

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB1203

Project Name	Public Sector Reform Capacity Building Loan
Region	MIDDLE EAST AND NORTH AFRICA
Sector	General public administration sector (100%)
Project ID	P091787
Borrower(s)	GOVERNMENT OF JORDAN
Implementing Agency	Ministry of Planning and International Cooperation P.O. 555 Jordan 11118 Fax: 962-6-4645861 Khaled.T@MOP.GOV.JO
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input type="checkbox"/> S ₂ <input checked="" type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	November 1, 2004
Estimated Date of Appraisal Authorization	November 15, 2004
Estimated Date of Board Approval	January 11, 2005

1. Key development issues and rationale for Bank involvement

The Bank has long recognized the importance of public sector modernization in Jordan. Four successive CAS's have articulated the need to support various aspects of administrative reform. The latest CAS (December 2002) identifies improvements in public sector performance as a central pillar of the Bank's assistance, with particular attention to strengthening the delivery of core services in light of outmoded administrative procedures that impose substantial costs on the public.

In 1999 Jordan launched a broad-based Public Sector Reform Program with support from the Bank and other bilateral donors. The first two Bank-financed Public Sector Reform Loans (PRSL-I and II) were part of a series of three successive programmatic adjustment loans aimed at initiating a structural reform program for core public sector functions. The strategy focused on providing impetus to several practical measures capable of improving the lot of citizens, as well as setting the ground for deeper reform.

These lending operations supported reforms along a number of complementary tracks. The Ministry for Administrative Development (MoAD) addressed the reform of civil service institutions; government restructuring (including redefining the boundaries between state and private sector and redistributing responsibilities between ministries); and ensuring easier access and better quality service for households and businesses. The e-government initiative, was led by the Ministry of Post and Telecommunications and addressed issues of IT development inside government. Judicial Reform aimed at modernizing the entire justice system, from day-to-day operations, to judicial training and appointments, to procedures and evidence law. Expenditure management reforms focused upon restructuring the recurrent budget, transitioning to a Medium Term Budget Framework, and implementing other initiatives aimed at modernizing financial management. This stream is under the responsibility of the Minister of Finance (MoF) with substantial parts being led by the Minister of Planning (MoP).

Both operations have received satisfactory ratings in terms of project outcome and sustainability, based on the Bank ICRs and confirmed by OED. The ICRs identify a series of lessons learned, including the need to strengthen overall coordination and monitoring for the reform agenda; the importance of developing a broader monitoring and evaluation capacity for the public sector as a whole; and the need to strengthen the budget system.

Starting in late 2003, DfID—with the active engagement of the Bank in terms of policy dialogue—expanded on the original program and developed a more detailed and comprehensive strategy for public sector reform. The plan has been finalized and formalized in a White Paper (along with detailed supporting documentation) and has been approved by the Government. This strategy seeks to substantially transform the structure of the Government and radically improve the Government's core functions. DfID's assistance will come to an end on June 30, 2005, at which time the Government's PSR program will still only be in the early stages of implementation. The capacity of the PSR Unit (and other GoJ institutions) to sustain the program will still be limited. Additional external assistance will be required.

The proposed operation, the *Public Sector Reform Capacity Building Loan* will support the government's efforts for reform by (i) strategic staffing within the revamped Prime Minister's office with qualified staff; and by (ii) providing training and other capacity to ensure that these new staff are able to actively manage the process of Administrative Reform in Yemen. The loan seeks to continue the capacity building efforts begun under DfID assistance and to reduce disruptions. It is anticipated that by providing technical assistance and building capacity, the operation will greatly accelerate the systematic mainstreaming of the reform effort.

This loan will complement PSRL III, which is expected to go to the Board sometime in the beginning of FY 06. This policy loan will continue to provide policy support for key elements of the Public Sector Reform program, such as the consolidation of budgetary institutions or a reduction in surplus staff. It is expected that by assisting the government through two separate channels, the Bank will ensure that the immediate, tangible needs in the area of technical assistance and equipment are addressed while there is significant dialogue, accountability and ownership for the reform's broader, long-term outcomes is maintained. The two loan approach is consistent with OPCS guidelines and recommendations. The current operational advice provided by OPCS indicates that it is best to provide investment inputs and policy inputs through independent operations which can be assessed with different criteria and supported with different skill mixes.

Ownership and commitment for the reform program is solid. The program has benefited from the unwavering support of King Abdallah himself. To ensure that His Royal Highness' vision is implemented, the Government has actively sought to development an appropriate institutional infrastructure capable of driving the reform agenda forward. To ensure coordination of the reform effort across Government, an inter-ministerial steering committee was reactivated in March 2004. The proposed loan will support the transformation of MoAD into a Public Sector Reform Unit under the direct authority of the Prime Minister, who will assume responsibility for providing overall direction and coordination of the administrative reform effort .

2. Proposed objective(s)

The development objective goal of the project is to build capacity within the central government in adequate capacity to sustain public sector reform strengthen public sector management in over the long term generally, by improving the Government's institutional capacity and incentives reform manage's ability government to conduct public administration reforms on an ongoing, sustainable basis by hiring qualified staff (consultants), providing training for them and procuring equipment necessary to assist the team to carry out Public Sector Reform..

3. Preliminary description

Consistent with the Government's White Paper, the proposed project would concentrate its intervention upon four main areas of activity: (i) improving mechanisms for policy coordination and decisionmaking; (ii) refocusing government towards results by strengthening performance monitoring and evaluation; (iii) streamlining and rationalizing government institutions to eliminate unnecessary and/or redundant tasks and strengthen the focus on core functions; and (iv) improving efficient management of financial and human resources.

4. Safeguard policies that might apply

No environmental nor social issues concern the proposed lending operation. The project pending approval from management is classified as S₃

5. Tentative financing

Source:	(\$m.)
BORROWER	5
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	15
Total	20

6. Contact point

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