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Report No: PAD4384

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US$500 MILLION

TO THE

HASHEMITE KINGDOM OF JORDAN

FOR AN

INCLUSIVE, TRANSPARENT AND CLIMATE RESPONSIVE INVESTMENTS

PROGRAM-FOR-RESULTS

May 18, 2021

Macroeconomics, Trade and Investment Global Practice
Middle East and North Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective May 17, 2021)

Currency Unit =	Jordanian Dinar (JD)
US$1 =	0.709 (JD)

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Ferid Belhaj
Regional Director:	Nadir Mohammed, Paul Noumba Um
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Task Team Leader(s):	Christos Kostopoulos, Roland Lomme, John Gabriel Goddard, Monali Ranade

ABBREVIATIONS AND ACRONYMS

5YRM	Five-Year Reform Matrix
AB	Jordan Audit Bureau
DLI	Disbursement-Linked Indicator
DLR	Disbursement-Linked Result
CPF	Country Partnership Framework
CRM	Customer Relationship Management
DLI	Disbursement-linked indicators
DOA	Department of Antiquities
EFF	Extended Fund Facility
ESSA	Environment and Social Systems Assessment
FSA	Fiduciary Systems Assessment
GCC	Gulf Cooperation Council
GCI	Global Competitiveness Indicators
GDP	Gross domestic product
GOJ	Government of Jordan
GIEP	Government Indicative Executive Program
IBR	Integrated Business Registration
IDU	Institutional Development Unit, part of PMO
IFC	International Finance Corporation
IMF	International Monetary Fund
JIC	Jordan Investment Commission
JONEPS	Jordan Online E-procurement System
JTB	Jordanian Tourism Board
MTFF	Medium-Term Fiscal Framework
MOEnv	Ministry of Environment
MOITS	Ministry of Industry, Trade and Supply
MOPIC	Ministry of Planning and International Cooperation
MOTA	Ministry of Tourism and Antiquities
NBFIs	Non-Bank Financial Institutions
NDC	Nationally determined contribution
NSDS	National Strategy for the Development of Statistics
O&M	Operations and maintenance
ODIN	Open Data Inventory
PAP	Program Action Plan
PDO	Program Development Objective
PforR	Program-for-Results
PIM	Public Investment Management
PMO	Prime Minister's Office
PMU	Program Management Unit
PPP	Public-Private Partnership
WEF	World Economic Forum

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name
Jordan	Jordan Inclusive, Transparent and Climate Responsive Investments Program For Results

Project ID	Financing Instrument	Does this operation have an IPF component?
P175662	Program-for-Results Financing	No

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Fragile State(s)
[ ] Contingent Emergency Response Component (CERC)	[ ] Fragile within a non-fragile Country
[ ] Small State(s)	[ ] Conflict
[ ] Alternate Procurement Arrangements (APA)	[ ] Responding to Natural or Man-made Disaster
[ ] Hands-on Enhanced Implementation Support (HEIS)	

Expected Project Approval Date	Expected Closing Date
10-Jun-2021	30-Jun-2026

Bank/IFC Collaboration	Joint Level
Yes	Joint Project - involving co financing with IFC (loan, equity, budget, other) or staffing

Proposed Program Development Objective(s)

Improve accountability to foster climate responsive investments and growth, where:
• investment is defined as public and private investment
• climate responsive investments refer to public sector and private sector opportunities in Jordan’s NDC and measured by the MRV System
• accountability rests on a framework of enhanced transparency and feedback loops that inform investment and policy decisions

Organizations

Borrower :	Hashemite Kingdom of Jordan
Implementing Agency :	Ministry of Planning and International Cooperation
Contact:	Feda Gharaibeh
Title:	Mrs.
Telephone No:	96264644466
Email:	feda_gharaibeh@reformjo.org

COST & FINANCING

SUMMARY

Government program Cost	3,875.00
Total Operation Cost	1,213.50
Total Program Cost	1,213.50
Total Financing	1,213.50
Financing Gap	0.00

Financing (USD Millions)

Counterpart Funding	**463.50**
Borrower/Recipient	463.50
International Bank for Reconstruction and Development (IBRD)	**500.00**
Cofinancing - Other Sources (IFIs, Bilaterals, Foundations)	**250.00**
Asian Infrastructure Investment Bank	250.00

Expected Disbursements (USD Millions)

Fiscal Year	2021	2022	2023	2024	2025	2026
Absol	0.00	200.00	75.00	75.00	75.00	75.00

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Cumulative	0.00	200.00	275.00	350.00	425.00	500.00

INSTITUTIONAL DATA

Practice Area (Lead)

Macroeconomics, Trade and Investment

Contributing Practice Areas

Energy & Extractives, Finance, Competitiveness and Innovation, Governance, Poverty and Equity

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Low
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Moderate
7. Environment and Social	Substantial
8. Stakeholders	Moderate
9. Other	
10. Overall	Substantial

COMPLIANCE

Policy

Does the program depart from the CPF in content or in other significant respects?

[ ] Yes [✔] No

Does the program require any waivers of Bank policies?

[ ] Yes [✔] No

Legal Operational Policies

	Triggered
Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

Legal Covenants

Sections and Description

1. The Borrower shall vest the overall responsibility for the coordination, monitoring and evaluation of the Program in MOPIC, and to this end, shall, though MOPIC maintain at all times during Program implementation, with terms of reference, mandate, composition and resources satisfactory to the Bank, the Program Management Unit, to be responsible for: (i) the overall management, coordination, reporting, monitoring, and evaluation of Program implementation; (ii) hiring, and interfacing with independent verification agencies, as needed; (iii) carrying out assessments of ministries' and agencies' implementation of Program activities; (iv) carrying out the technical audits; and (v) facilitating financial audits for the Program, all in accordance with the provisions of this Agreement and the Program Operational Manual.

Sections and Description

2. The Borrower shall vest the overall responsibility for the coordination, monitoring and evaluation of the Program in MOPIC, and to this end, shall, though MOPIC, cause Ministry of Environment ("MOEnv"), in coordination with PMU, to be responsible for (i) coordination of the achievement of the Jordan's NDC under the Paris Agreement, (ii) establishment of relevant inter-ministerial groups; and (iii) utilization of the National Climate Change Committee.

Sections and Description

3. The Borrower shall, not later than three (3) months after the Effective Date, prepare an operational manual for the Program, in form and substance acceptable to the Bank, containing detailed (i) administrative, procurement, financial management and monitoring and evaluation procedures, (ii) environmental and social management systems and complaints and grievance redress mechanism, (iii) Program Action Plan; (iv) detailed arrangements for verification of achievement of the DLR (including the Verification Protocol); and (v) coordination and oversight arrangements for the Program.

Conditions

Type	Financing source	Description
Effectiveness	IBRD/IDA	The Additional Conditions of Effectiveness consist of the following: 1. The Borrower has engaged the essential staff for the PMU, namely: (a) a sectoral reform lead; (b) economic and business environment lead; (c) program coordinator; and (d) a monitoring and evaluation officer, all in accordance with the terms of reference, qualifications and resources satisfactory to the Bank; and 2. The Borrower has established a Technical Steering Committee, composed of representatives of the entities and institutions participating in the implementation, monitoring and evaluation of the Program, responsible for strategic oversight and guidance under the Program, all under terms and conditions acceptable to the Bank.

I. STRATEGIC CONTEXT

1. The proposed program for Inclusive, Transparent and Climate Responsive Investments Program-for-Results (PforR) in the amount of US$500 million aims to help Jordan improve accountability to foster climate responsive investments and growth. The Program supports the implementation of critical reforms that have been initiated under the Reform Matrix to strengthen public and private investment and helps Jordan capitalize on emerging opportunities for post-pandemic recovery including on green growth, tourism development, and female labor force participation. By strengthening transparency and accessibility of data, the Program also will help Jordan enhance its accountability mechanisms to deliver effective new policies and investments, and better results. The Program supports three Result Areas (RAs): RA1- improving the accountability and fiscal space for public investment, including towards national climate goals; RA2 - improving business enabling environment and the capacity of key institutions to attract private investment and climate finance, including for tourism sector; and RA3 - generating evidence and data for policy making, implementation and stakeholder dialogue. The Program is expected to contribute to: (1) increasing the share of capital expenditure in total budget spending; (2) achieving progress toward Jordan's Nationally Determined Contributions and Paris Agreement goals; (3) streamlining and digitizing business registration and licensing reducing the compliance time and cost for businesses; (4) increasing accessibility and usability of statistical and administrative data.

A. Country Context

2. **Jordan has managed the coronavirus pandemic well, but like many countries, continues to face this challenge.** Jordan took rigorous health measures at the onset of the pandemic. It also took measures to keep enterprises open in order to maintain supply lines and preserve jobs, including delaying tax payments, allowing partial payment of salaries, launching a soft loan program for micro, small, and medium-size enterprises, and deferring payment of interest. The government also launched programs to support various sectors of the economy, including tourism, agriculture, and exports. Liquidity was added to the system by reducing required reserves for banks. Transfers were also increased, to the sick, the elderly, and the poor; in addition, programs were launched for unemployed individuals, businesses, freelancers, and daily wage workers. However, in March 2021 Jordan was hit by a second wave, which spurred additional lockdowns that are showing positive results in containing the rise in cases.

3. **The impact of the pandemic on the economy has been significant. It has led to income losses, higher debt, and disproportionally larger effects on women's employment**. Based on national statistics data, Jordan's real Gross Domestic Product (GDP) contracted by 1.6 percent in 2020, which, given population dynamics, led per capita income to contract by 2.5 percent. Unemployment soared to 24.7 percent by the last quarter of 2020, and it is projected that the poverty rate increased by nearly 40 percentage points in the earliest stages of the crisis.[1] Women were disproportionately disadvantaged prior to the health crisis with unemployment rates as high as 23 percent compared to 13 percent among men (World Development Indicators 2019). That gap has widened further due to the pandemic – by Q4 2020 male unemployment was 22.6 percent and 32.8 percent for women.[2] The pandemic has put pressure on fiscal and external accounts and on public debt. The current account deficit widened to 8.0 percent of GDP in 2020 compared to 2.1 percent the previous year. The fiscal deficit (excluding grants) widened to 10.1 percent of GDP in 2020, while central government debt edged up to 109.9 percent of GDP, or 88.1 percent of GDP net of Social Security Corporation holdings.

[1] UNHCR and World Bank (2020) *Compounding Misfortunes*.

[2] In addition, according to the Jordan Enterprise Survey 2020 (Round 2), full-time permanent female employees in the private sector have declined by 7 percentage points before the pandemic (Enterprise Survey 2020).

4. **As Jordan prepares its recovery from the pandemic, it needs to develop a new growth model since the present one has not created the number and types of jobs that the country needs**. Over the past decade, Jordan's economy grew at an average annual rate of 2.4 percent and the economy's employment elasticity exceeded unity. Both Jordan's GDP growth rate and its employment elasticity are marks of resilience for an upper middle-income country in the Middle East and North Africa (MENA) region. However, job creation has not been strong enough to meet the needs of the country's fast-growing working age population that grew at an average annual rate of 4.5 percent over the decade owing to the large influx of refugees, mainly from Iraq and Syria (figure 1). The economy could also not raise the employment rate, which at 34 percent is among the lowest in the world. In terms of job quality, the economy created jobs for skilled men and women (though many skilled Jordanians work in the region, especially in the GCC), but not for low skilled or unskilled labor which makes up 58 percent of Jordan's labor force (figures 2-4).

5. **There are two reasons why Jordan's economic performance has been weak: (a) the economy has faced a multiplicity of shocks, and (b) its growth model has been consumption driven**. Over the past decade, Jordan has been subjected to several external shocks (Iraq and Syria wars and disruption of its gas supplies). The analysis in the *Fallout from War* (2020) estimates significant net costs from the Syrian crisis for Jordan, in terms of lower GDP growth, and higher poverty and public debt. A close inspection of Jordan's economic trends over the past decade shows that it resembles other economies that are dependent on transfers (remittances account for 13 percent of GDP) or are aid dependent (Jordan's foreign inflows account for 3 percent of GDP). Jordan's growth has been buoyed by remittances and foreign aid, but this has led to a consumption-driven growth model. At the same time, economic growth in Jordan has relied on consumption rather than investment: annual private and public consumption growth have averaged 4.5 and 1.2 percent, respectively, whereas public and private investment growth has averaged -5.2 and -3.4 percent, respectively.

6. **The current growth model yields low investment, high debt, and slow reform implementation.** The 2016 Systematic Country Diagnostic set out two hypotheses to explain Jordan's economic performance. First, large foreign inflows and concessional debt have postponed the economic adjustment that is needed to address adverse economic shocks. Second, inflows have led to a low level of investment (especially private investment) and deep labor market segmentation. These outcomes are consistent with disincentives to increase investment and eliminate inefficiencies (i.e. a slow pace of reforms) in resource-rich economies. As a consequence, Jordan is on a declining investment trend (figures 5-7), its trade balance has deteriorated, and the Real Effective Exchange Rate (REER) has appreciated consistently over the decade weakening competitiveness. Economic reforms in Jordan have also not kept pace with the needs (or opportunities) of a shock-ridden economy.

7. **Jordan's small domestic market needs an investment and export-driven and resource-efficient growth model.** In the last decade, Jordan's merchandise exports have lost their innovative edge and have shrunk as a share of GDP. The same has befallen Jordan's tourism sector (except for 2018 and 2019, discussed below), despite the natural beauty and rich cultural heritage of the country. While Jordan does not have credible investment or foreign direct investment (FDI) statistics, bank lending data suggest that a reason for this weakening of innovative investments in Jordan is that they have been mainly targeting the real estate sector in recent years. In any case, independent of quality, the quantity of investment has been on a declining trend.

8. **Climate change is exacerbating the already challenging situation.** Aside from not investing enough to build up its assets, Jordan is losing its natural and fixed assets owing to climate change. Climate change is and will affect Jordan in places where it is already most vulnerable. The climate hazards that Jordan faces are significant temperature increases, precipitation decreases, increased incidents of drought and increased evaporation. Yet, Jordan is heavily dependent on fossil-fuel imports, with limited natural resource, extremely scarce water supply (Jordan is among the most water poor countries in the world.) Extreme heat is driving up energy demand and price, water scarcity driving up energy demand,

price and fiscal burden, climate variability damaging infrastructure and affecting services. Jordan's fiscal situation demands that it finds private sector solutions to these challenges, and that it incentivizes these solutions as part of its development model, to build in resilience and economic growth.

9. **To reverse the negative trend in investment and to become more resilient, Jordan needs to become more competitive and improve the quality of investment, which will require realigning incentives.** Several analyses have been conducted of the Jordanian economy pointing to challenges that limit the country's competitiveness.[3] First, macroeconomic stability is an issue with rising public debt. Second, the regulatory burden (from licensing and inspections) and operating costs (especially electricity and transport) are high and disincentivize investment. Among high operating costs, some analysts add social security contributions, which affect competitiveness by 21.8 percent. Third, the labor market is segmented (by sector, geography, public/private, gender, nationality, part/full time, formal and informal) which inhibits adjustment to economic shocks. Fourth, the operating environment remains unpredictable for both domestic and foreign investors. Finally, regulatory practices, FDI restrictions and the institutional setup for supporting competition policy have weakened contestability. These factors drive both the level and quality of investment, as they determine the sector or product-specific choices made by investors. Figures 8-9 present Jordan's 2019 absolute score and ranking in the World Economic Forum (WEF) Global Competitiveness Indicators. While in absolute terms the country scores well relative to peers, Jordan does not fare well.

10. **In 2018, the government set out to prioritize its reform program and created the Five-Year Reform Matrix**. With a view to clearing a backlog of pending reforms, focusing government efforts on economic growth, and prioritizing among multiple strategic policies, Jordan identified a set of reforms to address major challenges to competitiveness. High level fiscal and private sector priorities of the Five-Year Reform Matrix were to: (i) advance fiscal consolidation to halt the increase in public debt; (ii) reduce all aspects of operating costs given an appreciating real effective exchange rate; and (iii) attract FDI and support exports through reducing restrictions on FDI. Priorities for the labor market and social protection included strategies to reduce segmentation and bolster the safety net. Additional reforms were included for the financial, transport, energy and agriculture/water sectors, mainly to support the aforementioned goals. The Reform Matrix was developed with World Bank support and was approved by Cabinet in 2018, launched in early 2019, and is undergoing a mid-term review in 2021 (with inputs from development partners and support of the World Bank). At the mid-term review, public sector efficiency and tourism pillars were added. The Reform Matrix anchors the Government's Indicative (medium-term) Executive Program 2021-24 (GIEP) which provides cost estimates for the Reform Matrix and other programs and is under development.

11. **Using the Reform Matrix as a guide, Jordan made good progress on a backlog of reforms during 2018-2020. These involved policy, regulatory and legal changes.** The most critical reforms are summarized below. Fiscal policy: The income tax law was revised in 2018 and several changes to the general sales tax were made (removal of exemptions, changes in rates) to boost revenues; and a new effort is now underway to modernize revenue administration with support from the IMF. Public sector: A wholesale revision of the bylaws for public procurement (2019) was adopted with a change in bylaws, including a framework for e-procurement. In addition, the Public Investment Management (PIM)/Public-Private Partnership (PPP) governance framework was developed and approved (2018), a PIM/PPP Policy was approved (2019), and a new PPP Law was adopted (2020). Financial sector: Long awaited laws on insolvency and secured transactions were adopted (2018) as were relevant bylaws (2019). Business environment: A predictability framework (regulatory impact assessments of new laws and bylaws, the Code of Governance Practices) was adopted in 2018 and is being piloted in six ministries); the monitoring and inspections law was revised (2017), as were the bylaws (2019); and a

[3] WB DPR 2012; WB SCD 2016; WB Jobs Diagnostic 2019; Harvard CID on elements of a growth strategy 2019; WB CPSD 2021 (forthcoming); IMF EFF 2016 Program and IMF 2020 program.

new licensing policy was adopted (2018) with implementation launched (2019). FDI and trade: Jordan continued the gradual liberalization the economy by removing restrictions to foreign investment in 22 sectors/subsectors and introducing an Investor Grievance Mechanism (IGM) to support and retain investors (2020), modernization of export quality infrastructure was initiated, and a revised Customs Law was adopted (2019). Labor Market: Part-time pay was introduced (2018) to increase flexibility, and sectoral employment restrictions were removed for women (2019), as well as codes of conduct in the workplace and in transportation were introduced to facilitate access to workplaces by women. Social Protection: The National Aid Fund was expanded (2018, 2019), and energy saving programs for poor were launched. Building on Jordan's climate commitments, a Climate bylaw was adopted (2019) which provided the soft infrastructure for implementation of Jordan's climate strategies across the priority sectors in the reform matrix, including a national Monitoring, Reporting and Verification (MRV) System. In the energy sector, a Roadmap for Financial Sustainability of Electricity Sector was adopted (2019), and lower-cost natural gas supply from Egypt was restored (2018).

12. **These reforms have been supported by World Bank-financed operations, including development policy financing (DPF) operations**. Almost all the reforms that Jordan has undertaken to improve the legal and institutional environment for private and public investment under the Reform Matrix have been foundational and have been supported by World Bank-financed operations. The Economic Opportunities for Jordanians and Non-Jordanians PforR (2016) launched the support to the Jordan Investment Commission (which supports foreign investors) and piloted the predictability framework. The First and Second Equitable Growth and Job Creation DPFs (2018, 2019) supported the aforementioned reforms except the modernization of export quality infrastructure and a revised customs law. Aforementioned private sector-related reforms were developed in collaboration with the International Finance Corporation (IFC).

13. **There are other reforms in the Reform Matrix that the GOJ is preparing**. There are two sets of reforms that were foreseen in the Reform Matrix that have not been launched yet. These pertain to the competition framework and to the segmentation of the labor market. The competition reforms are needed to level the playing field in many sectors of the economy. Analysis by the World Bank (WB)/IFC in three sectors (tourism, logistics, and ICT) suggests that they suffer from a weak competition framework. At present, there is no independent competition authority, and no differentiation between regulatory and competition policies. On the labor market side, Jordan has not been able to reduce labor market segmentation at the public/private, male/female, sector, or geographic levels. Jordan has also not been able to reduce within country trucking costs, which are an important component of the domestic price of imports. There is another set of reforms in the public sector needed to meet challenging fiscal targets and to develop a sustainable Medium-Term Fiscal framework (MTFF), that among other things, addressed the fiscal challenges posed by the energy sector. The challenge of these reforms is that they involve losses to some stakeholders, benefits to others, and due compensation where warranted, and affordable in a tight fiscal situation.

14. **The impact of 2018-2020 reforms is not yet visible on the economy; one reason is the pandemic; another reason is implementation challenges**. It should be noted that through 2019, Jordan's macroeconomic framework had deteriorated, discouraging potential investors, and the onset of the pandemic and its impacts have made the overall economic situation worse. However, there have been challenges to the reform process as well. These include difficulties in moving forward multi-agency reforms that would have economy-wide impacts (such as increasing public investment, FDI or female labor force participation), agency-level ownership of reforms, availability of data to track reform progress (administrative or economic and social), frequent turnover in government leadership, vested interests and inadequate stakeholder participation in the reform effort. These challenges can materialize as policy reversals, poor follow-up by line agencies, insufficient budget allocations, regulatory gaps, gaps in setting up required institutional support structure or as implementation delays.

15. **In summary, given the existing challenges to the economy, Jordan needs to move from a consumption-driven growth model to an investment-driven growth model**. A host of reforms are needed to achieve this outcome with a view to bolster institutions and realign policies. Jordan has taken some good steps in 2018-2020, but implementation is lagging. At the same time, continued downward trends in private and public investment suggest that the goal of increasing investment is eluding Jordan. The pandemic has deepened the crisis, but it also presents a new opportunity to review strategy and tactics to increase investment, including new green and climate financing, in the country.

B. Sectoral (or Multi-Sectoral) and Institutional Context

16. **The proposed Jordan Inclusive, Transparent and Climate Responsive Investments PforR, in the amount of US$500 million, aims to improve accountability to foster climate responsive investments and growth. First, it supports the implementation of critical reforms that have been initiated under the Reform Matrix (and supported by the last DPF). In particular, it would support implementation of reforms needed to strengthen the investment environment and make it more climate responsive.** On the public sector side, the operation supports the implementation of reforms that introduce processes and systems for public investment. It supports the implementation of the PIM/PPP governance framework, the 2020 PPP law and the climate change bylaw through the development and application of standardized appraisal methods to public investments above JD10 million. It also supports widening of fiscal space for PIM/PPP as part of the fiscal framework supported by the IMF Extended Fund Facility (EFF), and ensures adequate financing of operations and maintenance budgets. On the private sector side, the operation supports the implementation of reforms that improve the private sector environment, including clarifying the role of the Jordan Investment Commission (under a new law that is under preparation) as an investment promotion agency, the reduction of restricted investment sectors and licenses, and a new online program covering all "regulatory" transactions of businesses that are part of the new IFC Investor Journey program. The operation also supports the greening of public and private investment as foreseen under the climate change bylaw (also see below).

17. **Second, it seeks to help Jordan capitalize on emerging opportunities and untapped potential, as it maps its post-pandemic recovery path.** These areas are the green economy and climate change, tourism, and gender. Climate change and gender are included in the Reform Matrix cross-cutting themes and under the energy and labor pillars, respectively, while tourism is being added to the updated Reform Matrix (see further below, the update is referenced as Reform Matrix). In particular:

- ***The green economy and climate change***. While countries differ on their definitions and approaches to the green economy (e.g., Jordan has six sectors that form part of its Green Growth strategy)[4], national commitments to adaptation and mitigation in terms of Nationally Determined Contributions (NDCs) present opportunities for climate responsive actions that are measurable and support economic growth. To this end, the operation supports the full integration of climate responsive actions in public investment (both PIM and PPP) as part of project appraisal, facilitates the access to green finance for the private investment, and supports the implementation of the Monitoring, Verification and Reporting system across government and the private sector (the MRV system was recently completed) by the Ministry of Environment (MOEnv). NDCs and climate finance were implicitly included under the vertical (sectoral) pillars of the Reform Matrix before the update, and are now being expanded to strengthen the horizontal (Finance) pillar under the updated Jordan Reform Matrix.
- ***A pre-pandemic upsurge in tourism***. Jordan's rich cultural heritage and natural beauty offer enormous tourism potential. Unfortunately, the performance of the tourism and hospitality sector has fallen behind other tourist

[4] Energy, transport, agriculture, water, waste and tourism.

locations in the region. The sector needs to improve infrastructure and strengthen private sector participation to realize its full potential. As an indication of the potential, international tourist arrivals increased by almost 26 percent during 2017-2019 relative to 2016, with strong performance in package tours and business travel. In 2019, Jordan's tourism revenues amounted to US$6.9 billion, or 42.1 percent of goods and services exports. The tourism and hospitality sector employed 53,500 people in 2019 (see figure 10 for trends in the tourism sector). This operation supports an improvement in the operating environment for the tourism sector, through: (i) a reduction in regulatory compliance costs, and (ii) public investment in infrastructure to upgrade selected tourism sites and improve their accessibility and tourism revenue potential.

- ***Gender: the untapped potential for greater female labor force participation***. Jordan's low female labor force participation, about 14 percent, marks an enormous untapped potential for the economy and society. The barriers to female labor force participation include weak economies, social norms, legal constraints, and market failures.[5] Yet the statistics show that Jordan's women can participate in the full range of the skills spectrum: they are highly trained and are also available to work in low skilled jobs, and the economy demands their participation. Over the past decade, the growth rate of jobs for women has outpaced or match that of jobs for men (depending on the sector and skill level, see figures 2-4). While the growth rates have not been large enough to make a dent in the female labor force participation rate, they are encouraging at the margin. The proposed operation puts the assessment of public investment and policy changes on women's labor force participation at center stage by building filters in project appraisal and extending the scope of regulatory impact assessments. Gender forms an important part of the labor pillar of the Reform Matrix.

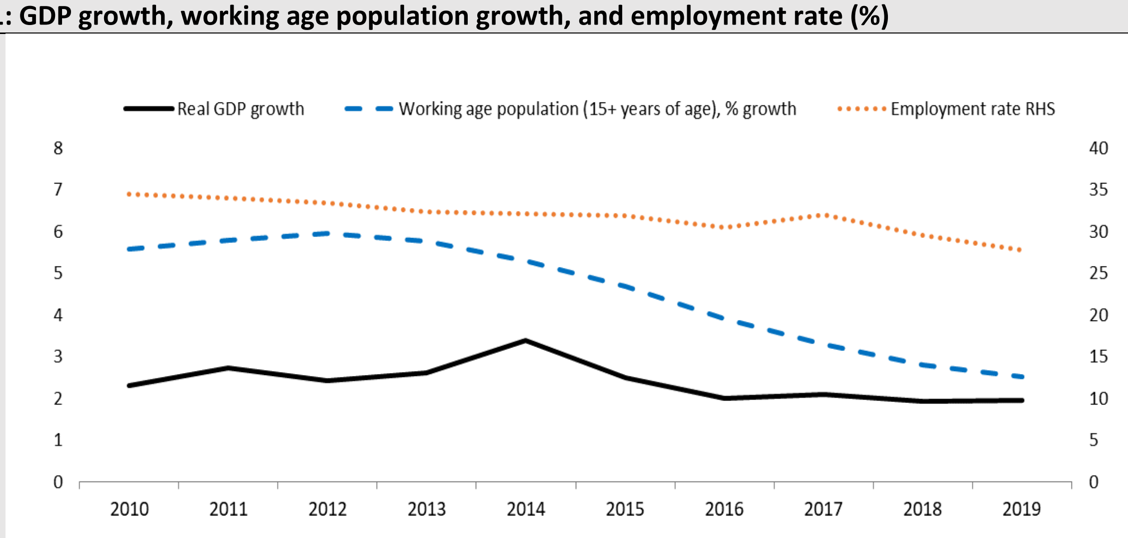
18. **Third, it seeks to help Jordan strengthen its accountability mechanisms to deliver new investments and new policies by developing systems for stronger feedback loops during policy design, implementation, and evaluation.** The need pertains to the challenges, delays or reversals, experienced during the implementation of the Reform Matrix. It applies to the implementation of public and private investment reforms and to the implementation of the rest of the 5YRM and government's other policy making efforts. The rationale for strengthening accountability mechanisms to overcome implementation challenges was highlighted in the 2017 WDR. The report points out that policymaking and implementation need to be viewed as a dynamic exchange among all interested and vested parties in the economy. Some parties will be more powerful than others, but all require access to information and access to data to organize and participate in policy making and to support implementation. In this respect, transparency pays dividends.[6] Access to information and to data helps counter vested interests and helps keep policy makers accountable. Open government and data sharing with citizens, companies, and organizations: (i) boost transparency and accountability; (ii) allow the public to follow up on reforms; (iii) open two-way governance channels; and (iv) support academic research. Jordan has joined the Open Government Partnership in 2014 and its government is committed to a range of tangible reforms under a National Action Plan which will be renewed later this year. An Open Data policy has been approved in 2017. This operation will support strengthening of the department of statistics and the publication of datasets. It will support the mechanisms for public service users' feedback in order to improve service standards (such as *At your service, Secret shopper, Evaluate your experience,* grievance redress mechanism, user surveys, etc.), and make use of those tools to communicate with the

[5] Women's economic participation in Iraq, Lebanon and Jordan (2020). State of Mashreq Women, Flagship Report No. 1, World Bank.
[6] According to Arezki, et al. (2020), MENA's lack of data and transparency is partially responsible for the region's chronic low-growth syndrome; it has hindered policymaking on critical issues such as the performance of state-owned enterprises (SOEs), public procurement, allocation of assets, the attraction of FDI, and other macroeconomic and labor market ailments. Econometric examination shows the region's declining data transparency resulting in a 7 to 14 percent loss in income per capita, constituting the lion's share of the widening gap (at least 20 percent) between the region and the rest of the world during the 21st century. Bridging the data gap necessitates developing sustainable data ecosystems; their development requires building the capacity to generate data, improve data collection, and display the merits of publishing data (Arezki, R. et al., 2020. "How Transparency Can Help the Middle East and North Africa." Middle East and North Africa Economic Update (April). Washington, DC: World Bank).

people during the pandemic, and strengthen the delivery of consultative Regulatory Impact Assessments (RIAs). Achievement of Jordan NDCs requires access to finance for climate responsive public and private investments and for improved stakeholder and citizen engagement. This operation will support the establishment of a Climate Finance Governance System, which is essential for ensuring accountability and feedback loops to build confidence and attract more investments.

