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Introduction

This paper summarizes the Jordanian experience in inspection reform to date, as overseen by IFC inspection reform project team; from providing an overview of the old system which triggered the need for reform, to explaining the reforms that were ultimately introduced. We describe the main challenges and lessons learned along the way, highlight the key results achieved by the project, and provide tips for better project management.

The IFC team adopted a phased approach to reforming Jordan’s inspection process. The first phase (from 2007 to 2009) involved working with two pilot inspectorates: at the Ministry of Labor “MoL” and the Ministry of Environment “MoEnv”. Other inspectorates were also consulted, so that common issues such as the establishment of inspection best practices, and collaboration and integration between the different bodies, could be tackled. The end result was the development of a National Strategy for Inspection Reform; approved by the Prime Minister in 2009, and translated into an action plan to be implemented in a second phase starting in 2012. Phase II aims to replicate the reforms achieved at the Labor and Environment inspectorates in other inspectorates in Jordan, resolve any overlap or duplication issues and enhance information sharing and collaboration.

By providing an overview of Jordan’s inspection reform process, we also aim to help others interested in pursuing inspection reforms in their own countries. However, interventions should not be restricted to the types of reforms carried out in Jordan since each country has its own complex challenges and needs. The type, and scope, of inspection best practice should be carefully selected and customized to meet the requirements of the particular country in question.

Inspection reform covers a wide area; the interventions required may be a mix of legislative, operational, and technical changes, as well as improving human resources management and skills development. IFC provides other references, including guidelines and toolkits, which offer a comprehensive resource for best practices in inspection reform. Examples include:

- Good Practices for Business Inspections: Guidelines for Reformers
- How to Reform Business Inspections: Design, Implementation, Challenges

See the “Resources and Links” Section Document for links to these toolkits
Inspections are important mechanisms for governments to ensure compliance in key areas such as health, safety, and the environment. Inspections are carried out through visits conducted by government-appointed officials to private sector facilities and premises, to check compliance of processes, products, premises and systems with government requirements. In many developing countries, inspections can be a time-consuming and expensive burden, affecting business productivity and deterring owners from joining the formal economy if carried out poorly.

**The call for help**

The reform process was triggered by an increasing number of complaints about the inspection system from the private sector to the Ministry of Industry and Trade (MoIT). Common themes included complaints about ambiguity, duplication and overlapping mandates between inspection authorities, and a general lack of cooperation and coordination. Many in the private sector were confused, or unsure of, their legal and technical requirements. Businesses were receiving multiple visits from different bodies often checking on the same things, and, on some occasions, contradicting each other. There were also complaints about the poor performance of the inspectorate, its lack of knowledge and competence, and its negative and overly stringent attitude towards businesses. These issues were negatively affecting the private sector’s productivity, competitiveness and reputation, and ultimately affecting Jordan’s image and ability to attract investments. The MoIT recognized the need for comprehensive inspection reform to address these issues.

**Challenges faced by the inspection system prior to reform:**

- Poorly-targeted inspections that made the government ineffective in protecting public welfare (safety, health and environment)
- Inspection targets were influenced by geography and proximity, rather than the type and nature of the economic entity
- Licensing requirements disconnected from subsequent inspections
- Inspectorates lacked information on the number and nature of businesses subject to inspection (inspection population)
- Private sector firms confused; lack of clarity on the inspection process and its requirements
- Lack of communication and awareness tools.
- Perception of corruption and insufficient discretion by inspectors
- Poor coordination in drafting and enforcing laws, which increased the burden on firms and regulators and created overlap and confusing mandates.
- Poor involvement of local communities and non-governmental organizations in inspection activities, such as promoting self-monitoring and self-reporting.

In May 2006, a U.S-based non-governmental organization, the National Labor Committee, accused Jordanian factories of being ‘sweat shops’, especially for migrant workers. The government of Jor-
Dan’s reputation was at stake, and the free trade agreement between the Jordanian and U.S. governments was put in jeopardy. The Ministry of Labor, the prime stakeholder, was put on the spot. The Ministry did not have sufficient information on labor conditions to provide to the public or solid support to defend its position. There was a serious risk of jeopardizing trade relations between the two countries, a major problem for Jordan since the US is the biggest importer of Jordan’s garment industry, produced in the Qualified Industrial Zones. With all this in mind, the MoIT took the decision to prioritize labor assistance and demonstrate its commitment to the international community, workers and business owners.

Exploring the real situation

The IFC project team’s first step in the reform process was to perform a thorough assessment of the existing inspection regime in Jordan. This included the development of an inspection catalog covering all inspectorates in the country, the mapping of inspection processes, a benchmark survey to assess private sector experiences, and a preliminary overlap analysis to identify areas of duplication and intersection in inspection mandates and requirements.

The project team found around 20 inspectorates covering different areas, including environment, labor, food, public health and safety. The assessment revealed that there were no systematic inspection processes at any of these inspectorates. Process maps showed that inspection processes were often carried out haphazardly, with no real process flow that could be re-engineered; in fact, the processes lacked the most basic elements of an effective inspection system. The need to build clear, effective inspection systems from scratch became unavoidable.

Given the large number of inspectorates, and the volume and complexity of their mandates, the project team would be unable to initiate reforms in all inspectorates at the same time. Instead, the team chose to introduce inspection best practices at two ministries selected as pilots: the Ministry of Labor (MoL) and the Ministry of Environment (MoEnv).

