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# Program Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 13-Feb-2025 | Report No: PIDDA00154



## BASIC INFORMATION

### A. Basic Project Data

Project Beneficiary(ies)	Operation ID	Operation Name	
Jordan	P507382	Jordan Growth and Competitiveness DPFs	
Region	Estimated Approval Date	Practice Area (Lead)	Financing Instrument
MIDDLE EAST AND NORTH AFRICA	31-Mar-2025	Finance, Competitiveness and Innovation	Development Policy Financing (DPF)
Borrower(s)	Implementing Agency		
Hashemite Kingdom of Jordan	Ministry of Planning and International Cooperation		

#### Proposed Development Objective(s)

improving the enabling business environment and deepening access to finance for private sector-led growth.

## Financing (US\$, Millions)

### Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? Yes

Is this project Private Capital Enabling (PCE)? Yes

### SUMMARY

Total Financing	400.00
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### DETAILS

Total World Bank Group Financing	400.00
World Bank Lending	400.00
Private Capital and Commercial Financing Amount	0.00

### Decision

The review did authorize the preparation to continue



## Explanation

### B. Introduction and Context

#### Country Context

**Despite demonstrating resilience against multiple external shocks, economic growth in Jordan remains below potential and has not led to adequate job creation—a significant issue given the country's unemployment rates.** Job creation in the private sector has not kept pace with the doubling of Jordan's population over the past two decades, resulting in an insufficient supply of high-productivity employment opportunities. Moreover, the country remains vulnerable to shocks induced by its location in a highly volatile geo-political region, and due to its small and open economy.

**To escape from its low-growth cycle and generate jobs, Jordan launched its Economic Modernization Vision (EMV) in 2022 which is focused on mobilizing high-value private investment aimed at boosting productivity and promoting export-led growth.** The current export portfolio requires more focus on building integrated value chains, driving innovation and creating synergies across sectors to develop Jordan into a regional industrial hub with high quality and value products. Efforts also need to be focused on creating a more attractive and efficient investment and doing business ecosystem, and better access to finance; this will help create much-needed job opportunities for Jordan's young and expanding workforce. The 10-year (EMV), which focus on these reforms, aims to double the country's growth, helping to integrate 1 million Jordanian youth into the job market, improving living conditions and welfare, and promoting sustainable growth.

#### Relationship to CPF

**The proposed operation is aligned with the Country Partnership Framework (CPF) for FY2024-FY2029 (CPF),** specifically as the anchor policy reform operation for Objective 1 to "Increase Investment and Exports in High Potential Sectors that Create Productive Jobs" and will also contribute to High Level Outcome HLO 1 on "More and Better Private Sector Jobs, Especially for Youth and Women." The proposed operation focuses on creating a business enabling environment and deepening access to finance to improve competitiveness and attract investment in high-potential sectors. Supported reforms further focus on expanding opportunities for MSME growth, entrepreneurship, and innovation, while reducing barriers to female labor force participation. The reforms are informed by World Bank Group analytics and aligned with Jordan's EMV. Key policy actions that may be supported by the proposed DPF are part of the EMV and its Executive Program, the Five-Year Reform Matrix 2.0, and, for financial sector reforms, anchored in the 2023 FSAP.

### C. Proposed Development Objective(s)

**The appraisal-stage proposed development objective for the operation is to:** improving the enabling business environment and deepening access to finance for private sector-led growth.



### Key Results

Proposed reform focus areas aim to drive private sector job creation and enhance business competitiveness by reducing the costs associated with market entry, firm growth, investment, and trade, while fostering a level playing field and improving the efficiency of key markets. These measures would complement efforts to promote greater labor force participation, including for women, in the economy. Simultaneously, the proposed reforms seek to further strengthen Jordan's credit infrastructure, financial sector stability and resilience, and access to diverse sources of finance, including from digital and green finance. Possible supported reforms are expected to help increase private sector-led growth and job creation which is needed to help achieve Jordan's ambitious growth and jobs target under EMV.

## D. Project Description

The proposed operation under design aims to support efforts to (i) reduce business and trade costs, increase competition, enhance labor market flexibility, and (ii) increase and diversify access to finance. Reforms that support an enabling business environment focus on reducing business costs; promoting competition and market entry; facilitating trade; and enhanced labor market flexibility. Access to finance from financial institutions is expected to be increased and diversified by modernizing the enabling regulatory framework and the financial infrastructure.

## E. Implementation

### Institutional and Implementation Arrangements

The Ministry of Planning and International Cooperation is the implementing agency.

## F. Poverty and Social Impacts, and Environmental, Forests, and Other Natural Resource Aspects

### Poverty and Social Impacts

The proposed program seeks to address Jordan's economic challenges by promoting private sector-led growth and job creation, targeting vulnerable groups. By addressing labor market rigidities and enhancing employment flexibility, the program aims to reduce unemployment, increase female labor force participation, and improve youth employment prospects. The proposed operation will also aim to enhance financial inclusion and streamline trade processes.

### Environmental, Forests, and Other Natural Resource Aspects

**The prior actions proposed to be supported by the operation are unlikely to cause significant negative effects on Jordan's environment, forests, and other natural resources.** Positive environmental impacts are most directly anticipated from leveraging green financing in Jordan which would drive investments towards sustainable development and combat the impacts of climate change, and from adopting risk-based, collaborative and integrated approaches for clearance of goods while reducing the clearance time and overall physical inspections by Jordan Customs Department.

## G. Risks and Mitigation



**The overall risk rating for the proposed DPF is substantial, based primarily on macroeconomic, institutional, and geopolitical risks.** Risk mitigation measures are also being put in place as part of DPF design to support capacity building, institutional arrangements and implementation of proposed reforms.

## CONTACT POINT

### World Bank

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### Borrower/Client/Recipient

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### Implementing Agencies

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## FOR MORE INFORMATION CONTACT

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## APPROVAL

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<b>Approved By</b>		
Practice Manager/Manager:	Irina Astrakhan	28-Jan-2025



Country Director:	Holly Welborn Benner	13-Feb-2025
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