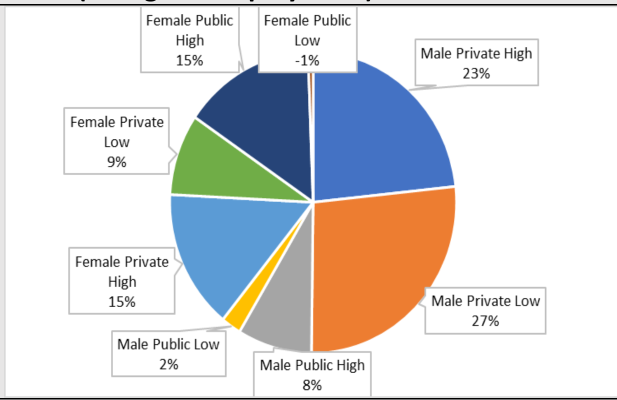
19. **In summary, the proposed Program supports the implementation of critical reforms to strengthen the investment environment (including for tourism), and make it more climate responsive, and more flexible to capitalize on emerging opportunities and untapped potential (including being gender-informed).** It builds on a range of policy reforms approved over the past few years by the Government of Jordan (GOJ). Most of the reforms whose implementation is supported by the Program have been prepared in consultation with donors, including the World Bank under the aforementioned series of DPFs, and benefitted from extensive technical assistance to ensure their alignment with international best practices. The Program focuses on the most strategic and tangible reforms which are expected to foster more and better investment. The reforms supported by the Program have all been selected for their relevance to investment and resilient recovery. Due to selectivity, the Program only supports a small, yet significant part of the government strategic objectives as reflected in the GIEP and the updated Reform Matrix. Implementation for the Program rests on the introduction of new or streamlined processes, clear roles and responsibilities, and on stronger feedback loops that support an enhanced accountability framework. This operation will underpin the sustainable, resilient, and climate responsive post-pandemic recovery, with some key areas/sectors (e.g., green sectors, tourism) as drivers. It will also help Jordan launch its transition from a consumption-driven growth model to an investment-driven growth model and introduce gender-informed assessments in investment design and policy formulation.

Figure 1: GDP growth, working age population growth, and employment rate (%)



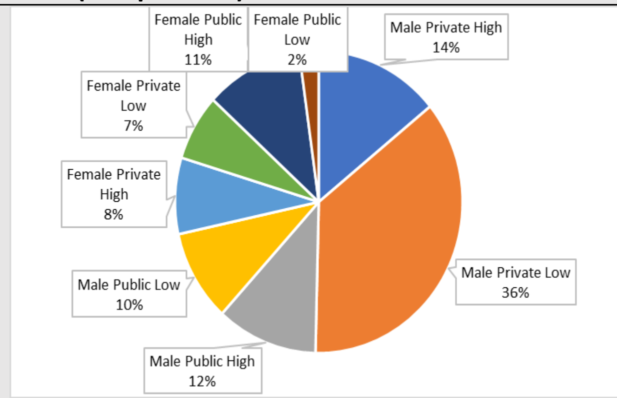
Source: Jordan DOS; Bank staff estimates.

Figure 2: Job growth by sector, sex, and skill level 2010-18 (change in employment)



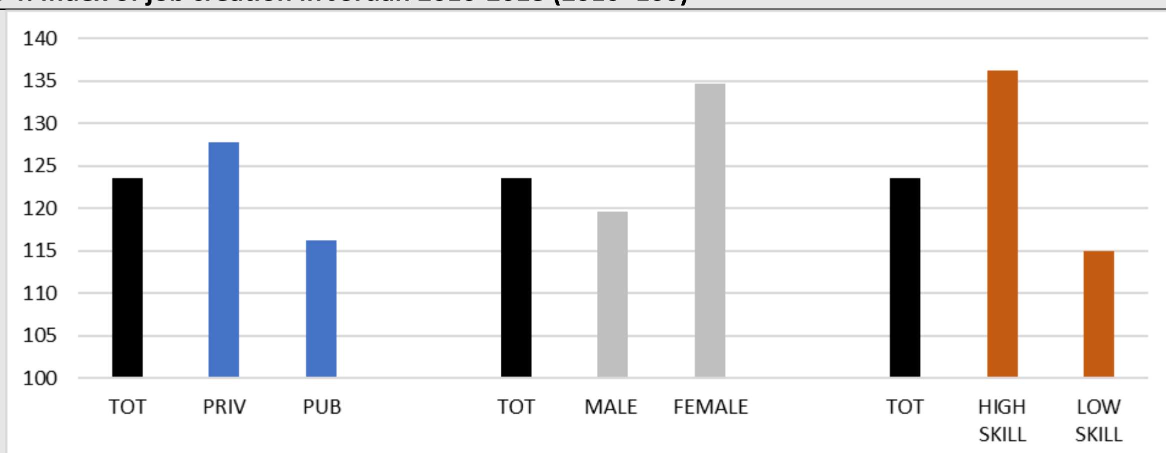
Source: Jordan DOS; Bank staff estimates.

Figure 3: Employment by sector, sex and skill level 2018 (composition)



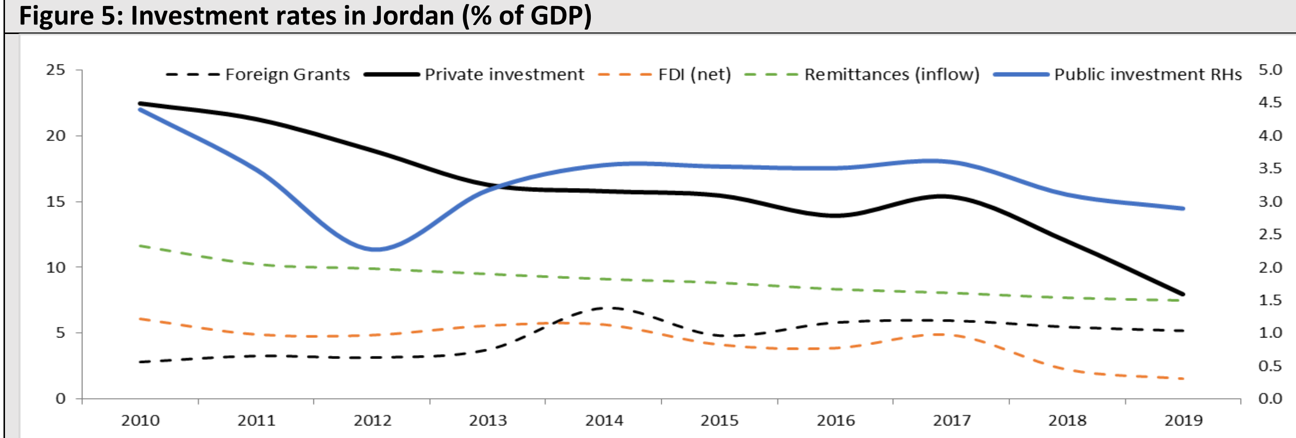
Source: Jordan DOS; Bank staff estimates.

Figure 4: Index of job creation in Jordan 2010-2018 (2010=100)



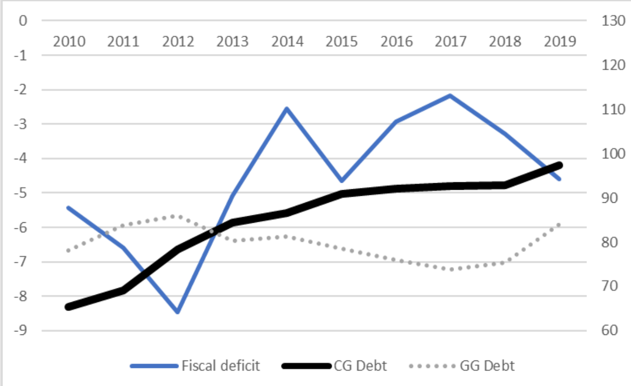
Source: Jordan DOS; Bank staff estimates.

Figure 5: Investment rates in Jordan (% of GDP)



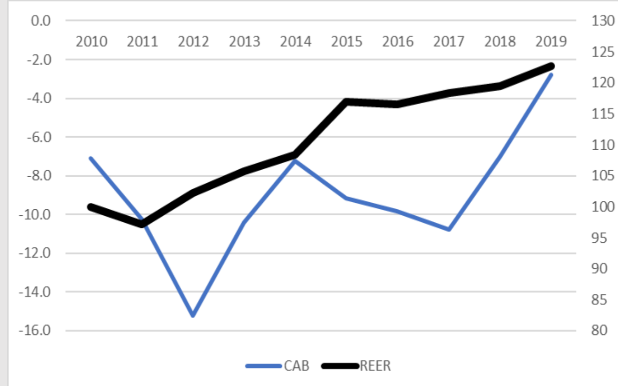
Source: Jordan DOS; Bank staff estimates.

Figure 6: Jordan Fiscal balance and public debt (% of GDP)



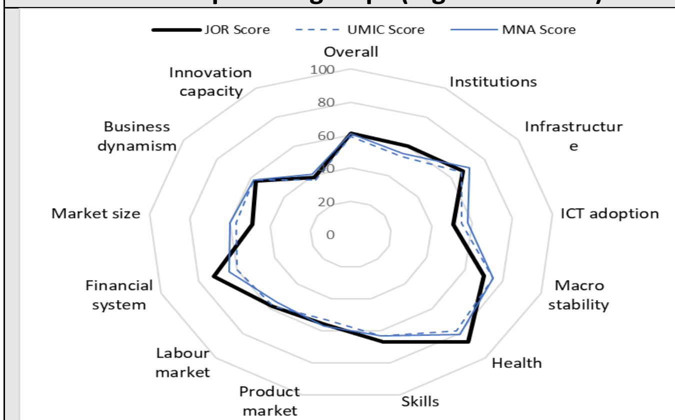
Source: Jordan DOS; Bank staff estimates.

Figure 7: Current account (incl. grants, in % of GDP) and Real Effective Exchange Rate (REER)



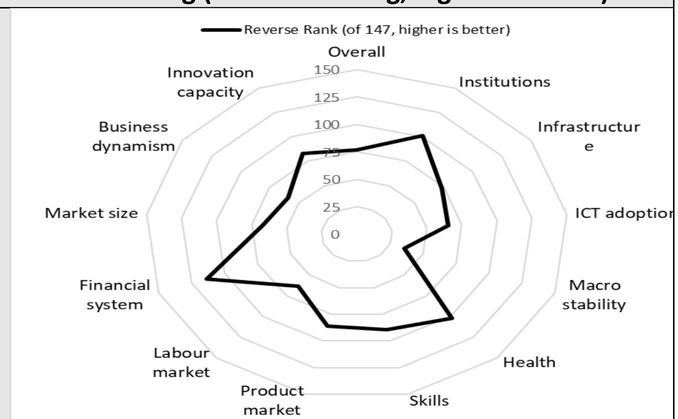
Source: Jordan DOS; Bank staff estimates.

Figure 8: Global Competitiveness Indicators 2019-Jordan and comparator groups (higher is better)



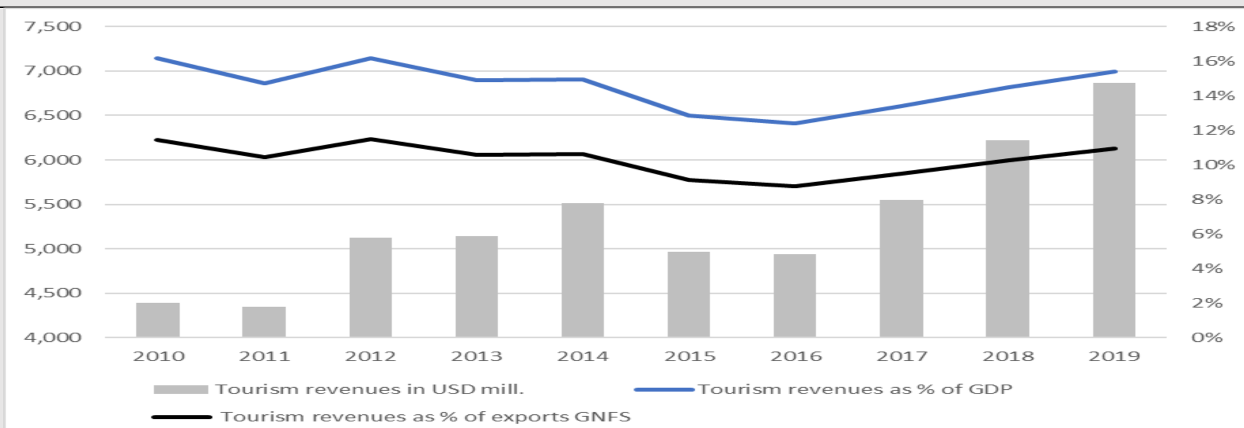
Source: The WEF-GCI Report 2019.

Figure 9: Global Competitiveness Indicators 2019-Jordan Ranking (reverse ranking, higher is better)



Source: The WEF-GCI Report 2019.

Figure 10: Jordan Tourism revenues



Source: World Tourism Organization; Jordan DOS; WB staff calculations

C. Relationship to the Country Partnership Framework (CPF) and Rationale for Use of Instrument

Relationship to CPF

20. **The proposed PforR operation is fully aligned with the World Bank Group's (WBG) Country Partnership Framework (CPF) for Jordan (FY2017-22)[7], the twin goals of ending extreme poverty and promoting shared prosperity in a sustainable manner, and with the WBG COVID-19 Crisis Response Approach Paper**. The Program directly supports Pillar 1 of the WBG CPF for Jordan – *fostering the conditions for stronger private sector-led growth and better employment opportunities for all by strengthening accountability for policy formulation and implementation, by setting up a governance framework for climate responsive recovery*. Furthermore, the operation will increase the quality and equity of service delivery, including through private sector solutions (Pillar 2 of the CPF) by piloting more efficient and more contestable business environment, particularly in the tourism sector. It also fulfills the World Bank Group commitment under the CPF to engage on governance issues and renew the social contract between the government and the society. The proposed PforR also complements several technical assistance projects undertaken by the IFC that reduce the burden of inspections and licensing. Finally, to support Jordan's COVID-19 response, the 2021 Performance and Learning Review (PLR) introduced a third Pillar to the CPF: *COVID-19 pandemic—supporting an effective response and resilient recovery*, helping businesses stay open and retain jobs (e.g., by reducing business costs and easing entry into key segments), building resilience to future shocks, and strengthening institutions for future growth.

21. **This PforR fits well into the enlarged Middle East and North Africa Regional Strategy.[8]** Several activities under this PforR are designed to directly support staff capacity building at key government entities (e.g., Jordan Investment Commission (JIC); recruitment of additional staff to implement strategic reforms). In addition, business environment enhancement reforms to increase investment flows, including for climate responsive projects, are designed to create jobs (e.g., in green sectors, especially leveraging the full potential of the tourism sector for job creation) in line with MENA enlarged strategy focus on building human capital. The operation will help expand digitalization and integration of key government-to-business services, including registration and licensing in line with MENA enlarged strategy focus on leveraging technologies for a new digital economy. Moreover, greater public trust in government and support for the reform agenda are among the expected outcomes of this PforR, to be achieved by making government policies (laws, bylaws, instructions) more consultative, evidence-based, and predictable. In addition, citizens would become better informed about how government policies, procedures, and decisions are developed and would influence their development and hold government accountable for results through greater access to information and data and implementation of user satisfaction monitoring systems, thus contributing to the pillar on renewing the social contract.

22. **The PforR is also fully aligned with the WBG Climate Change Action Plan and the MENA Climate Action Plan 2016-2020.** The Program directly supports the four top-level priorities described in the WBG Climate Change Action Plan, namely: (i) support transformational policies and institutions: support countries in translating their nationally determined contributions into climate policies and investment plans into actions, and in mainstreaming climate considerations into policies and budgets; (ii) leverage resources: promote continued growth and development of the green bond market; (iii) scale up climate action: promote new and innovative solutions in six high-impact areas (renewable energy and efficiency, sustainable mobility and resilient cities, climate-smart land use, water, and food security, green competitiveness); and (iv) align internal processes and work with others: create, share, pilot, and implement new and innovative solution packages, especially those linked to their nationally determined contributions. The PforR also supports the pillars of the

[7] Report No. 102746-JO discussed by the World Bank Board of Executive Directors on July 14, 2016, which is to catalyze the private sector's role as an engine for growth.
[8] *https://www.worldbank.org/en/region/mena/brief/our-new-strategy*

MENA Climate Action Plan: policy reforms that lay the foundations for a green future; attracting private finance; collective action to increase security in key cross-border challenges such as water management and energy market integration.

Rationale for Use of Instrument

23. **The PforR instrument was chosen to support effective and continued implementation of investment and climate responsive reforms in the Reform Matrix (existing government program) that had been launched with support from by the earlier programmatic DPF series.** To support the implementation of reforms, the operation focuses mainly on systems and processes that need to be developed and/or rolled out. However, as noted in the previous section, implementation ran into several challenges. The PforR allows the GOJ to focus its efforts on resolving these challenges and on achieving results by pacing itself accordingly and providing for a flexible disbursement schedule. The PforR is also a suitable instrument for achieving climate responsive economic recovery by mainstreaming climate considerations in government systems, enabling climate investments and enhancing effectiveness of short-term public investment response measures. The PforR was chosen over a DPF because the upstream reforms for investment have already been supported by the earlier programmatic DPF series, and the PforR provides sustained implementation focus. At the same time, the PforR provides flexibility of disbursement (in their design and timing) to match the progress that government makes. Jordan has demonstrated its implementation capacity and the PforR will be implemented using the government's program's systems. Furthermore, the country has shown expenditure commitment through the Jordan Reform Matrix which is directly mapped to the budget and approved by the Government.

II. PROGRAM DESCRIPTION

A. Government Program

24. **The government program is laid out in the updated Reform Matrix and the public expenditures to support its implementation are specified in the Government Indicative Executive Program.** As indicated in the previous section, the purpose of the Reform Matrix has been *to set the foundations for equitable and sustainable growth and job creation*. The original Reform Matrix had nine pillars: <u>six horizontal</u> -- they apply to all sectors of the economy: (i) pursuit of macro adjustment; (ii) reduction in business costs, improvement in regulatory quality, and increase in competition; (iii) increase in FDI and export development; (iv) deepening of access to finance from banks and NBFIs; (v) creation of more flexible labor markets; (vi) expansion and improvement of social safety nets. <u>Three vertical pillars</u>: (vii) improving public transport efficiency and access; (viii) increasing energy efficiency and access; and (ix) improving water security and agribusiness. Importantly, these pillars have multiple and complementary objectives (or result areas), i.e., lower public debt, higher female labor force participation, a more diverse export base, a higher investment rate, diversification of the economy, and productivity improvements. All the objectives have contributed to *the final goal of more and better jobs based on an investment-driven growth model*. Upon arrival to power in October 2020, the new government set out to update the Reform Matrix and to develop an accompanying indicative expenditure framework, the GIEP. The updated Reform Matrix maintains the original horizonal and vertical pillars and makes the following adjustments with a view to better support the fiscal consolidation and rationalization of public spending and to prioritize reforms that will help Jordan recover from the pandemic: (a) added public sector efficiency and governance pillar to the horizontal pillars, (b) added tourism to the vertical pillars, and (c) embedded coordination of the climate-responsive investments (both public and private) in the finance pillar.

25. **Jordan's climate goals under the Paris Agreement are directly linked with the Reform Matrix**. Building on Jordan Vision 2025, National Climate Change Policy, Jordan's NDCs to the Paris Climate Agreement and the National Green Growth Strategy and National Action Plans (2021-25) have been prepared for six priority green economy sectors: transport, agriculture, energy, water, waste management, and tourism. It is estimated that implementation of the green growth plans will require US$1.8 billion investment (2021-25) and contribute towards achievement of the NDCs estimated at approximately US$5.5 billion (by 2030) in public and private investment. This Program will facilitate all such green and climate investments plans, which would enhance the reform agenda and place the country on a climate-responsive recovery and growth trajectory.

B. PforR Program Scope

26. **Program boundaries.** This operation supports the implementation of key elements of the Reform Matrix and the corresponding indicative expenditure framework (GIEP) that strengthen the investment environment (including for tourism), make it climate responsive, and able to capitalize on emerging opportunities and untapped potential (including being better gender-informed). Implementation rests on the introduction of new or streamlined processes, clear roles and responsibilities, and on stronger feedback loops that support an enhanced accountability framework. Program boundaries are presented in figure 11. In particular, the PforR supports:

- implementing PIM and PPP reforms by: (1) supporting prioritization, appraisal, public consultation, and information disclosure in PIM (including PPP projects), (2) improving implementation, including the execution rate of capital projects, (3) introducing post-completion reviews, and (4) broadening the fiscal space for public investment including through improved and more gender responsive budget planning;

- improving the private investment environment and improving opportunities for private sector to support a climate responsive recovery and readiness to access external climate finance in transport, energy, water, and tourism, which will enhance Jordan's ability to attract climate investment to achieve its Paris Agreement goals;

- strengthening the role of the JIC as a promotion agency to attract and retain investments, and implementing the Investor Journey program to support domestic investments by reducing the regulatory burden (including removal of licenses and digitalization of business registration);

- leveraging the full potential of the tourism sector to drive the Jordanian economy to a higher level of competitiveness and generate strong public and private investment flows; and

- introducing systematic use of impact assessments for new and existing legislation, improving business and infrastructure service standards based on user feedback, and enhancing access to data for government entities, civil society and researchers to inform policy and project development, implementation, monitoring and evaluation.

27. **The operation does not support the following elements of the Reform Matrix and the GIEP that directly or indirectly contribute to a better investment environment or higher investment (for the reasons included herein)**:

(1) Export development, the second major component to horizontal reform area 4 (see figure 11) is being tackled through several endeavors including: (i) the National Quality Infrastructure project supported by the IFC and funded by the EU; and (ii) the World Bank's Second Equitable Growth and Job Creation Programmatic DPF (DPF2);

(2) Access to finance falls under horizontal reform area 5. Access to credit has expanded significantly over the past years; the commercial banking sector's lending portfolio rose by 28.3 percent over 2015-19 with claims on resident private sector increasing from 39.6 to 46.1 percent of total assets. Moving forward, increasing credit to SMEs can further support growth, and this will be supported by the Bank-funded COVID-19 Private Sector Recovery and Resilience Project (under preparation). This PforR only supports the implementation of a newly introduced climate governance system (which applies to both private and public sector);

(3) The development of competitive clusters of market players and service providers launched under a Competitiveness Reinforcement Initiatives Project in Agriculture (2020);

(4) Jordan's power sector is supported by the Financial Sustainability Roadmap under the DPF2 and TA from the Growth Multi-Donor Trust Fund (MDTF);

(5) Transport sector, which has high freight costs, will be supported through the Bank-funded Economic Transport Corridor Project (under preparation);

(6) Jordan's agriculture sector will be supported by the Bank-funded Rural Employment and Agri-Food Transformation Project (under preparation);

(7) The social sector is currently being supported by multiple initiatives including the DPF2 and the Emergency Cash Transfer Project Restructuring and Additional Financing (under preparation); and

(8) Some labor market reforms were addressed under the DPF2 (part-time work and removal of legal restrictions on employment for women) while reforms to reduce other parts of labor market segmentation, as well as competition policy reforms, are currently being developed by the GOJ to be implemented at a later stage.

28. **The PforR contributes to Jordan's climate goals under the Paris Agreement by supporting achievement of the NDCs and to strengthen Jordan's opportunity to become a climate/green investment destination.** It does so through three complementary approaches: (1) mainstreaming climate considerations in the PIM-PPP framework and supporting progress towards public investment in climate-responsive projects (mitigation, adaptation and resilience) especially with a focus on improving operations and maintenance of existing assets; (2) supporting climate/green capital mobilization and identification of climate finance opportunities to achieve Jordan's 2030 NDC goals; and (3) enhancing climate finance governance in Jordan to streamline and accelerate the pace of climate investment towards longer-term Paris Agreement goals. Climate-responsive opportunities include all adaptation, resilience and mitigation projects in Jordan's NDCs, relevant green growth projects and all other projects that fulfill the eligibility criteria and finance definitions adopted by the government. Areas of private sector interest are also identified in IFC's climate investment opportunities reports for emerging markets[9] and cities.[10]

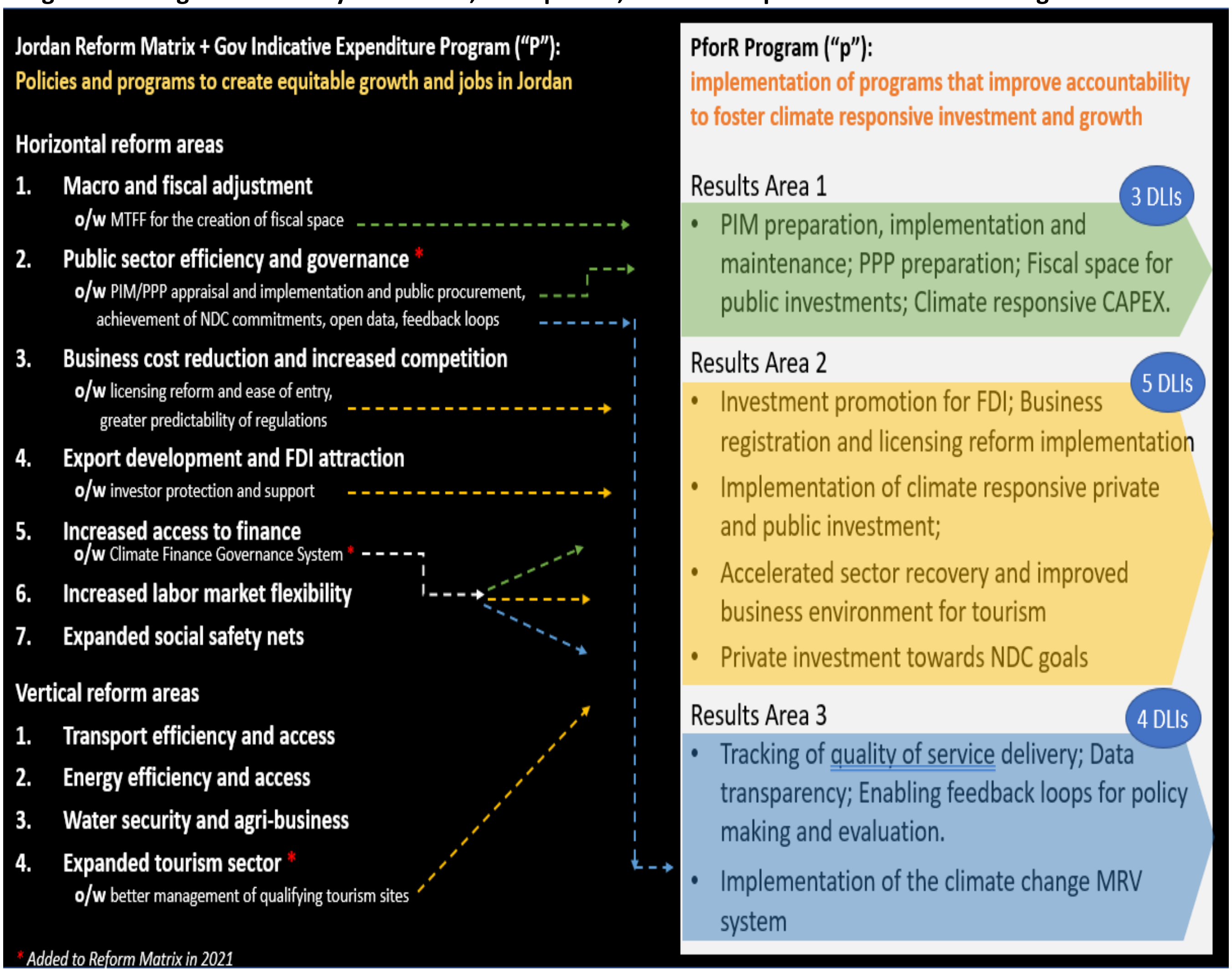
29. **This PforR is designed to provide necessary support for the tourism sector.** It has been designated as a priority by the government and has been included as a focus sector in the updated Reform Matrix as an important sector for economic growth in Jordan. The sector was particularly hard hit by the COVID-19 pandemic and requires effective measures to retain skills and be prepared to compete in the post-COVID business environment. As noted in the Country Private Sector Diagnostic (CPSD), tourism has the potential to drive the Jordanian economy to a higher level of competitiveness and generate strong public and private investment flows. The tourism and hospitality sectors are a major employer and a key part of the economy and balance of payments. The tourism sector also provides a significant

[9] IFC, 2016."Climate Investment Opportunities in Emerging Markets": https://www.ifc.org/wps/wcm/connect/59260145-ec2e-40de-97e6-3aa78b82b3c9/3503-IFC-Climate_Investment_Opportunity-Report-Dec-FINAL.pdf?MOD=AJPERES&CVID=lBLd6Xq

[10] IFC, 2018."Climate Investment Opportunities in Cities": https://www.ifc.org/wps/wcm/connect/875afb8f-de49-460e-a66a-dd2664452840/201811-CIOC-IFC-Analysis.pdf?MOD=AJPERES&CVID=mthPzYg#page=88

opportunity for a climate responsive recovery.[11] In addition, the sector has an enormous potential for higher female labor force participation and inclusion of local communities. Moreover, one of the pillars of the National Tourism Strategy that is currently under preparation by the Ministry of Tourism and Antiquities (MOTA) is "human capital". Accordingly, developing and adopting a Gender and Inclusion Project Plan that would be linked to the National Tourism Strategy - supported by one of the PforR disbursement-linked results (DLRs) - would be impactful, raise inclusion and leverage the full potential of the sector overall.