The Reform

Vertical Inspection Reform

IFC worked closely with the Labor and Environment inspectorates to apply thorough inspection reform practices. Reforms included the development of a quality management system comprising inspection strategy and policy, an inspection organization structure, and a comprehensive operations manual. This contained up to 11 standard operating procedures (SOPs) covering planning and scheduling, conducting visits, pre- and post-visit protocol, private sector feedback, and the continuous improvement of procedures. The manual also contained forms and reports, inspection checklists, and inspectors’ code of conduct regulations. IFC delivered training courses to inspectors on newly developed procedures, inspection management, inspection skills, and communication skills. The new system also established clear communication channels, and a means for receiving complaints from both the private sector and the public.
Labor Inspection

Several factors played a role in the accelerated reforms achieved at the Labor inspectorate. Founded in 1976, the Ministry of Labor is a well-established one, with wide outreach covering all governorates in the Kingdom. Inspection reform was also seen as high priority following the criticisms made by the international community on labor conditions in Jordan, and their potential impact on Jordan’s trade agreements with the US and international trade community. The MoL team assigned to work with IFC was thus highly motivated and committed to the project, and worked closely with IFC to implement reforms.

Reforms at MoL started to yield results shortly after the project started, in terms of enhanced efficiency at the inspectorate and improved labor conditions at workplaces. Once the new inspection processes were finalized and implemented, the MoL designed and built a comprehensive database to automate its inspection operations, supported by an agreement with Jordan’s Microsoft Academy.

The MoL was also receiving help from multiple donors and funding agencies: the United States Agency for International Development (USAID) assigned a full time advisor to the Ministry to enhance its image in the United States and oversee inspection reform. The International Labour Organization (ILO) focused on training and capacity building for newly hired inspectors. The Employment-Technical and Vocational Education and Training (E-TVET) program was responsible for infrastructure, hardware, and logistics. IFC also provided technical advisory services for building inspection systems. Together, the Ministry and IFC were able to coordinate donor interventions and maximize value and benefits without duplicating efforts.

Environmental Inspection

The Ministry of Environment (MoEnv) is a relatively new ministry, established in 2003. As with the Labor inspectorate, the new inspection system was adopted by the Minister and implemented at all field offices and directorates.

Reform at MoEnv, however, proceeded at a slower pace than at the Ministry of Labor. This was due mainly to a lack of capacity at the central environmental inspectorate, which had very limited resources. It was responsible for carrying out field work, in addition to its main mandate of agreeing strategies and plans and managing the other field directorates. Therefore, IFC’s counterpart team here, burdened with other responsibilities, was slower in liaising with the project team, dealing with project requirements, and making and communicating management decisions.

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2 Refer to the “Key Results and Achievements” section in this document for more information

3 E-TVET is an initiative derived from the National Agenda to reduce unemployment rates and address the mismatch between labor supply and demand. It aims to provide the labor market with the required competencies to support the growth of the economy and enhance the competitiveness of Jordanian enterprises. It is funded by multiple donors and funding agencies through projects that have already started such as the EDSDP World Bank funded project and the CIDA Funded Building and Extending Skills Training Systems (BEST) project, USAID/SYHA, USAID/IDARA, USAID/SABEQ, USAID/OMT and JICA in addition to the European Union (EU).
Horizontal Inspection Reform

While working with the pilot inspectorates helped in reforming the inspection process within these two inspectorates, it did not tackle the challenges and issues common to all Jordan’s inspection authorities. However, it did help IFC and MoIT identify the main issues, which included legislative overlap resulting in the duplication of inspection authorities’ scope of operations; contradictory technical and legal requirements; and issues of information sharing and collaboration.

As an example, there are two inspectorates that cover issues related to occupational health and safety: the Ministry of Labor and the Ministry of Health, in addition to the Social Security Corporation which conducts inspections relating to workplace accidents and injuries. Similarly, Public Health, including Food Inspection, is handled by at least three different inspectorates, while environmental issues are covered by at least two inspectorates, depending on the specific environmental area.

IFC interventions on the horizontal level thus focused on developing a national strategy outlining the main pillars for comprehensive inspection reform in Jordan. This covered both vertical and horizontal reforms, and was prepared in consultation with all inspectorates. IFC brought the different inspectorates together and opened communication channels between them, so they could work jointly on resolving cross-cutting issues and enhancing cooperation and integration. As a result, the strategy was translated into a national action plan that was in turn translated into Jordan’s new inspection reform program, with the aim of replicating the Labor and Environment experiences to other inspectorates.

Figure 1: Jordan National Inspection Reform Strategy – Main Pillars
Three Elements for Successful Inspection Reform in Jordan

The inspection regime in Jordan faced several different challenges and weaknesses which can be broken down into three main areas: Inspection Administration, Resolution of Overlap and Duplication, and the Identification and Dissemination of Requirements.

Phase I of Jordan’s inspection reform addressed the Inspection Administration element only, with the other two elements to be addressed in Phase II. This was due to several factors including the complexity of the latter two elements and the need to work with several – if not all – the inspectorates to better address these issues.

Overlap and duplication between inspectorates, where facilities are visited by multiple inspectorates covering the same areas, often with contradictory requirements, is one of the most common complaints received from the private sector. To resolve the issue, requirements need to be streamlined; with the different inspectorates agreeing on the requirements applicable to each area/sector. While IFC cannot set the technical standards or specifications, its proposal is to codify these requirements and make them available to the private sector in a clear, comprehensible manner.

Licensing and operational permits are another major problem, where the requirements by inspectors are either undeclared at the licensing/permitting stage, or actually inconsistent with the rules of the relevant licensing/permitting bodies. This makes it very difficult for business owners to comply, since some regulations would need major changes to existing systems, processes, or premises, which are either very expensive to achieve, or unachievable. IFC’s recommendation is to ensure the clarity and consistency of the requirements at all stages, which should be provided to business owners through every stage of the process.

