



JORDAN'S REFORM MATRIX

2022 Progress Update



Prepared by the Reform Secretariat

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Overview

The Government of Jordan (GoJ) continues implementing its reform and growth agenda, represented by the Reform Matrix, which was approved by the Council of Ministers back in 2018, and later updated in October 2022.

The Reform Secretariat at the Ministry of Planning and International Cooperation follows up and coordinates the implementation of the Reform Matrix and provides the GoJ agencies with the support needed to achieve these reforms. Currently, the Matrix includes 403 reform actions, distributed under 12 pillar and 44 reform areas. Till end of 2022, 58% of these reform actions were achieved.



Figure 1: Updated Reform Matrix Pillars

It is worth mentioning that the updated Reform Matrix is strongly linked with the

Economic Modernization Vision 2033, as it directly addresses many of the key sectors and initiatives that fall under the Vision with 91 initiatives within the Vision's implementation program for the years 2023-2025 are linked with the Reform Matrix under 17 sectors.

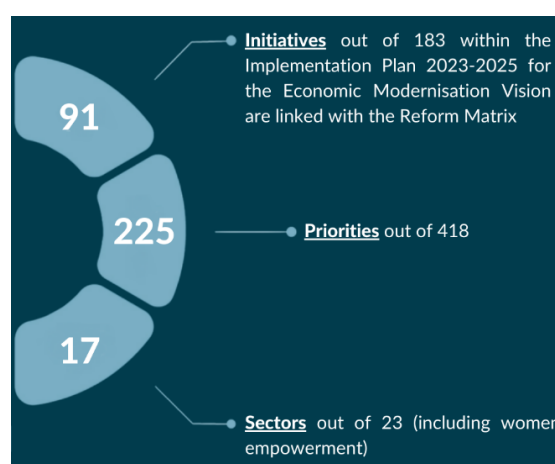


Figure 2: Linkages between the Reform Matrix and Economic Modernization Vision

The Reform Secretariat has identified key priority areas from the Reform Matrix to focus its support on through the Jordan Growth Multi Donor Trust Fund (MDTF), this includes: 1) Public procurement; 2) Investment; 3) Business environment; 4) Trade facilitation; 5) Good Regulatory Practices; and 6) Tourism sector. RS is establishing coordination working groups with both GoJ implementing agencies and international development agencies operating in the fields related to the identified priority reform areas, with the aim of aligning resources and efforts towards achieving targeted national goals.

Progress Update

Following the Council of Ministers endorsement of the updated Reform Matrix, the new version witnessed an expanded scope of reforms and extended its timeline from the end of 2022 to the end of 2024. The updated Reform Matrix added two new pillars: (a) public sector efficiency and governance, (b) tourism, while separated the original water and agriculture pillar into two pillars.

The Reform Secretariat disclosed the updated Reform Matrix on MoPIC's website.

Since the launch of the Reform Matrix, the GoJ came a long way in implementing the reforms where the implementation rate is **58%**. In numbers, the updated Reform Matrix has 12 Pillars, 44 reform areas, and 403 reform actions where 234 were achieved.

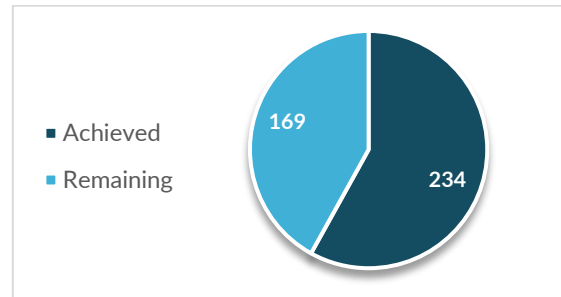


Figure 3: Progress update of the Reform Matrix

The government has implemented many reforms that contributed to enhancing the competitiveness of the national economy, including measure that reduced time, efforts and costs associated with registering and doing business for various economic activities, mainly though automating, digitizing and simplifying government procedures, as well as reducing costs and time associated with import and export procedures. Other key structural reforms implemented included adopting policies and regulations, technical actions and measures that are either of macro cross-cutting nature, addressing key sectors such as transport, tourism, energy, water, and agriculture.