Figure 11: Program Boundary – Inclusive, Transparent, Climate-Responsive Investments Program-for-Results



Notes: The Jordan Reform Matrix includes 7 horizontal and 4 vertical reform areas. Each of these areas incorporate several reform programs. The PforR includes only the (sub)programs of each reform area identified with the "o/w" (of which) designation.

[11] Tourism in Jordan could be impacted by climate change in different ways as climate conditions determine the suitability of locations for a wide range of tourist activities. Climate-induced environmental changes will have profound effects on tourism at the local and regional destination level. Changes in water availability, biodiversity loss, reduced landscape aesthetic, altered agricultural production, increased natural hazards, coastal erosion and inundation, damage to infrastructure and the increasing incidence of vector-borne diseases will all impact tourism to varying degrees. (The National Climate Change Policy of Jordan 2013-2020).

C. Theory of Change

30. **Theory of change.** This PforR supports the increase in the quantity and quality of investment with a view to contribute to an increased rate of economic growth. The improvement in the quantity and quality of investment will come from the introduction of new or streamlined processes, clear roles and responsibilities, and stronger feedback loops that support an enhanced accountability framework. The PforR includes two approaches to strengthen investment, one central approach (applicable to all sectors), and another for tourism which is a government priority and for the green economy through the climate responsive actions that support NDC goals. The PforR seeks to improve both approaches to support priority improvements in the investment environment. On the institutional side, the PforR recognizes that the processes for private and public investments and the way to influence them varies, as does the way to motivate climate responsiveness and fulfillment of Jordan's NDCs. The PforR also recognizes that feedback loops to better inform policies and investments need to be strengthened, through ex ante and ex post regulatory impact analysis (that can be applied to the implementation of the licensing reform, including in the tourism sector), better tracking of the quality of government services (from the perspective of citizens and businesses), and/or through the easier access to statistical data that informs assessments of economic performance and identification of needs (including for private and public investment). As regards to strengthening female labor force participation, the proposed program supports the conclusions from the EBRD study on women's voice and agency and economic empowerment which recommends, inter alia: (i) investing in gender-responsive services and infrastructure; (ii) design projects with practical and strategic gender needs in mind; and (vi) policy dialogue.[12] Overall, several factors contribute to more and better-quality climate responsive investment in Jordan, which differ significantly in the public and private sectors, including:

- ***Public sector.*** The investment appraisal systems for PIM and PPP will be operationalized and will be based on robust appraisal methodologies that address crucial economic, social (including gender), and environmental (including climate related) factors and rooted in robust consultation systems (with adequate gender representation); abide by a clear legal framework; and reflect national development priorities including climate goals. Also, the fiscal space for public investment will be broadened by increasing the ratio of capital expenditure in the total budget. A streamlined PIM-PPP system is also crucial to proactively identify opportunities for climate financing. Finally, there is scope to improve infrastructure services by enhancing the quality of capital expenditure (including adequate allocation to improve asset maintenance and replacement).

- ***Private investment.*** Increasing the quantity and quality of private investment is a non-linear and complex process. There are individual elements that form necessary but not sufficient conditions including macroeconomic stability, a predictable business environment and contestable markets, low-cost inputs, availability of infrastructure and financing, and an attractive investment framework. These elements are at the core of the Reform Matrix. This operation supports the attraction of foreign investment with a strengthened investment promotion framework and institutional reforms. It also leverages the full potential of the tourism sector by implementing an integrated multi-component approach and Jordan's Tourism Strategy. The operation also supports the accessibility of traditional and new sources of climate investments that require additional support. Another critical component is the enhancement of the business environment by implementing the Investor Journey program, which includes streamlining of licensing and business registration.

- ***Accountability mechanisms in decision and implementation processes and systems.*** The introduction of systems to support the implementation of policy changes for private and public investment, and business regulation requires a strong governance framework and accountability mechanisms (2017 WDR). These can only be

[12] Enhancing Women's Voice, Agency, and Participation in the Economy: Studies in Egypt, Jordan, Morocco, Tunisia and Turkey (2015), EBRD.

developed with greater access to information and data, and more systematic consultation with civil society, better assessment of impacts of proposed policies, and better service delivery fostered by more institutionalized feedback loops. This is also relevant for mobilizing climate responsive investment, which requires a transparent and structured governance framework.

31. **Gender: The proposed operation also puts women in focus of public sector investment and of private sector employment opportunities**. The Government of Jordan is committed to increasing female labor force participation as evidenced in the GIEP and the Reform Matrix, further detailed in the National Strategy for Women (NSW, 2020-2025). Increasing labor market outcomes for women requires, inter alia, ensuring that public infrastructure serves women and men equally well. This means early attention in the budget cycle, including in the planning and design of public investment projects. It requires PFM institutions, systems, and processes that are cognizant of gender differentiated needs and of the differential impacts that investment projects and other fiscal policies and actions have on men and women (OECD. 2018. Toolkit for Mainstreaming and Implementing Gender Equality. Paris: OECD). For public sector investment in Jordan to support female labor market outcomes, it needs to be informed by appraisals that identify constraints women face while accessing economic opportunities. For Jordan, such analysis is not part of any formal regulatory step; the NSW identifies a lack of a national, institutionalized approach in devising policies and plans that identify and respond to gender-specific needs. According to the PEFA indicator on Gender Responsive Public Investment Management this indicator is currently assessed at a rating of D.[13] To strengthen women's voice and agency and contribute to institutionalizing the evaluation of potential gender differentiated needs and impacts across sectors, the proposed operation puts the gender assessment of public investment at center stage by building filters in public investment project appraisal and extending the scope of regulatory impact assessments. As noted previously, Jordan's female labor force participation (14 percent) marks an enormous untapped potential for the economy and society. Jordan's women already participate in the economy in the full range of the skills spectrum (figures 2-4). The proposed operation will also support private sector investment and growth and specifically support policy changes on women's labor force participation, identifying pathways for increased female employment and entrepreneurship in the tourism and green sectors, through the development and adoption of gender strategies in these sectors.

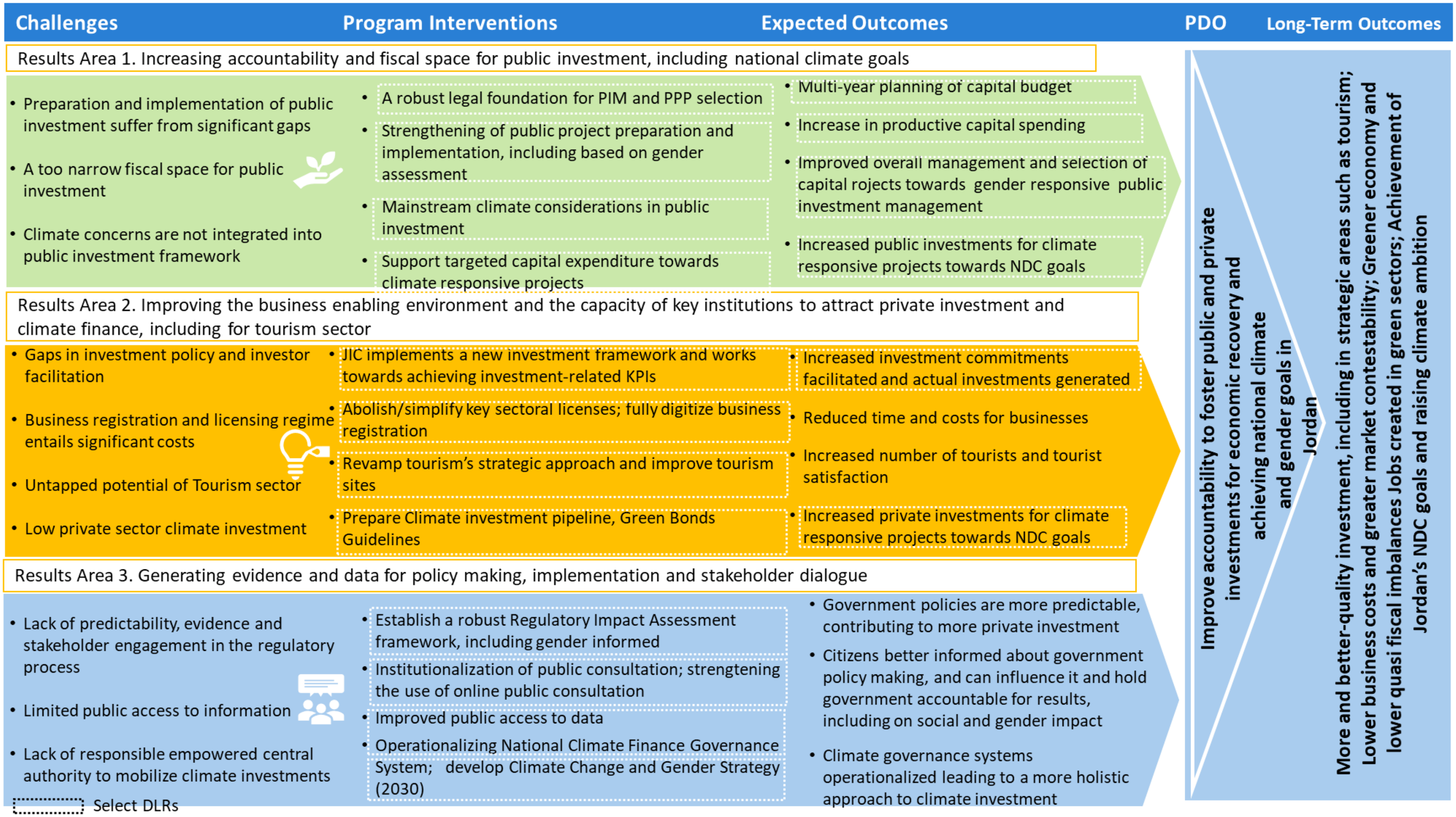
32. **The planned Program expenditures over 5 years will be US$1,213.5 million, of which the International Bank for Reconstruction and Development (IBRD) of the World Bank Group will finance US$500 million, with US$250 million from the Asian Infrastructure Investment Bank (AIIB).** AIIB co-financing will be disbursed on a proportional share to IBRD's for each achieved DLR in Result Areas 1 and 2 – see table 4 for disbursement details.

Table 1: Program Financing

Source	US$ million	Composition
Government	463.5	38.2%
International Bank for Reconstruction and Development (applies to all Result Areas, 1-3)	500	41.2%
Asian Infrastructure Investment Bank (applies to Result Areas 1 and 2)	250	20.6%
Total	**1,213.5**	**100.00**

[13] PEFA 2020 Supplementary Framework for Assessing Gender Responsive Public Financial Management: Gender Responsive Budgeting rating scores countries based on the extent to which impact assessments respond to gender equality goals set by their government.

Figure 12: Theory of Change



33. **The estimated Program of expenditure over 2021-2025 is US$1,213.5 million**. It consists of budget expenditure earmarked to implement the reforms supported by the PforR. By comparison, the cost of implementing the overall Jordan Reform Matrix has been estimated indirectly to be in the range of US$2.75 – US$5 billion based on two methodologies. The first yields a lower limit of the range based on a detailed costing of the Jordan Reform Matrix (initial exercise for the 2019 version of the Reform Matrix), separating the cost of policy design and cost of policy implementation, including public investments in electricity, transport, water, agriculture and tourism consistent with the draft budget submitted to the Parliament in December 2020. The second methodology gives the upper limit of the range and is based on the cost of the draft GIEP for the environment, agriculture, tourism, energy, transport, social protection, and productivity and poverty. The GIEP however bundles recurrent and capital costs because it is presented at the program level. While the estimates can be further refined, the range is considered indicative of the scale of the cost of designing and implementing the Jordan Reform Matrix.

34. **The estimated Program of expenditure over 2021-2025** includes both recurrent and capital expenditure across 7 implementing agencies: recurrent expenditure amount to 52 percent of the total.

- **Recurrent expenditures captured in the expenditure framework are a ratio of selected implementing agencies**: <u>80 percent for all implementing agencies</u> as the activities that this PforR covers is consistent with the core business of the agencies included in the Program and <u>1 percent of recurrent expenditure of the general department of the Ministry of Finance (MOF),</u> given the large scale of this department, has been included to carve out expenses related to Program implementation.

- **Capital expenditure included in the expenditure framework consists of a fraction of the capital budget of the implementing agencies.** Only <u>two sub-categories</u> of capital expenditure are included in the expenditure framework: (i) sub-category "Use of goods and services" which includes most of the funds earmarked to operate and maintain existing capital projects, and (ii) sub-category "Non-financial assets" which includes most credits earmarked to the creation of non-financial assets. These two categories have been screened to exclude any large projects entailing significant environmental and social impacts or large procurement transactions. This selectivity in including capital expenditure in the expenditure framework serves two objectives: (1) to ensure that maintenance is adequately funded and executed as planned which is essential for the provision of infrastructure services by completed capital projects (and is consistent with the priority of the Minister of Finance in capital spending); and (2) to comply with the exclusion list of the Bank Policy on PforR Financing. In addition, by screening the profile of capital projects listed in the appropriations bill for 2020 and 2021, the Bank is confident that most budgeted capital expenditures are earmarked to small projects and to contracts that fall within the scope of the PforR policy. Focusing on those <u>two sub-categories</u> of capital spending ensures that the targeted increase of the fiscal space for public investment (US$500 million over five years) and resources spent on capital project preparation and climate responsive capital expenditure (for the achievement of government commitments on emission reduction and adaptation) will not be met at the expense of existing public assets. This is confirmed by the prioritization of ongoing and completed projects in the allocation of capital expenditure in the 2021 budget, with no new projects being budgeted except for PPPs which have been granted a separate budget line (with only 20 percent included in the expenditure framework to avoid considering fiscal commitments and contingent liabilities which do not qualify as capital expenditure).

35. **The expenditure framework is fully consistent with the IMF fiscal projections under the ongoing EFF program. Capital expenditure is forecast to increase by close to US$1.9 billion cumulatively during the Program years 2021-2025**

relative to 2020 in the January 2021 report. The PforR Program only aims at a US$500 million increase in capital expenditure, i.e., about one fourth of the increase targeted by the EFF, over the five-year period.

Table 2: Expenditure Framework (US$ million)

Agency	Category	Budget Lines (2021 Budget)	Average Annual Forecasted Expenditures based on 2021 Budget and 2022-26 Projections*		PforR Government Program 2021-26**		Coefficient	Total included in P4R
			JOD	USD	JOD	USD	%	USD
(1)	(2)	(3)	(4)	(5)	(6) = (4) x 5yrs	(7) = (5) x 5yrs	(8)	(9)=(7)*(8)
MOTA	Current Expenditure	MOTA 1801-2111, 2121, 2211, 2511, 2821						
		MOTA/Antiquities 1802-2111, 2121, 2211, 2511, 2821	21.7	30.5	108.3	152.7	80%	**122.2**
	Capital Expenditure	MoTA 1801 - Goods and services (2211) & Non-financial assets (3111, 3112, 3122, 3141)						
		MoTA/Antiquities Goods and services (2211) & Non-financial assets (3111, 3112, 3122, 3141)	28.4	40.1	142.2	200.6	35%	**69.6**
MOPIC	Current Expenditure	MOPIC 1701- 2111, 2121, 2211, 2511, 2821						
		MoPIC DOS 1702-2111, 2121, 2211, 2511, 2821	9.5	13.4	47.5	66.9	80%	**53.5**
	Capital Expenditure	MOPIC 1701- 3111	8.8	12.5	44.2	62.3	95%	**58.9**
MoEnv	Current Expenditure	MoEnv Budget 2401-2111, 2121, 2211, 2511, 2821	3.1	4.4	15.6	22.0	80%	**17.6**
	Capital Expenditure	MoEnv Budget 2401 - Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	3.8	5.3	18.9	26.7	47%	**12.5**
MoF	Current Expenditure	MoF 1501-2111, 2121, 2211, 2511, 2821	3546.1	5001.6	17730.5	25007.8	1%	**250.0**
	Capital Expenditure	MoF 1501 - 2201- 3, 031, (PPP) - 2265 - 011						
		MoF/Customs 1503 - Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	210.0	296.1	1049.8	1480.6	27%	**405.1**
PMO	Current Expenditure	PMO 0301-2111, 2121, 2211, 2511, 2821						
		PMO/LoB 0302- 2111, 2121, 2211, 2511, 2821	25.6	36.0	127.8	180.2	80%	**144.2**
MoITS**	Current Expenditure	MoITS Budget 1601-2111, 2121, 2211, 2511, 2821	7.8	11.0	39.0	55.0	80%	**44.0**
	Capital Expenditure	MoITS Budget 1601- Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	2.3	3.2	11.4	16.1	85%	**13.7**
JIC**	Current Expenditure	JIC 1603 1702-2111, 2121, 2211, 2511, 2821	2.9	4.0	14.3	20.2	80%	**16.1**
	Capital Expenditure	JIC Budget 1603 - Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	0.9	1.2	4.3	6.0	100%	**6.0**
			3,856.9	**5,440.0**	**19,284.7**	**27,199.8**		**1,213.5**

* Projections for 2022-23 from 2021 Budget; projections for 2024-26 assumen 2023 figures.
**July 2021-June 2026
***Participating agencies in the on going P4R Economic Opprtunities closing end of 2022, thus only programs 2023 and onwards are included

D. Program Development Objective (PDO) and PDO Level Results Indicators

36. **Based on the objectives of the Reform Matrix and the proposed Program boundaries, the Program development objective (PDO) of the operation** is to improve accountability to foster climate responsive investments and growth, where:

- Investment is defined as public and private investment;
- Climate responsive investments refer to public sector and private sector opportunities in Jordan's NDCs and measured by the MRV System; and
- Accountability rests on a framework of enhanced transparency and feedback loops that inform investment and policy decisions.

37. **The PDO-level results indicators, presented in table 3, are:**

- Increasing the share of capital expenditure in total budget spending.
- Achieving progress towards Jordan's Nationally Determined Contributions (NDC) and Paris Agreement goals.
- Streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses.
- Increasing accessibility and usability of statistical and administrative data.

Table 3: Program Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
Increasing the share of capital expenditure in total budget spending.		8.9 percent	12 percent
Achieving progress towards Jordan's Nationally Determined Contributions (NDC) and Paris Agreement goals.	**12**	Monitoring, Reporting & Verification (MRV) system piloted	Climate Finance Governance System established and operationalized
Streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses	**7**	US$0 million savings in compliance costs	Cumulative savings[14] of US$41.1 million (over 5 years) in compliance costs for the private sector as a result of implementing business registration and licensing reforms under the Investor Journey program
Increasing accessibility and usability of statistical and administrative data	**10**	ODIN Open Data Score=53	ODIN Open Data Score=73

E. Disbursement Linked Indicators (DLIs) and Verification Protocols

Result Area 1: Improving the accountability and fiscal space for public investment, including towards national climate goals

38. **In this result area, the goal of the Program is to broaden the fiscal space for and increase the quality of public investment**. Regarding the fiscal space for public investment, the goal is to help rebalance the spending mix between recurrent and capital expenditure by increasing the latter by a cumulative minimum of about US$500 million in five years.[15] Regarding the quality of public investment, the Program seeks to mainstream the implementation of a robust legal, policy and governance framework for PIM, including PPPs, which was adopted in 2018 but is yet to be implemented, including through full appraisal of all large projects to inform their selection before they are budgeted. It also aims at reducing cost overruns on public works (estimated at over one third of initial cost), which result from weak preparation

[14] The savings of compliance costs for businesses are calculated based on the IFC standard cost model, under which the estimates are derived using real data on business registration and licensing costs in Jordan. The baseline survey for business registration was conducted in 2019 (more than 100 firms surveyed), while for licensing in 2018 (more than 100 firms surveyed). The costs considered include official fees and other costs (e.g., hiring lawyers, accountants, consultants, travel costs, and other items that are necessary to complete official procedures), as well as the time spent by firms' staff to process the required business registration / licensing steps. In the Program M&E framework, the compliance costs saved by the private sector as a result of business registration and licensing reforms are presented on a cumulative basis. For example, if license has been abolished, all the companies that previously had to renew the license annually, now save the respective costs on an annual basis as well, throughout the program and beyond.

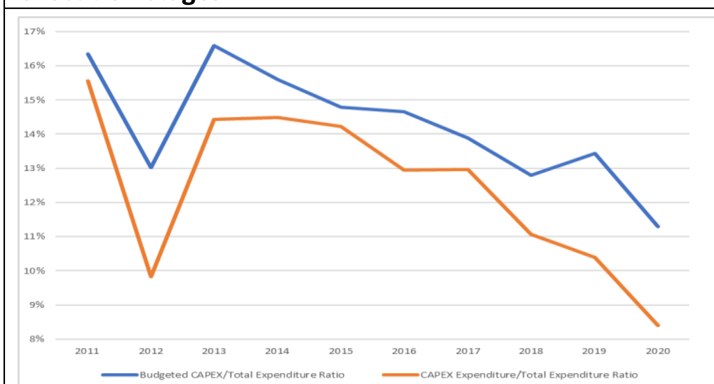
[15] Capital expenditures stood at about US$1.361 billion in 2020, and under the second review of the IMF EFF program, are projected to reach about US$2.0 billion in 2025. The cumulative dollar increase in capital expenditures during 2021-2025 (relative to 2020) is expected to reach about US$1.86 billion. The PforR sets a floor for the cumulative increase of about US$500 million, i.e. about 25 percent of the US$1.86 billion.

including design of capital projects, and disrupt budget execution. The goal is also to optimize the climate responsiveness of projects and develop a pipeline of climate responsive investments to meet the 2030 NDC goals.

39. **To support implementation of the established PIM/PPP legal, policy and governance framework, DLI 1 incentivizes the enforcement of project preparation requirements**, i.e., mainstreaming appraisal of large projects (greater than JOD10 million) before their budgeting and the improvement of capital project implementation by enhancing portfolio and pipeline management. The DLI also supports the adoption of an appraisal methodology informed by public consultation, readiness assessment, economic, environmental, social and gender sensitive impact assessments, and evaluation of climate responsiveness of the proposed projects. According to the PIM bylaw awaiting Cabinet approval, the PIM unit (and PPP unit regarding PPPs) will review appraisal reports, which will inform the decision of the inter-ministerial committee tasked with project selection and prioritization prior to their budgeting. It supports the completion of a capital project portfolio review to help the government identify and unlock systemic bottlenecks and challenges (such as procedural delays in implementation, cost overruns, dropping execution rate of capital budget, public investment efficiency gap, etc.). It also incentivizes the adoption and disclosure of a Medium-Term Fiscal Framework to be appended every year to the appropriation bill submitted to the Parliament, in compliance with the 2021 Public Finance Management (PFM) law, in order to improve the predictability of allocation of budget resources to capital spending, a condition to improved project implementation.

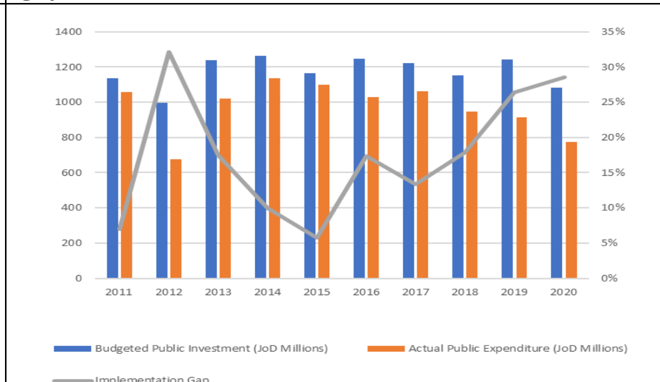
40. **To increase fiscal space for public investment, DLI 2 will help rebalance the ratio between actual capital and recurrent expenditures (which has dropped by half over the past 10 years), in accordance with the objective of the MOF, and increase the ratio of public investment to GDP** (which has also dropped to around 2.7 percent and is expected to bounce back to 3.5 percent in 2025 according to IMF fiscal projections). This will not only help sustain resource allocation to capital spending in budget appropriations but also increase the execution rate of capital expenditures which has dropped in past few years from close to 95 percent in 2015 down to below 75 percent in 2019 and 2020. As a result, DLI 2 is expected to contribute to a rebalancing of the spending mix with a targeted increase of the ratio of actual capital expenditure to total budget spending of 12 percent in 2025 (from a baseline of 8.9 percent in 2020). The DLI will only incentivize an increase in productive public investment (defined for the purposes of this DLI as capital expenditure that is allocated to the maintenance, operation, and creation of non-financial public assets).

Figure 13: Shifting spending mix at appropriation and execution stages



Source: MOF & WB staff calculations

Figure 14: Growing capital expenditure execution gap



Source: MOF & WB staff calculations

41. **DLI 3 focuses on mainstreaming capital expenditures (CAPEX) for climate responsive investments toward 2030 NDC under the Paris Agreement.** Climate mainstreaming needs to take place across all levels: political objective-setting, with a tracking methodology for the overall budget; the design and implementation of climate responsive initiatives at the sectoral level; and monitoring, reporting and verification, for the overall budget, for specific initiatives and for programs and projects at the agency level.[16] The estimated total cost for achieving the Jordan NDCs is over US$5.5 billion, of which the GOJ intends to invest US$542 million through its own means (for practical purposes this is public investment). This DLI will support the government adoption of eligibility criteria and definition of government capital expenditure for climate responsive projects and to monitor and maintain progress towards this NDC goal using the Monitoring, Reporting and Verification (MRV) and climate registry systems. Under this PforR, partial progress (20 percent) towards NDC goal is expected to be achieved through successful execution of CAPEX during 2022-2025, given that average annual CAPEX in 2021-2025 is expected to reach US$1.7 billion. Importantly, public investment includes PPPs as an important approach to engage private sector in implementation of climate responsive projects. In alignment with the broader effort to support implementation of the PIM/PPP framework, this DLI supports signing of contracts for the first set of climate responsive PPP projects, registered with the National Registry of Investment Projects (NRIP).

Result Area 2: Improving business enabling environment and the capacity of key institutions to attract private investment and climate finance, including for tourism sector

42. **This result area reinforces some critical elements of the whole value chain related to investment policy and promotion, business environment, and tourism.**

43. **More specifically, for investment policy and promotion, this result area targets two elements of the FDI pillar in the Jordan Reform Matrix – investment promotion and incentives framework.** The implementation of the new investment framework (new Investment Law, respective bylaw on Investment Window, Investment Promotion Strategy) will sharpen the JIC's focus on investment promotion and investor-servicing role rather than regulatory functions, with a limited number of mandates assigned to it. JIC will be the lead coordinator across the public and private sectors to achieve a holistic national approach to the attraction and retention of quality investment. Accordingly, continued strengthening of JIC's capacity, management, instruments and systems is part of the PforR activities and is directly anchored in DLI 4, which also provides support and incentivizes JIC to achieve its investment-specific key performance indicators (KPIs) leading to higher and more diversified foreign investment. These KPIs include investment generated, active investment projects supported by JIC, investment decisions announced to locate in Jordan, investment leads generated, among others. DLI 5 supports the implementation of a robust non-fiscal investment incentives framework leading to higher investment by companies that receive incentives.