1. Inspection Administration

Proper administration of the inspection function is extremely important to ensure inspections are managed and conducted in an efficient, effective and streamlined manner. Whether the inspectorate is a semi-autonomous institution, or a directorate within a bigger institution (for example, a ministry), it should have the basic components of organizational systems. These include:

a. Organizational Structure

The structure of the Labor and Environment inspectorates should be defined in terms of the different inspection roles/levels, interrelationships between them, lines of reporting, and authorities of each role. The model applied in Jordan was to establish a central inspection directorate within the ministry in the capital (Amman), responsible for overall inspection management and establishing strategies, policies and priorities; as well as maintaining field offices in different areas of the Kingdom. The central directorate manages and monitors the performance of field offices and provides them with guidelines and directions.
Previously, labor inspectors based in MoL field offices were given other responsibilities in addition to inspections, including workers’ permits, labor relations, and other general labor issues. MoL created specialized inspection units within each field office, whereby inspectors worked solely on inspection functions. These units report directly to the central inspection directorate in Amman.

The Ministry of Environment lacks sufficient capacity and resources; therefore the central inspectorate in Amman has to carry out field work in Amman on top of its strategic and managerial role. The Ministry of Labor has special field offices to carry out field work for Amman, which are separate from the central directorate.

**b. Inspection Planning and Targeting**

In many cases, inspectorates had limited resources to fully cover the facilities and premises under their mandate. To overcome such constraints, the inspectorate needed to prioritize its activities, and focus its resources on facilities that carried a higher risk to the public good. Inspection plans were created to reflect the inspectorate’s priorities and hence resource allocation.

Planning was needed at all levels, including long-term/strategic plans and annual plans at the inspectorate level, and monthly and weekly plans at the inspectors’ level. The annual plans define the inspectorate’s directions and priorities for that year, while the monthly/weekly plans outline the activities needed to achieve the strategic goals and objectives.

There are two elements to a sound inspection plan: **first, that the inspectorate has a database of all facilities that fall under its jurisdiction**, including basic information like the geographical location, sector, and compliance history, as well as information specific to the area of in-
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inspection. For example, the environmental inspectorate should have information about the raw materials used by a facility and the output materials resulting from its production processes, such as gas emissions, solid waste, and waste water.

This element was not part of the project scope due to factors including budget and time constraints, and the need to have a unified national database that all inspectorates would benefit from. This is one of the major components of Inspection Reform Phase II.

The second element is applying risk-based inspection as a targeting tool, where resources are focused on those enterprises carrying a higher risk to the public. Inspectorates sometimes have to cover a large number of facilities but don’t have the resources to do so. These inspectorates need to better utilize their resources by prioritizing inspection visits; this means focusing on facilities that are more at risk of non-compliance, rather than low-risk enterprises.

The degree of risk of an enterprise relates to its history of compliance and the extent to which it might reasonably be considered to pose a threat or harm to the public good. For example, from an environment perspective, a chemical plant is riskier than a supermarket, in terms of the effect it may have on the environment.

This requires that the inspectorate identifies criteria for assessing the degree of risk; these can be a mix of criteria related to the nature of the facility and its activities, and its past performance. Such criteria can be used to assign a risk rating to the enterprise and determine its visiting frequency accordingly.

This risk-based inspection system then forms the basis by which an inspectorate identifies the priority and frequency of visits for each enterprise, and thus sets its directorate’s annual inspection plans and detailed visit schedules.

Risk assessment tools were designed for the Labor and Environment inspectorates, which can be utilized to assess the degree of risk for every enterprise under the inspectorate’s mandate. For example, at the Labor inspectorate, a construction site would be considered riskier than a bank, in terms of its impact on workers’ safety and health. This is translated into a risk classification using the assessment tools, which in turn helps identify the priority and frequency of visits to each enterprise.
Performance Monitoring

Planning is a continuous cycle that needs to start and end with performance evaluation. Performance information is necessary at the outset to understand where the inspectorate stands, and then set goals, objectives and targets accordingly. Performance monitoring should be done on a continuous basis to track plan implementation and ensure that objectives are being met.

For that purpose, key performance indicators (KPIs) were identified and linked to the different elements of inspection operations at the MoL and MoEnv. Data on these KPIs was collected through periodic reports. The central inspectorate is responsible for monitoring the performance of field offices and collecting regular reports at suitable intervals, and then aggregating these reports to determine benchmark achievements against plans.

c. Inspection Processes

Inspection processes and operations are key areas for inspection reform. There are many recognized best practices in the field, which can be incorporated into the daily work of inspectors. This includes defining the types of visits conducted by the inspectorate and, from this, the relevant processes, standard operating procedures, forms and checklists; and setting guidelines for communication between the center and field offices.

The processes can cover behavioral aspects, as well as the procedural or technical aspects of an inspection, which can also be governed by a legal instrument or internal decree. For example, inspectors could be required to carry identification cards or documents to properly identify themselves when entering a facility. They could also conduct a short introductory meeting with the facility’s representative to explain the purpose of the visit, before starting the inspection tour. Such practices can be enforced through laws, bylaws, instructions or decrees.
Comprehensive inspection manuals were developed for MoL and MoEnv, which served as a reference for inspectors to guide and educate them on how to carry out an inspection, and outlined the skills and behavioral aspects required. The manuals were adopted by the respective ministers and implemented through ministerial decrees. The Ministry of Environment also developed an inspection bylaw covering key legal and procedural aspects of inspections.