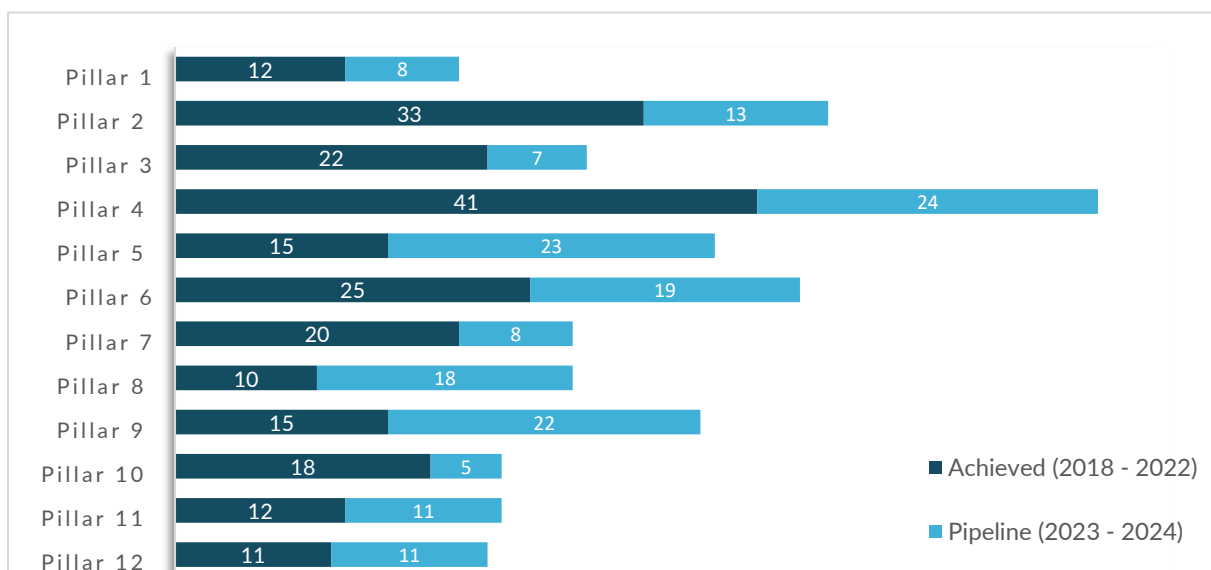
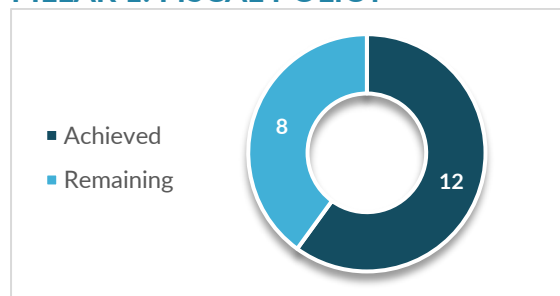


Figure 4: Progress update of the Reform Matrix



The following is a snapshot of the Key policies that have been implemented under the Reform Matrix in 2022:

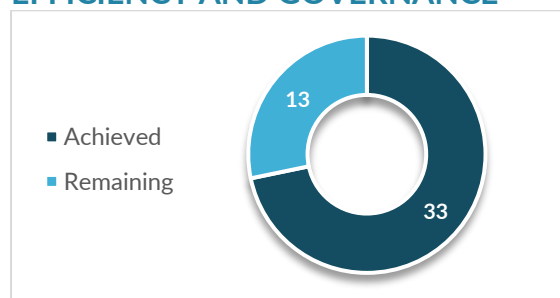
PILLAR 1: FISCAL POLICY



Under the Fiscal Policy reform pillar there are 3 reform areas and a total of 20 reform actions.

GoJ continues its efforts to enhance the voluntary commitment of taxpayers and applying international practices in combating tax evasion and addressing tax avoidance. Also, during 2022, the GoJ started the electronic control project on cigarette factories, where a specialized unit was established to implement the digital control system on cigarettes, and expansion of digital transformation in tax services.

PILLAR 2: PUBLIC SECTOR EFFICIENCY AND GOVERNANCE



Under the Public Sector Efficiency and Governance reform pillar there are 6 reform areas and a total of 46 reform actions.

In February 2022, the GoJ issued a revised **Public Procurement** bylaw which made improvements based on practical implementation of the regulations. An independent **ministerial Complaint Committee** has been established in addition to a **Policy and Oversight Unit** at the Prime Ministry is being operationalized

after its establishment. On digital procurement, the GoJ continues to make progress on the implementation of the Jordan E-Procurement System (JONEPS) and in 2022 JONEPS has been deployed to cover ministries of Health and Education as purchasing entities, in additions to that, the standard procurement documents developed for consulting services has been adopted. As for the standard bidding documents for goods, it is now considered by the complaint committee for review, and it will be sent to Policy committee for approval. This reform helps ensure the highest levels of integrity, transparency and fair competition.