44. **At the heart of tourism sector challenges in Jordan is a fragmented sector approach, overregulation of private sector activities and poorly developed and managed sites—addressing these will be critical for a faster recovery.** DLI 6 in this result area aims to support the adoption and implementation (through consultation with the private sector) of the National Tourism Strategy and Gender and Inclusion Project Plan, and revision of sector-specific bylaws that will help improve tourism private sector enabling environment, ease entry and streamline regulation. Also, it is of critical importance for MOTA to strengthen its strategic and operational planning activities and improve sites and their management, and the support under this result area is designed to incentivize increasing expenditures going to tourism sites that have adopted an improved management plan including protection of environment and restoration of cultural

[16] Mainstreaming of climate action in the EU budget
- *https://www.europarl.europa.eu/RegData/etudes/IDAN/2019/642239/EPRS_IDA(2019)642239_EN.pdf*

heritage sites aligned with Environmental and Social Systems Assessment (ESSA), which would eventually lead to higher tourist visitation and increasing tourist satisfaction.

45. **Business registration processes and licensing regime in Jordan entails significant costs, which creates barriers to formalization and to market entry, and undermines private investment.** To address these issues, the GOJ is implementing an Investor Journey program which aims to improve government-to-business (G2B) service delivery and increase efficiency of businesses and government, reduce compliance costs and time for businesses, and improve the predictability of the business environment. The Program entails a comprehensive reform across the business lifecycle, and business registration and licensing are key parts of it. DLI 7 will support the full implementation of the Integrated Business Registry System with all new businesses registered with it and reduce the time and costs for businesses by abolishing, simplifying and digitizing key sectoral licenses. This will build on other activities and reforms such as a comprehensive national inspection reform program which was recently completed with IFC assistance.

46. **There are several factors that differentiate the activities under this result area from those supported by previous operations.** While Jordan's reform agenda has contributed to improving the business environment in recent years, additional efforts are needed to ensure that key institutions address the new challenges brought about by the COVID-19 pandemic as well as have a more effective and sustainable implementation to deepen the results achieved. The activities have been designed to incentivize and directly support a strong and effective implementation (e.g., DLRs linked to the full digitalization of business registration; increase in the number of new investment decisions announced to locate in Jordan, etc.). Additionally, the actions are designed to address the short-term challenges related to the COVID-19 crisis and to gradually solve the long-standing structural issues that hold back investment growth in Jordan. Accordingly, the DLRs in this result area are a combination of: quick implementation of actions that will provide much-needed relief for businesses in Jordan (e.g., through reduced time and costs for business); attracting more high-quality FDI to Jordan's key growth sectors, including tourism (e.g., through upgraded investment framework); solving structural issues to ensure a resilient recovery and sustainable development of Jordan's private sector (e.g., through implementation of a holistic tourism sector approach; institutional restructuring of investment promotion function, etc.). Finally, there is a focus on increasing female employment, e.g., through the adoption of a Gender and Inclusion Project Plan linked to the new National Tourism Strategy.

47. **The design of this result area is anchored in a robust monitoring and evaluation (M&E) framework which ensures that all the activities lead to measurable and clearly defined outcomes.** More specifically, the PDO-level indicator under the result area 2 directly measures the savings of compliance costs for businesses because of implementing business registration and licensing reforms under the Investor Journey program. These savings are calculated based on real data from firm surveys as a part of the IFC standard cost model. Moreover, the DLRs supporting tourism sector directly target the enhancement/operationalization of the respective M&E systems that will allow tracking and measuring outcome indicators such as the number of tourists in sites that have adopted improved management plans. This is directly linked to the increased MOTA expenditures to the upgrading and development of selected tourism sites as better management of sites is linked to higher visitation. Moreover, the M&E framework of this result area includes the new investment decisions announced to locate in Jordan facilitated by JIC as well as investments generated both supported through the operationalization of JIC M&E framework and customer relationship management (CRM) system.

48. **DLI 8 will incentivize mobilizing private capital and non-government financing to achieve NDC 2030 goals and realizing the potential to become an attractive destination for climate and green financing.** Jordan needs to adopt medium-term, transparent measures to identify and develop climate investment opportunities and promote clean/green

technologies (e.g., e-mobility, smart grids). Grants and concessionary lending from development banks and donors form a large portion of the climate investment in Jordan. This has played a key role in facilitating private investment, most notably in renewable energy. To achieve the NDC target by 2030, which is estimated to cost over US$5 billion, the Government needs to accelerate the efforts to identify, secure and facilitate climate financing for climate responsive projects, across all sectors, at the earliest to ensure projects can be fully implemented. This DLI will support results including definition of private and non-government financing for climate responsive projects progress review, climate investment pipeline development, streamlined fund-raising and creating new funding opportunities, specifically through issuance of green/climate bonds guidelines and enhanced engagement with investors and financiers. The DLI will support the GOJ to utilize the MRV system to record all private and non-government financing since 2016 towards the 2030 NDC goals. This DLI also creates the opportunity for Jordan to raise climate ambitions and to encourage the private sector to explore new climate business and finance options.

Result Area 3: Generating evidence and data for policy making, implementation and stakeholder dialogue

49. **In this result area, the Program supports the implementation of an Open Data policy, the policy predictability framework and social accountability mechanisms for better service delivery, i.e., three of the main government commitments under the Open Government agenda.** On open data, it supports the generation and availability of statistical and administrative datasets. On policy predictability, it supports the improvement of regulatory impact assessment and ex-post evaluation. On service delivery, it fosters government response to social and business demands for better business and infrastructure services by enhancing service standards. In addition, the Program supports the operationalization of a climate finance governance framework.

50. **To leverage accountability mechanisms for better business and infrastructure services, DLI 9 supports the operationalization of policy tools recently adopted by the GOJ to improve government service delivery.** These policy tools include: (i) the "At Your Service" (*Bekhedmetkom*) platform, which captures citizen feedback on service delivery and has been effectively leveraged during the COVID-19 crisis as a communication tool between the state and the citizens; (ii) the National Register of Government Services (NRGS), which will capture the service standards of about 2,300 public services; (iii) regular user satisfaction surveys (with a first one conducted in 2019 reflecting a satisfaction rate of 66 percent among respondents); and (iv) citizen service centers in each governorate where citizens and the private sector can access more easily a range of administrative services provided through a single window. DLI 9 incentivizes the improvement of service standards of selected business and infrastructure services (building on the methodology for assessment of service standards already adopted by the GOJ in designing the NRGS[17]) in response to user demand for better access, quality and continuity of services (measured through user satisfaction and experience surveys[18]).

51. **To promote more open data, DLI 10 provides incentives for significant improvements in Jordan's ODIN Open Data score and supports the implementation of the 2018-2022 National Strategy for Development of Statistics (NSDS)** and its objective of stronger data production and dissemination for Jordan through the generation and public access to statistical and administrative datasets by MoPIC Department of Statistics. In particular, the NSDS notes the need for state

[17] Among a wide range of service standards to be measured through the NRGS are the following: 1) Waiting time for service applicants on average; 2) Average time to provide the service; 3) The satisfaction rate of the service recipient; 4) Percentage of errors in service delivery; 5) The rate of complaints about the service; 6) Number of background documents required from service applicants; 7) the number of employees of the service provider; 8) the volume of demand for the service; etc.

[18] The methodology used by the GOJ measures users' satisfaction regarding specific service standards such as 1) the quality of the infrastructure/facility where services are provided; 2) effectiveness and efficiency in providing services; 3) ease of access to the service; 4) trust in service providers; 5) reliability of services, etc.

institutions to develop plans and policies and make decisions based on a Jordanian statistical system which is more responsive to national priorities. Due to delays in its implementation, the NSDS will be extended to 2024, in line with the program timeline. As part of this DLI a National Statistics Capacity Roadmap for strengthening capacity Department of Statistics (DOS) in line with the NSDS will be developed. The improvements in the Open Data score will be achieved by making existing data more accessible (machine readable, documented, downloadable), new data available (in areas not currently covered), or a combination of the two.

52. **On policy predictability, accountability and regulatory governance, DLI 11 supports the implementation of regulatory impact assessments and ex-post evaluation to inform significant legal and policy reforms.** These steps are in compliance with the *Code of Governance Practices of Policies and Legislative Instruments in Government* Departments, that is, the Predictability Code approved by Cabinet in 2018, the Impact Assessment guidelines issued in September 2020, and the Prime Minister's Memorandum on Legislative Data of November 2020. The latter specifies a range of prior assessments and documentation which will accompany legislative proposals reviewed by the Legislative Opinion Bureau, including the requirement to document that stakeholder consultation has taken place, and that an "impact study report" has been prepared covering "the expected financial, economic and social impacts" that may result from the proposed legislation.

53. **DLI 12 supports operationalization of a robust and transparent governance mechanism to support achievement of Jordan's climate goals.** In addition to improving effectiveness of national efforts, this will support Jordan address the *Enhanced Transparency Framework (ETF)* envisaged in the Paris Agreement. This DLI will operationalize the climate finance governance system, which brings together key elements that fulfill various articles of the Paris Agreement; strengthen linkage between national development priorities and climate goals; and enhance Jordan's credibility and attractiveness as a climate investment destination. It establishes the basis for a transformation of the Jordanian economic growth model to a climate responsive, resilient, and inclusive economic model. The Climate Finance Governance system fully operationalizes the Climate Change Bylaws of 2019, which established the umbrella policy framework focusing on four areas: (i) institutional processes, particularly, the establishment of a comprehensive National Climate Change Committee; (ii) development of a the nationwide IT and technical infrastructure for monitoring, reporting, verification for all climate mitigation actions and national Green House Gasses (GHG) registry; (iii) development of sectoral strategies for achieving NDC goals by 2030 and towards the 2050 long-term low-emission development strategy (LTS) to achieve climate neutrality; and (iv) defining innovative financial and climate finance options to accelerate climate action. This DLI will support the deployment of the MRV system and operationalization of the National GHG Registry, launch of one carbon market transaction, establishment of the Climate Change Center of Excellence, project progress review and operationalization of the Climate Finance Governance System including a citizen engagement action plan and a Gender and Climate Change Strategy 2030.

Table 4: Disbursement-Linked Indicators

DLI	Description	World Bank (US$ m)	AIIB (US$ m.)	Total (US$ m)	WB loan %
Result Area 1: Improving the accountability and fiscal space for public investment, including towards national climate goals		**270.0**	**159.73**	**429.7**	***50%***
1	Improving the preparation and implementation of public investment	37.5	22.2	59.7	
2	Increasing the fiscal space for public investment	170.0*	100.6	270.6	
3	Mainstreaming climate responsive public investments towards Jordan's NDC 2030 goals	62.5	37.0	99.5	
Result Area 2: Improving the business enabling environment and capacity of key institutions to attract private investment and climate finance, including for tourism sector		**152.5**	**90.2**	**242.7**	***30%***
4	Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment	23.0	13.6	36.6	
5	Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives	14.0	8.3	22.3	
6	Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment	44.5	26.3	70.8	
7	Implementing the Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses	38.5	22.8	61.3	
8	Identifying climate responsive private investment and non-government financing towards Jordan's NDC 2030 goals	32.5	19.2	51.7	
Result Area 3: Generating evidence and data for policy making, implementation and stakeholder dialogue		**77.5**		**77.5**	***20%***
9	Improving access, quality, continuity of business and infrastructure services in response to social demand	15.0		15.0	
10	Increasing accessibility and usability of statistical and administrative data	22.5		22.5	
11	Implementing and strengthening good regulatory practices for evidence-based and predictable rulemaking	15.0		15.0	
12	Establishing and operationalizing a climate finance governance system for achieving Jordan's NDC 2030 goals	25.0		25.0	
TOTAL		**500**	**250**	**750**	***100%***
*Note: */ This amount includes the front-end fee of US$ 1.25 million. DLI2 will disburse US$ 168.750 million.*					

54. **Citizen engagement is supported by the Program in result areas 1 and 3**. Under result area 1, the Program supports the institutionalization of public consultation for the preparation of large capital projects mandated by the PIM/PPP legal framework to ensure that public investment promotes social inclusion and caters to the needs of

marginalized people including those with disabilities. It also supports public consultation during project implementation and ex-post evaluation. Under result area 3, the Program builds on the Open Government agenda of the GOJ regarding the improvement of access, quality, and continuity of public services in response to user feedback and open data. It supports citizen engagement through online public consultation of legislative proposals' impact assessments. It also operationalizes the government grievance redress mechanism (GRM) to foster government responsiveness to social demand for better services. Accordingly, it supports not only transparency and social accountability, but also public participation and citizen engagement in decision making. Increased business and infrastructure users' satisfaction and government responsiveness to user feedback in service delivery are two tangible outcomes of the Program in terms of citizen engagement. The result areas 1 and 3 make a strong platform for strengthening transparency and accountability (box 1).

Box 1: The role of the Program in strengthening transparency and accountability

The PforR strengthens fiscal transparency and accountability by supporting the publication of a Medium-Term Expenditure Framework along with the appropriation bill and by institutionalizing stakeholders' consultation and social assessments for the appraisal of investment projects. It also enhances fiscal accountability for results by supporting gender and climate responsive public investment.

- ✓ It strengthens institutional accountability for results by supporting the disclosure of progress along performance indicators on the promotion, facilitation and incentivization of private investment.
- ✓ It promotes transparency and stakeholders' engagement in service delivery by supporting public disclosure of investment and infrastructure service standards and their improvement in response to users' feedback (disaggregated by social groups including gender).
- ✓ It supports the open data agenda by broadening the coverage of and facilitating access to statistical and administrative data.
- ✓ It helps institutionalize stakeholders' consultation and social assessment (disaggregated by social groups including gender) in policy and legislative reforms by supporting consultative and publicly disclosed ex ante and ex post regulatory assessments.
- ✓ It strengthens accountability for the achievement of government commitments on climate by supporting establishment of a climate financing governance system, with citizen engagement and public disclosure of investment plans and progress reports towards achievement of the Nationally Determined Contributions to the Paris Agreement.
- ✓ Finally, the Program calls for the public disclosure of all the regulatory, policy and reporting tools which the GOJ is committed to adopt as part of the implementation framework.

55. **On gender, the program proposes a series of actions to address constraints to women's employment and entrepreneurship and to promote women's voice and agency by strengthening the enabling environment for women's economic participation.** It recognizes that different groups of men and women benefit differently from investment projects, and that there is a need to systematically identify and address these gender specific needs through a whole of government approach. <u>As a result, the operation aims at mainstreaming the measurement of the extent to which public investments in Jordan support government objectives of enhancing female labor force participation, by including gender impact assessments</u> as part of project appraisal. The purpose of the gender impact assessment as part of project appraisal is to lay out clearly and to inform decision makers at the appraisal stage of the contribution that each government financed investment project (which is over JD 10 million) makes to the government policy of improving female labor force participation. This objective is incorporated in the result framework as an Intermediate Result Indicator (IRI). Also, result

area 1 ensures adequate representation of women and women's organizations during public consultation for the preparation and evaluation of capital projects and ensures that they specifically reflect and cater to women's needs. A budget planning process that is informed by gender impact assessments will help prioritize women's employment and entrepreneurship and contribute to related government objectives. Making the gender impact assessments part of the consultative process around public investment, and publicly disclosing the findings of the assessments will further contribute to enhancing women's voice and agency in parallel to improving overall accountability and transparency. Result area 2 improves the business environment for women entrepreneurs and promotes women's employment in the tourism sector through the development and adoption of a Gender and Inclusion Project Plan which is directly linked to the National Tourism Strategy. The Gender and Inclusion Project Plan is envisioned to directly contribute to more economic opportunities for the female labor force in the tourism sector. Result area 3 will support the issuance of a 'Gender and Climate Change Strategy 2030' which will include an action plan for design, implementation and review of future climate and sectoral policies. The Program supports the implementation of the National Strategy for Women in Jordan 2020-2025 approved in March 2020 by the government in the following areas: the generation and disclosure under open data format of sex disaggregated and relevant statistical and administrative data (NSW strategic goal 4, improved data); gender sensitive regulatory impact assessments (NSW strategic goal 4, gender responsive policy making); and gender sensitive service delivery in response to sex disaggregated user feedback (NSW strategic goal 1, access to services). The institutionalized requirement of gender impact assessments to inform large public investments will contribute to improving gender equality outcomes across sectors, and across WBG Gender Strategy pillars, but specifically be aligned with pillars 2 ("Removing Constraints for More and Better Jobs") and ("Enhancing Women's Voice and Agency"). The result framework will measure improvements in the PEFA GRB indicator on public investment management, with a specific target of climbing from a D rating to a B rating. Additional indicators relate to progress in the generation of gender relevant statistics and gender disaggregated improvements of business and infrastructure service standards (based on gender disaggregated users' feedback.

Verification

56. **The verification process will be managed by the Reform Secretariat in MOPIC in coordination with the government Audit Bureau (AB).** The World Bank has ascertained that the AB has sufficient credibility to act as the verifier for the DLIs of the PforR and the expenditure framework includes an allocation for the verification process. The AB will serve as the sole verification agent for all the DLRs of the Program. Due to AB capacity constraints, MOPIC may also contract a consulting firm to support the verification procedures for some of the DLIs, however, the AB will validate all results. Verification protocols have been established for each DLI (the details are included in Annex 4). The Reform Secretariat will be responsible for managing the verification process of DLIs. MOPIC will coordinate with the AB on verifying the DLIs, and no later than three months after effectiveness recruit independent verification agencies to support verification process under the terms of reference satisfactory to the Bank.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

57. **The Program institutional arrangements build on those established and successfully tested for the implementation of the Reform Matrix with the Reform Secretariat as the program management, coordinating and support unit (PMU)**. The Reform Secretariat in MOPIC will coordinate and support the implementation of the Reform

Matrix. It was established in 2019 based on an administrative decision of MOPIC (No. 34/2019) and builds on the Jordan Compact Project Management Unit (PMU) that it succeeded. Since then, the Reform Secretariat has recruited 16 staff, and has successfully tracked, monitored and actively supported the implementation of the Reform Matrix with more than half of the initially planned reforms deemed achieved by February 2021.[19] It is building its capacity further under a new management team (director and deputy director). It has also consulted extensively within and outside the government to update the Reform Matrix and to align it with government strategic priorities including the response to the COVID-19 crisis. It has also provided substantial technical assistance to reform implementing agencies by seconding technical experts on demand, and by providing them with financial support (made available from the Reform Support Fund). The updated Reform Matrix includes several new reform areas which are relevant to the Program, such as open government and tourism. It also focuses more systematically on gender, environment, and climate. The Reform Secretariat has extensive experience of coordinating the implementation of the World Bank-funded operations. Box 2 proves an overview of the structure and capacities of the Reform Secretariat.

58. **Program institutional arrangements also build on extensive technical assistance provided by the World Bank and other donors to the Reform Secretariat and other reform implementing agencies which will be extended to match the Program implementation period.** The World Bank provides extensive technical assistance to the Reform Secretariat as well as two other critical implementing agencies for the successful implementation of the Program, such as the PIM and PPP units, under the Strengthening Reform Management project (P171965). The project provides financial support to both the Reform Secretariat (by financing its operating costs) and a range of reform implementing agencies (by financing a Reform Support Fund currently at US$3.5 million) which request technical assistance from the Reform Secretariat. This mechanism fosters increasing demand and will be mobilized further in support of the Program implementing agencies. Additional resources have recently been granted by the Jordan Growth MDTF steering committee to either finance new activities (such as capacity for DOS and MOTA, support to Regulatory Impact Assessment) or increase earmarked resources to existing ones (e.g., JIC); further increases as well as the extension of the timeline of World Bank technical assistance to match the Program timeline are envisaged.

59. **The Reform Secretariat has been designated as the PMU for the PforR by the Minister of Planning and International Cooperation**. The Reform Secretariat will be responsible for: (i) the overall management, coordination, reporting, monitoring, and evaluation of Program implementation; (ii) hiring and interfacing with independent verification agencies, as needed; (iii) carrying out assessments of ministries' and agencies' implementation of Program activities; (iv) carrying out the technical audits; and (v) facilitating financial audits for the Program, all in accordance with the provisions of the Loan Agreement and the Program Operational Manual (POM). The Reform Secretariat's mandate as a PMU is consistent with its mandate to coordinate the implementation of the Reform Matrix. Its capacity is being reinforced under the Strengthening Reform Management project (funded by the Jordan Growth MDTF), whose timeline will be extended to match the PforR implementation period. The Reform Secretariat is hiring a number of senior technical experts that will help enhance knowledge expertise and engage with the other Program implementing agencies. MOPIC may also use the GOJ's established and functional "At Your Service" platform to support the Program grievance redress mechanism (in addition to the MOPIC GRM), given its adoption by all implementing agencies of the Program, and with broad accessibility for beneficiaries across all result areas. The key line ministries and agencies of the key result areas are detailed in Table 5.

[19] Reform Secretariat, 2021, Introduction to updated Reform Matrix (Progress report to the Jordan MDTF steering committee on the implementation of the 5-year reform matrix).

Box 2: The Reform Secretariat

The Reform Secretariat (PMU) has been established as part of the Ministry of Planning and International Cooperation based on MoPIC's amended Administrative Organizational Structure Bylaw no. (105) of 2020 and building on the previous Jordan Compact Project Management Unit and its staff, who have played an essential role in coordinating the design of the Five-Year Reform Matrix with Government of Jordan entities, World Bank and development partners. The Reform Secretariat reports directly to the Secretary General and works closely with the Minster of Planning and International Cooperation.

Alongside overseeing the implementation of the Reform Matrix, the Reform Secretariat continues to manage the implementation of the World Bank-funded DPFs and Economic Opportunities for Jordanians and Syrian Refugees PforR, as well as Doing Business, Women Business and the Law and other programs and technical assistance that are in line with the Reform Matrix. Also, the Reform Secretariat has been mandated by the Minister of Planning and International Cooperation to proceed with the preparation, follow up, and implementation of this Program.

The Reform Secretariat currently has 16 staff (full-time or part-time technical and operations staff) with expertise in technical areas, project management, monitoring and evaluation, communication, financial management, procurement, and environmental and social management. Just-in-time expertise, short and long-term consultants as well as procurement of services is used as and when needed. The Reform Secretariat will continue to expand and is envisioned to hire an additional five to six full-time staff in the next few months. To date, three of these positions have been advertised, procurement is expected to conclude in about one month. The Reform Secretariat team is divided into: (1) an operations team, and (2) a technical team.

Team composition:

Management: The Director is accountable for the operations and administration of the Reform Secretariat while the Deputy Director is accountable for all technical activities of the Reform Secretariat.

Operations Team: This team includes the Finance and Administration Manager, Procurement and Contracting Manager, Human Resources and Administration Officer and Logistics Officer. This team works to cover all finance, procurement, human resources, and administration work with the following key responsibilities:

- The Finance and Administration Manager handles all financial management (FM) responsibilities of the PMU following the World Bank financial management policies and procedures including: 1) providing FM support to the PMU through reviewing and updating the Program budget plan; 2) monitoring financial disbursements and all administrative procedures in line with MoPIC and World Bank requirements; 3) assisting in the planning and budgeting of activities undertaken by the PMU; and 4) reviewing and monitoring Program performance and making recommendations to improve performance in relation to FM.
- The Procurement and Contracting Manager handles all the procurement of the PMU following the World Bank Procurement Strategy for Development including: 1) drafting the procurement documents according to the World Bank Procurement Regulations; 2) submitting procurement documents and reports; 3) supervising the tendering and contracting procedures; and 4) leading the contractual procedures and preparation of contracts and documentation.
- The Human Resources, Administration and Logistics Officers handle all of the office-related work including: 1) processing of all incoming and outgoing letters; 2) developing and maintaining the office filing system for all work that falls under the PMU; 3) processing all of the necessary paperwork for the PMU with the GOJ entities; and 4) providing assistance to ensure the information technology system is operating well by coordinating with the MOPIC's IT Department.

Technical Team: The composition of the technical team covers the areas in the Reform Matrix which overlap with some of the areas that are covered by this Program. The technical team includes: 1) Economic and Business Environment team working on macroeconomic and fiscal reforms, exports, investments and access to finance; 2) Labor, Gender and Social Protection team working on these reforms as well as social inclusion; and 3) Sectoral team working on the public transportation, energy, water, agriculture, tourism and climate change. The technical leads with support from junior technical staff undertake the following responsibilities:

- Manage the technical areas across all the programs managed by the PMU.

- Coordinate and follow-up with line ministries, development partners and the private sector, on a regular basis, to strengthen ownership and align resources.
- Work closely with relevant GOJ entities to identify challenges and technical assistance needs to implement reforms according to set timeframes.
- Develop a technical assistance plan to support GOJ entities in implementing reforms and achieving targets.
- Form and lead sector working groups consisting of GOJ stakeholders, development partners, civil society and the private sector. The feedback from the sector working group will provide essential input for the reviewing and prioritizing reforms, reviewing annual action plans, identifying gaps and challenges, and proposing new and/or additional solutions and actions.

Environmental and Social Team: The PMU includes an Environmental Specialist and Social Specialist who work closely with the technical teams to ensure that the reforms across the different programs are in line with the environmental, social and gender considerations.

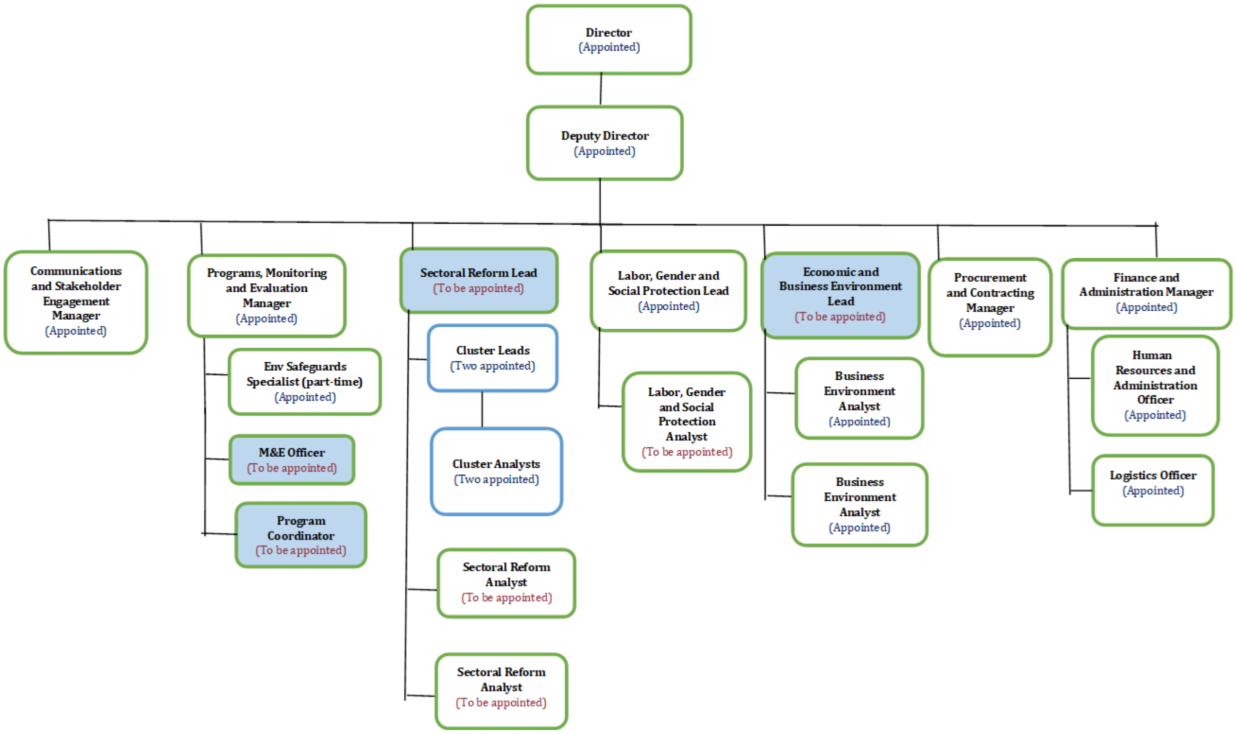
Program Coordination, Monitoring and Evaluation and Communications Team: The Program Coordination, Monitoring and Evaluation and Communications team supports the PMU's management, technical team, financial, procurement and administration management teams in meeting the requirements of the programs that fall under the PMU and ensures the involvement of the stakeholders in the process. The Programs, Monitoring and Evaluation Manager and the Communications and Stakeholder Engagement Manager with support from the junior M&E and Program Coordination staff undertake the following responsibilities:

- The Programs, Monitoring and Evaluation Manager and junior team handles the coordination and monitoring and evaluation of the different programs under the umbrella of the PMU in terms of: 1) close collaboration with PMU's management, technical, communications, finance and procurement teams to collect relevant information to develop and monitor the annual work plan; 2) maintaining continuous communication with World Bank and other donors regarding progress on various programs of the PMU; 3) proactively identifying stakeholders, project risks and opportunities and inform PMU's management to ensure that the necessary planning is done to either mitigate risk or exploit opportunities; and 4) conducting monitoring and evaluation of all programs managed by the PMU and preparation of monthly and ad-hoc reports with input from the technical and operations teams.
- The Communications and Stakeholder Engagement Manager handles the communications and stakeholder engagement activities of the different programs under the umbrella of the PMU in terms of: 1) development and implementation of the Communications Strategy; 2) identifying in close collaboration with the PMU the messages that will be disseminated to stakeholders; 3) leading coordination and engagement efforts with relevant stakeholders including donors and government entities across a broad range of communication modalities; and 4) monitoring and following up with the PMU to ensure that frequent stakeholder engagement activities are taking place.

