaluation Questions	Type of Answer/Evidence Needed (description; comparison (to what); cause and effect (and notes on any special requirements or sources of data)	Data Analysis Methods, e.g., Frequency Distributions, Trend Analysis, Cross-Tabulations, Content	Methods for Data Collection, e.g., Records, Structured Observation, Key Informant Interviews, Mini-Survey	
			Method	Data Source
Learning Questions				
10. Were there any alternative or unexpected causes of documented results or outcomes?	<p>Descriptive (expert judgment) We will probe into other reasons for success or challenges in the areas covered by the project: this is part of contribution analysis and also part of understanding the factors (internal and external) affecting the project results. Potential factors could include for example:</p> <ul style="list-style-type: none"><li>• Frequent Government changes in the aftermath of Arab Spring;</li><li>• Syrian refugee influx with corresponding</li></ul>	<ul style="list-style-type: none"><li>• Content analyses of KIIs and group interview summaries</li><li>• Gender and Sector Analysis</li><li>• Review docs to identify any mention of this issue</li></ul>	<ul style="list-style-type: none"><li>• Primary Doc Review</li><li>• KIIs</li><li>• Group Discussions</li></ul>	<ul style="list-style-type: none"><li>• Quarterly/Annual Rep</li><li>• FRP and partner staff for each task/sub-task</li><li>• GoJ institution reps</li><li>• USAID staff – COR</li><li>• GD summaries</li></ul>
11. Were there strategies or practices implemented that should be replicated in future projects in Jordan or elsewhere?	<p>Descriptive (expert judgment) We will look into the merits of replication in terms of:</p> <ul style="list-style-type: none"><li>• application to Fiscal Reform projects;</li><li>• general application to all USAID projects in Jordan.</li><li>• general application to all USAID projects.</li></ul>	<ul style="list-style-type: none"><li>• Content analyses of KIIs and group interview summaries</li><li>• Gender and Sector Analysis</li><li>• Review docs to identify any mention of this issue</li></ul>	<ul style="list-style-type: none"><li>• Primary Doc Review</li><li>• KIIs</li><li>• Group Discussions</li></ul>	<ul style="list-style-type: none"><li>• Quarterly/Annual Rep</li><li>• FRP and partner staff for each task/sub-task</li><li>• GoJ institution reps</li><li>• USAID staff – COR</li><li>• GD summaries</li></ul>

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## ANNEX V - DATA COLLECTION INSTRUMENTS

### GFMIS WEB SURVEY QUESTIONNAIRE

*Purpose of the survey: This survey was prepared by an independent evaluation firm evaluating the performance of the USAID/Fiscal Reform Project. The purpose of the survey is to help enhance GFMIS services and performance and identify any challenges.*

*The survey will take not more than [5-10] minutes. We appreciate your taking the time to fill out the survey.*

*The survey is anonymous – we will not ask for your name or any personal information (aside from gender and age).*

*Thank you for your cooperation.*

1. What Ministry or Agency do you work at

[drop down menu]

2. How many months have you been using the GFMIS system?

< 3 months, 3 – 6 months, 6 – 12 months, > 12 months

3. How often do you use GFMIS?

Daily / 2-3 times a week / once per week / less than once per week

4. Did you have another ('legacy') system that GFMIS is replacing?

Yes/No (if 'No' go to Question X)

5. Are you still using the other system?

Yes/No

*Include instructions as appropriate: On a scale of 1 to 5, where 1 = completely disagree and 5 = strongly agree, please answer the following questions.*

6. Regarding GFMIS - I am satisfied with the performance overall

[5-point scale]

7. Please tell us why you provided this rating.

[open-ended]

8. Regarding the old system (which GFMIS is replacing) I was satisfied with the performance overall

[5-point scale]

9. GFMIS is easy to use

[5-point scale]

10. The GFMIS system makes my work more efficient

Yes/No

11. Is the GFMIS system faster, slower or the same as the system you used before?

Faster/slower/same

12. The quality of training provided for learning GFMIS was good

[5-point scale]

13. The quality of training provided for learning GFMIS was sufficient

[5-point scale]

14. The GFMIS Help desk is helpful when I need it

[5-point scale]

15. What is your gender

M/F

16. What is your age?

17. \_\_\_\_\_  
Any final comments/suggestions you would like to add?

