

Award 00040318
Project 00045554

Government of the Syrian Arab Republic

United Nations Development Programme (UNDP)

And

The State Planning Commission (SPC)

Capacity Development of the SPC and Assistance in the formulation of the Five-Year Plan

Summary of Results Targets

By supporting development of economic and social reform policy in the country, and by helping to establish an enabling environment and regulatory system conducive to increased investment, sustainable growth, redistribution of assets and poverty reduction, the project will contribute towards improving the quality life of the Syrian People.

Major results targets of the project will be (1) Formulation of a National Vision Policy for economic reform (2) Appraisal of the economy performance and drawing-up sectors policy reforms and targets in the Five-year plan (3) Assessment of the market constraints and introduction of regulatory reforms (4) Review of the Budgetary and public expenditure system and providing capacity building for the implementation of a comprehensive system of reform (5) Formulation of a Ten-Year Socio-Economic strategy and (6) Design and implementation of the Employment and Poverty

Country: **Syrian Arab Republic**

UNDAF Outcome(s)/Indicator(s):

(Link to UNDAF outcome., If no UNDAF, leave blank)

Expected Outcome(s)/Indicator (s):

(CP outcomes linked to the SRF/MYFF goal and service line)

Fostering Democratic Governance

Expected Output(s)/Indicator(s):

(CP outcomes linked the SRF/MYFF goal and service line)

Broad Based National Governance
Programme reflecting Poverty Reduction
Goals agreed by all stakeholders

Implementing partner:

(designated institution/Executing agency)

UNOPS

Other Partners:

(formerly implementing agencies)

State Planning Commission

Programme Period: 2005 - 2007
Programme Component: Democratic Governance
Project Title: Capacity Development for the SPC
and Assistance In Formulation of the Five Year
Plan
Project ID: SYR/05/005
Project Duration: 2 Years
Management Arrangement: AGEX

Budget	US\$ 1,440,000
General Management Support Fee	\$ 64,500
Total budget:	US\$ 1,504,500
Allocated resources:	
• Government	US\$ 1,050,000
• Regular	US\$ 150,000
• Prog. C/S	US\$ 304,500
○ Donor	_____
• In kind contributions	_____
Unfunded budget:	

Agreed by :

H.E. Mr. Abdallah Dardari
Head of the State Planning Commission
On behalf of the Syrian Government

Date: **23 March 2005**

Agreed by:

Mr. Ali Al-Za'tari
On behalf of UNOPS as Executing Agency

Date: **23 March 2005**

Agreed by :

Mr. Ali Al-Za'tari
Resident Representative – UNDP

Date: **23 March 2005**

N.B. The UN exchange rate prevailing at the signature date of the project is US\$ 1= SP 52.10

Schedule of Government's Payments

First Payment due on 31 March 2005 :

US\$ 350,000 Payment should be made in US Dollars to UNDP account No. 1107/3070 (\$A/C) – at the Commercial Bank of Syria Branch No. 12.

Second Payment due on 1 July 2005 :

US\$ 200,000 Payment should be made in US Dollars to UNDP account No. 1107/3070 (\$A/C) – at the Commercial Bank of Syria Branch No. 12.

Third payment due on 1 January 2006 :

US\$ 500,000 Payment should be made in US Dollars to UNDP account No. 1107/3070 (\$A/C) – at the Commercial Bank of Syria Branch No. 12.

1. SITUATION ANALYSIS

Syria is entering the new millennium with an all new strategic planning period. The country has already reached the point where it cannot further develop the economy without making structural adjustment and introducing economic reform. Sustained poor economic performance reflected in a stagnant GDP, inflation and increasing unemployment rates and poverty incidence which left a significant proportion of the population live on low incomes, is hasting the government to reform its centrally planned economy, towards a more market-based system.

Findings of a recent UNDP field assessment mission (February 2004) indicate an urgent need for international technical assistance in order to help the government, and the State Planning Commission (SPC) in particular, in their efforts to introduce the comprehensive economic reform and to formulate and implement the required national strategies and plans.

The findings also point to the fact that there is insufficient knowledge and expertise in pertaining government institutions and the SPC of what economic reform and market need in terms of: country-specific vision policy, strategic outlook, formulation of a market-led national indicative development plan, drawing- up poverty reduction programs, introducing the required institutional and legal reform, revisiting human resource development strategies and adjusting the education and training system to the newly emerging skills requirements and to technical capacity building and other related domains of know-how and capabilities.

Accordingly, the SPC and UNDP discussed and agreed with the assessment mission that a program of cooperation between the two was needed in the following six areas:

- a. Formulation and implementation of the five-year development plan at all phases. Areas of intervention are to be identified in order to avoid overlapping with the work of other international donors (i.e. the E.U and GTZ) who are assisting or have pledged to assist SPC in executing certain components in the design and implementation of the Plan.
- b. Long-term strategization with practical measures to draw-up a ten-year socio-economic strategy and to identify priority operational programs for in-depth research and analysis to increase the economy's competitiveness and to foster an environment for local and foreign investment.

- c. Public administration reforms to make public services more efficient, transparent, accountable and enabling for introducing economic reform and, equally distributed and responsive to underdeveloped regions and the poor segments of the population.
- d. Pro-active and well targeted employment creation and poverty reduction strategy which will be implemented in tandem with the five year plan (2006-2010). Special targeting in the strategy will be geared toward achieving a balanced regional development planning to enhance the standard of living of the underdeveloped areas.
- e. An expanded Social Security system and well-functioning social safety nets system to protect vulnerable groups and to minimize the social cost of economic reform.
- f. Institutional restructuring and capacity building for the State Planning Commission in order to: enhance the quality and effectiveness of the various existing and newly proposed departments, and to equip technical staff at SPC with the matching skills that help in formulating and monitoring the implementation of the market-based plans and strategies. The on-going partial assistance provided by GTZ to that effect will be taken into consideration.

The proposal was made that a Program of Cooperation between SPC and UNDP should be developed to identify projects that could render technical assistance for the Five year plan in two phases:

- 1. The Preparatory and Formulization Phase.**
- 2. The Implementation Phase.**

The present project document covers technical assistance and cooperation for the first phase. The latter would be launched after activities of the first two years succeed in accomplishing the following:

- a) Help to provide sufficient level of awareness and clarity of vision policy for country-specific and tailored economic reform, and for a strategic outlook that serves as framework for the next reform-focused five year development plan.
- b) Appraise the current performance of the economy; recommend the required macro and sectoral reforms, and select future best scenarios.
- c) Formulate the long term socio-economic strategy for the country, from which the five year economic plan can derive its objectives.

- d) Design the medium-term strategy for Growth, Employment Creation and Poverty Reduction and the associated Action Plan as road map for implementation in tandem with the FYP and the ten year socio-economic strategy.
- e) Secure the political willingness and the commitment to go ahead with the required structural adjustments, economic reforms and equity measures to be introduced by the national development plan, the ten year socio-economic strategy, and the employment creation and poverty eradication strategy and action plan.

The multi-dimensional and holistic approach adopted in researching, identifying and executing priority activities for the UNDP/SPC Program of Cooperation (in both phases of formulation and implementation of the FYP), will ensure a durable impact on the transformation and future performance of the Syrian economy and society.

All outputs and activities proposed to be included in both phases were assessed and developed in close consultation with SPC, line ministries, a sample of local governorates, the private sector, chambers of commerce and industry, local expertise, donors and other UN agencies dealing with various aspects of economic and social reform in Syria.

Due attention was paid to equity as a cross-cutting criteria in all selected projects and activities for both phases in order to contribute to redistribution of assets, employment creation, reduction of poverty and to the achievement of a regionally balanced growth and development that pay fairness to underdeveloped areas in the country.

ISSUES TO BE ADDRESSED:

During the span of the last National Development Plan, the Syrian government has taken action towards introducing some modernization and reform to the state-led economy. Yet they have been piece-meal in nature and function, and their effectiveness was greatly undermined by lack of clarity and absence of serious co-ordination and commitments on the part of ministries and institutions involved.

The major thrust of government's policy in the forthcoming Five Year Plan (FYP) is to enforce a combined series of far reaching structural reforms, with measures to achieve and safeguard financial stabilization in order to create the basis for sustained growth. Previous Plans were not based on optimum allocation of resources, therefore public expenditures were wasted and not directed to quality investment that could lead to the modernization of the Syrian economy, sustainability of growth and betterment of living standards and social wellbeing.