Under the leadership of the PMU's Director and Deputy Director the technical, operations and environmental and social teams provide ongoing data and updates to the Programs, Monitoring and Evaluation Manager who in turn works closely with the Communications and Reporting Manager to produce and prepare periodic structured reports on the status and progress of all activities under the different programs and advises the management of any challenges and works closely with them to address challenges. The updates will be used by the Communications and Reporting Manager in collaboration with the technical teams through engagements with stakeholders including GOJ entities and the donor community.

60. **In order to manage and coordinate the implementation of the operation, the Reform Secretariat will build its capacity further.** The following four positions will be filled prior to loan effectiveness as an effectiveness condition: (1) Economic and Business Environment Lead, (2) Sectoral Reform Lead, (3) Program Coordinator, and (4) Monitoring and Evaluation Officer. The organogram (figure 15) highlights the full composition of the Reform Secretariat by loan effectiveness. The Reform Secretariat already has a full-time procurement manager and a finance manager (each with more than ten years of experience). In addition, three sectoral analysts (of which one labor and social protection) and an additional Program coordinator and a junior economic analyst will be hired in the next 18 months.

Figure 15: Organizational chart of the Reform Secretariat



61. **Program coordination will be strengthened through the establishment of a Technical Steering Committee (TSC). The TSC will be officially established by a Cabinet decree by loan effectiveness (effectiveness condition), will be chaired by Director of the Reform Secretariat, and the members of the Committee will be subsequently nominated by the heads of implementing agencies.** The TSC members will have a leadership role in implementing the Program at the agency level and will serve as the focal points to the Reform Secretariat. The TSC will institutionalize coordination of the Program (see detailed description in box 3). The Reform Secretariat will operate as its secretariat, prepare its meetings, and follow up on its decisions. The TSC will meet on a monthly basis for the first 6 months after its establishment by the Cabinet decision and on a quarterly basis thereafter.

62. **Program coordination will also be supported by the Economic Development Committee (EDC) of the Cabinet, which is currently chaired by the Minister of Planning and International Cooperation**. The EDC will coordinate among its members and other relevant entities to address matters which call for the attention of and decision by political leadership.

63. **Available resources.** The Reform Secretariat will mobilize additional technical experts to implementing agencies, when needed, to support Program implementation in their respective areas of responsibility and to build the capacity. For that purpose, it will utilize resources readily available under the MDTF-funded Reform Support Fund (under the Strengthening Reform Management project).

64. **In addition, to further contribute to the planned strengthening of the Reform Secretariat in Program management and coordination, should the need arise, a Program management support firm will be contracted by MOPIC to ensure adequate exercise of mundane yet time consuming tasks and help institutionalize critical**

administrative routines. This support firm will facilitate stakeholder consultation, help strengthen the M&E function and help mobilize ad hoc technical expertise in support of the achievement of Program results by implementing agencies. It will help strengthen capacity across implementing agencies.

Box 3: Program coordination structures

The Technical Steering Committee will facilitate effective coordination amongst the main stakeholders for the Program. Its objective is to coordinate stakeholders' efforts to deliver the Program on time, within budget, and to the required quality. Its responsibilities include:

- manage risks and issues affecting the entire Program, and monitor delivery including with due consideration to value-for-money, anti-fraud/corruption, gender, climate change and environmental issues;
- evaluate progress made against the Program's DLIs and suggest potential methodologies to support implementation;
- identify opportunities for regular public communications relating to the Program; and
- identify any potential capacity building and technical assistance needs.

Members:

- Chairperson: Director of the Reform Secretariat within the Ministry of Planning and International Cooperation.
- Representatives of the following implementing agencies/units (at the level of Technical Directors to be appointed by the heads of the relevant implementing agency):
  1. MOPIC – Department of Statistics
  2. MOPIC – Public Investment Management Unit
  3. Prime Minister's Office – Public-Private Partnership (PPP) Unit
  4.

  Prime Minister's Office – Legislative Opinion Bureau (LOB)

  6. Ministry of Environment
  7. Ministry of Industry, Trade and Supply
  8. Jordan Investment Commission
  9. Ministry of Tourism and Antiquities
  10. Ministry of Finance

• Meetings will be held on a monthly basis for the first six months of Program implementation and on a quarterly basis thereafter; any member can call an ad hoc meeting when an exceptional business need arises; meetings during WB missions will be organized with the attendance of the WB staff; the Reform Secretariat will be mandated by the Technical Steering Committee to prepare an agenda and formal record for each meeting. Members will approve each record at the subsequent meeting.

• **Escalation mechanism**: The Reform Secretariat will share the record of the Technical Steering Committee meetings at the following meeting of the Economic Development Committee. It will also escalate any issues and challenges to the Committee based on recommendations of the Technical Steering Committee. In addition, progress report and recommendations will be prepared by the Reform Secretariat on a monthly basis and submitted to the Minister of Planning and International Cooperation (report also specifies pending issues calling for attention to EDC members).

The Economic Development Committee is an inter-ministerial committee which reports to the Prime Minister through the Council of Ministers. It is chaired by the Minister of Planning and International Cooperation and includes the ministers of Finance, Tourism and Antiquities (Deputy Chairperson), Industry, Trade and Supply, Energy and Mineral Resources, Social Development, Youth, Labor, Digital Economy and Entrepreneurship, the Governor of the Central Bank of Jordan and the Chairman of the Jordan Investment Commission. The Committee meets at least once a week.

65. **NDC goals are implemented across the entire economy and all sectors with the Ministry of Environment being the nodal agency for coordinating the efforts across line ministries.** In accordance with this cross-sectoral and inter-agency nature of the climate-focused DLIs, MOEnv is noted as the coordinating agency. Accordingly, MOEnv will work in

collaboration with MOPIC and establish relevant inter-ministerial working groups and will require support from the Prime Minister's Office (PMO) and the Council of Ministers to achieve the national climate goals. The MOEnv will also utilize and empower the National Climate Change Committee, which includes representatives from the government, civil society, academia, and private sector, in the implementation of this Program.

Figure 16: Institutional arrangements for Program implementation

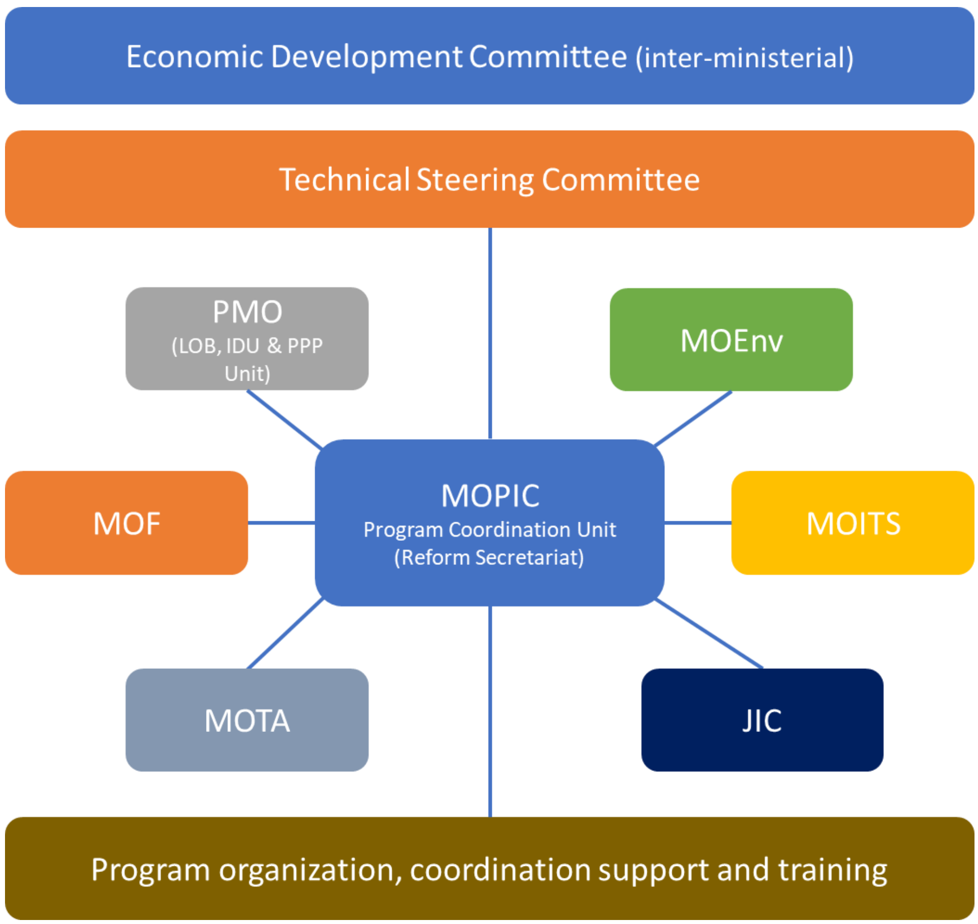


Table 5: Key Implementing Agencies

DLI	Description	Implementing agencies
Result Area 1: Improving the accountability and fiscal space for public investment, including towards national climate goals		
1	Improving preparation and implementation of public investment (through operationalizing PIM/PPP governance framework)	MOPIC (PIM Unit), MOF & PMO (PPP unit)
2	Increasing the fiscal space for public investment	MOF
3	Mainstreaming climate responsive public investments towards Jordan's NDC 2030 goals	MOEnv, with MOPIC (PIM unit) & PMO (PPP unit)
Result Area 2: Improving the business enabling environment and capacity of key institutions to attract private investment and climate finance, including for tourism sector		
4	Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment	JIC
5	Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives	JIC
6	Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment	MOTA
7	Implementing the Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses	MOITS
8	Identifying climate responsive private investment and non-government financing towards Jordan's NDC 2030 goals	MOEnv, with MOPIC and relevant agencies
Result Area 3: Generating evidence and data for policy making, implementation and stakeholder dialogue		
9	Improving access, quality, continuity of business and infrastructure services in response to social demand	PMO
10	Increasing accessibility and usability of statistical and administrative data	MOPIC (DOS)
11	Implementing and strengthening good regulatory practices for evidence-based and predictable rulemaking	PMO , LOB)
12	Establishing and operationalizing a climate finance governance system for achieving Jordan's NDC 2030 goals	MOEnv, with MOPIC & MOF

B. Results Monitoring and Evaluation

66. **The M&E system will be managed by the PMU.** The PMU (the Reform Secretariat) anchored in MOPIC will be responsible for monitoring and reporting on the result indicators, in coordination with relevant ministries. The PMU will report on the Program indicators to the Government and the World Bank on a quarterly basis. As far as reporting to the Government, the minutes of the regular meetings of the TSC, along with an updated Annual Work Plan will be communicated to the EDC. As far as reporting to the Bank, the Reform Secretariat will provide quarterly detailed monitoring reports and share monthly updates. The details will be developed in the POM to be prepared by the Borrower in form and substance acceptable to the Bank not later than 3 months after loan effectiveness. The Reform Secretariat will develop an extensive Results Framework, beyond the Program's results framework, which will capture outputs and

intermediate outcomes to measure progress toward the PDO, as part of the results framework of the Reform Matrix.[20] It will consolidate information drawn from existing and relevant M&E platforms when needed, such as the National Registry of Investment Projects run by the PIM unit, the Integrated Financial Management Information System run by the MOF, the Executive Development Plan management information system run by MOPIC Planning Department, the MRV and Registry System at the Ministry of Environment to inform the M&E of climate-related DLIs, and the National Registry of Public Services run by the PMO (Institutional Development Unit). The Reform Secretariat will also leverage its own M&E capacity, to monitor the implementation of the Reform Matrix and will develop an M&E plan, which will detail the processes of monitoring the Program, sources of data, frequency of collection, different roles and responsibilities, and reporting requirements.

C. Disbursement Arrangements

67. **Disbursements will be made based on verified results, as measured by DLIs.** The Borrower may withdraw an advance not to exceed US$125,000,000 which can be used for documentation of DLIs achieved during Program implementation. It is mostly justified by the risk that lack of cash hampers the achievement of the objective of the Program, i.e., the increase of fiscal space for public investment. Cash rationing commonly delays the release of funds earmarked for capital expenditure and pulls down their execution rate, as in the recent past. It is also justified by the need to allow prompt implementation, after the first semester of the fiscal year in Jordan, i.e., before fiscal appropriations are adjusted to implementation needs (either in a supplementary budget or at the beginning of the next calendar year).

68. **For each achieved disbursement-linked result (DLR), a specific verification protocol has been established, as described in Annex 3 and will be further detailed in the POM.** The verification will be carried out by the Jordanian Audit Bureau. Verification reports will be submitted within two months following the achievement of results.

- **Once the verification report has been completed, PMU will submit the documentation accompanied by the verification report to the World Bank.** The World Bank will review and notify the GOJ to confirm (fully or partially) the achievement of results and the amount to be paid from each co-financier accordingly. Based on the notification, the government will submit the related withdrawal applications through Client Connection and preferably through electronic submission.

- **Within six months after the end of the Program, the GOJ will carry out an expenditure reconciliation.** Any excess beyond the total amount paid by the World Bank will be reimbursed by the GOJ. Likewise, any balance of the advance not documented by achieved DLIs will be refunded to the World Bank.

D. Capacity Building

69. **The Program builds on the substantial technical assistance provided in parallel to the Program through the overall government capacity and institutional set-up for coordination of reform implementation.** Under the Jordan Growth MDTF, donors are earmarking significant resources to building MOPIC capacity to coordinate the implementation of the Reform Matrix. This support is routed through the Strengthening Reform Management project which supports both the operationalization of the Reform Secretariat in MOPIC and reform implementation through a Reform Support Fund. The climate-related activities supported by this PforR build on a multi-year technical assistance program, financed by the Partnership for Market Readiness (PMR) Trust Fund, which closed in February 2021. The capacity building program

[20] A results framework for the Reform Matrix was developed in 2019. It will be updated as part of the current update of the Reform Matrix.

will be extended and expanded to include climate agenda, to match the prolonged timeline of the updated Reform Matrix and its enhanced focus on green economy, which matches the Program's duration and scope.

70. **The allocation of DLIs and the advance will help further institutionalize and build the capacity of main implementing agencies.** The advance will help finance capacity needs to achieve targeted results in the first year, and along the Program cycle, so that capacity needs to achieve DLRs are addressed in advance. DLIs are priced to incentivize the achievement of targeted results and build and internalize institutional capacity.

71. **Mainstreaming climate agenda in public investment requires building capacity across all government agencies and mobilizing private investment expands the need for capacity development of non-governmental entities.** The Ministry of Environment has been exerting extensive efforts, with donor support, towards capacity development across sectors in Jordan. This is evident in the composition of the National Climate Change Committee. However, transforming this general capacity and knowledge on climate change into a robust pipeline of climate responsive projects will require a sector-specific approach and strengthening of capacity in technical departments. The pricing of DLIs reflect the need for the internalization of knowledge and incentivizes its application. The level of effort in the initial years will be significantly higher as this PforR is encouraging re-thinking project designs to ensure that they are climate responsive. However, it is expected that through the implementation and achievement of DLRs, sustainable and lasting capacity will be built within relevant stakeholders. This is relevant for all three result areas and a majority of the DLIs beyond those directly related to the NDC goals.

72. **The Program Action Plan (PAP) also supports capacity building by requiring that implementing agencies are granted a separate budget line.** This is a mechanism to support their fiscal institutionalization over time (beyond the Program implementation period). Building capacity and strengthening public institutions and processes are at the core of the PforR and will be critical for supporting its goals. The main capacity building and systems strengthening activities are:

- capacity support for JIC staff in implementing the new Investment Promotion Strategy, designing and implementing the new policy for investment incentives, and supporting upgrading of the M&E framework and Customer Relationship Management (CRM) system at JIC;
- development and operationalization of a new management information system at MOTA in order to strengthen its strategic and operational performance;
- capacity support for Ministry of Industry, Trade and Supply (MOITS) staff members working on sector licensing reforms;
- conducting feasibility studies for large domestically funded projects to support the implementation of the PIM/PPP policy, governance and legal framework;
- building capacity in all government entities sponsoring investment projects to support the implementation of the review process;
- addressing capacity gaps within Department of Statistics to implement the NSDS;
- building capacity and acquiring resources for the implementation of citizen engagement in service delivery program as it expands in the next three years;
- building capacity of the Institutional Development Unit in the Prime Minister's Office to implement its ongoing programs and their further development (national register of government services and common service centers), including by financing Management Information System platforms, operating costs of common

service centers, and the oversight of service quality standards;

- building capacity of the LOB and of the PMO to exercise adequate quality control on regulatory impact assessments. Specific training will be provided related to gender responsive budgeting and impact. assessments.

Result Area 1: Improving the accountability and fiscal space for public investment, including towards national climate goals

73. **Regarding the PIM/PPP agenda, the Program builds on substantial technical assistance provided in parallel under the Jordan MDTF (including under the Strengthening Reform Management project) as well as by the IFC.** Such technical assistance supports the finalization of the PIM/PPP legal, policy and governance framework whose implementation will be supported by the Program. It supports enhancing capacity of the three main implementing agencies in charge of the PIM/PPP agenda, i.e., the PIM and PPP units and the Fiscal Commitment and Contingent Liabilities (FCCL) unit in the Ministry of Finance. It also ensures that those three entities will be staffed and equipped thanks to the development of the National Registry of Investment Projects (NRIP). Donors, including the IFC, have seconded experts to the PPP unit and capitalized the Project Development Account for the preparation of PPPs (for an amount of US$30 million).

74. **Technical assistance to the PIM and PPP units to help complete the PIM/PPP regulatory framework to be implemented under the Program is provided through the MDTF.** It supports the drafting of the project appraisal methodology and guidelines to be issued by MOPIC and complied by all government entities, including SOEs, public utilities and local governments, sponsoring large capital projects. It will ensure that the project review, selection and prioritization process established by the Cabinet in 2018 and 2019 and confirmed by subsidiary legislation to the PPP law (the PPP bylaws approved by the Cabinet on April 14, 2021), will apply to all projects prior to their budgeting for the duration of the Program. Ample technical assistance is provided to the three main implementing agencies of the PIM/PPP agenda, namely the PIM, PPP and FCCL unit, by the World Bank and other donors in parallel to the Program, including through the Strengthening Reform Management project (P171965). This technical assistance, financed by the Jordan MDTF, is being extended and aligned to their needs in support of the Program implementation. A separate budget line for the PPP and PIM unit as well as for the preparation of capital projects (both publicly and privately funded) has been established. Moreover, the Program will coordinate with the Mashreq Gender Facility Jordan team to build on and leverage existing relevant technical assistance aimed at enhancing to women’s economic opportunities

75. **Extensive technical assistance is provided by the IMF to the MOF on fiscal management.** Additional assistance would also be provided to the General Budget Department on the execution of capital expenditure. As an implementing agency, the MOF can also draw on a range of other capacity building activities funded by the MDTF (through the Reform Support Fund).

Result Area 2: Improving the business enabling environment and capacity of key institutions to attract private investment and climate finance, including for tourism sector

76. **Continued strengthening of JIC’s capacity—with sharpened focus on its investment promotion and investor-servicing mandate—and revisions to the investment framework are needed.** Having an effective investment promotion agency with the right tools is of significant importance in the COVID-19 context due to urgency in retaining, attracting and diversifying investment in a difficult external environment. The most critical support needed is to help JIC enhance its

capacity as the lead investment promotion agency; reexamine JIC's investor services to ensure investor facilitation is internally separated from regulation; provide enhanced memoranda of understanding (MoUs) or service level agreements (SLAs) between JIC and concerned organizations; integrate an internal investor tracking/CRM system with the investment window system for faster and more efficient processing of an investor through the bureaucratic system; clearly define the regulations on SMART eligibility criteria, application process, and monitoring and compliance to implement the new mechanism for non-fiscal investment incentives. This would involve institutional strengthening through, for example, improved procedures and systems, recruitment of additional staff, capacity building of JIC staff to meet global best practice standards, developing tools, forms, templates to carry out the work, conducting awareness campaigns, building alliances with the private sector.

77. **There are certain institutional capacity gaps within MOTA, Department of Antiquities and Jordan Tourism Board (JTB) in terms of how they approach tourism policy definition, implementation, and monitoring as well as tourism sector development**. Some of these gaps are intended to be addressed by specific actions under this result area, that relate to institutional development and capacity building. The JTB handles marketing and promotion initiatives and programs. Capacity building to upgrade the current understanding and utilization of online marketing, social media, airline connectivity, etc., would strengthen alignment of marketing programs and development of new tourism products. Similarly, the Department of Antiquities requires targeted technical training and funding. Improved institutional coordination, better research to guide policy decisions, and a more efficient regulatory framework are among the key aspects to be addressed in part by the PForR. Lack of consistent adequate funding for preservation and conservation of sites and antiquities limits integrated development beneficial to host communities and tourists alike. To tap the full potential of the tourism sector, integrated and continuing investments delivered through multiyear plans, expanded budgets, and committed implementation, are needed. This would require prioritization, internal reallocation, and additional budgets (recurrent and capital expenditure) to assure the timely implementation of site improvement plans. Effective countrywide site management also requires upgrading and expanding existing human capacity. Marketing and promotion are integral to the sector recovery from COVID-19 crisis and vital to strengthening protection, maintenance and restoration of sites that assure tourism product diversification and improved tourism visitation.

78. **The Ministry of Industry, Trade and Supply is the entity entrusted with leading the Investor Journey program.** A governance structure has been established and is comprised of a Steering Committee and an Executive Committee. The MOITS has assigned a team from the Economic Policies Directorate to act as the secretariat for this program. This governance structure has been successfully operational over the past year. However, MOITS would increase its capacity by adding more resources including licensing reform specialists as the size of the current team is small considering the scope of work. MOITS team will then be able to support the policy advocacy and change management, where special attention will be given to change and transformation management across regulators, especially in leading the dialogue with sectoral regulators on the cancellation of unnecessary licenses.

Result Area 3: Generating evidence and data for policy making, implementation and stakeholder dialogue

79. **On service delivery, the Program builds on technical assistance granted by donors to the PMO for the drafting of policy documents and the conduct of citizen surveys.** The Program will strengthen the PMO's capacity to help it operationalize those policy tools and exercise adequate oversight on implementation of the government programs improving access, continuity and quality of service standards and user satisfaction.

80. **On open data, the Program will support the strengthening of DOS IT systems to host administrative and statistical datasets and facilitate the online visualization and extraction of user data queries.** Financial and capacity

constraints to implement the NSDS and providing data access, highlighted in the official 2020 NSDS Progress Report, will be addressed through an extensive capacity building financed by the World Bank.

81. **Regarding policy predictability and the support to Regulatory Impact Assessment and ex-post evaluation of legislation, the Program will build on technical assistance granted in parallel to both the PMO and the Legislation and Opinion Bureau in particular, for drafting of policy documents.** This technical assistance will include support to the targeting and tailoring of impact assessments, preparation of three regulatory impact assessments pilots, specification of skills needs, developing of new metrics for regulatory predictability, and improving the electronic platform used for online public consultation of legislative proposals.

82. **The Ministry of Environment has a Climate Change Directorate that will be strengthened and complemented by a Center of Excellence (CoE), which is a core element of the National Climate Finance Governance System.** However, currently, the Ministry's budget does not include a separate budget line for climate change, which adversely affects the ability of the Ministry to hire technical staff, limits its accountability and restricts result-oriented incentives. Most importantly, this also restricts the ability of the Ministry in leveraging development funding for strengthening in-house institutional and technical capacity. Building capacity needs to begin with recognition of the existing climate directorate and empowering the establishment of the CoE with in-house and on-call technical expertise. This capacity enhancement will benefit Jordan in improving the ability to attract public funding and mobilize private capital domestically, as well as enable Jordan to position itself as a potential knowledge hub for neighboring countries and for similar countries across the world.

Table 6: Capacity building provided through and outside the Program

DLIs	Capacity building through the Program	Capacity building outside the Program
DLI 1: Improving preparation and implementation of public investment	Support to operationalization of bylaws on National Registry of Investment Project	TA drafting legal and policy documents; staffing of PIM and PPP units (including through secondment of experts) and provision of IT systems (the National Registry of Investment Projects). Support to financing of PPP preparation (IFC). Technical assistance on public consultation, transparency, and accountability best practice (e.g., inclusion, gender, and geographic representations) in project appraisal and portfolio review.
DLI 2: Increasing the fiscal space for public investment		TA to increase the efficiency of public spending (IMF, USAID) TA to increase the efficiency of domestic revenue mobilization (IMF)
DLI 3: Mainstreaming climate responsive public investments towards Jordan's NDC 2030 Goals	Support to formalize the linkage between PIM/PPP framework, the National Registry of Investment projects (and related IT systems) with the MRV system and	TA to support development and application of definitions and eligibility criteria for climate responsive projects and expenditures; develop and implement guidelines for developing

	national GHG registry. Technical advisory support to line ministries in designing climate responsive projects and assessing climate risks.	climate responsive projects; expert support on climate finance and IT systems (to expand MRV and registry system).
DLI 4: Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment	Capacity support for JIC staff to help enhance its capacity as the lead investment promotion agency Support the development of a robust and systematic M&E framework and CRM system at the JIC	EBRD: The three areas of technical assistance reflect the investment cycle from promotion and attraction through aftercare: Investment promotion targeting the Jordanian diaspora and other businesses operating in the Gulf region; Investment promotion events outside of Jordan; Investment Aftercare Capacity building and training activities on investor grievance mechanism
DLI 5: Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives	Capacity support for JIC staff in designing and implementing the new policy for investment incentives The M&E framework and CRM system will also help monitor investment incentives and the value for money	
DLI 6: Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment	Support operationalization of the new management information system Development of tourism site improvement plans	TA on best practice for each of the specific bylaws and related opportunities for improved competitiveness Support for gender opportunity review defining MOTA actions to enable private sector engagement Facilitation of engagement with private sector and civil society on key pillars of National Tourism Strategy
DLI 7: Implementing Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses	Capacity support for new MOITS staff members working on licensing reforms Capacity building for MOITS team (on-the-job training, as part of MOITS work with IFC on day-to-day project activities) on policy advocacy, transformation management across regulators, especially in leading dialogue with sectoral regulators on the cancellation of unnecessary licenses	GIZ support for licensing reform for the tourism and the food sectors. IFC in Partnership with the Dutch Private Sector Development Program: support for Investor Journey program covering business registration and pilot licensing reform
DLI 8: Identifying climate responsive private and non-government financing towards Jordan's NDC 2030 goals	Linkage between government agencies developing sector strategies (including identifying potential PPP projects and managing investor engagement) and the climate finance governance system (including, the climate financing pipeline	Technical assistance to support definition of private and non-government financing for climate responsive projects; issue green bonds guidelines; review climate investment pipeline; advisory support on investor engagement; and overall climate finance expert support.

	development process and MRV system and GHG registry).	
DLI 9: Improving access, quality, continuity of business and infrastructure services in response to social demand	Capacity building of PMO on use of policy tools	Technical assistance to draft policy documents and feedback collection. Technical assistance in coordination with the Bank-funded Youth, Technology, and Jobs project contributing to the development of the National Register of Government Services. Technical assistance on citizen engagement from the OECD
DLI 10: Increasing accessibility and usability of statistical and administrative data	Review of DOS statistical methodologies and business processes, as well as quality of existing and new datasets	Support to development of IT tools and capacity Technical assistance supporting implementation of new methodologies and the anonymization of datasets
DLI 11: Implementing and strengthening good regulatory practices for evidence-based and predictable rulemaking	Support government-wide capacity building program developed by the PMO , and the oversight by the Legislative Opinion Bureau of Regulatory Impact Assessment and ex-post evaluation studies.	Technical assistance supporting the targeting and tailoring of impact assessments; preparation of three RIA pilots; specification of skills needs; developing new metrics for regulatory predictability; improving the electronic platform used for on-line public consultation of legislative proposals
DLI 12: Establishing and operationalizing a climate finance governance system for achieving Jordan's NDC 2030 goals	Support to maintenance of MRV system and required enhancements during rollout to all agencies in Jordan. Strengthening of Climate Change directorate and establishment of Climate Finance Governance system	Technical assistance for development of regulations and instructions related to articles of Paris Agreement; preparation of operations manual for the climate finance governance system; and expert support (particularly IT systems) to expand MRV and registry system.

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

Strategic relevance

83. **The Program supports the government program of resilient recovery and its implementation over the next five years and the possible effect of these programs on macro-fiscal strategy.** It aims to foster public and private investment and improve its alignment with government strategic priorities to increase green growth potential and to operationalize transparency and accountability mechanisms to improve the investment climate (through open data and policy predictability) and infrastructure services (hence user satisfaction). It is anchored in the government's updated Reform Matrix and Jordan NDC 2030 strategy and is aligned with the Government Indicative Executive Program.

