



Scope of Work / Task Order Municipal Finance Expert

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| SW # / TO# | SOW-025-2008 |
| RFP # | 012-2008 |
| Potential candidates: | Jordan-based individuals, beginning with Amman resources |
| Position: | Expert in Municipal Finance |
| Local / International: | Local |
| Maximum Level of Effort: | 4 work weeks, over 6 weeks' duration |
| Contract Name: | Aqaba Community and Economic Development Program— ASEZA Revenue Enhancement |
| Contract Number: | |
| Period of Performance: | 15 August-30 September, 2008 |

Background: Aqaba Community and Economic Development Program

The Aqaba Community and Economic Development (ACED) Program is a five-year program funded by the United States Agency for International Development, benefiting the people and businesses of the Aqaba Special Economic Zone (ASEZ).

The ACED Program is based in Aqaba city and is composed of activities under three major areas:

- Component 1 will work to strengthen the government institutions and will be working directly with Aqaba Special Economic Zone Authority (ASEZA) and Aqaba Development Corporation (ADC),
- Component 2 will strengthen private sector to become more competitive, through enhancing the capabilities of Micro, Small and Medium Enterprises (MSMEs), and supporting training, and
- Component 3 will be working closely with the local community to develop its capacities and empower NGOs and Community-Based Organizations (CBOs).

Summary and Objective of Required Services

ASEZA is statutory institution empowered with regulatory, administrative, fiscal and economic responsibilities within ASEZ, and is the financially and administratively autonomous institution responsible for the management, and regulation of the ASEZ. Five ministerial-level commissioners, each one responsible for a major area of regulatory or operational activity, govern the ASEZ. ASEZA and the Hashemite Kingdom of Jordan (“HKJ”) have agreed to share Aqaba-generated revenues with a larger (currently 50%-50% basis, but within 2 years to be adjusted upward by 25%) amount of money for the HKJ. In face of this growing diversion of revenue, there is a serious and immediate need for ASEZA to identify every feasible income source to pay for its on-going obligations within the Aqaba region.

Without revenue re-structuring, ASEZA will experience weaker fiscal sustainability. Avoiding this undesirable condition obliges ASEZA to formulate and implement a strategy to both broaden and deepen its ability to raise revenue. ASEZA personnel have confirmed that outside expertise is absolutely essential to assist them in defining a program, obtaining policymaker approval, and helping them to begin the implementation of a sound revenue enhancement strategy. The ACED Program has set the stage for detailed work by commissioning a revenue analysis in the Second Quarter of 2008. Building on the conclusions of that analysis is the focus of this set of tasks.

Tasks: Recommend and Identify the Key Categories on Which to Base a Sustainable Revenue Diversification Strategy

1. Conduct a review of the current situation: previous studies, available statistics, etc. Confirm the reasonableness of previously-developed "updated analyses" of ASEZA revenues for the years 2009-2014, based on alternative scenarios developed in consultation with ASEZA Directorate of Finance and ACED Program representatives.
2. Identify new or additional revenue sources that might reasonably be permitted under existing law or new legislation.
3. Develop or refine a presentation for analyzing ASEZA fiscal capabilities on a sector-by-sector basis. Illustrate (in matrix or similar format) the complete portfolio of ASEZA revenue sectors (existing and feasible), [exclude in this analysis all sectors in which ASEZA collects, but does not share in, the proceeds] and portray (in chart form where appropriate) the direction of past and future trends (2009-2014) of these revenue sources. Portray total revenue changes, % changes, per capita changes, and % share changes in ASEZA revenues, for the period 2004-2008. Document this analysis in a "Memorandum on Methodology" which shall focus on the sectors of: taxation, licenses & permits, service user charges, concession and rental income, property sales, and other locally-generated revenue sectors. Exclude in this analysis all sectors in which ASEZA collects, but does not share in, the proceeds with the HKJ.
4. Develop a second matrix to illustrate the sensitivity of affected revenue-enhancement measures to upward and downward changes in tax rates, user charges, permit fee prices, etc.
5. Prepare an interim report summarizing the findings of work conducted in tasks 1-4. Provide recommendations for ASEZA (and the HKJ if appropriate) to implement revenue enhancement measures in order to achieve by Fiscal Year 2011 a 25% increase in revenues to be available for meeting ASEZA's services and administrative responsibilities. Reflect in these recommendations the impact of sensitivity analyses referred to in Task 4.
6. Present a draft of this report to the ASEZA Commissioner for Finance & Administration and the Director of Finance at least 10 days before the conclusion of work under this project assignment.
7. Reflecting the results of responses to this presentation, prepare and present a targeted, specific set of policy actions and administrative directions to the Board of Commissioners for ASEZA and a set of activities that should be administratively implemented by its senior staff.
8. Identify any training programs that should be prepared for personnel at the director and divisional levels; and
9. Prepare and transmit a Final Report (electronic document format), "Revenue-Enhancing Measures to be Undertaken by ASEZA, 2009-2014," incorporating the conclusions from Tasks 1-5, the Methodology developed in Task 3, and the feedback received from Tasks 6 and 7. Portray the revenue findings in a format consistent with the method used in Task 3.

Deliverables

- **Memorandum on methodology** for analyzing ASEZA fiscal capabilities.
- **Interim report** incorporating analyses of ASEZA revenues (including forecasts for the years 2009-2014) based on recommended revenue enhancement measures.
- **Final Report** for presentation to ASEZA Board summarizing the revenue sectors with significant revenue potential and containing specific actions to assure a sound fiscal future for ASEZ. This Report shall be the focus of the financial specialist as s/he is required to make presentations and provide on-site consultations to assist in launching ASEZA's effort.

Timing, Level of Effort and Schedule

The foregoing assignment is to be carried out by a government finance specialist (an experienced economist may be considered) with substantial experience in regional and local government finance and/or budgeting. He/she will work in close collaboration with the Commissioner of Finance & Administration and top management of that commission, especially the Directorate of Finance. The duration of this assignment is expected to be over a maximum of six weeks' time.

The assignment should begin in August, 2008, and should be completed before the end of September, 2008. Deliverables will be submitted in the form of written reports, in addition to a presentation in suitable format to the ASEZA Board of Commissioners in sufficient clarity as to be "self-actionable" by ASEZA commissioners and personnel.

Requirements:

Preferably, these services should be provided by a financial expert who is familiar with municipal financial policy-making and fiscal management in a variety of institutional settings as this consultancy seeks to identify a wider range of revenue sources. Experience in local revenue enhancement in developing countries is a necessity. In addition, the expert should possess the following qualifications:

- A university degree in public administration, finance, or accounting;
- At least three years experience in local government; preferably in finance, budgeting, and/or administration;
- At least 5 years experience in advising government agencies in two or more of the following areas:
 - Formulation of local financial policy;
 - Budget preparation;
 - Revenue analysis and forecasting;
 - Property taxation administration and procedures; and/or
 - Developing user fees, permitting charges, or licensing fees;
- Superior communication skills, including the writing of reports, and ability to present and explain complex policy issues to policy-making bodies and senior administrative staff; and
- Proficiency in written English

Coordination:

The consultant shall report to the ACED Program Chief-of-Party or his designated representative.