The next (FYP) is visualized by the government as much a reform plan as it is a resource plan. With the advent of such market-oriented momentum, SPC is willing to restructure itself in order to have the capacity to implement the reform plan fully and successfully. There is recognition at the helm of SPC this time that any unaffordable slackening will only increase the danger of reverting back to the cliff-edge and the collapse of the plan.

Accordingly, the purpose of this UNDP supported project is to back up such determination on the part of SPC and to offer, in a timely manner, at this take-off stage of the FYP a set of activities and international technical expertise capable of helping the government in developing the adequate macro reform vision and strategic framework of the plan, and in setting the right foundation of macro economic policies capable of: securing soft landing in the transition process, boosting growth, and ensuring proactive employment creation and poverty reduction policies that lead to the betterment of the standard of living.

Specifically, the Project, at this preparatory and formulation phase of the FYP, will address the following issues:

I. FORMULATION OF A NATIONAL VISION POLICY

It is widely acknowledged by now that because country circumstances vary widely, there can be no one-size-fits-all prescription for macro economic reform and growth policies. Therefore, the first task of this project is to generate, with the help of prominent national, regional and international expertise and UNDP's best practices in similar countries in transition, a dialogue among stakeholders in Syria about the suitable policy mix needed for the reform process. This will provide clarity of vision policy for possible structural adjustments and institutional reform measures to be addressed in the FYP and in the long-range socio-economic strategy.

Dialogue will focus also on defining the goals for national development and on articulating the policies and public actions capable of ensuring sound macro economic bases for the transition towards market-led economy.

Fortunately, Syria is contemplating on economic reform at the time when great deal of reviews have concluded that the prevailing paradigm that dominated the policies and implementations of structural adjustment and economic reform in the last two decades in most developing countries has failed to generate employment, to accelerate economic

growth, to increase productivity and to enhance the standard of living, specially among the poor.

In launching such national dialogue to verify, deliberate and decide upon the right approach for reform in Syria, UNDP is ideally placed to assist the Government in determining its vision policy of economic reform, given the organization's well-known neutrality, its belief in human development as the main criteria for the success of any macro reform, its experience in a wide variety of countries in transition like Syria, its vast regional and global network of information, and its knowledge and reliance on well versed and experienced regional and international experts.

Formulating the National Vision Policy Framework will constitute a kick-off activity for this Project. It will provide country-specific vision through rendering answers to a complete set of macro policy questions as the following:

- What kind of a Syrian society the Government and other stakeholders would like to see in the coming Five year and ten year planning periods?
- What are the long-range perspectives?
- What kind of economic, social, political and cultural engineering and investments are required to ensure the transition of Syria towards a modernized society and a vibrant economy that possesses a competitive edge regionally and internationally?
- What kind of role should the State play to facilitate the transition and to select the correct public policy-mix for the transition? How could the new role ensure certainty and predictability in the market in order to create an environment more conducive to broad-based local and international investment and to pave the way for integration in the global economy? What kind of institutional, legal and regulatory reforms are required?
- Will the suitable structural adjustment approach to be introduced in the forthcoming FYP be investment-led rather than economic contraction-led, i.e. led by simultaneous expansion of all sectors of the economy, but at different rates and with emphasis on quality investment? What kind of stabilization targets and standards should be pursued? Is it within short term or longer term framework of sustained investment and growth?
- Should the FYP focus on privatization or on exerting strong efforts to restructure and corporatise the SOEs and subject them to market rules?

- How could the FYP promote coordinated development efforts of different areas in the country to bridge the regional gap? How could a balanced growth be achieved?
- How can the generated economic growth be pro-poor, i.e. give enough consideration to redistribution of assets/income and accomplish both resource allocation efficiency and equity?
- Where should public investments be allocated? How will such investments be complementary to private investment instead of being competitive?
- How may accountability and transparency be enforced in Government's ethics, transactions and relationships to market and people?
- What kind of approach the Syrian economy could take toward effective integration in the international trading system and toward securing a foothold in regional and international markets? How a gradual and a managed openness policy could be formulated and pursued?

More specifically , the document will highlight future development perspectives for Syria and the various macro policies required for the transition and reform (i.e. Population and Labor Market Policy, Monetary and Financial Policy, Trade and Balance of Payment Policy, Fiscal Policy and the Restructuring of the National Budget, Vertical and Horizontal Revenues and Expenditure Balance Policies, the role of the State as a Facilitator and Regulator, the regulations needed to avoid market and/or government failures, the role of local and international private sector investment in the FYP, the Social Policy that should accompany economic reform, i.e. redistribution of assets, social safety nets, poverty reduction, employment creation and a balanced spatial and regional development strategy, production and reproduction of public social services and patterns of delivery...).

Once the document is finalized, endorsed and approved, it will serve as a frame of reference and guidance for economic reforms to be introduced by the SPC and other ministries in the FYP, in the year socio-economic strategy, and in the employment creation and poverty reduction strategy.

II. SITUATION ANALYSIS AND SWOT ASSESSMENT OF THE ECONOMY

Another pertaining issue that will be addressed by the project, in preparation of the FYP, is related to the necessity of undertaking a proper exercise of "Situation Analysis" by which a close scrutiny and a professional/critical performance evaluation of major sectors

of the economy take place. The outcome of such effort will help in deciding on the required operational macro and sectoral reforms to be introduced by the FYP, within the broader frame of guidelines and policy options provided by the National Vision Policy document.

SPC has already assigned Ministerial Committees to assess performance of the major sectors of the economy based on a set of indicators. One of the weaknesses of this exercise is the focus on evaluating the performance of the public sector only. Another weakness is related to the methodology which is descriptive rather than critical and reform-oriented.

UNDP, through this activity, will enhance and complement the work of SPC by helping to implement the following:

- 1. Participate in the on-going Situation Analysis field work of the macro economy and the various economic and social sectors**, in order to assist in analyzing the findings and in identifying, outlining and projecting the required reform packages, and concomitant sectoral policies, objectives and programs to be introduced by the FYP. Since the E.U is providing the SPC with technical assistance in the situation analysis and reform of some of the major productive sectors (i.e. Industry, Agriculture, Tourism and Transportation), the focus of the UNDP technical assistance will be on introducing the possible and suitable reforms of the social sectors (i.e. Education, Health, Housing, and Social Security).

This will be based on using the SWOT technique for diagnosing the major constraints and challenges, drawing-up the possible competitive advantages, cost recovery schemes and quality service for each social sector, and singling out the medium and long term perspectives and potentials through different targeting scenarios. Moreover, Regional Differences and Characteristics will be investigated with alternative policy guidelines outlined.

UNDP will also help in articulating the role of private investment in those sectors, estimating among other things, the productivity and the potential for job creation in the given sector and, most importantly, participating in writing the pertaining chapters of the FYP (i.e. the first chapter of the Plan that delineates, among other levels, the strategic framework for each sector. Also the other crucial chapter in the Plans text which outlines sectors policies, objectives and programs).

2. **Complementary to the above, the Project will conduct a Participatory, Rapid Assessment Survey. This will help review and analyze the market situation and conditions of the regulatory environment for business in both productive and service sectors, and in the formal and informal economies together.**

This participatory survey technique will be capable of generating first hand data that mirrors the private sector situation and the investment environment and, accordingly, helps in formulating business-friendly laws and regulations that constitute major prerequisites for the FYP to take-off. Also, by including the informal sector and the self employed, the outcome will complement the results of a recent survey that was conducted by the World Bank and the Ministry of Economic and Trade on the Investment Potentials in Syria.

This becomes more important when we notice that the Syrian economy is still heavily inflicted with distortions that contribute to a sub-optimal allocation of resources, and impose costs in terms of output, employment and equity. Poor understanding and enforcement of key policies, laws and regulations usually constrains and hampers private business investment, the volume and value of which the forthcoming FYP aims at enlarging. Moreover, inconsistent and overlapping regulations contribute to unnecessary and complicated bureaucratic procedures that increase the costs of complying with business regulations, and provide incentives and opportunities for corruption.