Moreover, as part of a comprehensive structural reform program for the **Public Investment Management (PIM) - Public Private Partnerships (PPP) governance framework**, in 2022, seven Public Investment Project (PIPs) and five PPPs were registered on the National Registry of Investment Projects (NRIP), a government circular was issued to follow the guidelines for preparing the Project Concept Not (PCN) and evaluating the feasibility study during preparation of the new investment projects for the Year 2023. To date, 97 PIPs and 5 PPPs have been reviewed by PIM unit.

Furthermore, the Fiscal Commitments and Contingent Liabilities (FCCL) guidelines have been approved and the Fiscal Risk Assessment Guidelines are being prepared. Currently the PIM Unit is initiating to link NRIP with MRV at the ministry of environment.

Additionally, GoJ continues its commitment to **improve regulatory predictability** through launching and circulating the updated Regulatory Impact Assessment (RIA) Guidelines among all GoJ entities which outline RIA procedures in details and

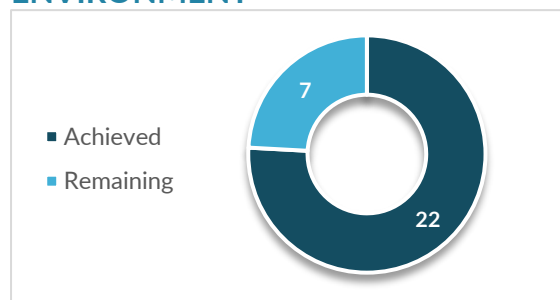
the government will officially launch it to the public in May 2023. Furthermore, a dedicated RIA unit has been established at the Prime Ministry to ensure proper implementation of the guidelines across all government entities.

During 2022, a series of workshops and meetings took place. These workshops came from the importance of improving the quality of regulatory processes and decisions as a key priority for the Government of Jordan starting with three pilot ministries which are Ministry of Labor, Ministry of Social Development, and Ministry of Tourism and Antique. To date, the three RIAs have been published.

Currently, GoJ is working on establishing a unified public consultation portal that will cover all the government agencies which are anticipated to be completed by 2023.

Finally, during the second half of 2022, the GoJ developed the National Registry of Government Services (NRGS) and prepared 2,400 public service, it is anticipated to deploy these cards by the end of 2023.

PILLAR 3: BUSINESS ENABLING ENVIRONMENT



Under the Business Enabling Environment reform pillar there are 3 reform areas and a total of 29 reform actions.

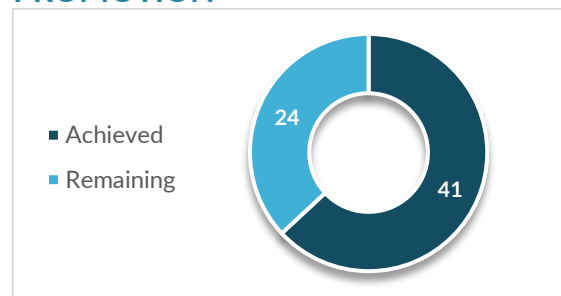
During 2022, the GoJ undertook several measures to simplify and streamline the process of licensing and registration. Where the economic activities have been categorized into three lists based on the adopted ISIC4, namely, the fast-track list,

the conditional list, and the specialized list. To date, **383 economic activities have been classified under the fast-track list**, and based on this classification, the Greater Amman Municipality (GAM) or municipalities will automatically issue a professional license within one day for these activities.

The GAM vocational licensing law has been enacted which aims to keep up with the rapid emergence of new professions, and to enhance the licensing system. Notably, the law permits the practice of professions in residential premises, exempting them from half of the designated fees for licenses, and from all fees for the first three years from the date of obtaining the license.

Finally, the GoJ has also introduced a significant reform to **merge work and residency permits** into a single document, making it easier for foreign workers with restricted nationalities to obtain permits.

PILLAR 4: INVESTMENT AND TRADE PROMOTION



Under the Investment and Trade Promotion reform pillar there are 6 reform areas and a total of 65 reform actions.