[open-ended]

Thank you for your time!



## **GFMIS USERS - DISCUSSION GROUP QUESTIONS**

### **FRP II**

Introduction: The purpose of this evaluation is to assess the performance of the GFMIS (within the broader project on Fiscal Reforms) and to identify any strengths or weaknesses that can help the Government and USAID. We have a standard set of key evaluation questions that we will discuss, and then, if there is anything else you would like to share that we haven't covered, there will be an opportunity to do so at the end of the discussion. Let's begin

1. For how long have you been using GFMIS in your department?
2. Do other departments in your agency/Ministry use GFMIS?
3. What are you using the system for?
4. Are you still using a parallel (legacy) system? Yes/No
5. On a scale of 1 to 5, where 1 = completely disagree and 5 = strongly agree, please answer the following questions: I am satisfied with the GFMIS performance. Please explain your answer
6. On a scale of 1 to 5, where 1 = completely disagree and 5 = strongly agree, please answer the following questions: GFMIS is easy to use. Please explain your answer
7. GFMIS makes our work more efficient, compared with the system we were using before. Yes/no. Please explain your answer
8. On a scale of 1 to 5, where 1 = completely disagree and 5 = strongly agree, please answer the following questions: GFMIS saves our department time. Please explain your answer
9. Was the quality of the training provided sufficient? Yes/no. Please explain your answer
10. On a scale of 1 to 5, where 1 = completely disagree and 5 = strongly agree, please answer the following questions: The GFMIS Help desk is helpful and responsive. Please explain your answer
11. Do you have any advice on how to make the GFMIS system work better?

Thank you for your time and for taking part in this discussion! The findings will be analyzed and used to create recommendations.

## **GFMIS USERS - DISCUSSION GROUPS SUMMARIES**

### **5. I am satisfied with the GFMIS performance.**

**Average rating: 3.2**

**Responses: 33**

- Because system is not flexible.
- When we have errors, we always have to call for help.
- System is very slow.
- There might be some errors, but they are mostly small
- Salaries track should be included.
- Sometimes it is slow.
- Minor technical problems
- System is very good, comprehensive, but has technical issues.
- If a citizen comes for a check, and there is an error, it can take an hour or longer (even 24 hours) to fix.
- However, with time, we have fewer problems now than before. With Infaq there were fewer procedures.

### **6. GFMIS is easy to use**

**Average rating: 4.5**

**Responses: 29**

- Every person is assigned to one procedure, and we're now all dependent on each other.
- Because of the many steps.
- If someone really wants to learn it, they can.
- It is very easy. Of course, nothing is perfect.
- It has many steps.

### **7. GFMIS makes our work more efficient, compared with the system we were using before.**

**Yes: 18**

**No: 10**

- Everything is good. But slow, and technical issues.
- Better than using manual docs.
- Previous system was basic, there were no restrictions. Now with GFMIS we can control expenditures.

### **8. GFMIS saves our department time**

**Average rating: 3.1**

**Responses: 30**

- Much, much slower, wastes our time. Many difficult, lengthy procedures
- Slow processing, many steps.
- Now it is easier. Before we used to send documents to other systems, now it is all through one system. Concerning error check, it depends on the type of error made. Sometimes it won't let us enter something into the system and you have to call the Help Desk

## **9. Was the quality of the training provided sufficient?**

**Yes: 20**

**No: 3**

- Not enough training provided for all tracks
- Too few days of training.
- There could have been more employees at MoF to provide training.
- Training quality was very good, comprehensive. They worked with us until we understood the whole system.
- We began training several months before GFMIS launch, in September.
- However, we wish the training had continued into the implementation phase, when we're working on real, actual reports, because this is where we have problems. They left us just when we needed them.