The transparent regulatory and institutional framework that the project can help in formulating and recommending based on the findings of the situation analysis of the market and the private sector will facilitate investment and growth and provide greater opportunities to individuals and businesses with less access to decision makers. In another dimension, it could restore inequalities in income distribution and help to alleviate poverty more effectively.

The project, through this activity, will produce the following:

- A research-based report reflecting on the findings of the Participatory Assessment Survey of the private sector situation and the regulatory environment for business.
- A work plan for commercial justice sector reform, aiming at (a) improving the legal environment (b) formulating business friendly laws and regulations (c) reforming key institutions and (d) training commercial judges and lawyers.
- A national workshop, to be held by the SPC and UNDP to discuss the survey findings and the work plan. Participants will include representatives from the legislative,

executive and legal branches of the government, private sector, bankers, lawyers and other concerned organizations, in addition to international experts.

- A one week TOT training course for commercial judges and lawyers in order to acquaint them with the various aspects of implementing and advocating the new regulations.

The outcomes of this activity will eventually pave the way to the Medium Term Competitive Strategy for the Private Sector, which UNDP and SPC agreed upon to be a major part of the second phase of the Program of Cooperation.

Under the proposed medium strategy (to be implemented in tandem with the five year development plan and in cooperation with pertaining line ministries), UNDP will embark, with possible contribution from other international donors and UN agencies, on undertaking many projects:

- A project for strengthening the financial sector and improving access to the private sector (commercial banks restructuring and establishment of development finance institutions including micro finance and stock market institutions).
- A project on reform in infrastructure provision (a framework for private sector participation in constructing and running infrastructure projects and activities).
- A project on public institutional reforms (deregulation, reforms in public procurement, institutional reform for export promotion, anti-corruption measures, information networking for private investment opportunities in Syria, improving tax administration...).
- A project for the support of Trade Promotion and Export Development (removing current export sector specific impediments and anti-export bias, export finance and guarantees, legislation and quality standards of exported goods...).
- A project for Improving Business Environment for SMEs (Structure and Institutional Capacity building, Policy Formulation, Skill Development, Training and Information Sharing, Formalizing the Informal Sector, System of Incentives ...)
- A project on Syrian Private Sector Growth in the Context of Globalization (Trade and Development Policy Making and negotiations, capacity development for effective integration of Syria into the international trading system and promotion for trade efficiency).

3. Undertaking a Public Expenditure Review in preparation for the five year plan.

The general objective of this major component and activity of the Project is to provide a broad assessment of public expenditures to see whether their composition is consistent with the government new reform objectives. UNDP through its consultations with SPC and MOF has realized that the need for such review is strongly felt. There are concerns about how the budget will adapt to its changing role in the transition to a market-oriented economy, and how its structure will reflect the demand of the economic renovation program.

At present, the ability of the government to undertake a public expenditure review and revision is hampered by:

- A lack of strategic and analytical skills in evaluating expenditure programs in both the central financial institutions and the spending agencies.
- A dual budget system, in which capital and recurrent expenditures are analyzed and allocated by different agencies.
- Obstacles in the budget system to improve the allocation of resources due in part to (a) a weak link between planning and budgeting of expenditures and (b) rigidity in the budget allocations associated with the extensive use of rigid expenditure norms.

Most importantly, as this Public Expenditure Review project activity is linked to the preparation of the FYP plan and to the Public Investment Programme (PIP), it will assess the longer term budgetary implications of present policy as well as FYP and PIP targets within the framework of a medium-term financial plan, to see whether they are consistent with likely available resources.

Moreover, the Public Expenditure Review exercise will assess the management of public expenditure and introduce capacity building framework to that effect, i.e. the institutional arrangements that determine fiscal policy and govern the budget process and the intensive training of the technical staff to handle the new modalities.

It is worth mentioning in this regard, that the MOF modernization project currently being prepared by the EU is in some ways complementary to this UNDP Project, e.g. in terms of reforming the budget classification system to bring it into line with international practice, and strengthening the fiscal reporting system. This should be of great help in the analysis of expenditures. Coordination between the UNDP and EU projects in this field is therefore important to avoid duplication.

Due to data and time limitation, the first phase of this project activity will focus during the year 2005 on the analysis of central government expenditures. In addition, to review the effectiveness of fiscal policies in meeting macroeconomic stabilization targets, a major emphasis will be put on the analysis of expenditure programs and projections in selected service and productive sectors, (i.e. education, health, agriculture, energy, transport...)

Through improvements in budget preparation for the FYP in particular, the use of Medium Term Framework for Expenditures (MTEF) for this Project activity will improve the coordination between the capital and recurrent budget, as well as the system of expenditure norms. All these outputs respond to major concerns raised by the head of SPC during the discussion about the main projects and activities that will be included in the UNDP programme of Assistance.

UNDP will provide international expertise to train the SPC staff in charge of formulating the FYP, along with concerned staff from the MoF and other related ministries on the new generation of macro and sectoral Public Expenditure Management techniques. Participants will be introduced to concepts and practical tools for use in both economic and sector work (e.g. public expenditure review) and lending programs (e.g. poverty reduction support credit).

Examples of pertaining subjects will be as follow:

- Managing public expenditure to facilitate economic growth and reduce poverty through budgeting of the FYP.
- The changing nature of public expenditure work in the coming FYP.
- Medium-Term Expenditure Planning as a tool to linking the program of structural economic reform to the budget.
- The medium term expenditure framework (MTEF), focused on selected sectors (education, health, irrigation, transportation,)..... .
- Public expenditure, Budget deficit and the macro economic framework.
- Fiscal rules and fiscal risks in budgeting for the FYP.
- Integrating Policy, Planning and Budgeting in the FYP.
- Public budget execution and monitoring: issues and solutions for the FYP.

- Issues in agricultural and rural development expenditure.
- Inter-governmental fiscal relations.
- Decentralization and public expenditure management.
- Modeling for equalization grants and criteria for the distribution of the central budget on Governorates.
- Targeting and adjusting public expenditure for a balanced regional development and poverty reduction.
- Wages and employment - aligning public sector pay with the market.

In addition to training of technical staff, a series of seminars for more concerned senior government staff will be held in the following areas of public expenditure management:

- The macro framework for fiscal policy.
- The role of the Medium-Term Expenditure Framework in establishing a link between economic reform and the budget, in particular to ensure linkage between PIP, PER and budgetary process.
- Integration of recurrent and capital budgets.
- Expenditure planning and budgeting.
- Treasury Operations.

While the above set of activities constitutes the outcome of the first phase of the Public Expenditure Reform in preparation of the FYP, the second round of activities will be implemented, parallel to the implementation phase.

Public expenditure review during the second phase will extend to offer capacity building at the Governorates level, where a sample of two to three governorates will be selected for the review before generalization on country wide level. This will allow for greater training schemes and depth of skills in public expenditure management and more detailed information base for making expenditure decisions.

During both formulation and implementation phases of the FYP, this project activity will revolutionize and change the basic directions of the national policy concerned with public expenditure and result in the following:

- 1) Increase the transparency of the budget
- 2) Reform the treasury system including its network of branches and allow for transition to international standard of accounting
- 3)
- 4) Improve reporting on PIP expenditure
- 5) Improve the medium-term financial planning technique
- 6) Strengthen and increase efficiency of state purchases
- 7) Improve financial relations between the central and governorates budgets aimed at providing incentives to local administrations to increase revenue and efficiency in spending resources
- 8) Rationalize government expenditures through taking stocks of social programs, improving the system of targeting support for the poor and their financial security

III. FORMULATION OF THE TEN YEAR SOCIO-ECONOMIC STRATEGY

Based on the situation analysis and the SWOT results, UNDP will help SPC in producing the socio-economic strategy for Syria up to the year 2014, and a longer term vision to the year 2020.

A parallel on-going exercise has been funded in 2002 by UNDP to conduct future-based scenarios envisaging Syria in the year 2020. The project is executed by the Ministry of Industry. It is acknowledged that there are several shortcomings in the 2020 project capacity, to execute the assigned work plan. This is reflected in the slow and weak implementation arrangements and in the lack of consistent methodology.

UNDP will work with SPC through this activity to link the 2020 project to the formulation of the Ten Year Socio-Economic Strategy, and to the constructing of the long term vision. Preferably, the 2020 project should be transferred to SPC, for both execution and supervision.