An important component – recommended to be added to the MoL and MoEnv manuals in the future - would be for all inspectorates to have a clear sanctions system. This should identify the proper procedures and sanctions for each type of violation, taking into consideration the intensity and recurrence of a violation.

d. Management of Human Resources

Inspectors play a critical role since they act as an interface between the government and the private sector. Their job goes beyond inspecting and issuing violations; it is, in fact, an advisory and educational role that is meant to help the private sector improve its understanding of requirements and reach better levels of compliance. The aim is to have a positive impact on both the private sector and the public. To achieve this, it is essential for inspectorates to properly manage their human resources, assess their needs, help them better perform their jobs, and apply adequate measures to govern their work; especially since inspectors are given judicial powers that entitle them to enter any facility without prior permission.

Like all other organizations, the inspectorate should have a clear Human Resources (HR) system, with each role carrying a clear job description defining duties, responsibilities,
authorities and reporting lines. The inspectorate should also have a proper selection mechanism for inspectors, given the very technical nature of their work, as well as comprehensive performance appraisal systems. The inspection profession can be prone to corruption; therefore proper reward and incentive schemes linked to performance are also essential. Training and capacity building is one of the most important issues; several training courses were delivered to inspectors during the course of the project but training and orientation programs should be provided regularly to all inspectors in the different aspects of inspection, including technical and procedural skills.

Jordan’s reform project did not entail building a comprehensive HR management system; however, it introduced some elements to develop and enhance the management of human resources at the MoL and MoEnv. For example, the MoL increased its number of inspectors and conducted training and capacity building programs which resulted in an improvement in standards. However, a more comprehensive HR system is needed, and is planned to be introduced in the upcoming phase of the project.

A code of conduct was prepared for inspectors at MoL and MoEnv to outline what is acceptable, and set boundaries for inspectors to abide by at all times, to ensure they are using their powers in a professional, objective and fair manner.

**Figure 5: Inspectors’ Code of Conduct**
2. Identification and Dissemination of Requirements

The inspectorate should clearly identify the legal and technical requirements that it expects businesses to abide by. Such requirements can be documented in different forms, such as laws, by-laws, regulations, national standards, as well as technical codes and specifications. Requirements should be as specific as possible and minimize scope for interpretation and discretion. According to the benchmark survey carried out at the beginning of the project, 100% of the surveyed enterprises said they only learned about requirements from inspectors during the inspection visits. While inspectors are seen as advisors to the private sector, they should not be the only source of information, since this can be subject to variation and personal interpretation. This also results in businesses only becoming compliant after an inspection, which should not be the case.

The inspectorate should ensure that these requirements are coordinated with other relevant requirements, such as licensing/permitting conditions and other inspectorates’ requirements, to ensure there are no contradictions or discrepancies. Inspectors should be thoroughly trained on the legal and technical specifications to be able to interpret them accurately, inspect enterprises effectively against them, provide accurate advice to business owners, and ensure consistency.

Inspection checklists are useful tools to aid the inspector during the inspection visits, and they should be designed with clear reference to legal and technical requirements. Checklists can serve as a tool to reduce discretion and minimize the risk of abuse or misuse. They also ensure consistency and uniformity among inspectors.

The inspectorate should make sure the requirements are discussed with the private sector before being ratified, and communicate them to business owners through different methods, such as brochures, websites, newspapers, awareness and consultation sessions, and campaigns. Business owners must also take the initiative to educate themselves about their requirements and obligations by accessing these resources and participating in awareness and consultation sessions whenever possible.

Link with Licenses and Operational Permits

An inspection is meant to verify that facilities are complying with the requirements relevant to their type of operation. Ideally, these requirements are communicated to business owners upon establishing their facilities, that is, at the permitting/licensing stage; when business owners should be introduced to the regulations relating to the establishment, operation and shutdown of their businesses. It is the responsibility of the licensing/permitting body to monitor the establishment phase of a facility, by carrying out field visits to make sure the business is compliant.

Once the facility is established, the licensing/permitting body should transfer the enterprise’s file to the relevant inspection body (sometimes a different department within the same authority) to monitor the facility’s performance during operation. Failure to establish such a link could create

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This element is part of the upcoming phase of Jordan Inspection Reform
gaps in the enforcement system, such as a lack of awareness about new facilities, and lack of profile information on these facilities. This would affect the validity and comprehensiveness of the inspectorate’s population and its targeting process.

3. Resolution of Overlap and Duplication

This is due to be addressed in Phase II of the inspection reform process, where a horizontal inspection reform model will be selected for Jordan. The selection will be made by assessing a range of horizontal inspection reform models applied in other countries, based on feasibility, cost and benefit. A shortlist of options has been agreed by the government of Jordan. It includes: coordination agreements between certain inspectorates; the establishment of a coordination body for all inspection activities with mandatory powers and a secretariat; consolidation of some inspectorates around key policy areas; consolidation outside the remit of individual ministries, including a single general inspectorate; and enacting a general law on inspection procedures.

Challenges to Reform

- Planning and Scope

The original assessment, which carried out detailed process mapping across all Jordan’s inspectorates, discovered that there were no systematic inspection processes in place and that inspectorates often lacked the fundamental elements of a basic inspection system.

Significant time and effort could have been saved with a qualitative, high-level diagnostic evaluation of all inspectorates to identify the level of sophistication of their inspection regimes. The type of intervention required could then have been decided based on these results; if the evaluation revealed that inspection processes did exist but needed to be streamlined and simplified, then an in-depth process mapping could have been carried out as a first step in the business process re-engineering methodology. If the required reform was to build an inspection system for the inspectorate, then detailed work flow mapping would not have been necessary.

Annex 1 includes a proposed diagnostic tool, prepared by the authors, that helps conduct a high-level assessment of the maturity of inspection systems at the inspectorate.