## **10. The GFMIS Help desk is helpful and responsive**

**Average rating: 4.7**

**Responses: 23**

- Sometimes it takes them a while to respond.
- Very cooperative, helpful. But we hardly need it anymore, as we know the system so well now.
- They always get back to you quickly, as soon as you send an email, within a day or two days.

## **Other comments**

- Key issue is to improve the server.
- Some processes need more time than others.
- Around the 20<sup>th</sup> of the month, system is very slow because all depts. Use it at the same time.
- There are some errors in the financial systems.
- Would like to see the system continuously updated.
- There are too many steps.
- We still have to use PLAN (Oracles system) which takes 1-2 days every month to prepare one report
- Takes time to transfer data from one window to another.
- Main issue is the slow processing.

## ANNEX VI - LIST OF PERSONS INTERVIEWED

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7/22/14	Firas Asoub	Director Public Admin	GBD		
7/22/14	Muntaser Masada	Director, Public Health & Social Development	GBD		
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## ANNEX VII - GFMIS USER SATISFACTION SURVEY RESULTS

### GFMIS Satisfaction Online Survey

The FRP II evaluation team developed an online survey targeting GFMIS users in 52 ministries and government departments across Jordan in order to assess the effectiveness and sustainability of the GFMIS. The questionnaire was developed using Survey Gizmo. It consisted of 17 questions (15 close-ended and 2 open-ended). The link to the online survey and request for its completion was sent on July 24, 2014 via email to the target government agencies, followed by a “reminder” email and telephone calls on August 3, 2014. The survey had a response rate of 58% (158 users from the 52 agencies).

#### I. Demographics

Seven percent of the respondents did not state their sex. The majority (75%) were male, and slightly more than 18% were female. Three-quarter of the respondents were between the ages 35 and 55.

Figure 1.1

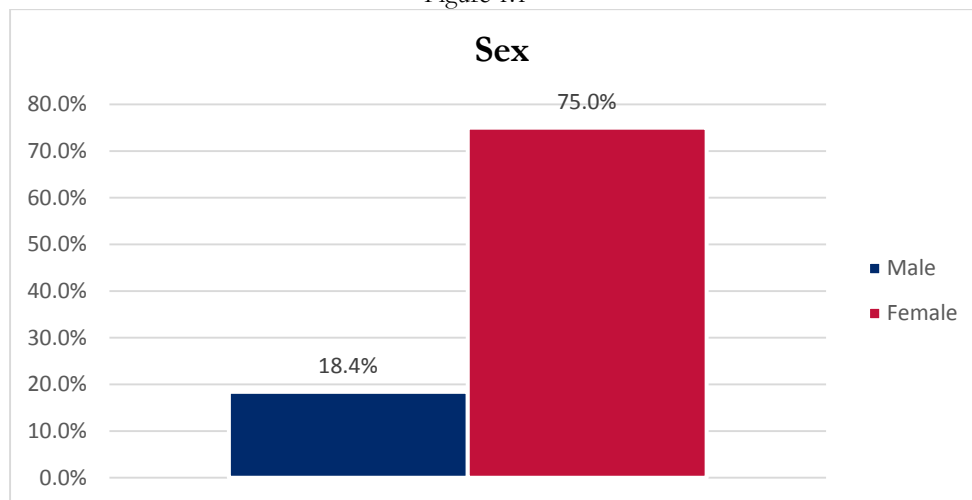
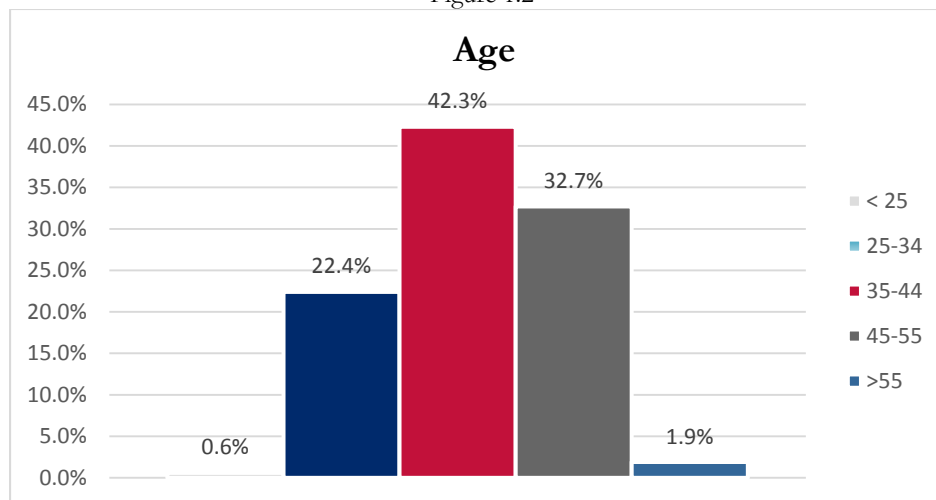