The Ten Year Socio-Economic Strategy will draw-up a set of achievable objectives for the FYP, with a longer planning period until the year 2015, and further perspectives until 2020. Moreover, the Strategy will identify and examine various means of financing the FYP.

Long-term goals will lay the foundation towards equipping the country with enabling environment for modern-oriented industries. This requires a strategy for the mobilization of local resources/potentials and the advancement of human resources, as well as scientific, technological and infrastructural capabilities.

Moreover, the role of the state has to be phased out and redefined. In parallel, adequate market economy institutions should be established in order to level the grounds of the enabling environment that ensures and attracts domestic and foreign investment.

Specifically, the strategy will ensure that between 2005 and 2010, the GDP will at least by around 3%, and should reach the vicinity of 8% by 2015. Other goals will assure (i) increase in the efficiency and competitiveness of products, enterprises and the economy in general. (ii) to better meet consumption demand, and a considerable part of production for export demand (iii) to ensure macro-economic stability, sound international balance of payment and growing foreign exchange reserve (iv) to keep budget deficit and inflation within safe limits (v) to effect positively economic growth (vi) to solve the unemployment issue in both urban and rural areas, and to eliminate poverty and reduce the number of the poor, and, most crucially, (vii) to raise substantially the Country's Human Development Index .

One of the major challenges for the Government/SPC in preparing the long term strategy is the complexity in researching and assessing the implications of a number of vital and key components which are of major priority in drawing up the strategy, such as:

- Globalization and international economic integration of the Syrian economy. Aspects of opportunities and threats.
- Governance, institutional restructuring and the creation of an economic and socio-political enabling environment. The division of roles between the state, the market, and non-market forces as key players capable of providing institutional support to economic reform and sustainable growth and development, and preventing possible government or market failure.

- The future of Syria as a learning/competitive society: HRD and skills development strategy, education system reform, virtual learning, R+D, science and technology for industrial competitiveness, Information services and knowledge based society.
- The assurance of equal development opportunities, equitable distribution of assets, and allocation of resources. How to plan for creating Growth Poles in various parts of the country and enforce a Balanced Regional development, with emphasis on rural and remote areas.
- Overall sequencing of implementation of the strategy.

All the above-mentioned components will be targeted in this Project as **Operational Programmes** that should be subjected to professional analysis and researching, based on a multi-facet and holistic approach. The complexity and interrelationship of those operational programmes stem from the fact that the rapid global changes are not occurring only in economies, markets and technologies, but also in the role of government and governance in creating an environment which is conducive for development, and in the consequent difficulties in making strategic decisions for long-term socio-economic development.

The ultimate beneficiaries of this long term strategy will not be SPC and the line ministries, but the people of Syria at large, as improved socio-economic strategic planning would lead to more effective governance, a more efficient allocation and use of scarce resources, higher employment rates and improved overall living standards.

The project activities in this regard will produce a number of research-based reports covering the various subject areas of the selected operational programmes which will be largely based on practical country experiences and lessons learned in Syria, the region and UNDP best practices.

In particular, the Project will help SPC in obtaining the following:

- A comprehensive research-based report with analysis of the implications of globalization, related opportunities and risks, possible managed openness i.e., the country's international economic integration of trade, investment and finance. In addition, based on UNDP experience, the report should offer practical measures to maximize the benefits and minimize the risks of global and regional integration, including the various means of financing the socio-economic development strategy and the FYP, and most importantly, offer recommendations on the optimal

sequencing of reforms so as to preserve socio-economic stability and sustainable development.

- A comprehensive research-based report on the Current and Future Role of the State, the Market and the Non-State Sectors in achieving Syria's development objectives in light of regional and international experience. It is acknowledged by now that governments in developing countries have become too big to take care of the details of people's daily needs, and too small to face the challenges of globalization. The State gets stronger and more efficient when it is smaller and focuses on supervising and orchestrating the macro economy. Therefore, a new division of labor and responsibilities need to be drawn between all societal forces. The issues of institutional reform and the legal framework for achieving Syria's development objectives will also be examined in light of recent regional experience.
- A comprehensive research-based report on Decentralization with recommendations on strategies and policies for a National Physical and Regional Plan that will identify Growth Poles in the country. Such Plan will be complementary to the FYP to perform the following: (1) achieve Regionally Balanced Development scheme capable of securing equity in resource allocation, (2) bridge development gaps among Governorates and accomplish long-term rural development through the reclamation of more agricultural land and better irrigation, through the promotion for agro-industries and small scale businesses, and through the improvement of basic social services delivery; (3) help in the diversification process of the Syrian economy and the integration of local economies of Governorates through forward and backward linkages; (4) introduce economies of scale through joint projects and service centers among Governorates; (5) increase the export potential through focusing on cross border off shore joint ventures which more than one Governorate in the given region can contribute to.
- A comprehensive research-based report on the future of the productive sector and actions required to promote productivity, innovation and other factors to improve competitiveness. This will address the following: Intellectual Capital development and a renovated education and training system in Syria, life-long learning process among people in the information society, pre-emptive measures, the new skills development schemes, adequate institutions and norms, IT and knowledge-based industries issues, key science and technology issues with special impact on long-term industrial development in Syria, and with recommendations on national policies in such domains as R+D, human resource development, infrastructure and overall societal strategies to facilitate the transformation of the Syrian industry and services towards competitive advantage and competitive regional and international edge positions.

- A succinct executive summary report (50 pages at best) summarizing the most relevant findings and practical recommendations of all the research undertaken within the project, including recommended modalities of long-term strategy implementation. The Summary Report will be discussed in a national meeting that SPC and UNDP will hold in cooperation. Policy makers and representatives of stakeholders are to participate in the meeting.

IV. FORMULATION OF THE GROWTH, EMPLOYMENT AND REDISTRIBUTION STRATEGY (GEARS)

The GEARS is a Comprehensive Medium Term Strategy and Action Plan that translates the government's ten year socio-economic strategy, the FYP as well as other sectoral plans into concrete measures with well defined road map for the implementation of job creation and poverty eradication activities and policies.

To make this happen, specific measures will be put in place to help SPC to monitor progress and implementation of the GEARS. These include macroeconomic management, sectoral, and governance measures. The findings of UNDP/RBAS regional project on poverty mapping in Syria could be embedded in the measures.

The implementation matrix of the GEARS is to cover major development sectors and clearly outline sector objectives, strategies, monitoring indicators, costing, implementing agencies and time frame. The matrix contains measures that aim at reviving growth, creating jobs and contributing to poverty reduction.

The SPC wants to ensure that the GEARS reflects Syria's commitment to the international targets. For a number of reasons, however, it will be important for this project to adopt the MDGs to fit local circumstances rather than adopting them in their original form.

First, Syria has its own strategic planning cycle with different start and endpoints from the ones defined by the MDGs. It will be helpful to align the twenty-five year cycle of the MDGs with five and ten year cycles of Syrian planning horizons so that measures and actions can be tailored to outcome targets for 2010 which are, in turn, consistent with targets for 2015.

Second, though Syria performs well on some of the access targets, for example, in basic education, there are urgent challenges associated with improving the quality of those services to international levels.

Third, there is a call in the next FYP for establishing sub national targets to capture issues related to regional development inequality.

Finally, there are areas which are particularly challenging for Syria at its current stage of development but which are not covered by the MDGs. As an example, although Syria has performed well in delivering basic social services, it has lagged behind in initiating governance reforms which remain crucial to attain some of the other outcome targets of the UNDP-supported program of Administrative Reforms.

As for the relationship between the GEARS and the FYP, the combination of the two will provide SPC with the link between policy, planning and budgeting. It will guide the preparation and implementation of sectoral plans and investment programs in a coordinated manner.

For that effect, while formulating the GEARS strategy, the project will clearly set-out the following activities on both macro and micro levels:

- Describe the current incidence of unemployment/underemployment and poverty with identification of problems/constraints in addressing them in each sector of the economy.
- Describe the potential impact on poverty reduction and employment creation of different levels and patterns of growth scenarios to be adopted by the FYP.
- Cover all public expenditures, legislation regulation, judicial reform, etc. in so far to contribute to job creation and poverty reduction.
- Provide a detailed fiscal strategy and an action plan with policies, priorities, institutional changes as well as clear consistency with macroeconomic stability and indicators of resource availability.
- Establish institutional arrangements of monitoring and evaluation.
- Set-out resource requirements, including external financial and technical assistance and the expected outputs.
- Identify direct methods to support the poor and underdeveloped areas.