In 2022, GoJ developed and issued the new **Investment Environment Law** seeks to provide a supportive environment for existing investments and to provide conditions that can attract further investments in implementation of the Economic Modernization Vision, which entails securing JD40 billion in investments over the next decade. Furthermore, GoJ has also developed an **Investment Promotion**



Strategy (IPS) for 2023-2026 aimed at attracting foreign and local investments with high added value, capable of creating job opportunities, contributing to economic growth, and increasing national exports. It is anticipated to be issued in 2023.

Moreover, the development of digital infrastructure is a key component of investment and trade promotion. The GoJ has been working on **Licensing 5G telecommunication services** to improve the country's digital capabilities. The Telecommunications Regulatory Authority has already conducted studies on the licensing of 5G services and has signed settlement agreements with public mobile service providers. Additionally, license modifications for individual public communications and related frequency licenses have been scheduled to be signed on February 2023. Licensees have been approved to conduct trials on 5G services, necessary devices and stations have also been approved for trial use.

Further significant steps have been taken towards digital transformation including the launch of the **Digital Payment Action Plan** which aims to regulate and develop the national payment system and its components, and it is expected to be launched in the 2023. Also, the issuance of **Instructions for Open Finance** which are expected to enhance the transparency and competitiveness of the financial sector by providing consumers with access to a wider range of financial products and services. These instructions are an important step towards promoting financial inclusion and improving access to financial services for all segments of society. Overall, these reforms reflect Jordan's commitment to digital transformation and the development of a modern and efficient digital infrastructure.

In terms of facilitating investments, GoJ continued to implement an **Investor Grievance Mechanism (IGM)**. In 2022, 16 cases raised by investors and were addressed through this mechanism, and since the launch of the IGM in 2020 the GoJ received and addressed 47 cases. Currently, GoJ is working on integrating the IGM into the CRM Platform at the Ministry of Investment to digitize this mechanism to serve as a monitoring and evaluation tool for management. Also, GoJ has developed a comprehensive Investment Promotion Strategy and still needs to be adopted by COM.

The Jordanian government, through the Jordanian Customs department, is implementing several initiatives to streamline the import and export processes and improve trade facilitation. The **National Single Window (NSW)** is one such initiative that brings together representatives from various institutions and departments involved in the clearance process of goods at a single location, allowing importers and exporters to submit information once. Where in 2022 the ASYCUDA system has been upgraded and updated to accommodate the requirements of integrating the other agencies in the NSW.

The implementation of the **post-clearance audit (PCA)** is supported by the MDTF, in which the WB is working with the Jordanian Customs department to develop a roadmap for its application. This audit will include a legislative, regulatory, and operational framework for customs post-clearance auditing, and will help to ensure that goods are accurately valued and classified for taxation purposes. The proposed audit system is expected to be implemented in the coming year and will be a crucial tool in enhancing trade facilitation, strengthening risk management, and

ensuring compliance with customs regulations.

In addition, the Jordanian Customs Department has launched an electronic platform for pre-approval requests (**Licensing Hub**) related to imports, exports, and transit. This platform is the result of collaborative efforts between the Customs Department and five other government entities, including the Ministry of Investment, Agriculture, Environment, the Jordan Food and Drug Corporation, and Jordan Standards and Metrology Organization. The platform has incorporated **fifty electronic services** into a unified digital platform, simplifying the process of obtaining pre-approvals and reducing the time it takes to release goods, thus contributing to a more business-friendly environment and increasing the competitiveness of the national economy. The platform also provides tracking screens to monitor the status of requests, eliminating the need for in-person attendance and reducing administrative procedures. Overall, this project is a significant milestone for the Customs Department, promoting international trade, investment, and economic growth while reducing bureaucratic barriers.

Another recent development in Jordan's customs system is the completion of the first phase of **restructuring the customs tariff**. The project aims to modernize and simplify the tariff structure, making it more compatible with international practices and standards. The restructuring project also aims to enhance the government's ability to collect customs revenues while reducing the burden on the private sector. The completion of the first phase of the project is a significant achievement and is expected to have positive impacts on Jordan's economy and trade environment.

Overall, these initiatives demonstrate the Jordanian government's commitment to modernizing its customs procedures and improving the country's business environment.

Finally, several measures were taken by GoJ in 2022 to continue its efforts on mainstreaming climate responsive investments to streamline and accelerate the pace of climate investment towards longer-term Paris Agreement goals. paving the way towards achieving Jordan's commitments under the NDCs with more than forty million USDs were verified as climate responsive capital expenditure. Furthermore, after adopting the **Climate Finance Governance System Roadmap** the government is planning to establish a **Climate Change Center for Excellence** and adopt a strategy for climate and gender.