Figure 1.2



## 2. GFMIS versus Legacy System (Utilization and Satisfaction)

The majority (80.8%) of the respondents have been using GFMIS for more than 12 month (77% of the female and 82% of the male users). About three-quarters (74%) use the GFMIS on daily basis (87% among the male and 70% among the female).

Figure 2.1

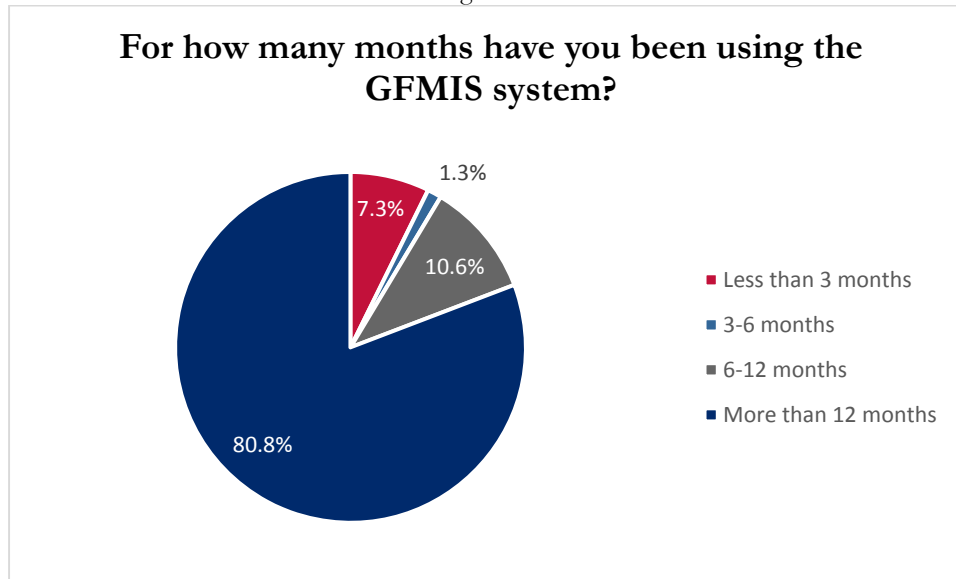
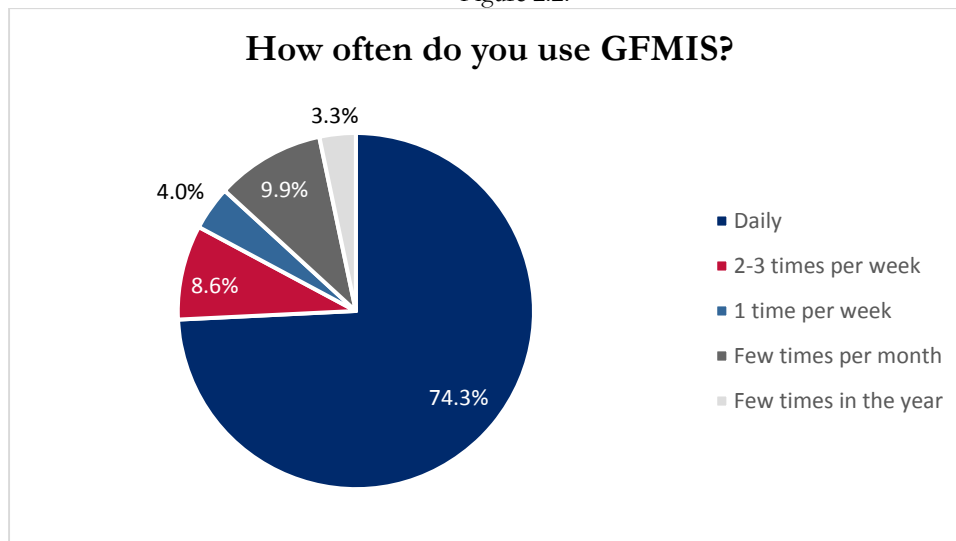


