



Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 17-Apr-2020 | Report No: PIDA215977



BASIC INFORMATION

A. Basic Program Data

Country Jordan	Project ID P171172	Program Name Additional Finance: Economic Opportunities for Jordanians and Syrian Refugees PforR	Parent Project ID (if any) P159522
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 17-Apr-2020	Estimated Board Date 28-May-2020	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Program-for-Results Financing	Borrower(s) Ministry of Planning and Internatiopnal Cooperation -Jordan	Implementing Agency Ministry of Labor, Jordan Investment Commission, Ministry of Industry and Trade, Greater Amman Municipality, Jordan National Commission on Women, Ministry of Local Administration, Central Bank of Jordan, Ministry of Social Development	

Program Development Objective(s)

PDO: " Improve Economic Opportunities for Jordanians and Syrian refugees in Jordan"

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	501.07
Total Operation Cost	100.00
Total Program Cost	100.00
Total Financing	100.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	100.00
World Bank Lending	100.00



B. Introduction and Context

Country Context

1. **Over the past decade, Jordan has faced a number of external shocks that directly affected economic growth. As a consequence, the economy has not been able to create the large number of productive jobs required to meet the needs of the young and fast-growing population.** Shocks started with, first, the global financial crisis in 2009 leading to a dampening of economic activity, while the accompanying policy response—including lower taxes and debt accumulation— was not enough to stimulate growth. Second, the Iraqi and Syrian conflicts disrupted trade routes to key trade partners, including Turkey and the European Union (EU). The yet to be fully assessed costs of these disruptions in trade are large. Third, the disruption of favorably-priced natural gas supplies from Egypt (also in 2011), led the Government to cap electricity tariffs to spare the bulk of the population from large tariff increases and produced an accumulated energy sector debt of about 18 percent of Gross Domestic Product (GDP), held by the Central Government and the National Electric Power Company. Fourth, the slowdown in the major Gulf economies (because of depressed oil prices in 2014) led to a decrease in remittances (of about 0.4 percent of GDP a year) and lower official grants to Jordan (of about one percent of GDP a year, although Jordan remains one of the world’s largest recipients of ODA relative to GDP). Lower commodity prices have also depressed Jordan’s proceeds from phosphate and potash exports. These external shocks have affected Jordan’s macroeconomic stability as well as growth and job creation prospects.

2. **Besides, due to the Syrian crisis, Jordan is hosting almost 1.3 million Syrians¹, of which 666,217 are registered refugees with the United Nations High Commissioner for Refugees.** About 90 percent of the refugees are living in Jordan’s cities, towns and villages using existing social and physical infrastructure and impacting delivery of basic services. There has been a noticeable deterioration in the quality of services provided across numerous critical sectors, including health, education, municipal services, and others. The influx of refugees has raised Jordan’s overall population to 9.5 million in 2017². Overall, the Government estimates that the budgetary cost of hosting the Syrian population has been around US\$1.4 billion per annum.

Sectoral and Institutional Context

3. **Since 2016, the PforR, (P159522) has been supporting - in a satisfactory manner- the implementation of the economic opportunities component of the Jordan Compact, which objective is to improve job and entrepreneurship opportunities for Jordanians and Syrian refugees.** The PforR supports the implementation of labor market reforms to enable more formal and legal participation of Syrian refugees in the labor force. The PforR also aims to improve Jordan’s competitiveness and attractiveness for investment through the following investment climate and investment promotion reforms: i) Improving the legal framework for home-based businesses (achieved in October 2017), ii) improving the predictability of business regulations (achieved in April 2018), iii) Streamlining the business licensing process (the licensing law is being discussed in Parliament), iv) Trade facilitation: expanding the Customs Golden List (ongoing since 2017), v) Investment promotion and retention: setting quantitative targets for Jordan Investment Commission (ongoing since 2017).

4. **The parent PforR is rated satisfactory and disbursed 96 percent of the loan by March 2020** (including a 25% advance provided at project effectiveness). This reflects a results achievement ratio of 72%. The project rating is

¹ According to the 2015 Department of Statistics Census.

² Ibid



satisfactory as most DLIs are progressing very well. DLIs related to decent work (DLI#2), investment climate (DLI#3), trade facilitation (DLI#4) and investment promotion (DLI#5) are on track.

PforR Program Scope

5. **The additional financing of US\$ 100 million, which is equivalent to IDA credits on IDA regular terms, aims to support the GoJ ambitious reform agenda to grow the Jordanian economy** through investment climate and sectoral reforms. It also continues to support Jordan in implementing the five-Year Reform Matrix and honoring its commitments to the Jordan Compact by granting Syrians refugees access to economic opportunities.