- Monitoring and Evaluation

Due to the nature of the project, which entailed developing an inspection system and creating new inspection processes rather than simplifying existing ones, IFC’s Investment Climate (IC) core indicators were not all applicable to the project. The burden caused by inspection on the private sector did not come from the time or cost of a single transaction (that is, inspection

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5This element is part of the upcoming phase of Jordan Inspection Reform
visit) as reflected by IC indicators; it was actually a collective burden caused by having multiple inspectorates visiting the same facility at high frequencies, covering similar and overlapping purposes, and having contradictory requirements. In many cases, contradictions were also found in requirements by inspectors from the same inspectorate.

This raised the need for a tailored set of indicators that would better tell the reform story, while capturing ‘public good’ components not reflected in the IC core indicators. The monitoring and evaluation model had to undergo multiple iterations and discussions before a suitable model was agreed and endorsed by all. The matrix of IC core indicators was revised and the 2010 version now includes indicators related to public good elements, such as improved private sector compliance.

- **International Benchmarks**

One of the major challenges faced in the project was the need to conduct meaningful and practical comparisons for inspection regimes in Jordan, as compared to other countries with well-developed inspection systems. The aim was to translate these benchmarks into realistic and achievable targets for Jordan’s inspection reform initiatives, while taking into account differences in the political and economic climate between Jordan and these countries.

Because inspection reform models vary so much between countries, the project team could not find meaningful quantitative data that was comparable across countries, given the diversity of economic and social context. Consequently, we had to rely on a ‘before and after’ study to measure reform results.

**Lessons Learnt**

- The process mapping activity was too detailed and time-consuming; it also did not add much value since it was later found that the necessary intervention was for a new inspection system, rather than simply re-engineering existing processes. It would have been more practical to conduct a qualitative assessment to properly evaluate the maturity of the inspection regime and, based on this, decide the need for detailed process mapping. The process mapping also caused serious deviation from the project’s original scope and time; therefore objectives, and the type of intervention needed, should be considered very carefully during the pre-implementation phase to ensure proper estimation of budget, scope and timeframe.

- The benchmark survey did not fully achieve the expected results for many reasons; the sample size was small compared to the total number of economic entities in Jordan, and it was designed according to the initial monitoring and evaluation model - to assess inspection burden across all inspection functions in Jordan, which did not provide statistically significant figures that could be generalized across all functions.

- MoL faced multiple changes in its top and middle management: the Minister, Secretary General and Inspection Director were all replaced during a very short period of time. However, this did not jeopardize the project design or implementation, since the IFC team involved all levels of staff from the outset of the project, including field inspectors in different governorates in Jordan.

- The MoIT counterpart team was not fully able to assume this responsibility since it did not have sufficient capacity and lacked technical knowledge, as well as project management and effective communication skills. This forced the IFC team to take on these responsibilities, which cost more time and effort to bridge the gap.
Key Results and Achievements

The project has resulted in building inspection systems at two inspectorates that are in line with inspection best practices. This increased the efficiency of these inspectorates and enhanced the transparency of inspection operations and requirements through the implementation of improved regulations, processes and procedures; and the adoption of risk-based inspection systems.

The project increased awareness among inspectees regarding inspection processes and the rights, and responsibilities of each party; it also opened new channels of communication between inspectorates and inspectees. The new inspection systems set adequate governance measures to reduce discretion and ensure uniformity and consistency in processes to minimize unfair treatment to inspectees.

On a national level, the project built a road map for comprehensive national reform. It also created room for collaboration and cooperation among the different inspection authorities, and highlighted the urgent need to address issues of overlap and duplication among inspectorates, and increase communication and information sharing.

The project also created substantial awareness and visibility in the Government and private sector, which encouraged other donors to take part. IFC is working closely with MoIT to replicate it nationally, while other inspectorates have expressed an interest in pursuing similar reforms at their directorates.

As a result of the rationalization of inspection processes, the reforms are expected to result in US $2 million in private sector savings per annum that will increase the efficiency of businesses.  

The Ministry of Labor has shown particularly strong results in relation to improved worker conditions and protection of labor rights. Additional measures taken by the Ministry contributed to these results. For example, the Ministry established new dedicated hotlines for workers to communicate their inquiries and complaints; the hotlines are available in five foreign languages to better support foreign workers in Jordan. The Ministry also paid special attention to gender issues, by hiring additional female field inspectors to better relate to female workers’ needs and also have access to female-restricted business places, such as beauty centers.

“At Sears, we have been actively watching the work that your government has done to advance and protect workers’ rights in Jordan. We are pleased with the activities of your government and encouraged by your continued commitment to address the labor rights issues found in garment factories.”

— In a letter to H.E. the Minister, Sears Holding Global Sourcing Ltd. (K-Mart), August 13, 2007

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*This based on MENA Cost Saving Methodology for 2009*
Improved labor conditions

The Ministry of Labor started to show improved performance in protecting labor rights and working conditions soon after the project started. The negative image it had gained from severe violations in labor rights was replaced by a more positive reputation in the United States and international community. Such improvements were recognized by the National Labor Committee and acknowledged in its subsequent reports, as well as by some international buyers.

Improved private sector compliance

The number of notices issued by the Ministry of Labor and Ministry of Environment against non-compliant enterprises (such as warnings, violations, or closure orders) has decreased with time, indicating improved private sector compliance.
Reduced workplace injuries

The percentage of workplace injuries per insured worker has been decreasing with time, according to the Social Security Corporation reports.

![Figure 8: Percentage of Workplace Accidents per Insured Worker](image)

Source: Social Security Corporation reports

Enhanced workers’ awareness of their rights

The number of worker complaints reported in 2009 increased by about 86% from 2006, indicating improved workers’ awareness of their rights and entitlements – including the right to file a complaint. MoL’s dedicated hotlines played a significant role in this, by providing a direct and secure means for educating workers and facilitating the reporting of possible violations.

