



**MILLENNIUM
CHALLENGE
CORPORATION**

REDUCING POVERTY THROUGH GROWTH

We wish to provide a courtesy notification that the Millennium Challenge Corporation's Board of Directors has approved Threshold Program assistance for Jordan of up to \$26,750,000 in FY 2006 MCC program funds. Of this amount, up to \$25,000,000 will be available for the Jordan program and up to \$1,750,000 will be made available to USAID for administrative expenses associated with the Threshold Program.

MCC's Threshold Program is designed to assist Millennium Challenge Account (MCA) candidate countries that are committed to undertaking the reforms necessary to improve their policy performance and potentially qualify as countries eligible for MCA Compact assistance.

The attached summary outlines Jordan's program. Members of MCC's staff are available to meet with you to discuss the planned program. If you or your staff would like to arrange a meeting, please contact Mackenzie Coon at (202) 521-3719. The attached summary is being sent to the Congress on September 13, 2006.

Sincerely,

Frances C. McNaught
Vice President
Congressional and Public Affairs

Enclosure:
As stated

Threshold Program Summary

<u>Country:</u>	Jordan
<u>Budget:</u>	\$26,175,000
<u>Fiscal Year Funding:</u>	2006
<u>Estimated program Duration:</u>	2 years
<u>Indicator Focus:</u>	Political Rights Voice and Accountability Trade Policy
<u>Principal Objectives:</u>	Strengthening Democratic Institutions

Background:

MCC's Board of Directors approved up to \$25 million in Threshold Program assistance for Jordan. The program aims to strengthen democratic institutions by supporting Jordan's efforts to broaden public participation in the political and electoral process, increasing government transparency and accountability, and enhancing the efficiency and effectiveness of customs administration. MCC assistance in Jordan will be used to advance reforms in three of the 16 indicators—"Political Rights," "Voice and Accountability," and "Trade Policy"—MCC measures to select countries eligible for funding.

The Threshold Program will help the Government of Jordan accelerate implementation of its homegrown reform initiatives focused on critical improvements in public administration, civil liberties, infrastructure and the economy. Many of these goals will require the passage of legislation by the Jordanian Parliament addressing political parties, elections, and nongovernmental organizations.

Threshold Program Overview

Over two years MCC assistance will fund two initiatives to strengthen municipal governance and to modernize customs administration, highlights of which are listed below.

Strengthening Municipal Governance

Strengthening municipal governance aims to improve citizens' political rights and voice and accountability by empowering local municipal councils and improving citizen participation in elections and local governance. In 9 of the 99 Jordan municipalities, the Jordan Threshold Program will provide technical assistance and training to increase participation in local elections, provide resources to fund priority projects, and institute programs to improve relations and collaboration among municipalities, citizens, and the private sector.

MCC assistance will be used to fund the following activities to strengthen municipal governance by increasing:

1. Public participation in national and local elections through media campaigns, public fora, and training.
2. Participation of women in electoral politics through public fora, training, and media outreach.
3. Citizen awareness of local government activities and operations through training, media interventions, and organization of public fora.
4. The capacity of citizens to advocate for their interests and hold local government accountable by supporting civic organizations, training, and creating government/citizen committees.
5. Partnerships between local government and the private sector by establishing joint committees and fostering development of cooperative services.
6. Responsiveness of local governments to citizen concerns through a Special Incentive Fund, training, and creating special citizen outreach units in local governments and municipal development planning committees.
7. The local capacity of governments by providing training and management, personnel and fiscal systems.
8. The capacity of municipalities to advocate for democratic decentralization and defend municipal interests through policy dialogues, workshops, and support for establishing a national association of municipalities.

Modernizing Customs Administration

In order to encourage more trade, the Government of Jordan will use MCC funds to improve the customs system including technical upgrades, more streamlined procedures and processes, and staff training. This component aims to improve the efficiency of the Customs Department, implement a “single-window” facility to streamline processes and interactions at the border, and upgrade the Automated System for Customs Data (ASYCUDA), the customs management system.

MCC assistance will be used to modernize customs administration by:

1. Determining the source of bottlenecks in the customs clearance process.
2. Updating procedures for all agencies deployed at the border.
3. Reconvening the interagency Border Management Task Force to design the structure of a single-window facility, where the Customs Department will operate on behalf of all agencies (except security) deployed to the border.
4. Developing processes, plans, and procedures, including interagency coordination mechanisms and information technology requirements, for the single-window system.
5. Drafting policies and procedures manuals that clearly outline risk-based clearance procedures, enforcement procedures, and procedures for the single-window system.
6. Providing training on international best practices and customs integrity using a train-the-trainers methodology; fully implement the revised Arusha Declaration for Customs Integrity of the World Customs Organization, which aims to improve

- integrity and identify, prevent, and effectively deal with corruption-related issues within customs administrations.
7. Procuring hardware, software, and equipment for the upgrade of the ASYCUDA customs management system.
 8. Implementing the ASYCUDA upgrade.
 9. Implementing a campaign to inform the public about upgrades to customs processes and procedures.

Related Jordanian Reforms

Complementing the MCC-funded aspects of the Threshold Program, the Government of Jordan has undertaken an ambitious package of legislative and regulatory reforms to be part of its broader reform initiatives. These proposed initiatives will focus on reforming the electoral system, strengthening political parties, enhancing the roles of the Parliament and judiciary, increase government transparency, broadening freedoms of the press and assembly, and decreasing public corruption and human rights violations. Jordan has also committed to a series of economic reforms that will reduce the cost of starting a business, reduce tariffs and subsidies, and improve the country's fiscal policy.

Highlights of Expected Results

Component 1: Strengthening Municipal Governance

- Improve the *Political Rights* indicator
- Improve the *Voice and Accountability* indicator

Component 2: Modernizing Customs Administration

- Reduce non-tariff barriers
- Reduce the number of documents required to import goods and the number of government signatures required to import goods
- Reduce the number of documents to export goods and the number of signatures required to export goods
- Reduce the number of days to import
- Reduce the number of days to export

Implementing Partners

The U.S. Agency for International Development will be the lead U.S. Government agency tasked with implementing the Jordan Threshold Program.

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