Achievement of the NDC 2030 goals is a national priority and an opportunity for enabling climate responsive, green, and sustainable recovery (post-COVID-19) and growth.

84. **Under result area 1, the Program aims to increase fiscal space for public investment and its effectiveness in line with the government commitment to the Paris Agreement on climate change.** By supporting the implementation of a robust legal, policy and governance framework for PIM, including PPPs, adopted since 2018 and yet to be operationalized, it will help improve the quality of capital expenditure and the strategic alignment with the government climate agenda. This will be achieved by supporting an increase of budget allocation to public investment through rebalancing of the ratio of actual capital to total budget expenditure and helping increase the share of public investment in GDP both of which have dropped by half in the past ten years.

85. **Result area 2 addresses some critical elements necessary for higher and more diversified private investments, enhanced business environment and leveraging the full potential of the tourism sector.** Working through JIC provides a cross-cutting entry point for productive investments. This result area is directly focused on the JIC program and its institutional reforms, facilitating investment promotion and increasing investor satisfaction, which will be achieved through investment-specific KPIs monitored through the new M&E framework and CRM system. Ending a considerable number of sectoral licenses and streamlining and digitizing business registration are among the key actions under the Investor Journey program that would bring noteworthy progress in improving business environment. Accordingly, result area 2 supports simplifying business registration and launching the integrated business registry system, and reducing regulatory burden from licenses, including in tourism which is a cross-cutting sector with a diverse value chain, has been a strong generator of jobs, and has been hard hit by the pandemic. Relevant policies fall under the responsibility of multiple government entities with MOTA functioning as the lead tourism policy institution. The focus of this result area is on MOTA's (and JTB's) program because it covers crucial elements for the recovery, resilience, and robust growth of Jordan's tourism sector.

86. **Under result area 3, the Program supports the operationalization of government commitments to open governance and enhanced regulatory governance.** It will help foster public trust in government which is critical to the successful implementation of its economic program, as social mobilization against past reforms shows. Government commitments to transparency and accountability are reflected in its Open Government Action plan (the fifth Action plan will fit with the Program implementation period) and updated 5YRM which it incorporates. The Program focuses on the implementation of the most significant government policy reforms pertaining to transparency and accountability, namely open data, citizen engagement in service delivery, as well as evidence-based and consultative policymaking.

Technical soundness

87. **The Program builds on a range of policy reforms approved over the past few years by the GOJ and extensive policy dialogue with the World Bank and other donors on their design.** Most of the reforms whose implementation is supported by the Program have been prepared in consultation with donors, including the World Bank under a programmatic DPF series, and benefitted from extensive technical assistance to ensure their alignment with international best practices.

88. **It focuses on the most strategic and tangible reforms which would foster more and better investment. Even though the Program supports the implementation of a range of reforms and implementing agencies, they have all been selected for their relevance to investment and resilient recovery.** Due to selectivity, the Program only supports a small,

yet significant part of the government strategic objectives as reflected in the Government Indicative Executive Program and the updated Reform Matrix.

89. **The Program has also been designed based on a readiness assessment of targeted reforms for implementation.** During Program preparation, a range of policy reforms, although relevant to the Program objectives, have been deemed not mature enough for support through result-based financing. The same readiness filter has been applied to the main implementing agencies in charge of relevant reforms: several have been deemed not ready for result-based financing and will be supported through parallel technical assistance and policy dialogue. The Program has also been crafted to build on the ongoing parallel capacity building assistance to its main implementing agencies to mitigate implementation risks.

90. **The Program promotes gender inclusiveness across its result areas through citizen engagement.** It supports public consultation and citizen engagement in public investment, policy making and service delivery, through consultative project appraisal, regulatory impact assessment and evaluation, and service user satisfaction surveys. The methodologies applied in all instances will allow for gender specific consultation and feedback. The Program also generates gender relevant and disaggregated statistical and administrative data. In addition, one of the Program's DLRs under result area 2 supports the development and adoption of a Gender and Inclusion Project Plan which is directly linked to the new National Tourism Strategy (the latter includes 'Human capital' as one of its key pillars). This is reflective of Jordan's tourism sector having a significant potential for higher female labor force participation and inclusion of local communities. Additionally, result area 3 (DLI12) will introduce a gender lens aimed to build on the government's earlier efforts to address the gender-climate nexus and, as such, elevate prospects for operationalizing objectives to support women's equitable role in and benefit from climate change policies. It will do this by ensuring alignment with the larger Jordanian National Commission for Women's Gender Strategy (2020-2025) and as an integral input into the Long-Term Climate Change Strategy. Result area 3 supports the adoption and operationalization of a Gender and Climate Change Strategy 2030 which will set criteria for how policies proposed will take into consideration the needs of women.

91. **The activities under the result area 2 are designed to address the short-term challenges related to the COVID-19 crisis as well as to solve the longstanding structural issues that hold back investment growth in Jordan, which is timely.** Also, this result area integrates key best practices that relates to strengthening investment promotion, reforming business registration and licensing, and implementing an integrated multi-component approach to the tourism sector. As discussed in the previous section "Disbursement Linked Indicators (DLIs) and Verification Protocols", the design of this result area is anchored in a robust M&E framework which ensures that the activities under this result areas lead to measurable and clearly defined outcomes.

Institutional arrangements

92. **The Reform Secretariat, within MOPIC, has been designated as the PMU.** The Reform Secretariat is both officially mandated to manage and coordinate implementation of all aspects of the Reform Matrix, which this PforR supports, and has tested experience in coordinating implementation of other Bank-funded operations. In this regard, the Program will build on Reform Secretariat's capacity and experience as the main implementing agency of the ongoing multi-agency PforR on Economic Opportunities for Jordanian and Syrian Refugees and the First and Second Equitable Growth and Job Creation DPFs.

93. **Across Result Areas and DLIs, seven implementing agencies will be vested with the responsibility of achieving targeted results.** They have been selected based on their official mandates and existing capacity and expected leverage

across government entities since the implementation of most of the reforms supported by the Program calls for compliance and enforcement across the board.

94. **Program coordination will be strengthened through the establishment of a Technical Steering Committee to be chaired by Director of the Reform Secretariat**. The TSC consisting of representatives of all implementing agencies nominated by the heads of implementing agencies will institutionalize coordination.

Economic Justification

95. **This Program aims to help Jordan set foundations to reverse the downward trend in investment by helping strengthen the quantity and quality of public investment, and improving the private investment environment, especially for FDI, in a way that is sustainable and supports climate commitments.** While the crux of the operation supports the improvements in government systems (for PIM, PPP, or FDI), the operation also supports investment in feedback loops for investment design and implementation. It also supports the development of the tourism sector, which is a key element of the government's development strategy and will help Jordan recover from the pandemic faster. This operation's contribution to the development of public sector systems supports investment. An important contributor to the outcomes of the Program is the pace of reforms on the rest of the Jordan Reform Matrix, the regional security situation, and the course of the pandemic in the country and globally. Overall, the increase in investment is expected to support Jordan's long-term growth path and employment.

96. **A Global Trade Analysis Computable General Equilibrium (GTAP-CGE) model has been developed for the PforR to gauge its economic impact.** Based on that model, a simulation for the period spanning 2021 and 2026 indicates that an increase in public investment spending from 4.0 percent of GDP in 2020 (or JD1,273 million in constant 2020 prices) to 5.5 percent of GDP in 2026 (or JD2,023 million), accompanied by other reforms encompassed in the PforR, yields a cumulative impact of JD5,055 million in additional economic growth, equivalent to 7.5 percent of 2020 GDP. The implementation of reforms would also result in a 6.8 percent increase in overall employment from its level in 2020 (equivalent to 92.5 thousand jobs), of which 26 percent (around 23 thousand) would be female employment. Growth spillovers from the Program's successful implementation along with the impact of sustaining its reforms would further increase GDP in 2027-2028. The Program is estimated to support a net increase in FDI of 1.2 percent over these two years. In this expanded assessment period of the Program, the model estimates a JD3,084 million cumulative gain in 2021-2028 (equivalent to 9.8 percent of GDP) relative to the counterfactual of "business as usual" without the PforR Program. Moreover, overall employment is expected to increase by 17.8 percent from its level in 2020 (equivalent to 185 thousand jobs), including a 26 percent rise in female employment (around 50.5 thousand jobs). Furthermore, the simulation suggests that public, social services, tourism, transport and communication sectors are likely to grow by an additional 10 percent annually over 2021-2028 with positive spillovers to the rest of the economy.

B. Fiduciary

97. **The World Bank conducted the assessment through analysis of available documents and working sessions with the main stakeholders**. The Fiduciary Systems Assessment (FSA) considers whether the Program's fiduciary systems provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. It covers the Program's institutional arrangements, financial management and procurement systems, and governance systems. The findings of the FSA concluded that the overall fiduciary systems provide a reasonable assurance that the Program funds will be used for the intended purposes. The FSA was done remotely given the current lockdown in Jordan due to COVID-19 pandemic.

Public Fiduciary Systems

98. **The overall picture is of continuing gradual improvement in PFM systems despite a very unfavorable external economic environment**. PFM systems have been improving in recent years with several reforms being introduced including: development of the PFM Reform Strategy (2018-2021), PIM/PPP governance framework (2018) and PPP law revised (2020), public procurement bylaw (2019), and instructions, framework for e-procurement (2019), Supreme Audit Institution (SAI) law revised with provisions providing better independence and immunity, anticorruption law amended providing more power to Jordan Anticorruption Commission, income tax law (revised 2018), amendment to the 2007 Access to Information law (yet to be enacted), and strengthening of regulatory governance through the mainstreaming of consultative impact assessment for policy and legal reforms.

99. **Major public procurement reforms are ongoing. A new by-law No. 28/2019 was ratified in May 2019 and made effective in November 2019**. The by-law foresees establishment of two independent units, one to regulate the sector and advise on policies and another one to handle procurement complaints when not resolved by the implementing agency and enforce use of e-procurement. The government agencies (ministries, public institutions, and departments mentioned in the General Budget Law and the Budget Law for Government Units) are implementing the new government procurement by-law that meets international practices and abides by procurement principles of transparency, fairness, economy, and value for money. The reform is still ongoing, including the operationalization of the policy and complaint committees as well as administration of training to procurement practitioners, and deployment of e-procurement at the level of ministries is progressing towards a completion by end-2023.

100. **In relation to enhancing accountability for use of public funds, the Jordan Audit Bureau has fully withdrawn from conducting ex-ante auditing in all line ministries starting 2019 in compliance with INTOSAI standards.** This has provided the Bureau with operational independence from the auditee as well as allowing it to focus on financial and performance audits. Additional progress is witnessed by the establishment of a special committee to review and solve the main audit issues raised in the audit reports during the past years including the most recent audit report of 2018. This shows the GOJ commitment to follow up and address the audit concerns reported by the Audit Bureau in the annual audit reports. Starting 2020, Jordan Audit Bureau issues quarterly audit reports that are reviewed and discussed by the special committee as well as by respective ministries including MOEnv to solve the main reported observations in a timely manner.

101. **Program's fiduciary risk is assessed as Moderate.** The overall Program's fiduciary framework is assessed adequate to provide reasonable assurance that the Program financing proceeds will be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. Key risks and mitigation measures are detailed in the FSA, Annex 4.

Overall Program Fiduciary Assessments

102. **The Program will be implemented by the various implementing agencies as per their mandates.** The Program will need that: (i) appropriate procurement staff are allocated for the procurement transactions and contract management (PAP), (ii) solid procurement plans are developed yearly and updated quarterly following the Annual Work Plans (PAP), (iii) solid technical experts are assigned to support development of technical specifications and procurement documents (PAP), (iv) deployment of training pertaining to procurement processing and contract management, (v) internal audit to advise on procurement processing for increasing its efficiency, (vi) procurement cycle to be covering planning, procurement processing, contract management and inventory/acceptance of deliverables, (vii) systematic coordination

between the implementing agencies and the central procurement departments (GTD and GPD), (viii) coordination and Integration of the Program by a central agency (e.g., MOPIC), especially for result areas that include multiple agencies (PAP), (ix) procurement complaints log maintained and published through Jordan Online E-Procurement System (JONEPS) or agencies websites (PAP).

103. **The Program implementation requires a substantial level of follow-up and coordination.** The role of MOPIC as a coordinating entity is crucial for the successful implementation of the Program. This will entail the monitoring of the DLIs achievement, timely submission of reporting on commitments and arrears twice a year, and yearly external audit report submission to the Bank (not later than six months at the end of each fiscal year), as well as coordination on the auditor's findings and application of recommendations and resolution of findings and irregularities. The World Bank will conduct an annual review of budget performance.

104. **Procurement exclusion.** It is foreseen that all individual contracts under this Program will be below the Operations Procurement Review Committee thresholds, namely: (i) works estimated to cost US$115,000,000 equivalent or more per contract; (ii) goods estimated to cost US$75,000,000 equivalent or more per contract; (iii) non-consulting services - US$75,000,000 equivalent or more per contract; and (iv) consulting services - US$30,000,000 equivalent or more per contract.

105. **The implementing agencies will execute the activities in accordance with the World Bank's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing", dated February 1, 2012, and revised July 10, 2015.** The implementation agencies will: (i) share information with the World Bank regarding all allegations of fraud and corruption in connection with the Program, investigate all credible allegations received, report to the World Bank on actions taken, and cooperate in any inquiry that may be conducted by the World Bank into allegations or other indications of fraud and corruption in connection with the Program; and (ii) monitor and abide by the World Bank's list of debarred/suspended firms.

106. The full FSA is included in the operation files, while Annex 4 provides a summary of the assessment.

C. Environmental and Social

107. **An ESSA has been prepared to assess the environmental and social system at the Program level.** The ESSA assessed the potential Environmental and Social (E&S Effects) effects of the PforR, including direct, indirect, induced, and cumulative effects as relevant. It also assessed the borrower's capacity (legal framework, regulatory authority, organizational capacity, and performance) to manage those effects in line with the core principles of the World Bank policy on for PforR, and identified measures to enhance both the E&S management systems and the E&S outcomes during Program implementation.

108. **The Program will have E&S benefits as well as risks which are rated as substantial.** The Program is expected to have a number of positive environmental and social effects in the areas of government accountability; information sharing; citizen engagement; improvement of livelihoods; resilience to climate change; and reduction of GHG emissions. The Program may also result in direct adverse environmental and social impacts and risks, related to specific infrastructure investments supported by public or private financing. The environmental and social impacts and risks of those investments will be assessed and mitigated in line with relevant laws of Jordan and the core principles of Bank Policy on Program-for-Results Financing. The Program Management Unit (PMU) has dedicated environmental, social and stakeholder engagement resources. The PIM and PPP units will also have dedicated environmental and social resources

who will employ strengthened environmental and social risk management appraisal methodologies. Environmental and social studies will be disclosed and consulted by line ministries as per the verification protocol.

109. **The ESSA concluded that the Government of Jordan has relevant and robust national environmental and social systems covering all areas of the Program:** environmental and social assessment and management, natural habitats, cultural heritage, health and safety, land acquisition, access of information and citizen engagement, and grievance redress mechanism systems. Where gaps in these systems in relation to the core principles of the Bank PforR policy were identified, recommendations were identified to bridge those gaps. Those recommendations are addressed in the DLIs verification protocols, PAP actions, and POM requirements.

110. **Several of the Program activities are designed to improve the overall investment policies and regulatory framework in the country**. This, in turn, is expected to attract more investment, particularly in infrastructure development. The increase in infrastructure investment in all sectors will bring significant socioeconomic benefits, but will be accompanied by a range of direct and indirect adverse environmental and social impacts, such as pollution, land acquisition or involuntary relocation, labor risks, etc. Measures to improve the national environmental and social management systems and processes, have accordingly been incorporated into the Program. For example, the PPP/PIM appraisal methodology has been strengthened to incorporate environmental and social assessment and consultation requirements.

111. **Consistent with the World Bank PfoR Policy, the Program will exclude any activities that are likely to have significant, sensitive, diverse, or unprecedented impacts to the environment and/or affected people**. This includes significant land acquisition, economic or physical displacement, or changes in land use, significant impacts to critical cultural heritage sites or natural habitats. Screening criteria have been developed as part of the ESSA and will be incorporated into the Program Operational Manual.

112. **The Program will utilize the government's existing centralized "At Your Service" grievance mechanism and any other existing mechanisms employed by implementing agencies.** The Program will also support improvements to these systems, consistent with good practice, to enable all Program-level grievances to be reported.

113. **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 http://www.inspectionpanel.org.

V. RISK

114. **The overall risk to the achievement of the Program Development Objective is Substantial.** This rating results from substantial macroeconomic risks, such as exogenous shocks or prolonged adjustment, which could impede the broadening of the fiscal space for public investment. It also results from the challenges of interagency coordination across

a multi-agency Program despite the experience and tested capability of the coordination framework (under MOPIC and the Reform Secretariat in particular). For more details on risk categories rated high and substantial and respective risk mitigation measures, please see table 7 below.

Table 7: Systematic Operations Risk-Rating Tool (SORT) Table

Risk Category	Rating (H or S)	Risk Description	Risk Mitigation Measures
Political and Governance	S	Frequent cabinet turnover is a challenge to sustained government commitment over the medium term in Jordan. The importance of preserving stability often reflects a preference for the status quo.	The Program builds on the government reform agenda and the institutionalization of its implementation mechanisms. It also fosters stakeholder dialogue across result areas which will help build support for the Program and underlying reforms from civil society and the private sector.
Macroeconomic	S	Weak economic performance during the pandemic affects government budget availability and tolerance for reforms. Downside risks (including COVID-19) to economic performance could require the government to reduce spending and slow implementation of the program, including public investment.	The Program is aligned with the ongoing IMF EFF and its fiscal projections, as revised during the first EFF review. From a macro-fiscal perspective, the Program aims at the achievement of about one fourth of the projected increase of capital expenditure over the Program implementation period which mitigates the impact of downside risks on Program performance. By supporting the enhancement of the quality and cost effectiveness of capital expenditure and their alignment with government strategic priorities, it also contributes to increasing their value for money and effect on climate resilience, growth, and development. COVID-19 vaccine rollout in line with good practices.
Institutional Capacity for Implementation and Sustainability	S	Interagency coordination in the government has proved challenging and institutional capacity for Program implementation is uneven across public entities. Donor dependency weakens internalization of capacity and sustainability beyond donor support. Accountability mechanisms are being strengthened but remain limited.	The Program builds on a successfully tested institutional arrangement for Program implementation and coordination under the Reform Secretariat in MOPIC. Institutional capacity is also built further through technical assistance provided in parallel to the Program by the Jordan MDTF and other donor-funded activities. The Program will contribute to the sustainability of the institutional arrangement by strengthening existing institutional capacity across its implementing agencies (in the Prime Minister's office, the MOF, MOPIC and a range of line ministries and agencies).
Environment and Social	S	Substantial risks associated with investments in projects under result area 1	Measures to improve the E&S system incorporated in DLIs verification, PAP and POM.
OVERALL	S		

ANNEX 1. RESULTS FRAMEWORK MATRIX

Results Framework
COUNTRY: Jordan
Jordan Inclusive, Transparent and Climate Responsive Investments Program For Results

Program Development Objective(s)

Improve accountability to foster climate responsive investments and growth, where:

- investment is defined as public and private investment
- climate responsive investments refer to public sector and private sector opportunities in Jordan's NDC and measured by the MRV System
- accountability rests on a framework of enhanced transparency and feedback loops that inform investment and policy decisions

Program Development Objective Indicators by Objectives/Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Improve accountability to foster investments for economic recovery and achieving climate goals								
Increasing the share of capital expenditure in total budget spending (Percentage)	DLI 2	8.90		11.00				12.00
Achieving progress towards Jordan's Nationally Determined Contributions	DLI 12	Monitoring, Reporting & Verification (MRV) system piloted						Climate Finance Governance System established and

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
(NDC) and Paris Agreement goals (Text)								operationalized
Streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses (Text)		$0 savings in compliance costs	$1.4 million total cumulative savings in compliance costs	$2.9 million total cumulative savings in compliance costs	$15.5 million total cumulative savings in compliance costs	$28.3 million total cumulative savings in compliance costs	$41.1 million total cumulative savings in compliance costs	Cumulative savings of $41.1 million (over 5 years) in compliance costs for the private sector as a result of implementing business registration and licensing reforms under the Investor Journey program.
Increasing accessibility and usability of statistical and administrative data (Number)	DLI 10	53.00						73.00

Intermediate Results Indicator by Results Areas

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Improving accountability & fiscal space for public investment, including national climate goals								
Improving the quality of public investment (Text)	DLI 1	No systematic appraisal of large budgeted capital projects (either PIPs or PPPs).						Full appraisal of large investment projects (PIPs and PPPs), above JOD 10 M, prior to their budgeting.
Gender Responsive Public Investment management (Text)		Rating D under performance indicator GRPFM–2.1 of the Supplementary Framework for Assessing Gender Responsive Public Financial Management.						Rating B under performance indicator GRPFM–2.1 of the Supplementary Framework for Assessing Gender Responsive Public Financial Management, i.e. "Economic analyses, conducted in line with national guidelines, to assess most major investment projects include analysis of the impacts on gender" and "results are published" for 25% of new capital projects.
Mainstreaming climate	DLI 3	0% verifiable						25% verifiable

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
responsive capital expenditure in public investments towards Jordan's NDC goals (Text)		achievement of govt. CAPEX commitment towards NDC goals						achievement of govt. CAPEX commitment towards NDC goal
Improving the business enabling environment and the capacity of key institutions								
Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment (Text)	DLI 4	The investment policy, regulatory and promotion framework suffers from certain weaknesses and gaps, including the need to sharpen the focus of JIC's investment promotion and investor-servicing mandate and strengthen the systems used for implementation	The Parliament enacts the new Investment Law	DLR 4.1: To implement the new investment framework: (a) the Council of Ministers adopts a bylaw addressing the investment window under the new Investment Law to be enacted; and (b) JIC adopts and publishes the Investment Promotion Strategy for CY21-24, including investment-specific KPIs /// DLR 4.3: New investment decisions announced to locate in Jordan per year, based on a published JIC annual report containing information about investment facilitated /// Investment	DLR 4.3: New investment decisions announced to locate in Jordan per year, based on a published JIC annual report containing information about investment facilitated /// Investment generated (10% increase over baseline)	DLR 4.3: New investment decisions announced to locate in Jordan per year, based on a published JIC annual report containing information about investment facilitated /// Investment generated (10% increase over baseline)	DLR 4.3: New investment decisions announced to locate in Jordan per year, based on a published JIC annual report containing information about investment facilitated /// Investment generated (10% increase over baseline)	The investment regulatory framework in Jordan has been enhanced through the enactment of the new Investment Law and respective bylaw, sharpening JIC's mandate and capacity as an Investment Promotion Agency that leads to increased investment facilitated, higher investment generated (10% annual increase over baseline), and more new jobs created

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
				generated (10% increase over baseline)				
Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives (Text)	DLI 5	New non-fiscal investment incentives have been budgeted to better target investor attraction efforts following the streamlining of tax and customs exemptions.	DLR 5.1: To implement the new investment incentives policy: (a) the Council of Ministers approves a bylaw on non-fiscal investment incentives; and (b) JIC establishes institutional arrangements for (i) granting of incentives and (ii) subsequent compliance monitoring with the conditions on which incentives were granted, including separate staffing and separate reporting/manageme nt lines	Information about non-fiscal investment incentives approved has been disclosed /// Investment generated in companies that received non-fiscal incentives	Information about non-fiscal investment incentives approved has been disclosed /// Investment generated in companies that received non-fiscal incentives	Information about non-fiscal investment incentives approved has been disclosed /// Investment generated in companies that received non-fiscal incentives	Information about non-fiscal investment incentives approved has been disclosed /// Investment generated in companies that received non-fiscal incentives	Governance for granting non-fiscal investment incentives and subsequent policy compliance has been put in place through the adoption of a bylaw on non-fiscal investment incentives and the establishment of respective institutional arrangements, ensuring transparency and accountability regarding the approved investment incentives
Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and	DLI 6	Tourism potential is held back by a fragmented approach to sector	DLR 6.1: Ministry of Tourism and Antiquities (MOTA) adopts and publishes	One (1) Bylaw revised to streamline and improve the tourism private sector	Two (2) Bylaws revised to streamline and improve the tourism private	Number of tourists tracked trough the management information system in	Number of tourists tracked through the management information system in	The tourism sector strategic direction has been strengthened and regulatory

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
public investment (Text)		development, regulatory constraints affecting private sector, underperforming public assets, which are being exacerbated by the COVID-19 impacts	a National Tourism Strategy, and Gender and Inclusion Project Plan, both developed in consultation with sector associations	enabling environment (the Travel Agents and Tour Operators Bylaw No.114).	sector enabling environment (indicative list include: the Hotels and Tourist Establishments By-law; the Restaurants Association By-law; the Tour Guide Services By-law)	the sites that increased expenditure and adopted improved management plans /// Tourist satisfaction (measured through satisfaction surveys), in the sites that increased expenditure and adopted improved management plan	the sites that increased expenditure and adopted improved management plans /// Tourist satisfaction (measured through satisfaction surveys), in the sites that increased expenditure and adopted improved management plan	environment enhanced, through the adoption of the new Tourism sector strategy and revision and adoption of key bylaws affecting private sector, together with increased public investment to tourism sites that have adopted an improved management plan leading to more tourists and higher tourist satisfaction
Implementing Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses (Text)	DLI 7	Business registration processes and licensing regime entails significant costs, which creates barriers to formalization and to market entry, and undermines private investment	Indicative target: 3 sectoral licenses abolished as indicated in the Verification protocol	Indicative target: 2 sectoral licenses simplified as indicated in the Verification protocol	Indicative target: 5 sectoral licenses abolished and 3 sectoral licenses simplified as indicated in the Verification protocol Registration of 100 percent of new businesses is fully integrated, digital, paperless and contactless using the Integrated Business	Indicative target: 4 sectoral licenses abolished, to be identified in a COM decision	Indicative target: 4 sectoral licenses abolished, to be identified in a COM decision 3 sectoral licenses fully digitalized	The compliance costs for businesses have been significantly reduced by abolishing 16 licenses, simplifying 5 licenses, and digitizing 3 licenses (all licenses selected based on their importance to private sector) and businesses are now able to register online and registration fully digitalized. This will

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
					Registry System ("IBRS")			also significantly increase the capacity to deliver G2B services
Identifying private and non-government financing towards Jordan's NDC 2030 goals (Text)	DLI 8	0% verifiable progress in mobilizing private sector climate investment towards the NDC goals						25% verifiable progress reported towards private and non-government financing mobilized towards NDC goals.
Generating evidence and data for policy making, implementation and stakeholder dialogue								
Improving access, quality and continuity of business and infrastructure services in response to social demand. (Percentage)	DLI 9	0.00	5.00	10.00	20.00			30.00
Strengthening Good Regulatory Practices for evidence-based and predictable rulemaking (Number of ex ante and ex post impact assessments). (Number)	DLI 11	0.00	0.00	0.00	13.00	14.00		27.00

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Increasing the share of capital expenditure in total budget spending	Increase of the percentage of actual capital expenditure in total actual budget spending compared to 2020.	Annual	Audited financial statements issued by the Ministry of Finance.	Verification of the ratio of actual capital expenditure to total spending in audited financial statements for years 2023 and 2025 .	MoF.
Achieving progress towards Jordan's Nationally Determined Contributions (NDC) and Paris Agreement goals	Achieving the NDC goals has two dimensions, (a) tracking climate finance from government, non-government and private sources and (b) tracking GHG emissions, emission reduction and adaptation/resilience co-benefits from activities across sectors. This indicator will assess progress in establishing the climate finance governance systems, which enables monitoring, verification and reporting of Jordan's progress towards NDC goals, through public and private sector investments.	Annual	Ministry of Environment	GHG emission and climate finance data comes from relevant public and private sources into the MRV system. Tracking of progress towards climate finance governance system is tracked per the agreed roadmap	Ministry of Environment

Streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses	Savings in compliance costs for the private sector as a result of removing administrative barriers on business entry through the licensing and business registration reform	Annual	IBRS, Small sample business survey, used to support estim ates based on IFC standard cost model	Savings of costs for businesses calculated following the IFC standard cost model. Under this model, the estimates are derived using real data on business registration and licensing costs in Jordan. The baseline survey for business registration was conducted in 2019 (more than 100 firms surveyed), while for licensing in 2018 (more than 100 firms surveyed). The costs considered include official fees and other costs (e.g., hiring lawyers, accountants, consultants, travel costs, and other items that are necessary to complete official procedures), as well as the time spent by firms' staff to process the required business registration / licensing steps. Where there are	MoITS

				data gaps for specific licenses that will be eliminated/ streamlined in the PforR, the target is based on conservative assumptions and it will be important to apply consistent methodology and also collect further data during implementation to give a more accurate picture. In the Program M&E framework, the compliance costs saved by the private sector as a result of business registration and licensing reforms are presented on a cumulative basis. For example, if license has been abolished, all the companies that previously had to renew the license annually, now save the respective costs on an annual basis as well, throughout the program and beyond.	