- Draw-up pro-poor sectoral policies (Health care and family planning, education and vocational training, social security, construction work, industry, agriculture, services, culture, information...)
- Describe the participatory process both in the formulation of GEARS and in the implementation.

ESTABLISHING THE OBSERVATORY OF POVERTY IN SYRIA (OPIS)

One of the major activities at this phase of the GEARS formulation and implementation is the establishment at the SPC of the POVERTY OBSERVATORY (OPIS). This monitoring system will provide a precise and updated poverty profile for the disposal of SPC and ensures transparent interactions between line ministries and partners/donors involved in various poverty reduction programs.

More specifically, the (OPIS) will have the following major functions:

- Serve as an early warning and detecting system on poverty incidence or deteriorations of living conditions and income trends among certain regions or social groups, so the Government could take preemptive measures before situations further aggravates and solutions become more difficult.
- Coordinate the work undertaken by relevant ministries and Governorates to implement the PRP, in addition to other interventions to better orient required actions.
- Ensure data collection and analysis of findings to secure the smooth and updated functions of the PRP, and the related targets at the FYP.
- Propose/conduct research and studies, arrange for seminars, meetings, and establish data banks on poverty, social and human development subjects relevant to the PRP.
- Establish Poverty Monitoring Information Systems at the Governorates level.
- Sensitize the importance of the PRP program and the achievement of the MDG goals nationwide.
- Conduct poverty related, impact evaluation studies using participatory methods.

- Carry out quantitative and qualitative analysis of the levels, trends, and social and geographical mapping of poverty in the country, and issue an annual report for the purpose.
- Estimate the Poverty Line in the country, and update it every year.
- Contribute to the Production and Publication of the Syria “Growth Employment and Redistribution Strategy Profile”.
- Collect and disseminate examples of good local and international practices in poverty reduction.
- Liaise with international agencies and NGOs to support the work of OPIS.

The composition of the Observatory will include a permanent Technical Secretariat that reports directly to the Head of SPC, who will supervise and execute its activities.

As for the composition of the GEARS strategy, it will be arranged on a broader base. In order to ensure proper implementation of the multi-dimensional activities, the Strategy will be organized in a central manner with close co-ordination among Government agencies and supervised by high-level Inter-Ministerial Steering Committee (IMC). The SPC will fulfill the role of the Secretariat to the IMC in order to provide the Prime Minister with guidance to the implementation.

Moreover, the GEARS Opinion Council (GEARSOC) will be established as a working group by SPC and UNDP to include representatives of line ministries, MPs, private sector, labor organizations, local and regional authorities, local community organizations, advocacy /NGO organizations and international agencies.

Additionally, the GEARS Opinion Council (GEARSOC) will serve as an ad hoc advisory group for the Poverty Observatory, headed by UNDP and SPC.

It is worth mentioning in this regard that formulating and establishing the GEARS strategy, which the above-mentioned activities of this Project will accomplish, constitutes only the first phase. During the second phase of cooperation between the UNDP and SPC which starts in 2006, activities of the GEARS strategy are to be programmed in many action-oriented joint projects. This will give enough momentum for the implementation phase of the FYP.

The Strategy will be divided during the implementation phase into two separated, but integrated programs:

- a. **The Job Creation Program (JCP)**
- b. **The Poverty Reduction Program (PRP)**

In the context of high and persistent unemployment, it is clear that the **JCP** program, if properly implemented, will give overall directions for the FYP. Several projects and activities can be launched through the short and medium terms, and in tandem with the FYP implementation.

In the short term, JCP can help the FYP in designing a set of **Special Employment Programs** to create sufficient number of jobs to match net growth in the labor force.

In the medium term (within the five year duration of the Plan), JCP could help the FYP to design and implement an **Active Labor Market Plan**.

It can also help in formulating **the National Skills Development Strategy**, and in establishing the **Business Referral and Information Network (BRAIN)**, and the **Local Business and Employment Centers** as a more vibrant and viable Job Creation Program compared to the recently carried-on Unemployment Eradication Authority program, or to the Employment Registration Offices of the Ministry of Labor and Social Affairs.

As for the Poverty Reduction Program (PRP), many projects can be selected and implemented during the second phase to enforce the element of equity in the FYP.

Among them are:

- Projects that concentrate on reducing development gaps between regions and intervening in disadvantaged remote and rural areas.
- Projects that give urgent priority to the daunting issue of the urban poor and the dwellers of the Poverty Belts around major cities.

2. STRATEGY

A principle development objective of Syria in the forthcoming FYP, supported by UNDP Cooperation Framework, is the improvement of living standards through a sound macro economic base capable of generating high levels of growth and more employment opportunities. The project is intended to provide technical assistance in institution and capacity building and in assisting the preparation of a number of key preparatory phases for the formulation of the FYP.

Economic reform is high on Syria's development agenda. It started to gather pace in the nineties. Investment Law No. 10 in 1991 was the first step towards opening the Syrian economy to foreign direct investment by providing tax incentives and eliminating restrictions to capital flows. Several related laws and regulations were introduced at later stages. Such national reform programs have not been evaluated systematically and thoroughly. However, it is widely acknowledged that there were several shortcomings:

- (i) Lack of expertise on how to enforce the laws and ensure the right enabling economic environment;
- (ii) Insufficient awareness and capacity within line ministries to formulate and implement economic reform projects;
- (iii) Limited resource mobilization to support economic reform;
- (iv) Weak implementation arrangements, and
- (v) Insufficient targeting.

As for poverty alleviation, the government has no previous programs. Through this Project; UNDP will help SPC to formulate a medium term strategy to that effect. It is worth mentioning in this regard that Syria is signatory to a number of international treaties specifying commitments to pursue a development policy that leads to the achievement of anti-poverty goals. The highest profile among these the Millennium Declaration and its Development Goals (MDGs). SPC is taking the initiative to localize the IDT/MDGs. With the help of UNDP, the goals will be included and targeted with financial and costing breakdown in the government's ten year socio-economic development strategy and in the five year development plan (2006-2010).

In terms of curbing unemployment, the government has launched a large program of 1 billion dollar equivalent to promote employment opportunities away from the public sector. UNDP is a contributor to that program. Recent evaluations have shown that the results of the program is modest, and that unemployment can not be defeated unless it is tackled through a

pro-active national employment policy and within a package of other macro economic policy reform (financial, monetary, trade, labor market reform).

However, if the unemployment program performance is measured by the number of loans provided, one has to acknowledge that the program did contribute to jobs creation. But if one measures how far the selection process was based on merit and potential entrepreneurship and not on favoritism, the performance evaluation results prove different.

Reasons for UNDP Technical assistance

In Syria, UNDP has been working with the government on economic reform, employment creation, and poverty alleviation since the last CCF. It has supported several projects in that regard. It also supported the development of sectoral strategies. As the government confirmed its commitment to combat poverty at the UN millennium summit, UNDP took the initiative to issue the Syrian Millennium Development Goals Report. Moreover, UNDP will assist the SPC to formulate the medium term poverty alleviation strategy.

This Project is fully in line with the UNDP Syria country cooperation framework (CCF) for 2001-2005, in which economic reform, employment creation and poverty alleviation are emphasized as the over-riding objectives.

The UNDP funded provincial poverty alleviation projects (like the one in Jabal al Hoss) have generated meaningful lessons and knowledge about combating poverty at the local level. However, transferring the locally generated knowledge to the national level programs is still a missing element. This is the reason why UNDP has decided to move upstream to more policy-oriented programs at the national level. The same applies to economic reform project where the move upstream will be from sectoral to macro policy level.

Given the current critical juncture in Syria's development process, this first phase project, and eventually the second phase of assistance to SPC to formulate and implement the FYP is a most appropriate investment of ODA resources. Empirical evidence on ODA effectiveness shows that the investment of assigned and earmarked funds in macro policy and planning reform in countries in transition like Syria may generate much higher returns to socio-economic development than other types of assistance.

3. MANAGEMENT ARRANGEMENTS

The Project will make use of a mix of top level international experts who interact with the SPC technical staff and national experts. The international experts will be providing insight and know-how techniques and methods of contemporary indicative planning, based on best practices. Together with the SPC staff, they will ensure that these experiences and practices are adapted to fit the Syrian context.