Note: Complaints reported to the Ministry of Labor are investigated and judged by labor inspectors

![Figure 9: Number of Worker Complaints against Enterprises reported to the Ministry of Labor](image)

Source: Ministry of Labor, Inspection Directorate

Enhanced sensitivity to gender issues

The Ministry of Labor hired additional inspectors to enhance its efficiency and coverage, also taking the opportunity to address gender issues by hiring more female inspectors to better suit the needs of female workers. In 2006, MoL had 12 female inspectors among its total of 85 field inspectors; in 2010, it had 42 females out of a total of 136 field inspectors.

![Figure 10: Distribution of Labor Inspectors by Gender](image)

Source: Ministry of Labor, Inspection Directorate
10 Tips for Successful Project Management

The following includes some key principles that are crucial for successful project management, based on the experiences of the Jordanian Inspection Reform project team.

1. **Look for other donor activity**

   The project team should explore whether there are any other donor interventions with the client to ensure there is no overlap or contradiction in the proposed reforms, during the planning stage and throughout. The project team should work with the client to manage any such interventions and make optimum use of the services provided to maximize value and increase benefits. The project team can also meet with donors and work jointly with them to prepare a wider reform plan where the contribution of each party is defined and understood by all.

MoL and MoEnv were receiving support from multiple donors; the IFC project team helped the Ministries streamline and coordinate these interventions, and maximize synergy.

Apart from IFC, the Ministry of Labor was receiving support from the United States Agency for International Development (USAID), the International Labour Organization (ILO Social Dialogue and ILO Training Center in Amman), and the Technical and Vocational Education and Training (TVET) Council. The Ministry also had its own government budget available to use. IFC provided technical assistance in inspection reform; ILO provided comprehensive capacity building and orientation programs to newly hired inspectors; TVET was responsible for infrastructure, hardware, and logistics; and USAID assigned a full-time advisor to the minister to enhance the Ministry’s image in the United States and oversee inspection reform, with special focus on Qualified Industrial Zones — the main sector targeted by the NLC report.

2. **Know your client**

   The project team should take the time to fully understand all aspects of the client’s work, studying the external and internal factors that could have an influence, as well as internal strengths and weaknesses. This helps the project team better relate to the client’s needs, strategies and priorities, and build reforms around them.
3. Involve the private sector

At IFC, the private sector is the ultimate client for Investment Climate reform projects, so it is essential to involve the private sector from the outset and understand their needs and perspectives. Crucially, this also helps shift ownership of reform to the private sector, since it is one of the main beneficiaries of such reforms. The project team should also act as a facilitator for public-private dialogue and communication, and support the client in informing the private sector about any newly introduced communication channels with the government.

During the Jordan project, the project team engaged with the private sector through chambers of industry and directly at conferences or visits. However, more action should have been taken to involve the private sector in inspection reform in a proactive and consistent manner.

4. Develop a solid communication and outreach plan

The project team should create a clear communication plan for the project, which clearly identifies all stakeholders, including internal and external ones, public and private, and the wider community. A good plan will consider the type of information that needs to be disseminated and to whom, the best format and media, and the frequency and timing of communications.

The project team should ensure that communication and outreach is incorporated into the client’s regular practice and takes place in both directions, both to and from the client.

One of the main drawbacks of the Phase I inspection reform project was the lack of a comprehensive communication plan. This is another area where more could have been done to increase outreach to the private sector in different sectors and locations.

5. Think about replication opportunities

Government bodies, such as ministries or independent authorities, often have similar organization structures, HR systems and administration processes, making it much easier to replicate reforms. Rather than initiating similar reforms at all entities simultaneously, the project team should consider starting with a pilot organization, assessing the best solution, and then designing, testing and implementing the chosen system. Afterwards, the project team can move to other entities and replicate what was done at the pilot, rather than ‘re-inventing the wheel’. This does not mean that other entities should blindly imitate what the pilot did; on the contrary, each entity should tailor the model to its own needs. The value of replication is that it makes use of past experience and efforts, and in many situations can be performed with less reliance on external consultants. Replication opportunities are quick wins since they require less time, energy and money.
6. Involve all staff

It is important to involve all levels of client’s staff in the project from the onset, especially in the design of new systems and practices. Top and middle management can play a major role in setting priorities, goals, policies and directions. Operational staff, meanwhile, can provide practical and useful feedback in the development of processes and systems, since they deal with these daily and are in a strong position to test and judge whether certain practices are applicable. These different layers complement each other and contribute to developing the full components of new reforms.

Working with all levels of a client’s organization is especially useful if, or when, there is a change in management. It minimizes disruption and interruptions to the project, and helps the new management endorse changes that are already supported throughout the organization.

A good example of the importance of this was at the Ministry of Labor, where the counterpart team consisted of three main personnel: the Minister’s Advisor (dedicated to inspection reform), the Inspection Director, and the Inspection Reform Project Manager. The Project Manager was designated by the Ministry to manage the different inspection reform support projects supported by multiple donors. She played a key role in the project’s design and implementation, setting plans, defining its scope, designing inspection systems, working with consultants and involving other inspection personnel (such as field inspectors) in consultation and training workshops as needed. This was very valuable in achieving prompt, quality deliverables which contributed greatly to the success of the project.
7. **Don’t leave it all to the consultant**

Working with consultants is a double-edged sword. While consultants can fill in technical gaps and carry some of the work load, their interventions need to be carefully managed to ensure they deliver within the agreed time and quality constraints. The following are some tips based on our experience:

- Draft proper Terms of Reference “TOR’s”: TOR’s are the benchmark against which a consultant’s work is based; therefore they should be written in a comprehensive, clear and precise manner. All terms and definitions should be explained explicitly, and deliverables and outputs should be described in sufficient detail to minimize interpretation or discretion.
- Broaden the pool of consultants applying for a bid as much as possible.
- Conduct interviews with proposed team members before contracting, if possible.
- Follow up frequently with all consultants to make sure they are on schedule and no deliverables or reports are missed.
- Thoroughly review a consultant’s work and look for completion, quality and correctness.
- Be constantly aware of a consultant’s work to avoid last minute surprises.
- Be involved with, and consulted on, any correspondence the consultants conduct with external parties on behalf of IFC or the project.
- Involve clients in the selection and evaluation of consultants if possible, and also in the review of deliverables to ensure they assume ownership of the project.