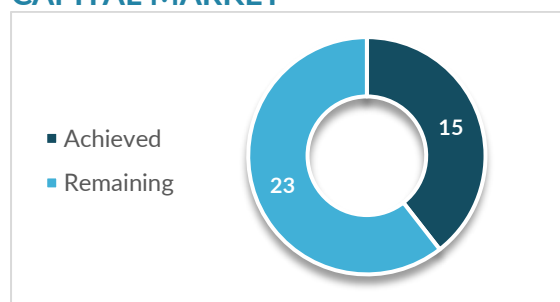
Upon the approval of the implementation plan for Jordan's Economic Modernization Vision for the years 2023-2025, a **Climate Investment Mobilization Plan** was developed for key priority projects.

Finally, a policy framework for article 6 of the Paris Agreement was developed governing Carbon transactions.

With these reforms in place, the country is poised to advance its position in the digital economy, promote investment, and create new opportunities for entrepreneurs and businesses to leverage technology to grow and innovate.



PILLAR 5: ACCESS TO FINANCE AND CAPITAL MARKET



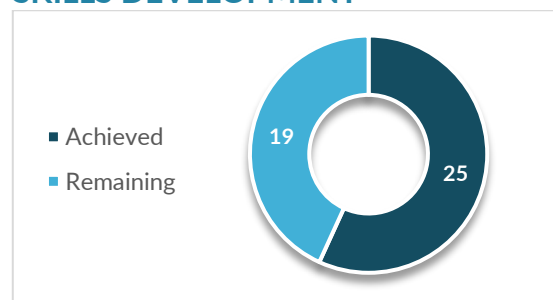
Under Access to Finance and Capital Market reform pillar there are 3 reform areas and a total of 38 reform actions.

GoJ continues to implement the **Insolvency Framework**. Furthermore, GoJ continues to implement its **Financial Inclusion Strategy (FIS)** which encompasses the adoption of e-wallets which serve as an effective tool to respect the privacy of recipients. The number of registered e-wallets has increased to 2.5 million as of 2022. GoJ is updating the FIS for the years (2023-2027), where a comprehensive study on financial inclusion is being conducted to measure the level of financial inclusion in Jordan. The results of this study will serve as a foundational cornerstone in setting the national targets for the FIS and establishing performance indicators based on accurate data and information. The strategy is expected to be launched in the coming year.

Furthermore, GoJ has issued a **Financing Companies Bylaw** which provides a unified legislative framework for financing companies that fall under the supervision of the central bank, ensuring the provision of an institutional framework and the establishment of clear and objective standards for licensing such companies. The bylaw also sets high standards for professional practices which are expected to lead to a host of benefits for the financial system.

These achieved reforms represent a significant step toward improving the credit infrastructure framework and enhancing accessibility to sources of financing in Jordan. As a result, businesses and entrepreneurs will have greater access to capital, which will enable them to grow and contribute to the country's economic development.

PILLAR 6: LABOR MARKET AND SKILLS DEVELOPMENT



Under the Labor Market and Skills Development reform pillar there are 4 reform areas and a total of 44 reform actions.

In 2022, GoJ continued to implement several measures to improve the business environment, with focus on the **increase of female participation in the workforce**. The GoJ made significant progress in the implementation of various measures aimed at improving the labor market and skills development in the country. One major reform includes adding the definition of sexual harassment in Article 29 of the amended Labor Law, which is currently on the House of Representatives' agenda for approval. Furthermore, a **policy for protection against violence, harassment, and discrimination in the workplace** to the internal regulations of the private sector was developed. This policy includes a mechanism for submitting complaints and grievances. Furthermore, an obligatory questionnaire has been added to the worker's protection platform, which includes ten questions with indicators of

forced labor, human trafficking, and gender-based violence in the workplace.