The international experts, the local experts and the SPC counter staff are expected to form a team for each research and field work in the project and jointly produce the required output. Moreover, close coordination, briefings, joint meetings, exchange of ideas and information sharing with the teams of other international donors that assist the SPC in certain aspects of formulating the Plan (i.e. the E.U and GTZ) will be part of the Project's work plan.

The SPC is the national hosting agency, while the UNOPS or other designated U.N agency will handle the Project execution.

SPC will provide professionally equipped Projects premises, set up a project management unit and appoint a National Project Manager. UNDP on its part will recruit a multi-disciplined, senior level Chief Technical Advisor who is well versed and experienced in development planning, for the duration of the project.

The CTA will play the orchestrating and leading role to supervise the work plan and the whole range of activities of the project, consolidate and substantially review the work of all experts, participate in formulating the FYP, the 10 years strategy and the GEARS strategy, assist in conducting on-the-job training activities, workshops, seminars and help in the preparation and writing of the final reports and research outcomes.

Whenever considered appropriate, the UNDP will seek services and expertise of UN-specialized agencies. In this regard, UNDP will mobilize the services of ESCWA for issues pertaining to certain aspects of the FYP formulation. UNHABITAT will also be approached to assist in the project activity concerned with the formulation of the National Physical and Regional Development Plan for the country.

In addition, UNDP will liaise with the international donor community on the progress of the activities of the project, while mobilizing and coordinating any contribution in cash or in kind for the second phase of the program of assistance to the SPC which will commence activities immediately after the end of the two years duration of this project.

4. MONITORING AND EVALUATION

The head of the SPC and the Resident Representative of the UNDP will meet on a monthly basis with the CTA and the Project Management Unit, the International experts, and the National Project Manager to review project progress and to update future work plans. The Chief Technical Advisor will be required to prepare quarterly Project Progress Reports, with a detailed review of implementation issues.

Consultants working on various activities under the project shall be required to submit final reports on their assignments to the SPC and UNDP. In addition, the Consultants will prepare an executive summary report in a single brief document at the end of his/her assignments. Details will be specified in the respective Terms of Reference.

5. LEGAL CONTEXT

The project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of Syria and UNDP, signed by the parties in 1986. The host country implementing agency (SPC) shall, for the purpose of the Standard Basic Assistance Agreement, refer to the Government cooperating agency described in this Agreement.

The following types of revisions may be made to this Project Document with the signatures of the UNDP Resident Representative only, provided that he is assured that other signatures on the project document have no objection to the proposed changes:

1. Revision in, or addition of, any of the annexes of the Project Document.
2. Revisions which do not involve significant changes in the immediate objectives, outputs or activities, but are caused by the rearrangement of inputs already agreed to or by cost increases due to inflation.
3. Mandatory annual revisions which re-phase the delivery of agreed inputs or increases expert or other costs due to inflation or take into account agency expenditure flexibility.

National Professional Project Personnel

The Government agrees to the recruitment of the nationally recruited project personnel (NPPP) required for the implementation of this project, in accordance with the UNDP policies and procedures established within the United Nations system for this purpose. These services constitute an addition to the regular resources to be provided by the Government and will be available for the duration of UNDP participation in the project. The remuneration of NPPP will be determined on a case-by-case basis in accordance with the policies and procedures of UNDP; it should exceed neither the prevailing compensation for comparable functions in the host country nor remuneration levels applicable within the United Nations system.

Cross-Cutting Considerations

In setting up Project objectives, outputs and in executing activities, special attention will be paid to ensuring that all macro and sectoral reform areas introduced, laws and regulations altered for the sake of creating a better economic environment, aim at improving the well-being of the Syrian people, strengthen the national security of the country and supporting the nation-state in its new role as facilitator for economic development activities and preserver of socio-economic stability.

Especially in light of the evaluation of structural adjustment and economic reform in countries of the region and elsewhere in developing countries, special emphasis will be put on developing “internal strength”, national capacities, and “self reliance”.

In the same realm, sustainable poverty reduction through long-term employment generation and short-term remedial programs will also receive priority attention throughout. Sustainability considerations will be multi-facet to include issues related to financial, economic, social and environmental.

The issue of Equity and the right of Development for All (gender, rural/urban...) will also be cross-cutting. A balanced regional development planning to enhance the standard of living in underdevelopment governorates will be among the focus areas of the forthcoming FYP.

It is worth notifying in this regard that UNDP and SPC are in the process of signing a joint full-scale Program for the development of the depressed Easter Region. Such a Program, if properly supported and implemented, could serve as a model to be generalized for the rest of the country.

Due attention will also be paid to increasing technical cooperation between Syria and other economies in transition that advocate the social market approach (i.e. China and Vietnam), as well as other countries in the region, and international experts with experience from similar work will be considered in the recruitment process.

6. RESULTS AND RESOURCES FRAMEWORK

Outcome Targets	Baseline	Indicators
<ol style="list-style-type: none"> 1. A comprehensive National Policy Document, based on research and dialogue among stakeholders finalized, incorporating analysis outlook and implications for Syria of economic reform and transition to market-based system, related opportunities and risks, required phases and emphasis areas of reform, and the country's international and regional integration of trade, investment and finance. 2. Major Sectoral reports finalized based on "Situation Analysis" and SWOT assessment and thorough performance 	<ul style="list-style-type: none"> ▪ Governments draft document on economic reform ▪ SPC outline of the forthcoming five year plan and the reforms expected. ▪ Lack of vision for a policy mix of economic reform, suitable to the country-specific situation. ▪ SPC's ministerial, sectoral, and regional committees collected a set of indicators to 	<ul style="list-style-type: none"> ▪ National Vision Policy Document finalized, reflecting national policy priorities for the country in the coming ten years, concerning economic and social reform. ▪ The Vision framework offers practical measures for the FYP to maximize the benefits and minimize the risks of structural adjustment and economic reform ▪ Recommendations on the optional socio-economic stability, with due attention to possible social cost, especially that which might be inflicted on the poor, the small business and the remote areas. ▪ Fully researched reports on the current status and future development of major economic and social sectors in Syria, based on compiling and reviewing the large body of

evaluation, pointing towards required operational sectoral reforms and targeting goals to be introduced by the FYP.

analyze the situation and to evaluate the performance of the economy.

existing sectoral research and reports, on interviewing to collect additional data, and, hence on identifying the strengths, weaknesses, opportunities and threats of the given sector. (Agriculture, Irrigation, and water policy, manufacturing, industry, construction and Housing, Tourism, Technical, Infrastructure, environment, ICT, and Trade Sectors). Also social sectors (Health including MCH, Education, Mass Media, Women, Children, elderly, disabled and handicapped, social welfare Programs and Social Security schemes).

- SPC macro economic evaluation set of tables.
- The outcome of the “Situation Analysis” exercises of the SPC is limited due to weakness of methodology: Descriptive rather than critical and reform-oriented.

- Result-based scenarios and targets for each sector with choice of the most suitable support reform programs to be included in the FYP.

3. A participatory-based field survey report reflecting on the findings of the private sector situation and the regulatory business environment.

▪ Investment Survey results conducted by the World Bank and the University of Damascus (2004).

▪ Major regulatory constraints to business identified, publicized and introduced through the FYP.

- A work plan for Commercial Justice Sector reform (improving the legal environment, formulating business laws and regulations, reforming key institutions, and training commercial Judges and Lawyers).

▪ Limited information available at Chambers of Commerce and Industry.

▪ Amendments made to key legislation i.e. enterprises, SMEs, Cooperatives, FDI and domestic investment laws.

▪ Manpower Survey (2003).

▪ Improvement made in implementing regulations and proposals introduced to improve factor market institutions.

▪ Domestic capacity at SPC and at chambers of Commerce, industry and agriculture to

- Securing enabling economic environment for the implementations of the FYP.

4. An effective assessment and restructuring of Central government expenditure operations and management finalized.

- Consistency with the preparation of the FYP and the new public investment program (PIP)
- Medium-term financial plan established.
- A review of the effectiveness of fiscal policies in meeting macroeconomic stabilization targets completed.

5. A set of achievable objectives for the FYP with a larger planning period until the year 2014 formulated. Further perspectives with the years 2020 envisaged.