Figure 2.2.



Around 64% of the users reported to have a “legacy” system (66% of male and 61% of female users) which is being replaced by GFMIS. About 28% are still using the old system, with a higher percentage of females than males (41% females versus 25% males).

Figure 2.3

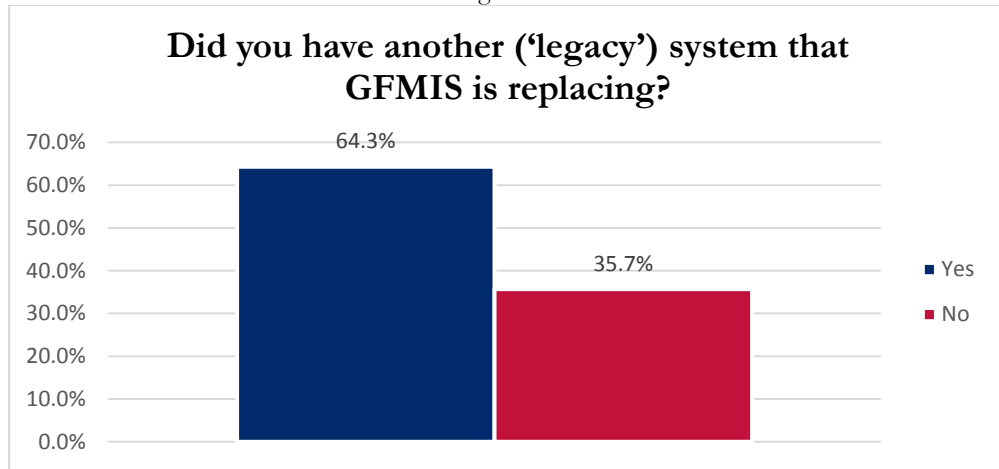
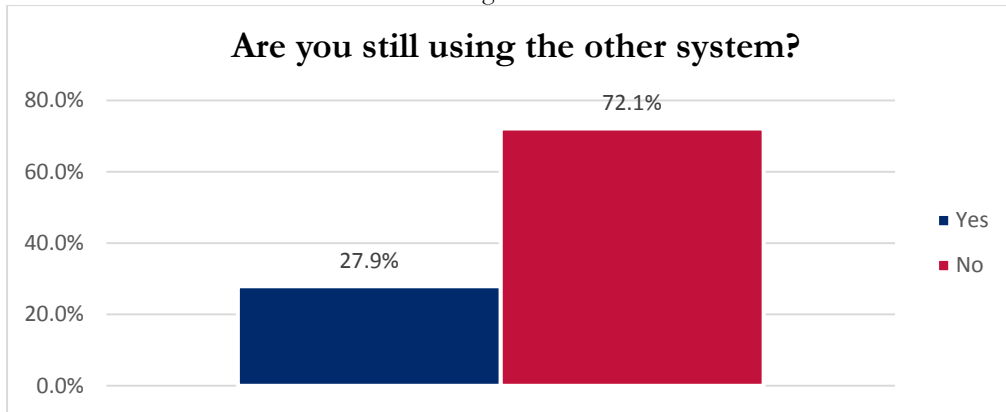