6. **The project will continue to directly benefit Syrian refugees through access to the three pillars of economic opportunities:**
 - a) Access to the labor market, through the extension of GoJ commitment to allow Syrians to access the labor market at no cost and issue them work permits beyond the original closing date up to end of 2022. The work permit regime will be made more efficient and more flexible.
 - b) Access to entrepreneurship opportunities, through home-based businesses and the opening of closed sectors such as food, handicraft and tailoring to Syrian SMEs below 10 employees (since November 2018). This will particularly benefit women.
 - c) Access to finance through digital financial services, as allowed by the new Financial Inclusion Strategy. It is also the only way for Syrians to be financially included.

7. **The project has a special focus on women's economic empowerment** and aims to contribute to the:
 - a) Expansion of women's entrepreneurial activity through improving the investment climate for home-based businesses.
 - b) Increase in female labor force participation by addressing the issue of social norms.
 - c) Increase in women's employment through improving the investment climate in the childcare sector.

8. **The program will be extended by two years up to January 2023.** It will include amendments to DLI#1 to adjust for the fact that the current indicator is unable to capture the reality of Syrian employment in Jordan, as well as new DLIs supporting:
 - a) Improving formality and working conditions
 - b) Improving access to digital finance
 - c) Improving women economic opportunities through the care economy and better social norms
 - d) Improving export competitiveness

C. Program Development Objective(s)

Program Development Objective(s)

PDO: " Improve Economic Opportunities for Jordanians and Syrian refugees in Jordan"

PDO level indicators:



- a) Improving formality and working conditions
- b) Improving access to digital finance
- c) Improving women economic opportunities through the care economy and better social norms
- d) Improving export competitiveness

D. Environmental and Social Effects

9. **The overall combined social and environmental risks of the program are currently considered moderate. The social risks of the program are considered moderate.** This rating takes into consideration the performance of the parent project, and the design of the new activities and restructuring proposed under the AF. The program consists of a diverse set of activities to promote economic opportunities for Jordanians and Syrians. The key program risk is that economic opportunities indirectly generated by the program are associated with poor working conditions. In Jordan, labor practices could be improved in a number of sectors including construction, manufacturing and agriculture, such as low wages, overtime, social security, child labor, and OHS, particularly for vulnerable groups, including Syrian refugees. The program is designed to strengthen the labor regulatory and inspection regime, and social security coverage. Other social risks associated under the program are related to the quality of child care delivered under the program, and the potential for inequitable access to program benefits such as digital financial services or entrepreneurship opportunities. These risks are mitigated through program design and required actions. The program is not expected to exacerbate social conflict and is likely to improve the situation by reducing the stressors that contribute to conflict such as access to livelihoods and decent work conditions. The program is not expected to result in any direct or indirect involuntary land acquisition – activities to promote agricultural exports are aimed at small scale improvements to irrigation systems or cold storage facilities of private farmers, and any acquisition of land will be of a willing buyer-willing seller nature.

10. **The environmental risks of the Program are considered moderate.** The AF mainly supports high level policy interventions to promote economic opportunities, however, there would be some investments that might be needed to achieve the desired results. The main investments/activities that might have limited environmental impacts are those investments related to DLI10, such as establishment of cold storage areas and replacement of irrigation networks at the farm level to achieve better water efficiency. The associated environmental impacts to those activities are considered moderate. The Program will include many environmental benefits such as improving OHS conditions by improving labor inspection process (DLI6), reducing the pressure on the scarce water resources through encouraging more water-efficient agriculture (DLI10), and that more effective means value chains would lead to less wasted agriculture products (DLI11).

11. The risks, conclusions and recommended mitigation measures are elaborated in an Addendum to the Parent Program ESSA that has been prepared [and disclosed – April 17, 2020] (see Executive Summary in Annex 4). The Addendum covers the following aspects: i) the progress in the implementation of the measures stipulated in the original ESSA ii) any change since 2016 to the national environmental and social systems relevant to the Program interventions iii) new risks that could have arisen since 2016 (iv) new risks linked to new activities proposed under the AF.



12. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

E. Financing

Program Financing (Template)

Sources	Amount (USD Million)	% of Total
International Development Association (IDA)	100.00	100.00
IDA Credit	100.00	100.00
Total Program Financing	100.00	

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Borrower/Client/Recipient

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Implementing Agencies

Implementing Agency :	Ministry of Labor		
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Implementing Agency :	Ministry of Industry and Trade		
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Implementing Agency :	Greater Amman Municipality		
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Implementing Agency :	Jordan National Commission on Women		
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Implementing Agency :	Ministry of Local Administration		
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