- Various means of financing the FYP examined
- Overall sequencing of implementation of the strategy finalized
- Four priority operational programs of the strategy professionally analyzed and thoroughly researched, with a work plan of implementation.

- EU, MOF, Fiscal Modernization project to reform the budget classification system to bring it in the line with international practice, and strengthening the fiscal reporting a system.

- National Industrial Strategy, UNDP/ Ministry of Industry 2004.
- World Bank report” Syria: integrating with World Markets: Trade Competitiveness and logistics Assessment, 2004.

- Aggregate statistical data on socio-economic conditions at both national and governorates level.

analyze policy and regulatory constraints to business development strengthened.

- Improve the co-ordination between the capital and recurrent budget.
- Introduce reforms to the system of expenditure norms.
- Analyze of expenditure programs and projections in service and productive sectors.
- Depth skills in public expenditure management through wide training schemes.
- Better knowledge on how expenditure affects the low income groups.

- Provide Strategic planning framework for 10 years duration, with perspective for additional five.
- Set-out development achievable target for the five-year-plan within a broader long-term set of objectives.
- Help the five year plan to link the medium-term planning to long-term planning
- Provide detailed issues that need to be encountered and operationalized during the ten years period of the Strategy.

6. A comprehensive medium term strategy and action plan for Job creation and poverty reduction finalized.
- Implementation matrix of the GEARS strategy covering major sectors, costing, executing agencies, costing and time frame finalized.
 - Macro economic management, sectoral and governance measures to monitor progress and implementation of the strategy designed and set in motion. Poverty observatory established.
 - Measures for pro-poor growth, create jobs and contribute to poverty reduction formulated and tested in the FYP growth scenarios.
 - National Household Expenditure survey results, 2004.
 - Human Development indicators for each Governorate.
 - PAPCHILD, PAPPFEM and UNICEF's Cluster Survey Results.
 - Background papers for the Second Human Development Report.
 - Identify the poor and draw-up the poverty line among households and regions.
 - Outline action plan to implement the Millennium Development Goals (MDGs) and adopt them to fit the local circumstances.
 - Set-out institutional arrangement for monitoring and evaluation (The Poverty Observatory).
 - Provide detailed fiscal strategy with policies, priorities, institutional changes for job creation and poverty reduction growth paths consistent with macroeconomic stability.

1. Budget and Work plan

Intended Outputs	Output Targets	Indicative Activities	Planned Budget	Indicative Cost
<p>1. Formulation of a National Vision Policy Framework for economic reform in Syria</p>	<ul style="list-style-type: none"> Working Group established 4 position papers prepared Best practice/worst practice of selected sample of countries experienced reform strategies reviewed Country-specific economic and social conditions examined National Vision policy framework for Syrian approach towards economic reform drafted The vision policy document developed, agreed to, finalized and endorsed by stakeholders. 	<ul style="list-style-type: none"> SPC/UNDP hold an inception meeting for the Working Group with selected participants of relevant ministries, private sector, international and local experts and NGOs. CTA outlines methodology and working paper for the first working group meetings CTA outlines main topics to be discussed in the commissioned background/position papers. SPC/UNDP hold an inception meeting for the Working Group with selected participants of relevant ministries, private sector, international and local experts and NGOs. CTA outlines methodology and working paper for the first working group meetings Hold an Expert Group meeting with selected number of high level and experienced local and international economists CTA with 2 consultants will analyze and synthesize the meetings deliberations and remarks, summarize the background papers thesis and vision and, hence, write the draft of the National Vision Policy Document. National Conference to discuss, alter and endorse the Document. 	<p>Description</p> <ul style="list-style-type: none"> International Consultants(TOR#) Macro economists with experience in structural Adjustment international experts (workshops) Local Consultants (TOR#) macro economists Local Consultants (Workshops) Travel/Mission Cost Professional expenses (workshops) <p>Subtotal</p>	<ul style="list-style-type: none"> 15,000 6,000 3000 3,000 18,000 12,000 <p>55,470</p>
<p>2. Sectoral policies and industrial systems conducting or reform Situation Analysis and performance evaluation of the Public Sectors, diagnosing major constraints, identifying advantages and edges for each sector, singling out the medium and long terms targeting through different scenarios and selecting the most plausible.</p>	<ul style="list-style-type: none"> Research team of international and local experts to cover economic and social sectors composed Work of Ministerial Committees on sectors situation analysis reviewed Additional Sectoral reports, statistical data assembled and examined SWOT analysis implemented The first chapter of the FYS concerned with strategic framework formulated, and written Growth Targets for sectors set a agreed on 	<ul style="list-style-type: none"> identify/ contact international consultant to review the work on the Macro economy situation analysis Identify/ Contact 3 international consultants to review the work on situation Analysis of the productive sectors, services and social sectors and help in setting targets for each sector. Contact the ESCWA for short term advisory mission Arrange for three workshops to discuss the Situation Analysis findings of the macro economy and major sectors. The situational analysis work finalized CTA composes and writes the final report. 	<p>Description</p> <ul style="list-style-type: none"> International Consultant/macro Economist/Econometrics International Consultant Industrial /productive sectors Economist International Consultant Agriculture and Rural Development Economist International Consultant Micro Economist with experience in SME and service sector analysis International Consultant/social economist Travel/mission cost Professional expenses (workshops) <p>Subtotal</p>	<ul style="list-style-type: none"> 30000 30000 30000 15000 15000 12500 8750 <p>141,250</p>

Intended Outputs	Output Targets	Indicative Activities	Planned Budget	
			Description	Indicative Cost
<p>3. development of a policy and regulatory environment conducive to increased investment</p> <p>- enhancing the contribution of the private sector in financing the FYP</p> <p>- work plan for Commercial Justice Reforms and business-friendly laws</p>	<ul style="list-style-type: none"> • Design for Participatory/rapid field assessment survey of private sector and regulatory environments (small sample of 200) completed • Questionnaire and field work instrument prepared • Training interviewers arranged • Tabulation and analysis of data finalized • Major problem and regulatory constraints and bottlenecks identified 	<ul style="list-style-type: none"> ▪ CTA develop survey instruments ▪ Workshops to train 10 interviewers ▪ Local consultant to supervise fieldwork 	<ul style="list-style-type: none"> ▪ Professional Services (Field work express) 10000 ▪ Local Consultant in Participatory Rapid Appraisal 6000 ▪ International Consultant Economist/Business Regulatory reform 30000 ▪ International Consultant SME Expert in Deregulation facilitation and one stop shop modeling 30000 ▪ local consultant Expert (Lawyer) in legal foundation of Business Regulations 16000 ▪ Local Consultant Expert on administrative processes of Regulation Professional Services (Training Course expenses) 16000 ▪ Travel (study tours on regulatory reform, best practice) 10500 ▪ Professional Services (national workshop to discuss the survey finding and the work plan for the business deregulation) 15000 ▪ Professional Services (national workshop to discuss the survey finding and the work plan for the business deregulation) 10000 	<ul style="list-style-type: none"> ▪ 10000 ▪ 6000 ▪ 30000 ▪ 30000 ▪ 16000 ▪ 16000 ▪ 10500 ▪ 15000 ▪ 10000
			<p><u>Subtotal</u></p> <p><u>143,500</u></p>	