Figure 2.4



Most of the users (71%) were satisfied with the performance of their old (legacy) system (74% of the female and 70% of the male), with roughly 10% unsatisfied, and 20% neutral. At the same time, more than one-half (57%) reported to be satisfied with the GFMIS' overall performance (58% female, 56% male), while 27% were unsatisfied, and about 16% were neutral.

Figure 2.5

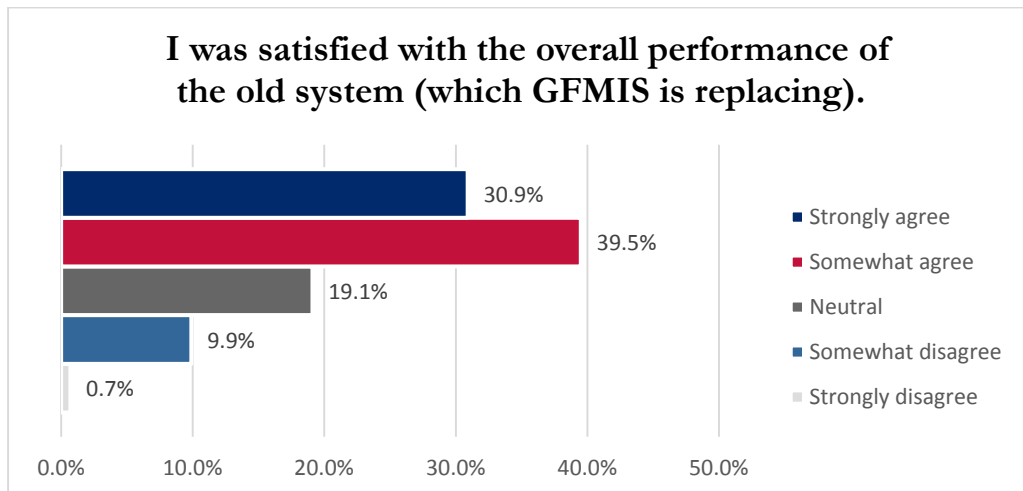
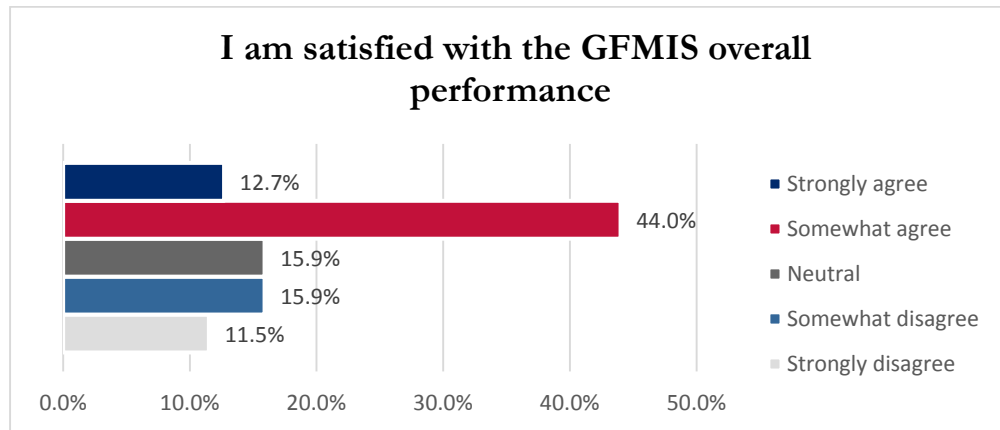