Increasing accessibility and usability of statistical and administrative data	Increase in Jordan's ODIN Open Data score	Annual	Open Data Watch's Open Data Inventory (ODIN)	Jordan rating under ODIN.	Open Data Watch

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Improving the quality of public investment	Appraisal reports have been submitted for review by the Public Investment Management unit (and Public-Private Partnership unit regarding PPP projects) for all new large capital projects (above JOD 10 M) prior to their budgeting.	Annual	Project appraisal reports as disclosed by PIM and PPP units on the National Registry of Investment Projects.	Confirmed list of completed project appraisal reports	PIM and PPP units
Gender Responsive Public Investment management	The IRI measures improvement in the assessment of gender impact in the appraisal of large projects submitted to budgeting, explicitly identifying how proposed projects contribute to the GoJ target of increasing female labor force participation.	Once	National Registry of Investment Projects (NRIP).	Proportion of large projects appraised, in accordance to the appraisal methodology issued by MOPIC, as recorded by the PIM unit in the National Registry of Investment Projects.	MOPIC (PIM Unit).
Mainstreaming climate responsive capital expenditure in public investments towards Jordan’s NDC goals	Jordan's NDC (under Paris Agreement of 2015) includes US$542mn of government expenditure towards climate-responsive projects till 2030. This	Annual	MRV and Registry ststem	Climate Directorate, MoEnv will work with PIM Unit at MOPIC and relevant line ministries to ensure data is captured in the MRV	MoEnv and MOPIC

	indicator tracks progress towards this goal through the Monitoring, Reporting & Verification (MRV) system and GHG registry.			system	
Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment	a) The Parliament enacts the new Investment Law; (b) the Council of Ministers adopts the corresponding Bylaw addressing the investment window under the new Investment Law; and (c) JIC adopts and publishes the Investment Promotion Strategy for CY21-24, including investment-specific KPIs. New investment decisions announced to locate in Jordan per year, based on a published JIC annual report containing information about investments facilitated. Investment generated (10% increase over baseline).	Annual	JIC M&E framework and CRM system, JIC website, Official Gazette	Publication of legislation in the Official Gazette. The Investment Promotion Strategy published on JIC website. Confirmation that the annual report was produced and published on the JIC website. Investment Generated means the total actual monetary value reported by investors of investment in fixed assets (comprising of land, buildings, machinery, office equipment) in businesses that have commenced start-up, including re-investments/expansions by existing investors, that can be attributed in part to JIC's investment	JIC

				facilitation efforts.	
Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives	(a) the Council of Ministers approves a bylaw on non-fiscal investment incentives; and JIC establishes institutional arrangements for (i) granting of incentives and (ii) subsequent compliance monitoring with the conditions on which incentives were granted, including separate staffing and separate reporting/management lines (b) JIC produces and discloses an information (through an annual report) documenting the number of investments that were approved under the bylaw enacted under DLR 5.1(a), and disclosing how investments met the eligibility criteria for the investment incentives (c) Investment generated in	Annual	JIC M&E framework and CRM system, JIC website, Official Gazette	(a) Bylaw on non-fiscal investment incentives has been adopted and published in the Official Gazette. Confirmation that the institutional arrangements are put in place through a JIC instruction appointing the members of the two incentive committees. (b) Annual report produced and published by JIC. (c) Investment generated is defined in the M&E part of DLI 4.	JIC

	companies that received non-fiscal incentives				
Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment	Ministry of Tourism and Antiquities adopts and publishes a National Tourism Strategy, and Gender and Inclusion Project Plan, both developed in consultation with tourism associations MoTA revises and adopts three (3) bylaws identified in the Verification Protocol, including the Travel Agents and Tour Operators Bylaw No.114, to streamline and improve the tourism private sector enabling environment Number of tourists tracked through the management information system in the sites that increased expenditure and adopted improved management plans Tourist satisfaction (measured through	Annual	MoTA website , Official Gazette, Official budget execution documents, management information system, satisfaction surveys	National Tourism Strategy, and Gender and Inclusion Project Plan, are adopted and published on MoTA website; Necessary legislative amendments have been enacted and published on the Official Gazette; The data on number of tourists generated using the management information system is published on MoTA website. Tourist satisfaction surveys using a selected method (e.g., online apps, airport, in-sites, etc.).	MoTA

	satisfaction surveys), in the sites that increased expenditure and adopted improved management plan				
Implementing Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses	16 licenses abolished, 5 licenses simplified, and 3 licenses digitized according to the Verification Protocol Registration of 100 percent of new businesses is fully integrated, digital, paperless and contactless using the Integrated Business Registry System ("IBRS")	Annual	Official Gazette, IBRS, Small sample business survey	Amendments of licenses' legal framework have been enacted and published on the Official Gazette, as applicable to each license. A small sample (e.g. 5-10) business survey to ensure that the reform has been implemented for each license. Confirming through a report from the MoITS that the IBRS has been operational for at least 6 months and including statistical data from the IBRS on the newly registered business showing 100 percent digital registration, and broken down according to type of legal entity, and no other system is being used for business	MoITS

				registration. Confirmation that the IBRS is used as the single point of contact for applying to and processing licensing applications for three digitized licenses.	
Identifying private and non-government financing towards Jordan's NDC 2030 goals	Jordan NDC identifies investment of US$5.1billion for climate responsive projects. This indicator tracks progress towards mobilization of all private (non-Govt) investment for climate responsive projects towards the NDC goals. Mobilization is defined as secured, committed or identified.	Annual	Aggregate reports issued by MoEnv	Verified list of projects and associated climate financing in MRV system and Registry	Ministry of Environment
Improving access, quality and continuity of business and infrastructure services in response to social demand.	Improvement in service standards of selected business and infrastructure services across 20 public entities as a result of the implementation of service improvement plans including based on user feedback.	Annual	The National Registry of Government Services which provides information on service standards. It reflects user feedback on access, quality	Progress in service standards will be measured using a composite indicator consisting of weighed performance indicators documented in service cards (in accordance with the template appended to the 2019 Manual on the	Office of the Prime Minister.

			and continuity of services.	Development of Service Criteria and Indicators) which will be detailed in the Program Operational Manual and reported on by selected government entities on the registry. The composite indicator will incorporate process, output and outcome level indicators, including based on user feedback disaggregated by social groups (including gender). List of selected government entities: Ministry of Industry and Trade, Companies Control Department, Jordan Investment Commission, Jordan Securities Commission, Aqaba Special Economic Zone Authority, Department of Lands and Survey, Greater Amman Municipality, Jordan Customs, Income and Sales Tax Department, Ministry of	

				Public Works and Housing, Government Tenders Department, Housing and Urban Development Corporation, Ministry of Water and Irrigation, Water Authority of Jordan, Jordan Valley Authority, Ministry of Energy and Mineral Resources, Ministry of Transport, Transport Regulatory Commission, Ministry of Tourism and Antiquities, Government Procurement Department.	
Strengthening Good Regulatory Practices for evidence-based and predictable rulemaking (Number of ex ante and ex post impact assessments).	Number of regulatory impact assessments and ex post evaluations.	Annual	Website of Legislation and Opinion Bureau/Office of the Prime Minister (Institutional Development Unit) or to-be-established designated web-portal for	Confirmed list of published assessment and evaluation reports.	LOB/ Office of the Prime Minister (Institutional Development Unit)

			online public consultation		

Establishment and operationalization of Climate finance governance system for achieving Jordan’s NDC 2030 goals	The System comprising of policy/regulation, guidance notes, MRV system, registry, and center of excellence is fully established and operational	Annual	Annual report by the MoEnv of achievement of milestones	Implementation of components of the governance system	Ministry of Environment

ANNEX 2. DISBURSEMENT LINKED INDICATORS, DISBURSEMENT ARRANGEMENTS AND VERIFICATION PROTOCOLS

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Disbursement Linked Indicators Matrix				
DLI 1	Improving preparation and implementation of public investment			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Output	Yes	Text	37,500,000.00	6.17
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	No systematic appraisal or review process for large public investment projects			
Prior Results	DLR 1.1: MOPIC adopts a Project appraisal methodology to apply to all large PIP and PPP (over JD 10M) and publishes an updated Project concept note template to apply to all PIPs and PPPs, with detailed guidance on (a) public consultation and citizen engagement, (b) social and environmental assessment (disaggregated by social groups, including gender), (c) disclosure of information, and (d) assessment for climate responsive projects. DLR 1.2: The Office of the Prime Minister publishes in the Gazette Law No. 13 (2021) on Regulating the General Budget and Budgets of Government Units.		2,000,000.00	Pass/Fail. Time bound, i.e. by end of CY21. The DLR will disburse USD 1 M for the entering into force of the 2021 law number 13.

year 1	DLR 1.3: The PIM Unit within MOPIC completes a review of the pipeline of budgeted capital projects, informed by stakeholder consultations, and submits recommendations for efficiency gains to the inter-ministerial committee on government investment projects for approval.	1,500,000.00	Pass/Fail. Time bound, i.e. by end of CY22.
year 2	NA	0.00	NA
year 3	NA	0.00	NA
year 4	DLR1.4: The Ministry of Finance adopts and discloses a Medium-Term Fiscal Framework (MTFF) to be appended to the appropriation bill and submitted to Parliament for approval, in compliance with the 2021 Law on Regulating the General Budget and Budgets of Government Units.	4,000,000.00	Pass/Fail. The MTFF is to be updated every year, starting from year 2021..
Year 5	DLR 1.5: PIM Unit, in consultation with the General Budget Department, validates the total cost of completion of appraisal reports for projects with size exceeding JD 10,000,000 per project as consistent with regulatory requirements.	30,000,000.00	Scalable. DLR1.5. finances 50% of total cost of completion of appraisal reports of large projects on average. Not time bound.

DLI 2	Increasing the fiscal space for public investment			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Output	Yes	Text	168,750,000.00	16.04
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Actual capital expenditure in 2020 (sub-categories "Use of goods and services" and "Non financial assets": USD 641,043,723.			
Prior Results	NA		0.00	NA
year 1	NA		0.00	NA
year 2	NA		0.00	NA
year 3	NA		0.00	NA
year 4	NA		0.00	NA
Year 5	DLR 2.1: Increase in the GoJ’s actual capital expenditures in (a) goods and services, and (b) non-financial assets.		168,750,000.00	Scalable. DLR 2.1. disburses in proportion of increase in capex over 5 years in the limit of USD 500 M increase.

DLI 3	Mainstreaming climate responsive public investments towards Jordan’s NDC 2030 goals			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	62,500,000.00	
Period	**Value**		**Allocated Amount (USD)**	**Formula**

Baseline	0% verifiable progress in government capital expenditure towards NDC goals		
Prior Results	NA	0.00	NA
year 1	DLR 3.1: MOEnv issues an instruction under the Climate Change Bylaw of 2019 to include a definition and eligibility criteria for government capital expenditure for climate responsive projects, consistent with Jordan's NDC and the Paris Agreement of 2015 DLR 3.2: MOEnv demonstrates achievement of a cumulative increase in government capital expenditures in 2022-2025 budget towards NDC goals using the eligibility criteria for climate responsive projects published under DLR 3.1.	14,500,000.00	$3,500,000 by end of CY21 for DLR 3.1. $11,000,000 for achievement of 5% inc. in verifiable govt. CAPEX in CY22 under DLR3.2
year 2	DLR 3.2: MOEnv demonstrates achievement of a cumulative increase in government capital expenditures in 2022-2025 budget towards NDC goals using the eligibility criteria for climate responsive projects published under DLR 3.1.	11,000,000.00	$11,000,000 for the cumulative achievement of 10% increase in verifiable government capital expenditures towards NDC goals in CY23
year 3	DLR 3.2: MOEnv demonstrates achievement of a cumulative increase in government capital expenditures in 2022-2025 budget towards NDC goals using the eligibility criteria for climate responsive projects published under DLR 3.1.	11,000,000.00	$11,000,000 for the cumulative achievement of 20% increase in verifiable government capital expenditures towards NDC goals in CY24
year 4	DLR 3.3: Based on the recommendation of the PPP unit at the PMO, the relevant contracting authorities sign contracts for three climate	15,000,000.00	$5,000,000 per each NRIP-registered PPP for which procurement contract has been

	responsive Public-Private-Partnership (PPP) projects registered in the National Registry of Investment Projects (NRIP)		signed, up to the maximum of $15,000,000
Year 5	DLR 3.2: MOEnv demonstrates achievement of a cumulative increase in government capital expenditures in 2022-2025 budget towards NDC goals using the eligibility criteria for climate responsive projects published under DLR 3.1.	11,000,000.00	$11,000,000 for the cumulative achievement of 25% increase in verifiable government capital expenditures towards NDC goals in CY25.

DLI 4	Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	Yes	Text	23,000,000.00	4.60

Period	**Value**	**Allocated Amount (USD)**	**Formula**
Baseline	The investment policy, regulatory and promotion framework suffers from certain weaknesses and gaps, including the need to sharpen the focus of JIC's investment promotion and investor-servicing mandate and strengthen the systems used for implementation		
Prior Results	NA	0.00	NA
year 1	DLR 4.1: To implement the new investment framework: (a) the Council of Ministers adopts a bylaw addressing the investment window under the new Investment Law to be enacted; and (b) JIC adopts and publishes the Investment Promotion Strategy for CY21-24, including	5,000,000.00	DLR 4.1: Pass / fail ($5mn). By CY22.

	investment-specific KPIs		
year 2	DLR 4.2: JIC publishes on its public website, on an annual basis, achievement levels for selected KPIs contained in the Investment Promotion Strategy for CY21-24 which address targeted investment promotion activities, operationalizing the monitoring and evaluation (M&E) framework, and customer relationship management (CRM) system	4,000,000.00	DLR 4.2: Pass/fail ($4mn). By closing date.
year 3	N/A	0.00	N/A
year 4	N/A	0.00	N/A
Year 5	DLR 4.3: New investment decisions announced to locate in Jordan per year, based on a published JIC annual report containing information about investments facilitated	14,000,000.00	Annual payment of $2mn for maintaining baseline of 252; additional $2mn for 5% increase; and $2mn for 10% increase above baseline.

DLI 5	Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	14,000,000.00	2.80
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Non-fiscal investment incentives have been budgeted to better target investor attraction efforts following the streamlining of tax and			

	customs exemptions. However, to progress to an effective implementation and foster the attraction of quality investments, the regulations should specify clear policy objectives for the incentives they authorize; stipulate how investors may qualify for incentives based on pre-defined, transparent non-discriminatory and SMART eligibility criteria.		
Prior Results	NA	0.00	NA
year 1	DLR 5.1: To implement the new investment incentives policy: (a) the Council of Ministers approves a bylaw on non-fiscal investment incentives; and (b) JIC establishes institutional arrangements for (i) granting of incentives and (ii) subsequent compliance monitoring with the conditions on which incentives were granted, including separate staffing and separate reporting / management lines	8,000,000.00	DLR 5.1: Pass / fail ($8mn). By CY22.
year 2	N/A	0.00	N/A
year 3	N/A	0.00	N/A
year 4	N/A	0.00	N/A
Year 5	DLR 5.2: JIC publishes an annual report on the implementation of the Bylaw enacted under DLR 5.1(a), including the number of investment incentives approved and disclosing how each investment met the eligibility criteria for the	6,000,000.00	DLR 5.2: Starting in CY23, annual payment of $2mn for each report produced and published. By closing date.

	investment incentives			

DLI 6	Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	44,500,000.00	8.90
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Tourism potential is held back by a fragmented approach to sector development, regulatory constraints affecting private sector, underperforming public assets, which are being exacerbated by the COVID-19 impacts			
Prior Results	NA		0.00	NA
year 1	DLR 6.1: Ministry of Tourism and Antiquities (MoTA) adopts and publishes a National Tourism Strategy, and Gender and Inclusion Project Plan, both developed in consultation with sector associations		6,000,000.00	DLR 6.1: Pass / fail ($6mn). By CY21.
year 2	DLR 6.2: MoTA revises and adopts three (3) bylaws identified in the Verification Protocol, including the Travel Agents and Tour Operators Bylaw No. 114, to streamline and improve the tourism private sector enabling environment		12,000,000.00	DLR 6.2:$4mn per bylaw. By closing date.
year 3	DLR 6.3: MoTA strengthens its strategic and operational planning activities by operating a		6,000,000.00	DLR 6.3: Pass / fail ($6mn). By closing date.

	new comprehensive management information system, which includes data on tourism establishments, sites, projects, visitors and income		
year 4	N/A	0.00	N/A
Year 5	DLR 6.4: MoTA increases expenditures going to tourism sites that have adopted an improved management plan, which includes protection of environment and restoration of cultural heritage sites	20,500,000.00	DLR 6.4: Formula:Disbursement= [Annual expenditure on selected sites] times 2. Up to a maximum of $8mn per year starting in CY22.

DLI 7	Implementing the Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	38,500,000.00	7.70
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Business registration processes and licensing regime entails significant costs, which creates barriers to formalization and to market entry, and undermines private investment			
Prior Results	N/A		0.00	N/A
year 1	N/A		0.00	N/A
year 2	N/A		0.00	N/A

year 3	DLR 7.1: Registration of 100 percent of new businesses is fully integrated, digital, paperless and contactless using the Integrated Business Registry System ("IBRS")		8,500,000.00	DLR 7.1: Pass / fail ($8.5mn). By closing date.
year 4	N/A		0.00	N/A
Year 5	DLR 7.2: MoITS reduces compliance time and costs for businesses by (a) abolishing 16 licenses; (b) simplifying 5 licenses; and (c) digitizing 3 licenses through IBRS		30,000,000.00	DLR 7.2: $1,25mn per each license abolished, simplified or digitized. By closing date.
DLI 8	Identifying climate responsive private and non-government financing towards Jordan's NDC 2030 goals			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	32,500,000.00	
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	0% verifiable reporting towards NDC goals of private and non-government financing goal of US$5.1billion (2016-2030)			
Prior Results	NA		0.00	NA
year 1	DLR 8.1: MOEnv issues an instruction under the Climate Change Bylaw of 2019 to include a definition of private and non-government financing for climate responsive projects towards with Jordan's NDC under the Paris Agreement of 2015. DLR 8.2: MOEnv issues Green Bonds		7,500,000.00	Pass/Fail. $2,500,000 for DLR 8.1 and $5,000,000 for DLR 8.2 by the end of CY21

	Guidelines		
year 2	DLR 8.3: MOEnv, jointly with MOPIC and MOF, publishes a COM-approved 2030 climate investment pipeline and mobilization plan	5,000,000.00	Pass/Fail. $5,000,000 by the end of CY22
year 3	DLR 8.4: MOEnv confirms increase in verifiable reporting of private and non-government financing towards NDC goals.	10,000,000.00	$10,000,000 for the cumulative achievement of 5% increase in verifiable reporting of non-govt capex towards NDC goals in CY23
year 4	DLR 8.4: MOEnv confirms increase in verifiable reporting of private and non-government financing towards NDC goals	5,000,000.00	$5,000,000 for the cumulative achievement of 15% increase in verifiable reporting of non-govt capex towards NDC goals in CY24
Year 5	DLR 8.4: MOEnv confirms increase in verifiable reporting of private and non-government financing towards NDC goals	5,000,000.00	$5,000,000 for the cumulative achievement of 25% increase in verifiable reporting of non-govt capex towards NDC goals in CY25

DLI 9	Improving access, quality and continuity of business and infrastructure services in response to social demand			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	Yes	Text	15,000,000.00	1.92
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	To be established from year one in the National registry of public services to be launched by the Prime Minister's Office, as soon as service cards are captured in the National registry.			

Prior Results	NA	0.00	NA
year 1	DLR 9.1: The Office of the Prime Minister: (a) deploys the National Registry of Government Services (NRGS) with technical support from the Ministry of Digital Economy and Entrepreneurship; and (b) discloses service cards, standards and indicators (in accordance with the 2019 Manual on Developing Service criteria and indicators approved by the Prime Minister) for investment and infrastructure services.The DLR will disburse USD 1 M upon completion of the deployment of the registry as an IT platform across selected government entities and USD 100,000 upon public disclosure of their service cards by each selected ministry, department and agency providing investment and infrastructure services, up to a maximum disbursement of US$ 3,000,000.	3,000,000.00	Pass/Fail.
year 2	NA	0.00	NA
year 3	NA	0.00	NA
year 4	NA	0.00	NA
Year 5	DLR 9.2: : Enhancement of service standards and indicators for selected investment and infrastructure services as a result of the implementation of service improvement plans approved by the Office of Prime Minister. The DLR will disburse US$ 1,000,000 on the	12,000,000.00	Scalable. DLR 9.2. disburses USD 1 M for each 5 percentage points (pp) improvement in service standards.

	achievement of 5 percentage points increase in service standards under each service improvement plan adopted and implemented by selected government entities, up to a maximum disbursement of US$ 12,000,000.			
DLI 10	Increasing accessibility and usability of statistical and administrative data			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	Yes	Text	22,500,000.00	5.48
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	Jordan ODIN Open Data score in 2021: 53			
Prior Results	NA		0.00	NA
year 1	DLR 10.1: Cabinet approves National Statistics Roadmap with components on (i) more transparent, efficient and effective GoJ regulatory role, (ii) DOS capacity building for methodologies, processes and internal organizational structure, (iii) assessment of methodologies and datasets.		2,500,000.00	Pass/Fail
year 2	NA		0.00	NA
year 3	NA		0.00	NA
year 4	NA		0.00	NA
Year 5	DLR 10.2: Jordan's ODIN Open Data Score		20,000,000.00	Scalable. DLR 10.2. will disburse USD

	improves to at least 73.			1,000,000 for each point of improvement in the Open Data Score from a baseline of 53..
DLI 11	Implementing and strengthening good regulatory practices for evidence-based and predictable rulemaking			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Output	No	Text	15,000,000.00	1.92
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	No systematic use of impact assessment and public consultation informing policy proposals. No systematic monitoring and oversight over the quality of impact assessments and public consultations			
Prior Results	DLR 11.1: Prime Minister of Jordan issues a Memorandum on Legislative Data (November 22, 2020).		500,000.00	Pass/fail
year 1	DLR 11.2: The GOJ issues amendments to the current Regulatory Impact Assessment Guidelines to ensure they include guidance for: (a) ex-post evaluation of legislation; and (b) the targeting and proportionality of Regulatory Impact Assessments to ensure appropriate targeting and proportionality of the assessments, and consideration of potential gender differentiated impacts.		1,000,000.00	Pass/fail. $500,000 for each guideline issued by June 30, 2022 up to a maximum of $1,000,000.
year 2	NA		0.00	N/A

year 3	DLR 11.3: Government of Jordan publishes at least 8 ex-ante impact assessments and at least 5 ex post evaluations of legislative instruments in compliance with the guidelines issued under DLR 11.2.	4,550,000.00	Scalable. $350,000 for each ex-ante impact assessment and ex post evaluation, up to the max of $4,550,000, by the end of CY24.
year 4	DLR 11.4: Government of Jordan issues a legislative instrument at the level of a bylaw or above formalizing Good Regulatory Practices (GRP) across Government agencies based on lessons learned from ex-ante impact assessments and ex-post evaluations conducted under DLR 11.3, and consistent with international good practices.	4,050,000.00	Pass / fail. By the end of CY24.
Year 5	DLR 11.5: Government of Jordan publishes at least 9 ex-ante impact assessments and at least 5 ex post evaluations of legislative instruments in compliance with new GRP legislative instrument enacted under DLR11.4.	4,900,000.00	Scalable. $350,000 for each ex ante impact assessment and ex post evaluation, up to the max of $4,900,000. By the end of CY25.

DLI 12	Establishing and operationalizing a climate finance governance system for achieving Jordan’s NDC 2030 goals			
Type of DLI	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Intermediate Outcome	No	Text	25,000,000.00	
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	No climate finance governance system. Climate Change By-Law of 2019 has created enabling environment for establishment and			

	operationalization of the same.		
Prior Results	NA	0.00	NA
year 1	DLR 12.1: Council of Ministers approves the updated National Climate Change Policy DLR 12.2: MOEnv deploys MRV system in target government agencies and adopts a roadmap for operationalizing Climate Finance Governance System	7,000,000.00	Pass/fail. $1,000,000 for DLR 12.1. $6,000,000 for DLR12.2. By the end of CY21
year 2	DLR 12.3: MOEnv operationalizes National GHG Registry and launches one carbon market transaction	5,000,000.00	Pass/fail. $5,000,000 by the end of CY22
year 3	DLR 12.4: MOEnv establishes and operationalizes Climate Change Center of Excellence	5,000,000.00	Pass/fail. $5,000,000 by the end of CY23
year 4	DLR 12.5: MOEnv adopts and operationalizes Climate Finance Governance System including a citizen engagement action plan and a Gender and Climate Change Strategy 2030	5,000,000.00	Pass/fail. $5,000,000 by the end of CY24
Year 5	DLR 12.6: MOEnv publishes a progress report including the 2030 Climate Financing Plan and 2050 Long-Term LED Strategy	3,000,000.00	Pass/Fail. $3,000,000 by the Closing Date

Verification Protocol Table: Disbursement Linked Indicators	
DLI 1	Improving preparation and implementation of public investment
Description	DLI 1 incentivizes and finances the appraisal of large projects (above JOD 10 M) prior to their budgeting, in compliance with the PIM/PPP legal and policy framework. For that purpose, it supports as a prior result the adoption of an appraisal methodology based on public consultation, environmental and social impact assessments and the evaluation of climate responsiveness of projects. According to the PIM by-law to be approved by cabinet, appraisal reports will be reviewed by the PIM unit (and PPP unit regarding PPPs) and inform the decision of the inter-ministerial committee tasked with project selection and prioritization. It finances the completion of a review of the portfolio of ongoing capital projects by the PIM Unit. It also supports the enforcement of the PIM/PPP legal and policy framework through the incorporation of PIM related provisions in the budget circular (including to confirm the requirement that all capital projects submitted for budgeting be selected by the Inter-ministerial project committee on recommendation from the PIM unit (and PPP unit when it comes to PPP projects). Last, it acknowledges the adoption of the 2021 law on Regulating the General Budget and Budgets of Government Units and supports its implementation through the adoption and disclosure of a Medium-Term Fiscal Framework every year in compliance with legal provisions.
Data source/ Agency	DLR 1.1. MOPIC (PIM Unit) DLR 1.2. MOF DLR 1.3. MOPIC (PIM Unit) DLR 1.4. MOF (General Budget Department) DLR 1.5. MOPIC (PIM Unit) and Prime Minister Office (PPP Unit)
Verification Entity	Audit Bureau
Procedure	DLR 1.1. Verification of issuance by MOPIC by end of CY21 of appraisal methodology with provisions specifying the method to be followed for 1) social and environmental assessments, including risk mitigation strategies for land acquisition (disaggregated by social groups, including gender), 2) total project lifecycle cost analysis, 3) climate co-benefit assessment; 4) public consultation and citizen engagement, and 5) information disclosure. The DLR will disburse USD 1 M on achievement of the result. DLR 1.2. Verification of publication of 2021 law on Regulating the General Budget and Budgets of Government Units in the official gazette by end of CY21. The DLR will disburse USD 1 M on achievement of the result. DLR. 1.3. Verification of publication of portfolio review report by PIM unit on MOPIC portal by end of CY22. The ToRs and quality of the portfolio review will be such that the report can inform government decisions on improving portfolio

	management: at the minimum, the portfolio review will focus on capital project management implementation bottlenecks and inefficiencies, such as cost efficiency and overruns and implementation delays and make recommendations on how to address underlying factors, as well as social and environmental aspects, including land acquisition. DLR 1.4. Verification of a Medium-Term Fiscal Framework (MTFF) appended to the appropriation bill submitted to Parliament for approval, in compliance with the 2021 Public Finance Management Law. The DLR disburses USD 800,000 per MTFF appended to the appropriation bill and publicly disclosed on verification that it contains adequate information in compliance with the law, i.e. 1) a macro-economic forecast; 2) revenue and expenditure estimates for three years; 3) grants and loans estimates, i.e. debt; 4) the fiscal impact of policy measures on revenue and expenditure; 5) a fiscal strategy; 6) reconciliation of macro-economic and fiscal indicators (for internal consistency). DLR 1.5. Verification of total cost estimate by PIM unit of completed appraisal reports reviewed by PIM unit before project selection for budgeting. The DLR will disburse 55% of cost incurred to the budget in 2021, 50% in 2022, 45% in 2023, 40% in 2024 and 35% in 2025 in the limit of USD 30 M.
DLI 2	Increasing the fiscal space for public investment
Description	DLI 2 supports the increase of actual amount of two sub-categories of capital expenditure, i.e. "goods and services" and "non financial assets" compared to 2020, to the exclusion of large projects entailing significant social and environmental impact or procurement transactions above the thresholds, according to article 10 of the PforR policy.
Data source/ Agency	MOF monthly bulletin on budget execution. Final validation using annual audited financial statement issued by MOF.
Verification Entity	Audit bureau
Procedure	Verification of data provided in July and January monthly bulletin on budget execution and final validation of annual data in audited financial statement. Only capital expenditure categorized as "Use of goods and services" (budget classification 2211, 2121, 2211, 2511, 2821) and "non financial assets" (under the budget classification 3111, 3112, 3122, 3141) will be taken into account for calculating the increase of capital expenditure, to the exclusion of large projects entailing procurement transactions above the thresholds, and projects with activities likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, in accordance with the PforR policy. This includes significant risks pertaining to land acquisition. The DLR will disburse pro rata to the increase in actual capital expenditure (in the two sub-categories) based on the following formula: it will finance 55% of the increase observed in 2021, 50% of it in 2022, 50% of it in 2023, 45% of it in 2024

	and 40% of it in 2025, in the limit of USD 150 M and with a cap of USD 150 M increase in capital expenditure per year
DLI 3	Mainstreaming climate responsive public investments towards Jordan's NDC 2030 goals
Description	DLI 3 focuses on mainstreaming capital expenditure (CAPEX) for climate-responsive investments towards 2030 NDC under the Paris Agreement goals. Climate mainstreaming is at three levels: (i) objective-setting and tracking for the overall budget; (ii) design and implementation of specific funding instruments; and (iii) project-level monitoring, reporting and evaluation. The estimated total cost for achieving the NDC goals is over US$5.5billion, from which GoJ states that US$542 million is secured by its own means (by 2030). This DLI will enable the government to maintain and demonstrate progress towards the government capex of US$542 million for achieving the NDC goal using the Monitoring, Reporting & Verification (MRV) and GHG Registry system.
Data source/ Agency	Ministry of Environment
Verification Entity	Audit bureau
Procedure	DLR 3.1: Verification of instruction issued by MOEnv under the Climate Change by-law 2019 establishing definitions of climate-responsive projects and eligibility criteria for climate responsive capital expenditure and publication of the eligibility criteria and definition on Ministry of Environment's website. DLR 3.2: Verification of annual progress report from the MRV system issued by MOEnv. Each annual report will include information on climate-responsive projects financed from government budget (FY22-25), climate benefits and actual financing. Starting at a baseline of 0% (as of date) in government "own means' capital expenditure recorded in the MRV system, the DLI records progress towards the goal of US$542million (to be achieved by 2030). This DLI will record cumulative progress in the MRV system, between January 2022 and December 2025, of eligible govt. CAPEX (as established in DLR3.1). The final result is demonstration of 25% cumulative progress, which is at least US$135million in eligible govt. CAPEX during 2022-25. Annual estimated breakdown is as follows, US$27million or 5% progress recorded by end of CY22; US$27million or 5% additional progress recorded by end of CY23; US$54million or 10% additional progress recorded by end of CY24 and; US$27million or 5% additional progress recorded by end of CY25. DLR 3.3: Verification of signed contract for each climate-responsive PPP projects, ensuring exclusion of Projects with activities likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people are not eligible for the PforR Financing, and are excluded. This includes significant risks pertaining to land acquisition.