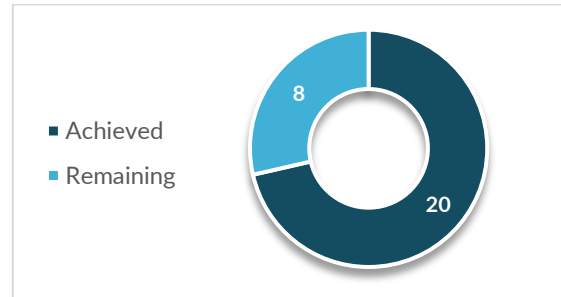
Another notable development in labor market governance was the adoption of the **Jordanian Standard Classification of Occupations (JSCO 2021)** as a national reference document. This classification takes into account its compatibility with the International Standard Classification of Occupations (ISCO) 2008 and is used for issuing work permits to non-Jordanian workers of Syrian nationality. The classification will be adopted for all nationalities by the end of 2023.

Additionally, the Ministry of Labor implemented its **Inspection Management System** including the development of the electronic inspection management software. The inspectors were trained on the system, and inspection visits are now recorded on the system. The **Labor Inspection Procedures Manual** has been approved, and a **Protection Platform** has been developed for labor complaints submission services.

A comprehensive study on labor market legislation, with a focus on non-Jordanian employment, comparison with regional legislation, and best practices in similar economies is expected to be completed by the end of 2023.

On another hand, in 2022, the government continued its efforts for better **childcare facilities** to increase the options for working mother specially in the rural areas, as a draft bylaw for nurseries was prepared and several consultation sessions were held with the competent bodies. A committee has also been established to study and assess the situation of nurseries in all respects.

PILLAR 7: SOCIAL SAFETY NETS



Under the Social Safety Nets reform pillar there is 1 reform area and a total of 28 reform actions.

GoJ remains dedicated to safeguarding the most vulnerable Jordanians, and as part of this commitment, it continues to update and implement the action plan of the **Social Protection Strategy (2019-2025)**. Additionally, GoJ is actively developing and implementing an electronic monitoring and evaluation system. Moreover, preparations are underway to introduce a new chapter on shock responsiveness to the strategy, and consultations have been initiated.

In 2022, a committee comprising members from NAF, MOPIC, and MoDEE was established. The committee diligently worked on drafting an Action Plan for the **National Unified Registry (NUR)**, which is expected to be finalized by the end of 2023.

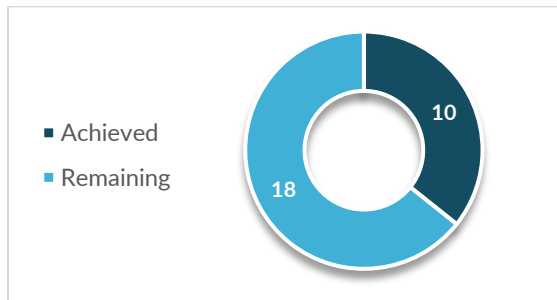
To ensure accurate targeting, a revised formula was developed and approved by NAF. In the beginning of 2022, registration for the **Unified Cash Transfer Program** was initiated, and a comprehensive assessment using the revised formula enabled the selection of 120,000 households that fall under the category of the poorest of the poorest.

NAF is currently focusing on developing a **Migration Plan** for the Takaful Program. An analysis was conducted to identify eligible beneficiaries for migration, resulting in approximately 37,000 individuals from the previous program meeting the eligibility criteria. For the first phase of migration, a

list of 12,000 beneficiaries has been identified.

Finally, the **Solar to the Poor** project was extended, resulting in a significant impact. By the end of 2022, a total of 7,732 NAF beneficiaries have received solar systems as part of this initiative.

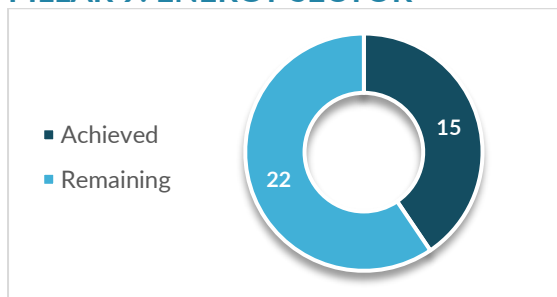
PILLAR 8: TRANSPORTATION SECTOR



Under the Transportation reform pillar there are 4 reform areas and a total of 28 reform actions.

GoJ recognizes the significant social and economic impacts of the Transportation Sector and continues to prioritize various reforms in this regard. With a focus on enhancing public transport, the GoJ is actively **developing National Public Transport Quality Standards**, with plans underway to integrate climate and environmental considerations into the upcoming Transportation Strategy. To ensure efficient operations, the GoJ has **established a regulatory framework for the trucking sector** that undergoes regular updates. This framework incorporates digital platforms to enhance the efficiency of the trucking industry.