Figure 2.6



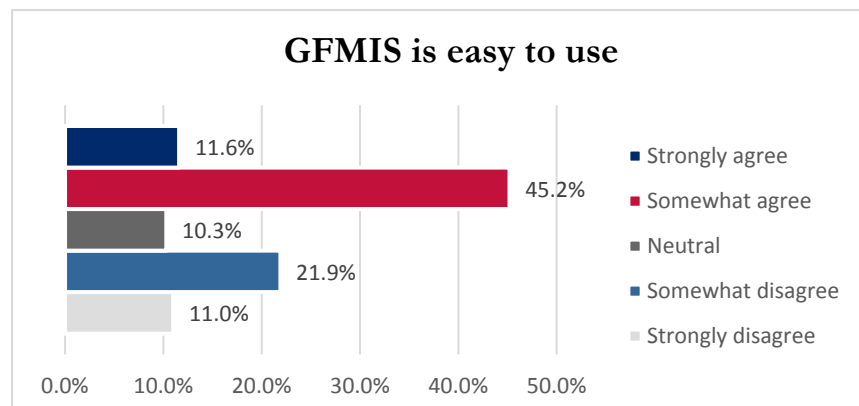
Some considered GFMIS as an additional burden to their work, since they had to secure written approvals for certain procedures, which duplicated their work. Others preferred the legacy system as they considered it faster and less cumbersome. On the other hand, some noted that GFMIS is very accurate in preventing any purchase order missing budget allocation, and has improved the accountability and transparency of the Ministries since they need the approval of the GBD for all transactions. The reporting options are considered as an important benefit since it helped users in generating reports which were not available in the old systems. Moreover, since the system is centralized, it has increased accessibility of data and information and has contributed to unifying and standardizing the financial system among government agencies. One respondent noted:

*The system hardly contains any errors, thus it gives the user a sense of satisfaction and confidence to use. And in case of any errors, they get solved quickly without any complications.*

### 3. Ease of Use

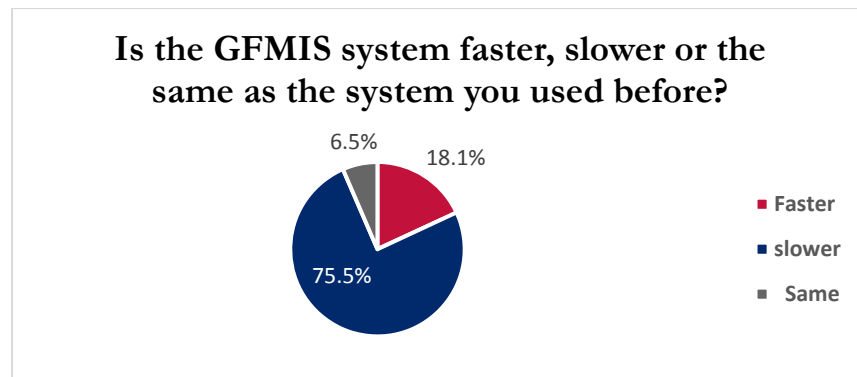
Over one-half (57%) agreed that GFMIS is easy to use, with a higher percentage of females than males (70% of the females versus 52% of the males), while about one-third (33%) disagreed, and 10% were neutral. Limited reporting options, absence of relevant document electronic numbers, lack of accounting system for transactions related to the Directorate of Retirement were among reasons for which users found GFMIS difficult to use.

Figure 3.1



Although more than one-half (57%) were satisfied with GFMIS<sup>1</sup>, about three-quarter of the users (76%) indicated that the GFMIS is slower than their legacy system (80% of females and 74% of males).