8. **Assume client ownership of reform**

The project team should always remember that these reforms are for the client. It is only a matter of time before IFC concludes its interventions and hands-over to the client; therefore, to ensure a smooth and sustainable transition, it is crucial to let clients assume ownership from the outset. The client should be involved in all phases of the project, from needs assessment to planning, design and implementation; and be consulted on all decisions to ensure they are in line with their needs, priorities and capacity.

Client input should always be acknowledged and the client should be made visible at all times so that a sense of client ownership and commitment is developed - a key factor in achieving successful reforms. Simple but effective practices can be applied by the project team to ensure client ownership; for example, by asking the client’s Inspection Director to make the project’s presentations at public events, or asking a client’s high-level official to open or close an event. Quotes from the client’s representatives should also be included in press releases relevant to the project.
This was one of the key points applied and emphasized by the Inspection Reform team for all its clients, including the Ministry of Industry and Trade, Ministry of Labor and Ministry of Environment. This helped the clients maintain the reforms well after IFC interventions were concluded, and build on them to further enhance their systems. For example, MoL worked on automating its inspection system by building a database and workflow system to eventually replace the current paper-based system. MoL also introduced a performance-based incentive scheme to be applied semi-annually, and a new classification for inspectors based on merits and expertise. Meanwhile, MoEnv has secured a fund of $200,000 from USAID to develop a national inspection plan for chemical industries as a high priority sector; this included street mapping of chemical facilities, applying risk assessments, and creating an environmental map.

9. **Whenever feasible, use local consultants rather than international**

   The project team should rely as much as possible on local consultants and trainers to take advantage of their knowledge of the local context, culture and language; and to create a pool of consultants that can be tapped into for future interventions. Local consultants are better able to customize international practices to suit the local context and specificities, which maximizes value and ensures clients buy-in.

10. **Adopt a hands-on approach**

    The project team should ensure thorough, and hands-on, involvement in the implementation and delivery of services. This will help the team understand the technical aspects of the reform area and get a better feel for what works. This approach also enhances the team’s ability to set a realistic project design and scope, assess client needs, and better evaluate consultants’ work.
Resources and Links

- For more information, please refer to project number 539205 on IFCDocs. The following documents could be of particular interest:
  - Phase I Analysis Report
  - National Inspection Reform Strategy
  - MoL: Inspection Deskbook
  - MoL Factsheet
  - MoEnv Factsheet
  - Project Completion Report

- The following SmartLesson: “Makeover of the Jordanian Labor Inspectorate: Transforming an Ugly Bureaucracy into a Supermodel” includes some of the key factors that led to the success of labor inspection reform in Jordan.

  The link to the Smart Lesson is:

- Good Practices for Business Inspections: Guidelines for Reformers
  http://rru.worldbank.org/Toolkits/BusinessInspections/
  or

- How to Reform Business Inspections: Design, Implementation, Challenges

The purpose of this document is to provide a quick tool for assessing the level of maturity of inspection systems at inspection directorates. This diagnostic tool can serve as a preliminary evaluation of the inspectorate, prior to initiating reform activities, to obtain a clear picture of the status quo, and the strengths and gaps in the inspectorate functions. The results can then determine the type of reform required, and the allocation of time, budget and project resources.

The tool was built around eight areas that comprise the basic elements of an effective inspection system:

1. Legal and technical framework
2. Organization structure
3. Strategies and policies
4. Inspection operations
5. Human resources
6. Inspection resources
7. Information management
8. Private sector communication channels

Each area is further broken down to discrete elements that describe practical aspects of the inspection regime. Elements are assessed against a qualitative scale that show if it is:

a. “Satisfactory”, indicating that it is available and adequate
b. “Needs action”, indicating that it is not available, or available with gaps that need to be addressed
c. “Not applicable”, indicating that the element does not apply to the inspectorate

The assessment can be carried out by any IFC / WBG staff member that has adequate expertise in the area of business regulatory reform, specifically inspections.
## Name of Inspectorate

