



Integrated Safeguards Data Sheet Identification / Concept Stage (ISDS)

Concept Stage | Date ISDS Prepared/Updated: 04-Apr-2017 | Report No: ISDSC21700



BASIC INFORMATION

A. Basic Project Data

Project ID	Project Name	Environmental Category	Country
P163719	Promoting Financial Inclusion Policies and Regulations in Jordan (P163719)	C - Not Required	Jordan
Team Leader(s)	Estimated Date of Approval	Managing Unit	Lending Instrument
Ghada Ahmed Waheed Ismail	31-May-2017	GFM05	Investment Project Financing

PROJECT FINANCING DATA

FINANCING

FINANCING SOURCES

Select all that apply

Counterpart Funding Trust Funds Parallel Financing

SUMMARY (USD)

Total Project cost	1,250,000
Total Financing	1,250,000
Trust Funds	1,250,000
Financing Gap	0

DETAILS

Trust Funds

Source	Currency	Amount	USD Equivalent
MENA Transition Fund - IBRD as Implementing Agency(MNIS)	USD-US Dollars	1,250,000	1,250,000

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B. Project Development Objective(s)

The project development objective is to support the implementation of the National Financial Inclusion Strategy (NFIS) in Jordan.

C. Project Description

Component I: Operationalizing the Financial Inclusion Implementation Unit at CBJ (US\$ 500,000).

- The CBJ has established a NFIS Implementation Unit following the establishment of the Financial Inclusion Steering Committee (FISC) and the Financial Inclusion Technical Committee (FITC). The objective of this component is to support the implementation of the NFIS through developing a well-functioning NFIS implementation unit, operationalizing a comprehensive M&E system and improving existing data infrastructure.
- This component comprises of three sub-components:
- **Sub-component 1.1:** Strategically staff, train and build capacity of the unit, in key skills that support the coordination, monitoring and tracking and disseminating all relevant data and progress. Monitoring and evaluation tools will also be built to identify and track progress of marginalized population groups (often times women), and T.A will be provided to enable the unit in conducting key strategic research and tracking (both through supply and demand side data) of financially excluded population groups, particularly excluded women. This includes delivering relevant policy tools, conducting training seminars and workshops, and organizing study tours and on the job training.
- **Sub-component 1.2:** An assessment of data gaps will be conducted to identify and develop solutions to build any required data infrastructure needed to fully design and operationalize the M&E framework. This will include: (i) T.A in improving the frequency or depth of demand-side data collected, including adding additional modules to already available surveys building on the experience of the EU-GIZ demand side study of 2017; (ii) assisting in the development and consolidation of data currently missing; and (iii) adding relevant indicators or modules to supply-side data templates and supervisory templates collected by various agencies;
- **Sub-component 1.3:** Support the improvement of operating environment of the NFIS implementation unit. The unit will procure the required equipment and IT, both software and hardware in order to enhancing the data collection, processing and analysis. The sub-component will cover the hiring of experts to support this improvement process.
- Key outputs envisioned for this component include (i) an operational M&E framework; (ii) the delivery of multiple trainings and workshops to build capacity; (iii) data collection templates to consolidate financial inclusion data; (iv) the development of a Secretariat policy toolkit (including an M&E tracker to track the performance and completion of NFIS activities); and (v) facilitation of M&E reports, implementation reports and evaluation studies.

This component will be conducted in close coordination with GIZ.

Component 2: Developing a country-specific program of peer-learning and knowledge sharing (US\$400,000).

- The project through partnership with AFI, AMF and WB will facilitate full engagement and peer learning among regulators and policymakers in Jordan by involving them in the broad array of services and offerings, with a special focus on the policy areas of priority that have been identified by the country based on the Financial Inclusion Market Diagnostic results. Specifically, this component will finance the following sub-components:



Sub-component 2.1: The Jordanian AFI membership during project duration will be funded under this component and will engage Jordan in the following member services, which are designed to address the national objectives of policymakers and regulators and will be modified to also address the national objectives of Jordan:

- **Working Groups:** These groups of 15-40 member institutions focus on specific policy areas, including: Digital Financial Services; Consumer Protection and Market Conduct; Financial Inclusion Strategy; Financial Inclusion Data; and SME Finance. The working groups are chaired by members and have led to important reforms in many of the countries involved and facilitated the production of policy guidelines and tools that have practical relevance.
- **Participation in AFI's Global Policy Forum (GPF):** The GPF is regarded as the leading global knowledge exchange event on financial inclusion policymaking. Most sessions are hosted by members who share 'on the ground' experiences.
- **Peer Learning Initiative with Standard Setting Bodies (SSBs):** This will provide opportunities for Jordan to participate in shaping and influencing the global agenda through knowledge sharing with SSBs, which can have a significant impact on how the global financial system helps or hinders financial inclusion.
- **Sub-component 2.2:** Organizing technical workshops on priority areas that would support Jordan meet its Maya Declaration commitments. This could potentially include the following topics: Development of Digital Financial Services; Building and Analyzing Financial Inclusion Data; Consumer Protection and Financial Literacy; Cross Border Remittances; Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT).
- **Sub-component 2.3:** Supporting the sharing of experience learned on regulatory sandboxes[1], accelerators and hubs from across the World. This sub-component will cover the expenses related to study tours, training and workshops.
- **Component 3: Establishing regulatory sandbox to facilitate the development and adoption of innovative financial technology (US\$350,000).**
- CBJ is seeking to leverage RegTech[1] approaches to enhance the effectiveness of its regulatory and supervisory arrangements and, ultimately, facilitate the adoption of innovative financial technology. Supporting the development of eKYC as well would enhance financial inclusion and make it easier particularly for women due to mobility and other factors[2]. In addition, eKYC will be an effective inclusive tool by building an up-to-date database which would also include refugees. This will ensure higher integrity standards in the financial system and will provide the regulator with enhanced monitoring tools. Eventually, it will allow the implementation of efficient and risk-based AML/CTF.
- This component will assist the government in establishing a regulatory sandbox to better understand the appropriate regulatory environment required to leverage new FinTech without stifling innovation or risking over-regulation. This component will finance the following subcomponents:
 - **Sub-component 3.1: Establishing the internal processes and procedures for regulatory sandbox.** In order to establish a regulatory sandbox, this sub-component will provide TA to help the authorities define and develop a high level framework that provide guidelines for eligibility requirements and the process for applying to conduct a pilot in the sandbox; the process of reviewing and approving the pilot, specifications on how pilots can be conducted, the process for monitoring and finally the process for evaluating the outcomes.
 - **Sub-component 3.2: Working with banks in Jordan to establish a FinTech lab.** This will serve as the technical



infrastructure for piloting and testing new technology approaches including distributed ledger[1], digital Ids and Application Program Interfaces (API). Capacity building and TA will be provided to design the FinTech Program, including (but not limited to) guidelines for applicants and programming, process for applications and conducting pilots, etc. In addition, this component will design and finance core shared infrastructures that will enable new entrants and developers to pilot FinTech innovations. This may include, for instance, establishing basic technology infrastructures like Distributive Ledger implementation, common API infrastructure, available interfaces that can be integrated into government systems, etc. TA will also include developing a platform to connect innovators with support to design pilots, share core infrastructure and access to required resources.

Sub-component 3.3: Financing small-scale pilots in the area of FinTech. This component will provide TA to assess and identify particular FinTech (including RegTech) innovations that require specific pilots, and provide financing for these pilots to understand their effect prior to greater implementation.

[1] Distributed ledger technology (DLT) refers to an emerging approach to recording and sharing data across multiple data stores (or ledgers). DLTs allow for digital data to be replicated, shared and synchronized geographically across various market players, agencies and institutions.

- [1] RegTech" is using technology, particularly information technology, in the context of regulatory monitoring, reporting and compliance benefiting the finance industry. RegTech companies aim on finding solutions that address regulatory compliance challenges through technological innovation.

[2] Use of e-KYC, particularly through block chain technologies, can increase access to finance for women by enabling them to gain access to financial services by establishing economic credentials for adults with limited identification and negotiating gender bias through digital ID platforms (particularly in areas where physical presence of male is required).

[1] In the information technology world, sandboxes are isolated environments used to test new or untrusted programs. Similarly, regulatory sandboxes are 'safe spaces' in which businesses can test innovative products, services, business models and delivery mechanisms without immediately incurring all of the normal regulatory burden of engaging in the activity in question.

SAFEGUARDS

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project is limited to conducting analysis, providing training and capacity building and different TA activities. The project will not involve any civil works that would cause any impacts on the environment. Therefore, the World Bank Operational Policy 4.01 on Environmental Assessment does not apply. If project activities change, the Bank may reassess the application of OP 4.01 and require further environmental assessment. From the social perspective, significant positive impacts are expected as the TA is designed to strengthen social inclusion of women and disadvantaged groups. At present, no land acquisition will be needed and OP 4.12 will not be triggered, however, if in the future the financing would eventually lead to components that may entail land acquisition, a terms of reference for



the preparation of a resettlement instrument might be required.

E. Borrower’s Institutional Capacity for Safeguard Policies

The CBJ has implemented, and is currently implementing, several other World Bank projects, including microfinance projects with an OP 4.01 Environmental Assessment classification of FI. The CBJ understands well the OP 4.01 EA classification system and has the capacity to discern if there is a need to change EA category.

F. Environmental and Social Safeguards Specialists on the Team

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G. Policies that might apply

Safeguard Policies Triggered by the Project	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The project is limited to conducting analysis, providing training and capacity building and different TA activities. The project is assessed to have no environmental impacts.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	As long as the project is limited to analysis and training, and no land acquisition is expected to occur, therefore, no major social impacts are foreseen.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

H. Safeguard Preparation Plan

Appraisal stage ISDS required? Yes

- a) Tentative target date for disclosing the appraisal stage ISDS



17-Apr-2017

b) Time frame for launching and completing the safeguard-related studies that may be needed.

The proposed project is classified as a Category C, as it is likely to have no adverse environmental and social impacts. No environmental and social safeguards instrument other than the ISDS need to be prepared for this project

APPROVALS

Team Leader(s):	Ghada Ahmed Waheed Ismail
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Approved By

Safeguards Advisor:	Nina Chee	05-Apr-2017
Practice Manager/Manager:	Jean Denis Pesme	05-Apr-2017

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¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) by the Bank and (ii) in country by the Borrower/Recipient, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.