Figure 3.2



GFMIS is generally viewed as a slow system with frequent breakdowns due to the volume of users and documents as well as connection problems. Some respondent comments are as follows:

*The system is slow. It has many windows. It does not provide accurate outputs and results. Delay of work due to the frequent breakdowns, causing problems with the service recipients. Frequent complaints from the administration because of these problems*

*The system frequently breaks down, it is also slow and there are several windows in calculations*

*The system is slow, as it takes more than 15 minutes to complete one single instrument and the available reports do not meet the work requirements. In addition to the late response for maintenance upon request and that is due to the inability of the local maintenance team to carry out these actions without referring them to the Ministry.*

*Sometimes the system conducts illogical procedures such as a failure in the accounting system making the client think that the employee is trying to delay the transaction.*

#### 4. GFMIS Training and Help Desk

Around 46% of the users were satisfied with the *quality* of GFMIS training (54% of the female and 43% of the male users), while 32% were unsatisfied, and 23% were neutral. About an equal percentage of users expressed satisfaction (43%) and dissatisfaction (43%) with regard to the amount of training, and around 15% were neutral. There is a greater need for follow-up trainings on working and using the system as well as preparing reports.

Around 67% of the users are satisfied with the help desk services, and around 19% expressed dissatisfaction. One respondent indicated that there is need for better communication and collaboration between the user and system administration.

<sup>1</sup> See figure 2.6

Figure 5.1

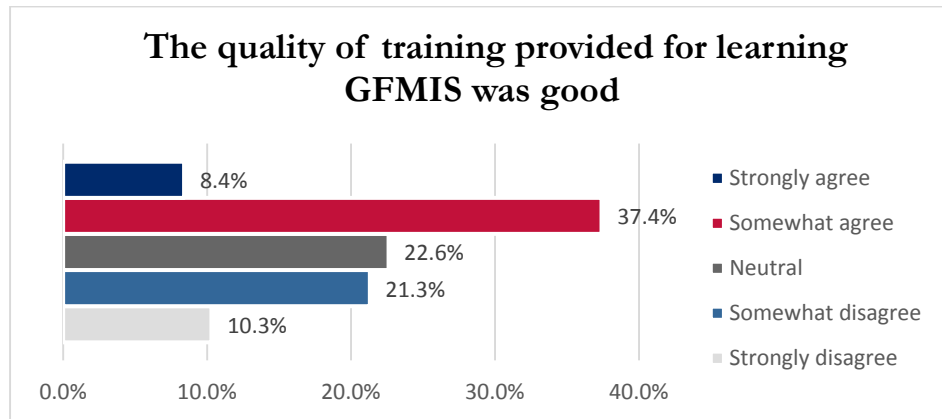


Figure 5.2

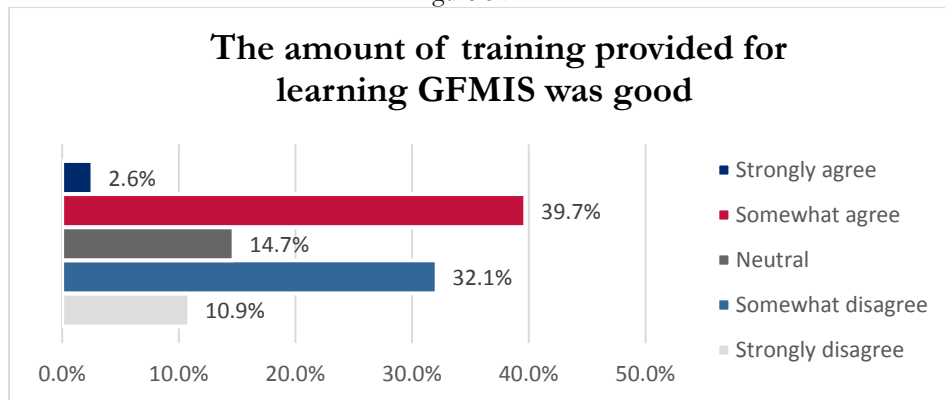


Figure 5.3