<table>
<thead>
<tr>
<th>Key System Components</th>
<th>Definition</th>
<th>Satisfactory</th>
<th>Needs Action</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- Legal &amp; Technical Framework</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Inspection legislations</td>
<td>Legal references that define the inspectorate’s mandate, and roles and responsibilities of the inspectorate and the private sector</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Technical requirements</td>
<td>References / standards that define technical specifications that the private sector must abide by</td>
<td></td>
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<tr>
<td>Link with licensing</td>
<td>Systematic procedure to transfer enterprise’s licensing file and conditions to the relevant inspection directorate</td>
<td></td>
<td></td>
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<tr>
<td>2- Organization Structure</td>
<td></td>
<td></td>
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<tr>
<td>Central vs. field offices</td>
<td>Roles, responsibilities and authorities of central and field offices</td>
<td></td>
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<tr>
<td>Reporting lines</td>
<td>Relationships between central and field offices</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3- Strategies and Policies</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Strategy</td>
<td>Long-term strategies and priorities of inspection</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Policy</td>
<td>Policies for the inspectorate and inspectors</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Goals</td>
<td>Long and short-term goals and objectives</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Strategic planning</td>
<td>Long-term plans needed to achieve goals</td>
<td></td>
<td></td>
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<tr>
<td>Key Performance Indicators</td>
<td>Key performance indicators needed to monitor and evaluate progress</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Monitoring and evaluation</td>
<td>Continuous monitoring of performance and actions taken in case of under-performing</td>
<td></td>
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<tr>
<td>4- Inspection Operations</td>
<td></td>
<td></td>
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<tr>
<td>Inspection population</td>
<td>Directory of enterprises subject to inspection by the inspectorate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risk-based targeting</td>
<td>Use of risk assessment tools to rate enterprises</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key System Components</td>
<td>Definition</td>
<td>Satisfactory</td>
<td>Needs Action</td>
<td>Not Applicable</td>
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<tr>
<td>Frequency</td>
<td>Setting visit frequency based on risk classification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Types of visits</td>
<td>Types of visits undertaken by the inspectorate, for example, routine, follow up, complaints, accidents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning and scheduling</td>
<td>Monthly field inspection plans and weekly schedules</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Procedures</td>
<td>Standard operating procedures for inspection, covering inspection management, planning, visiting and reporting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Checklists</td>
<td>Inspection checklists that can be used by inspectors during visits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reports and forms</td>
<td>Inspection forms and templates, periodic reports and statistics</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sanctions</td>
<td>Clear sanctions that are linked and proportional to violations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Appeal mechanisms</td>
<td>Clear and published mechanisms for private sector to object to inspection decisions</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

### 5- Human Resources

<table>
<thead>
<tr>
<th>Job titles</th>
<th>Inspection personnel have clear and appropriate job titles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job description</td>
<td>Inspection personnel have clear job descriptions showing roles, responsibilities, authorities and other duties</td>
</tr>
<tr>
<td>Classification of inspectors</td>
<td>The inspectorate adopts a classification of inspectors based on their expertise</td>
</tr>
<tr>
<td>Performance appraisals</td>
<td>The inspectorate has a performance appraisal and development system for inspectors</td>
</tr>
<tr>
<td>Incentive schemes</td>
<td>The inspectorate applies a performance-based incentives scheme to inspectors</td>
</tr>
<tr>
<td>Code of conduct</td>
<td>The inspectorate has a code of conduct that inspectors are required to abide by</td>
</tr>
<tr>
<td>Key System Components</td>
<td>Definition</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Training programs</td>
<td>The inspectorate provides training programs to inspectors covering technical, procedural, and behavioral aspects</td>
</tr>
<tr>
<td>Inspectors’ discretion</td>
<td>Extent to which inspectors are allowed to use personal judgment and discretion</td>
</tr>
<tr>
<td>Administrative support</td>
<td>Inspectors have sufficient support to help with logistical and administrative issues, for example, scheduling, correspondence, data entry (support includes staff and tools)</td>
</tr>
<tr>
<td>Transportation</td>
<td>Inspectors are provided with means of transportation for conducting field visits (such as vehicles and drivers)</td>
</tr>
<tr>
<td>Communication</td>
<td>Inspectors are provided with communication devices such as mobile phones</td>
</tr>
<tr>
<td>Laboratories and sampling</td>
<td>The inspectorate has sampling equipment and laboratories for taking and analyzing samples from facilities or deals with accredited labs for that purpose</td>
</tr>
<tr>
<td>Measurement devices</td>
<td>The inspectorate has measurement devices that inspectors can use to take certain measurements at facilities, for example, dust, noise, emissions</td>
</tr>
<tr>
<td>Protective clothing</td>
<td>Inspectors are provided with protective clothing to be used at facilities with exposure to health and safety hazards</td>
</tr>
<tr>
<td>Computers</td>
<td>Each inspector has his/her own personal computer</td>
</tr>
<tr>
<td>Printers</td>
<td>Inspectors are provided with sufficient printers</td>
</tr>
<tr>
<td>Scanners</td>
<td>Inspectors are provided with sufficient scanners</td>
</tr>
<tr>
<td>PDA devices</td>
<td>Inspectors use Personal Digital Assistants in field visits</td>
</tr>
<tr>
<td>Key System Components</td>
<td>Definition</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>7- Information Management</td>
<td></td>
</tr>
<tr>
<td>Database of enterprises</td>
<td>The inspectorate has an electronic database of enterprises under its jurisdiction</td>
</tr>
<tr>
<td>Automation</td>
<td>Inspection processes are performed electronically (for instance, planning, scheduling, and reporting)</td>
</tr>
<tr>
<td>Periodic reports</td>
<td>The inspectorate is able to extract periodic reports at any time and of any content and publish them to the public</td>
</tr>
<tr>
<td>Internet / Intranet</td>
<td>Inspectors have access to the internet and have e-mail accounts to ensure good communication</td>
</tr>
<tr>
<td>8- Private Sector Communication Channels</td>
<td></td>
</tr>
<tr>
<td>Complaints mechanisms against enterprises</td>
<td>The inspectorate provides and publishes channels for citizens to make complaints against enterprises threatening the public welfare</td>
</tr>
<tr>
<td>Complaints mechanisms against inspectors</td>
<td>The inspectorate provides and publishes channels for enterprises to make complaints against inspectors’ behavior during inspection visits</td>
</tr>
<tr>
<td>Collaboration with other related government entities</td>
<td>The inspectorate collaborates with other relevant entities whether formally (agreements or Memorandums of Understanding) or informally</td>
</tr>
<tr>
<td>Private sector communication and outreach</td>
<td>The inspectorate has systematic awareness, communication and consultation channels, and outreach campaigns with the private sector</td>
</tr>
</tbody>
</table>
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