Intended Outputs	Output Targets	Indicative Activities	Planned Budget	Indicative Cost
<p>4. Assisting the Government and the FYP in maximizing the use of the country's potential rapid, sustainable and equitable growth and development through strengthening its capacity for efficient and effective management of public expenditure and linking policy, planning with budgeting.</p>	<ul style="list-style-type: none"> • The Capacity of SPC staff in charge of formulation and implementing the FYP, along with the MOF staff enhanced in the area of public expenditure review and management. • MOF and other key sector ministries have stronger capacities in the area of budget preparation. 	<ul style="list-style-type: none"> • Assess the present situation of fiscal policy and in the Ministry of Finance in terms of counterpart capacity and knowledge level as well as data availability. • Identify international consultant to undertake the assessment, develop data requirements and collection, and work plan for Public Expenditure Review in the Country. • Identify/recruit international consultant to conduct a study to review present use of norms in budget preparation and recommend improvement measures. 	<ul style="list-style-type: none"> • International Consultant Economist with experience in fiscal policy and analysis • International Consultant in Budget preparation and MTEP planning • International Consultant Financial Economist with experience in Tax Reform Programs • Local consultant Accountant/finance specialist with knowledge of Tax Administration • International Consultant Economist/specialist in Public Expenditure Review and development of manuals • Local Consultant lawyer/expert in regulatory arrangement of the Governments Budget law 	<ul style="list-style-type: none"> ▪ 30000 ▪ 30000 ▪ 15000 ▪ 7500 ▪ 24000 ▪ 7500 ▪ 24000
	<ul style="list-style-type: none"> • The Central Government adopt a new generation of public Expenditure management and the Medium-term Expenditure framework enforced • Equalization grants to Governments will be based on a new equitable model • National budget prepared without major difficulties. Methodology and procedures for the Medium Term expenditure for same sectors prepared. 	<ul style="list-style-type: none"> • Local consultant to review institutional an regulatory arrangement for the implementation of the State Budget law. • Short term training abroad (one month) in public expenditure management to become future PER trainers. • Study tour mission (up to 2 weeks each) for about 6 senior officials to best practice country in the region to explore experience in using public expenditure analysis in public resource allocation. • Hold training courses a bis and capacity building on core topics of Public Expenditure Management. • Seminars for top ministerial officials level on PER and budget allocation process. • Develop manuals for PER, PIP, and MTEF • Hold training course on Sectoral applications of MTEF. 	<ul style="list-style-type: none"> • International Consultants/Trainers • Travel (mission cost) • Travel (study tours) • Travel (training abroad) • Travel (local) • Subtotal • Professional expenses (workshops) • Local consultant (workshops) 	<ul style="list-style-type: none"> ▪ 25000 ▪ 20000 ▪ 30000 ▪ 15000 ▪ 250000 ▪ 18000 ▪ 9000
Subtotal			Subtotal	\$ 280,000

Intended Outputs	Output Targets	Indicative Activities	Planned Budget	Indicative Cost
<p>5. Long-term strategization for socio-economic transformation of the economy and society. Clean goals and objectives up to the year of 2015 with a longer-term vision up to 2020.</p>	<ul style="list-style-type: none"> • Methodology and the proposal for formulating the strategy finalized • Set a working group for formulating the strategy • Set of achievable objectives for the FYP are drawn • Various means of financing the FYP examined • Ten-year long-term objectives are set, with longer term perspectives. 	<ul style="list-style-type: none"> • CTA prepares a working paper for formulation of the strategy • Establish a working group • Hold workshops for the working group assisted by the CTA when required by international consultants on strategic assessment of issues and planning options. 	<p style="text-align: center;">Description</p> <ul style="list-style-type: none"> • International Consultant economist versed in issues of globalization and SWOT analysis of international economy integration • International Consultant Governance specialist • HABITAT Advisor on physical and Regional Planning • ESCWA Advisors/macro economist • Local consultants (workshops) • Local consultants Macro economist • Travel (mission cost) • International Consultant Economist/contribution in future research and knowledge based systems • Professional expenses (workshops) • Professional expenses (National Meetings) • Local Travel (workshops) <p style="text-align: center;">Subtotal</p>	<ul style="list-style-type: none"> ▪ 30000 ▪ 30000 ▪ 10000 ▪ 12000 ▪ 120000 ▪ 7800 ▪ 12000 ▪ 20000 ▪ 8750 ▪ 17000 ▪ 5000 <p style="text-align: center;"><u>\$164,550</u></p>

<p>6. National Regional and sectoral policy and strategy to generate employment and eradicate poverty with macro economic management and institutional/governance measures.</p>	<ul style="list-style-type: none"> • Medium term strategy and Action Plan formulated • Sectors objectives, strategies, monitoring indicators, costing, implementing agencies and time frame finalized. • MDGs localized and implementation estimated in terms of time frame and cost. • Task forces for poverty assessment assigned for each pertaining development sector. • Pro-poor sectoral policies formulated • Direct methods to support under-developed areas modeled. • Growth scenarios, suitable for poverty reduction and employment creation examined and adopted by the FYP. • Design and operations of the Poverty observatory completed. • Pro-poor sectoral policies formulated • Direct methods to support under-developed areas modeled. • Growth scenarios, suitable for poverty reduction and employment creation examined and adopted by the FYP. • Design and operations of the Poverty observatory completed. • pro-poor sectoral policies formulated • Direct methods to support under-developed areas modeled. • Growth scenarios, suitable for poverty reduction and employment creation examined and adopted by the FYP. • Design and operations of the Poverty observatory completed. 	<ul style="list-style-type: none"> • Inter-ministerial Committee(IMC) composed • Hold an inception meeting for the (IMC) • Head of SPC presents the GEARS strategy outline to the GEARS opinion council established • SPC/UNDP call for a meeting of GEARSOC • Task forces for sector-focused poverty assessment composed • Hold workshop for Task Forces • Identify/assign international and local consultants to formulate the GEARS strategy and draw up the ten years objectives and tasks for growth and poverty reduction • Heads of Task forces finalize reports on policies and measured of sectors to ensure sustainable growth and poverty reduction • Hold sector-focused workshops to discuss findings • Hold inter-ministerial committee meetings to discuss findings and recommendations • Hold GEARS to discuss findings and sources of findings • Establish data base for monitoring and evaluation of GEARS implementation • CTA outlines the systems and indicators. • CTA write a proposal for establishing the Poverty observatory • Technical secretariat for the observatory established • Identify/assign local consultant for the observatory data base management • Hold a workshop to introduce the observatory concept and tasks to officials at related ministries. • CTA presents the Observatory structure and functions to GEARSOC. • The Head of SPC introduce the Observatory to the GEARS inter-ministerial committee. • Hold 4 Seminars on various topics concerning job-creation and Poverty Reduction. • Identify/recruit international consultants for baseline estimate of the MDGs implementations • Issue a report on the findings • Hold a joint UNDP/SPC a national meeting to discuss the findings • UNDP/SPC call for Donors meeting to review the localization of the MDGs and decide on their contribution in funding. • Issue periodical newsletter reflecting trends and the work of the poverty observatory • Arrange study tours (one month) for SPC and MOLOSA to best practice countries in Poverty reduction in strategy and programming. 	<ul style="list-style-type: none"> • International Consultant Macro Economist/Quantitative modeling • International Consultant social Economist/Poverty reduction specialist • Local Consultant Economist/Statisticians • Local Consultant Social scientists/Heading Task Forces • Professional Expenses (workshops) • Travel (Mission Cost) • Travel(Study Tours) • Professional Expenses (seminars) • Local Consultants (commissioned research) • Professional Expenses (Printing) <p>Subtotal</p> <p>\$215,000</p>
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Intended Outputs	Output Targets	Indicative Activities	Planned Budget	
			Description	Indicative Cost
7. Effective Project Operations and output	Project management and technical supervision		<ul style="list-style-type: none"> • Senior Technical Advisor • National Project Manager • 1 Researchers, • 1 Secretary, • 1 Computer Expert • Travel (Mission Cost) • Office Equipment • Vehicle • Reporting/Printing • Translation Services • Maintenance • Miscellaneous 	<ul style="list-style-type: none"> ▪ 200000 ▪ 24000 ▪ 24000 ▪ 9000 ▪ 2000 ▪ 30000 ▪ 15000 ▪ 15000 ▪ 15000 ▪ 8000 ▪ 20000 ▪ 82230
			<u>Subtotal</u>	<u>\$440,230</u>
			GRAND TOTAL	US\$ 1,440,000

ANNEX 1

TERMS OF REFERENCE

CHIEF TECHNICAL ADVISOR

Objectives

The State Planning Commission (SPC) and the United Nations Development Program (UNDP) are launching a joint project to provide technical assistance and support in the following areas (1) Formulation and implementation of the five-year development plan (2006-2010), and drawing up a ten-year socio-economic strategy(2006-2015), (3) introducing regulatory and public expenditure reforms (4) planning for a regionally balanced economy, (5) designing and implementing a pro-active and well targeted employment creation and poverty reduction strategy.

The Chief Technical Advisor will provide coordination to this multi-facet and multi-disciplined project and exercise leadership in supervising its activities. This will require a highly motivated, widely experienced and well versed person in development planning, structural adjustment and economic reform, and poverty reduction strategies and work plans.

Duration: 1 year, subject to extension

Duty Station: Damascus – Syria