PILLAR 9: ENERGY SECTOR

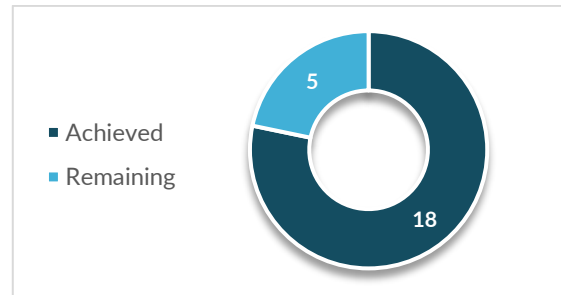


Under the Energy reform pillar there are 4 reform areas and a total of 37 reform actions.

GoJ continues the implementation of the **Financial Sustainability Roadmap** for the energy sector, in addition GoJ has started the development of an updated **Jordan Energy Strategy (JES)**, which focuses on security of energy supply, energy availability and affordability, energy sustainability, as well as increased dependence on local sources.

Also, GoJ is consistently expanding its electricity exports to neighbouring countries, thereby promoting stronger regional interconnections. Going forward, the GoJ is committed to optimizing the utilization of all available energy sources by procuring gas imports from various locations, including Egypt, the Mediterranean, and LNG markets. This strategy aims to minimize costs and maximize overall efficiency.

PILLAR 10: WATER SECTOR

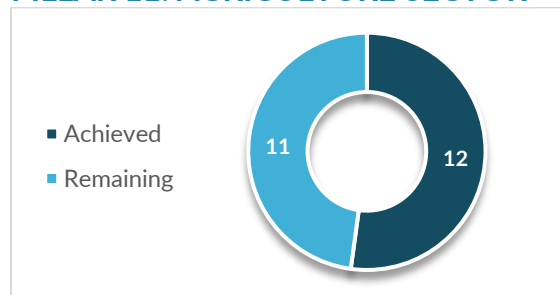


Under the Water reform pillar there are 2 reform areas and a total of 23 reform actions.

In 2022, the GoJ continues its efforts to reduce water losses and improve the water sector operational cost recovery and encourage the reuse of treated wastewater and better irrigation technologies. where 12 action plans for **Reducing Non-Revenue Water and Energy Efficiency of the Water Sector** were prepared and agreed upon. Finally, GoJ has adopted the **Water Sector Financial Sustainability Roadmap** which addresses the financial deficit of the water sector, and the needed measures to

enhance its financial position and contain its growing debt.

PILLAR 11: AGRICULTURE SECTOR

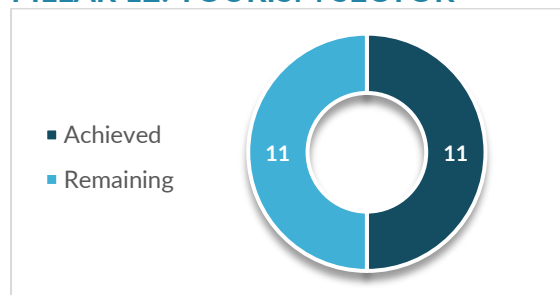


Under the Agriculture reform pillar there are 5 reform areas and a total of 23 reform actions.

GoJ continues to implement several policy reforms such as the implementation of the **Food Security Strategy** considering the impacts of climate change and COVID-19 pandemic aiming to assess the country to realize its position and potential as a strategic regional hub for food security and achieve efficient utilization of available resources, potentials, and opportunities to accelerate progress towards the achievement of relevant Sustainable Development Goals targets.

Finally, several modalities to leverage private investment through PPP for value chain infrastructure and agricultural services were implemented.

PILLAR 12: TOURISM SECTOR



Under the Tourism reform pillar there are 3 reform areas and a total of 22 reform actions.

GoJ maintains its focus on the response and recovery measures to limit damage to the economy, including those in the tourism sector, the GoJ started the implementation

of the **National Tourism Strategy** for the years 2021-2025 along with the **Gender and Inclusion Action Plan**.

In order to strengthen the strategic and operational performance of the tourism sector, GoJ has started operating a new comprehensive **Management Information System (MIS)** which includes data on tourism establishments, sites, projects, visitors and income.

Finally, GoJ is planning to conduct a Cost structure analysis for fees and charges to identify potential areas of price reduction and efficiency.