	All instructions and reports shall also be published on MOEnv website. All instructions and reports shall also be published on MOEnv website.
DLI 4	Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment
Description	DLI4 supports the implementation of the new investment framework and continued strengthening of JIC's capacity, management, instruments and systems. JIC will have a straightforward mandate to emphasizing the investment promotion role rather than regulatory functions and will have a limited number of mandates assigned to it. JIC will be the lead coordinator across the public and private sectors to achieve a holistic national approach to the attraction and retention of investment, based on KPIs anchored in Investment Promotion Strategy
Data source/ Agency	JIC
Verification Entity	Audit Bureau
Procedure	DLR 4.1: (i) Verification from the Bank that the Bylaw meets good practice principles (the good practice principles for the investment law / bylaws are developed by the WBG in the form of an Approach Note and Guidance Note) and that it has been approved and published in the Official Gazette; and (ii) Verification from the Bank that the Investment Promotion Strategy meets good practice principles (the good practice principles for the Investment Promotion Strategy are developed by the WBG in the form of an Approach Note and Guidance Note) and that it was adopted and published on JIC website. DLR 4.2: Verification that the approved Investment Promotion Strategy has been published on JIC website, and includes an M&E framework section with the list of KPIs outlined below (together with their baseline and target values); that the first annual report to monitor progress on Strategy is published on JIC public website, and that it provides an update on the Investment Promotion Strategy implementation and up to date achievement of the KPIs (this needs to happen one full year after the approval of the Investment Promotion Strategy); and that the CRM system is operational through an active subscription for JIC users (mid 2023). The annual report produced by JIC includes KPIs selected from its M&E framework and recorded from its CRM system [to be updated and increase the number of users] showing progress on meeting the investment-related KPIs contained in the Investment Promotion Strategy for CY21-24. The KPIs are: • Investment generated. Investment Generated (IG) means the total actual monetary value reported by investors of investment in fixed assets (comprising of land, buildings, machinery, office equipment) in businesses that have commenced start-up, including re-investments/expansions by existing investors, that can be attributed in part to

	JIC's investment facilitation efforts. • Investors' capital invested in JIC-assisted projects during year, in JD (broken down by: first-time-investors; existing investors; governorate; sector). Investors' Capital means the actual monetary value of the investors' own capital invested in equity capital in businesses that have commenced start-up, including re-investments/expansions by existing investors, that can be attributed in part to JIC's investment facilitation efforts. • Government funds provided to JIC-assisted projects during year, in number and JD (broken down into: those that received non-fiscal incentives (grants); did not receive incentives; first-time investors) • New jobs in JIC-assisted investors' projects created during year, in number (broken down by: nationality (Jordanian; Non-Jordanian); First-time investors; Sector; Gender; Governorate). • Investment decisions announced to locate in Jordan, in number (broken down by: first-time investors; existing investors; sector) • Active investment projects supported by JIC, in number (broken down by: first-time investors; existing investors; sector; governorate) • Qualified investment leads generated ("potential investors"), in number (broken down by: sector; source geographic market) • Investor inquiries responded to by JIC, in number (broken down by: sector; source geographic market) • JIC participation at overseas and domestic events, in number (broken down by: sector; target geographic market) • Visits made to local subsidiaries / branches of existing investors, in number (broken down by: first-time visits; repeat visits; sector; governorate) DLR 4.3: Verification that (a) the annual report published on the JIC website as per DLR 4.2 contains the relevant KPI on announced investment decisions; and (b) that the CRM system includes relevant documentation coming from the Investment Window on this KPI. The baseline for CY21 was calculated as the average number of announced investment decisions for the years 2018-2020, which reflects applications to the JIC for investment facilitation services.
DLI 5	Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives
Description	Non-fiscal investment incentives have been budgeted to better target investor attraction efforts following the streamlining of tax and customs exemptions. DLI5 supports the implementation of actions necessary to progress to an effective

	implementation of non-fiscal investment incentives policy and foster the attraction of quality investments, including the Bylaw specifying clear policy objectives for the incentives they authorize; stipulating how investors may qualify for incentives based on pre-defined, transparent non-discriminatory and SMART eligibility criteria; etc.
Data source/ Agency	JIC
Verification Entity	Audit Bureau
Procedure	DLR 5.1: (a) Verification by the Bank that Bylaw on investment incentives meets good practice principles (the good practice principles for the bylaw are developed by the WBG in the form of an Approach Note and Guidance Note) and has been approved and published in the Official Gazette; (b) Verification that the institutional arrangements are put in place through a JIC instruction appointing the members of the two incentive committees, one dealing with (i) granting of incentives and the other with (ii) compliance monitoring with the conditions on which incentives were granted. DLR 5.2: Verification that the report published by JIC documents the number of investments that were approved under the bylaw enacted under DLR5.1 and gives the breakdown showing how the the eligibility criteria were met (indicatively, these would include the breakdowns by size, sector, governorate).
DLI 6	Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment
Description	At the heart of tourism sector challenges in Jordan is a fragmented sector approach and need to better develop and manage sites. DLI6 supports the adoption and implementation (through consultation with private sector) of the National Tourism Strategy and the Gender and Inclusion Project Plan (directly linked to the Strategy) and reform of sector-specific bylaws that will have an immediate positive impact and help increase competition in the sector, ease the entry and streamline regulation. Also, it is of critical importance to improve sites and their management and monitoring. The support under DLI6 is designed to incentivize increasing expenditures to maintenance and upgrading of tourist sites with an adopted management plan and/or SOP aligned with ESA compliance.
Data source/ Agency	MoTA
Verification Entity	Audit Bureau
Procedure	DLR 6.1: Verification that the National Tourism Strategy, and Gender and Inclusion Project Plan, were developed in consultation with sector associations / private sector though providing minutes and attendees of consultations; and that

	they have been adopted and published on MoTA website. DLR 6.2: Verification by confirming the revised Bylaws have been approved and published in the Official Gazette. The Bylaws to be revised are: (i) Travel Agents and Tour Operators Bylaw No.114. The regulation should be revised to reconsider business classification, registration fees, and requirements on minimum capital, employment conditions and minimum office space; (ii) 2 further bylaws and their specific provisions that would be revised to be agreed in consultation with sector associations/ private sector through the National Tourism Council with record of consultation minutes and attendees. Indicative list could include: Hotels and Tourist Establishments By-law; Restaurants Association By-law; Tour Guide Services By-law. If there will be a phase-in of changes in the bylaw then the disbursement will only take place once it comes into full effect. DLR 6.3: Verification through the publication on the MoTA website of the key indicators collected through the Management Information System. Key indicators are: Tourism Arrivals: • # of tourist arrivals globally/year • # of tourist arrivals per month • # of tourist arrivals per nationality • # of tourist arrivals by border entry point • # of tourists per purpose (cultural/medical/MICE etc.) • # of overnight tourists • # of day visits • # of LLC passengers • # of cruise passengers Tourism Revenues: • Total revenues/year • Average revenue/tourist/year • Average length of stay • Hotel occupation rates (Amman, Dead sea, Petra, Aqaba) • Revenues from Jordan Pass/year/gender/nationality Tourism Establishments:

	• Total # of tourism establishments/year • # of establishments per segment (e.g. hotels, restaurants etc.) • # of establishments per governorate • Licensing details (details of establishment (commercial name, address, owner details, date of initial license, date of renewals, etc.); • Inspection details (date of latest inspection, Warnings/closures/compliance details) Domestic Tourism (Urdunna Jannah) • # of tourists/month/year • # of trips/day • # of participating establishments (restaurants, hotels, camps etc.) • # of transportation vehicles utilized • # of tourist per governates • Budget – planned Vs actual Employment: • Employees per year (globally) • # of tourism employees per segment (hotels, restaurants, camps etc.) • # of tourism employees per governorate • Gender spilt (male/female) of employees per segment and per governorate • Nationality split (Jordanian/Non-Jordanian) per segment and per governorate Sites: • #visitors/site e.g. Petra (where available) • Site management plans • Investment opportunities • Site improvement plans (status: Green/Amber/Red) • Customer Satisfaction rating (where possible) Projects: • Project Cards/Plans • Project Status (Green/Amber/Red)

	DLR 6.4: Verification based on annual budget execution documents from MoTA/MoF, listing recurrent and capital expenditures that have been made in those sites that have adopted an improved management plan. The sites should be among those registered with MoTA (including the Department of Antiquities), but excluding UNESCO World Heritage Sites. The management plan for a given site should be aligned with the Standard Operating Procedures (SOP) and Guidelines that is under development in MoTA, and should have been publicly consulted (with stakeholders including seasoned archeological experts) and comply with ESSA prior to adoption. In terms of the content, the management plan should be aligned with the SOP that is being rolled out in the Amman Citadel site, including details on personnel, maintenance and investments to be deployed to the site.
DLI 7	Implementing the Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses
Description	Business registration processes and licensing regime entails significant costs, which creates barriers to formalization and to market entry, and undermines private investment. Sectoral licensing reform program was approved by the Cabinet of Ministers in 2019. DLI 7 supports and incentivizes streamlining and digitizing business registration and licensing in Jordan, with an aim to reduce time and costs for business to comply with registration and licensing, reducing barriers to formalization and to market entry, and fostering private investment
Data source/ Agency	MoITS
Verification Entity	Audit Bureau
Procedure	DLR 7.1: Verification that the legal amendments to implement the IBRS (which are part of the PAP) have phased out paper-based registration, together with a report from the MoITS confirming that the IBRS has been operational for at least 6 months and a summary from the IBRS system showing 100 percent digital registration. This should include statistical data from the IBRS on the newly registered business, broken down according to type of legal entity. The volumes of legal entities registered in the verification year will be compared with previous years to ensure the figures are consistent and within acceptable range, i.e. they do not indicate a clear underutilization of the IBRS. DLR 7.2: As per the 2019 CoM decision, the list of sectoral licenses to be abolished correspond to: bookshops (1), sports centers (1), cultural centers (1), and tourism (5 licenses: Travel agents and tour operators; Accommodation providers; Touristic restaurants & entertainment centers; Handicrafts shops; Guest houses). Licenses to be simplified are for: schools (1), kindergarden, and food (3 licenses: Food manufacturing (i.e. factories); Food storage facilities; Food handling facilities).

	The additional 8 licenses to be abolished will be identified in a COM decision expected in 2022 (this action is in the PAP). The verification of whether a license has been simplified or abolished is conducted by confirming that the respective Laws and/or Bylaws were enacted or discontinued and this has been published on the Official Gazette, as applicable to each license. If there will be a phase-in of changes in the Law / Bylaw then the disbursement will only take place once it comes into full effect. A small sample (e.g. 5-10) business survey for each license to ensure that the reform has been implemented. Verification by the Bank will confirm that the content of the legislative amendments is aligned with the following principles in the Licensing Reform Policy Paper adopted by COM in January 2019: • For licenses to be abolished, these principles should include: the business can start its operations without a prior approval from the respective sectoral ministry/agency. The respective law and secondary legislations should remove reference to the license or any equivalent form of pre-approval. In the case where the ministry/agency may require the business to submit a notification of operation in lieu of the abolished license, such notification should be a one-way communication, i.e. the business is not required to wait for feedback from the ministry/agency on whether or not they can operate. • For licenses to be simplified, the simplified licensing system should not require annual renewal. The sectoral ministry/agency shall act as the single point of contact for the business applying to the licenses. The license shall adopt The Once Only Principle, which entails that businesses provide diverse data and documents only once in contact with the single point of contact. Set and publish clear and binding time limits for getting the necessary approvals. For digitized licenses, the verification is by confirming that the IBRS is used as the single point of contact for applying to and processing licensing applications for three licenses. The 3 licenses to be digitized can be a subset of the 5 simplified licenses.

DLI 8	Identifying climate responsive private and non-government financing towards Jordan’s NDC 2030 goals
Description	DLI 8 tracks progress of private sector and non-government financing towards NDC goals. This includes definition of non-government financing that would be eligible, issuance of green/climate bonds guidelines and, development of climate investment pipelines with improved reporting through the MRV system to ensure verifiable result. The DLI will support the GoJ to record, identify or secure climate investments towards private and non-government financing towards the 2030 NDC goals.

Data source/ Agency	Ministry of Environment
Verification Entity	Audit bureau
Procedure	DLR 8.1: Verification of notification issued by MOEnv under the Climate Change by-law 2019 establishing definitions of private and non-government financing for climate-responsive projects DLR 8.2: Verification of issuance of green bonds guidelines by MOEnv under the Climate Change By-law 2019 DLR 8.3: Verification of publication of 2030 climate investment pipeline by MOEnv DLR 8.4: Verification of annual progress report by MOEnv on private sector and non-government financed projects using the MRV system. The progress report will include projects, actual amounts of financing and climate benefits. Starting at a baseline of 0% (as of January 2016) in private sector and non-GOJ expenditure recorded in the MRV system, the DLI records progress towards the goal of US$5.1billion (to be achieved by 2030). DLR 8.4 will record cumulative progress in the MRV system, between January 2016 and December 2025, of private and non-GOJ financing (as defined in DLR8.1). The final result is demonstration of 25% cumulative progress, which is at least US$1.25billion, during 2016-25. Annual estimated breakdown is as follows, US$250million or 5% progress recorded by end of CY23; US$500million or 10% additional progress recorded by end of CY24 and; US$500million or 10% additional progress recorded by end of project. All notifications, guidelines and reports shall be published on MOEnv website.
DLI 9	Improving access, quality and continuity of business and infrastructure services in response to social demand
Description	DLI 9 supports the operationalization of policy tools recently adopted by the GoJ to improve service delivery, namely the National Registry of Government Services which will provide information on service standards and service improvement plans to be rolled out under the aegis of the Office of the Prime Minister. These tools are completed by the "At Your Service" (Bekhedmetkom) platform, which captures citizen feedback on service delivery and has been effectively leveraged during the COVID crisis as a communication tool between the state and the citizens; regular user satisfaction surveys; and Citizen Service Centers (CSCs) where citizens and the private sector can avail a range of administrative services.
Data source/ Agency	Prime Minister's Office. Service standards are reported on in the National Registry of Government services (NRGS) including based on user surveys.
Verification Entity	Audit bureau
Procedure	DLR 9.1: The Audit bureau will verify that the IT platform has been deployed across the 20 following government entities (see list below) based on a progress report submitted by the Office of the Prime minister and that those entities have

	publicly disclosed on the registry (NRGS) service cards for 3 to 5 of the main investment and infrastructure services they are providing. The DLR will disburse USD 1 M upon completion of the deployment of the registry as an IT platform across selected government entities and USD 100,000 upon public disclosure of their service cards by each selected ministry, department and agency providing investment and infrastructure services, up to a maximum disbursement of US$ 3,000,000. List of selected government entities: Ministry of Industry and Trade, Companies Control Department, Jordan Investment Commission, Jordan Securities Commission, Aqaba Special Economic Zone Authority, Department of Lands and Survey, Greater Amman Municipality, Jordan Customs, Income and Sales Tax Department, Ministry of Public Works and Housing, Government Tenders Department, Housing and Urban Development Corporation, Ministry of Water and Irrigation, Water Authority of Jordan, Jordan Valley Authority, Ministry of Energy and Mineral Resources, Ministry of Transport, Transport Regulatory Commission, Ministry of Tourism and Antiquities, Government Procurement Department. DLI 9.2: Progress in service standards will be measured using a composite indicator consisting of weighed performance indicators documented in service cards (in accordance with the template appended to the 2019 Manual on the Development of Service Criteria and Indicators) which will be detailed in the Program Operational Manual and reported on by selected government entities on the registry. The composite indicator will incorporate process, output and outcome level indicators, including based on user feedback disaggregated by social groups (including gender). The audit bureau will verify progress reported on the registry by selected government entities using the composite indicator after prior validation by the Office of the Prime Minister. The DLR will disburse US$ 1,000,000 on the achievement of 5 percentage points increase in service standards under each service improvement plan adopted and implemented by selected government entities, up to a maximum disbursement of US$ 12,000,000.
DLI 10	Increasing accessibility and usability of statistical and administrative data
Description	To promote more open data, DLI 10 provides incentives for significant improvements in Jordan’s ODIN Open Data score and supports the implementation of the 2018-2022 National Strategy for Development of Statistics (NSDS) and its objective of stronger data production and dissemination for Jordan through the generation and public access to statistical and administrative datasets by MoPIC Department of Statistics. In particular, the NSDS notes the need for state institutions to develop plans and policies and make good decisions based on a Jordanian statistical system which is more responsive to national priorities. Due to delays in its implementation, the NSDS will be extended to 2024, in line with the project timeline. As part of this DLI a National Statistics Capacity Roadmap for strengthening capacity at DOS in line with the NSDS will be developed. The improvements in the Open Data score can be made through making existing data more accessible (machine readable, documented, downloadable), making new data available (in areas not currently covered) or a combination of the

	two.
Data source/ Agency	DLR 10.1. Council of Minister. DLR10.2. Open Data Watch based on publication on DOS website of aggregate statistical data sets in accordance with ODIN Open Data standards.
Verification Entity	Audit bureau
Procedure	DLR10.1. Verification of Cabinet approval of National Statistics Roadmap to be published on DOS website. DLR 10.2. Verification of Jordan ODIN Open Data Score on Open Data Watch website.
DLI 11	Implementing and strengthening good regulatory practices for evidence-based and predictable rulemaking
Description	DLI 11 supports the institutionalization of ex ante impact assessment and ex post evaluation of legislative instruments (laws and by-laws).
Data source/ Agency	Prime Minister's Office (Legislation and Opinion Bureau)
Verification Entity	Audit bureau
Procedure	DLRs 11.1, 11.2 and 11.4: Verification by the Bank that legislative/regulatory documents are consistent with international good practice (to be detailed in the Program Operational Manual). Verification by Audit Bureau of their official publication and dissemination. DLRs 11.3 and 11.5: Impact assessments and ex post evaluations need to be consistent with international good practice (to be detailed in the Program Operational Manual) and with GoJ guidelines (including on stakeholders' consultation) and the publication of impact assessment and evaluation reports on LOB and/or Prime Minister's Office websites will be verified by the Audit bureau.
DLI 12	Establishing and operationalizing a climate finance governance system for achieving Jordan’s NDC 2030 goals
Description	DLI 12 supports demonstration of progress towards achieving Jordan’s climate goals. This DLI supports establishment of a comprehensive, robust and transparent coordinating mechanism and empowerment of the relevant agencies and stakeholders. The Climate Finance Governance system also strengthens the institutional framework for implementation of the Climate Change By-law of 2019. This DLI strengthens Jordan's credibility, in accordance with the articles of Paris Agreement, and enhances attractiveness as a climate investment destination. The DLRs correspond to these key elements including, nation-wide deployment of MRV system and GHG registry; piloting carbon transactions; and establishment of the climate change center of excellence. The final outcome is an operational governance system for sustainable, continuous

	support towards Paris climate goals. This DLI will utilize and strengthen the National Climate Change Committee, established under the CC By-law of 2019.
Data source/ Agency	Ministry of Environment
Verification Entity	Audit bureau
Procedure	DLR 12.1: Verification of Council of Ministers' approval of the updated National Climate Change policy. DLR 12.2: Verification of (1) deployment report for MRV system in target government agencies by MOEnv. Deployment report will include (a) letter of nomination of the focal point from each agency (b) identification of information to be submitted by each agency; (c) completion of training of nominated staff, including hands-on training with entry of one data-set from each agency, with completion certificate and training manual. The target agencies include: (i) Ministry of Energy and Mineral Resources (and Jordan Renewable Energy and Energy Efficiency Fund); (ii) Ministry of Transport; (iii) Ministry of Industry, Trade and Supply; (iv) Ministry of Water and Irrigation; (v) Greater Amman Municipality; (vi) Ministry of Municipal Affairs/ Ministry of Local Administration; (vii) Ministry of Agriculture; (viii) Department of Statistics; (ix) Jordan Petroleum Refinery; (x) Water Authority; (xi) Land Transport Regulatory Authority; (xii) Energy Regulatory Authority; (xiii) Jordan Valley Authority; (xiv) Jordan Ports Corporation; (xv) National Electric Power Company; (xvi) Aqaba Special Economic Zone Authority; (xvii) Ministry of Tourism and Antiquities; (xviii) General Directorate of Civil Defense; (xix) Driver and Vehicle Licensing Department and; (xx) Jordan Chamber of Industry. (2) adoption of the 3-year roadmap towards operationalizing Climate Finance Governance system by MOEnv, as documented in Minutes of Meeting of the National Climate Change Committee (established under the CC By-law). DLR 12.3: Verification of the notification of National GHG Registry, including adoption of the Jordan Art 6. strategy under the Climate Change By-Law 2019 by MOEnv. Verification of carbon market transaction authorization letter by MOEnv. DLR 12.4: Verification of notification by MOEnv operationalizing the Center of Excellence. Notification will indicate (a) adoption of the first business plan including legal framework, institutional structure, and financing/revenue sources.; (b) nomination or recruitment of Head of Center of Excellence DLR 12.5: Verification of instruction by MOEnv establishing the Climate Finance Governance System. This includes verification of issuance and adoption of the following, as documented in the Minutes of Meeting of the National Climate change committee, (a) "Climate Finance Governance System (CFGS) Handbook" (b) "citizen engagement plan" and, (c) "Gender and Climate Change Strategy 2030". DLR 12.6: Issuance of the first "Jordan Climate Finance Governance" report by MOEnv, including approval of 2030 climate

	financing plan and adoption of Jordan Long Term LED Strategy 2050, as documented in the Minutes of the National Climate Change Committee. All notifications, guidelines and reports shall also be published on MOEnv website.

ANNEX 3. TECHNICAL ASSESSMENT

Strategic relevance

1. **The Program supports the government macro-fiscal strategy of resilient recovery and the implementation of its reform program for the next four to five years.** It aims at fostering investment, both public and private, and improve its alignment with government strategic priorities to increase green growth potential and to operationalize transparency and accountability mechanisms to improve the investment climate (through open data and policy predictability) and infrastructure services (hence user satisfaction). It is anchored to two main strategic documents, the updated 5-year reform matrix and NDC to the Paris Agreement and is aligned with the Economic Recovery Plan and longer-term Executive Development Plan.

2. **Jordan has a unique opportunity to become an attractive destination for climate and green investment.** Jordan is a party to the UN Framework Convention on Climate Change (UNFCCC) and is one of the most active and pioneering countries in the region. Jordan's National Climate Change Policy (NCCP) of 2013 was one of the first comprehensive policies. Continuing this leadership, the Government of Jordan ratified its Nationally Determined Contributions (NDC) under the Paris Agreement in November 2015, also adopting a National Green Growth Plan (NGGP) in 2016 and Green Growth Action Plans 2021-2025, which demonstrate sustainable pathways to achieving the Jordan Vision 2025. Jordan's NDCs under the Paris agreement intend to implement a suite of mitigation and adaptation measures. The estimated total cost for achieving the 14 percent goal is over US$5.5 billion, from which GOJ has already secured US$542 million; with over US$5 billion is expected to come from development partners, international financial institutions, and the private sector. The Climate Change By-law of 2019, established an umbrella policy framework that are implemented through the three Result Areas (Rs) namely, (RA1) mainstreaming Climate Change in public investment; (RA2) mobilizing private investment and innovative finance and; (RA3) establishing a climate finance governance systems. Refer to the detailed Technical Assessment on Climate Change.

Result Area 1

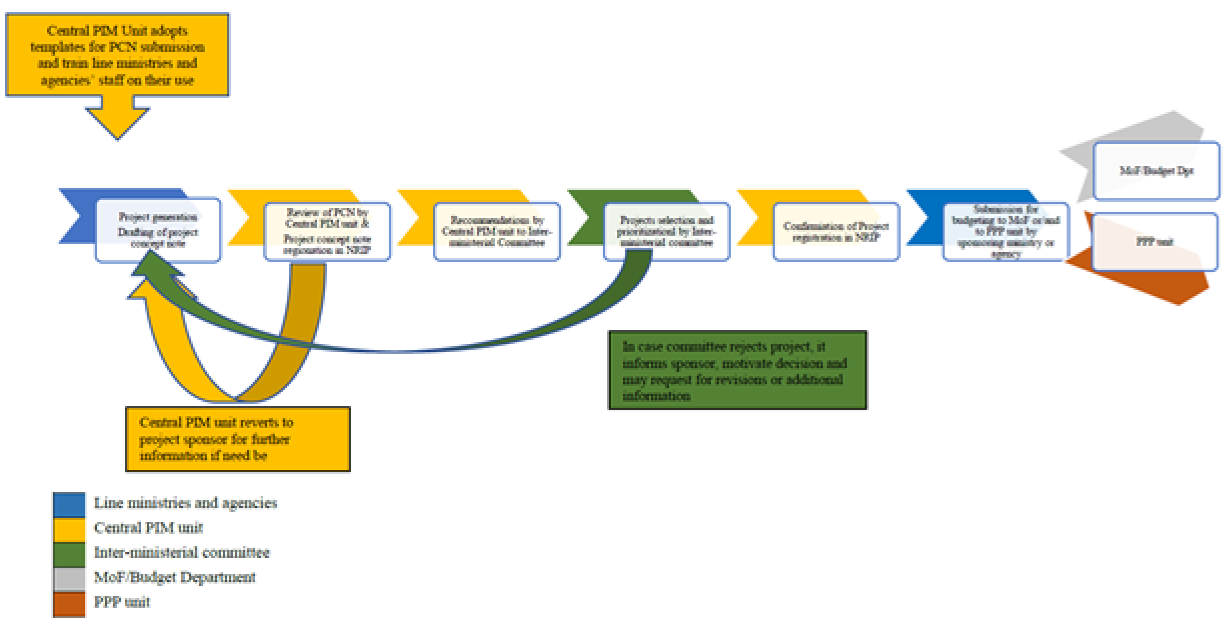
3. **The Program aims at increasing fiscal space for public investment and its efficiency, helping the government to meet its commitment to the Paris agenda on climate change**. Recovery and accelerated growth call for the increase of capital expenditure, including through the improvement of its execution rate and for the enhancement of the quality of capital expenditure through the strengthening of Public Investment Management (PIM), i.e. of both capital project preparation and implementation. "Unlocking Jordan's growth potential will require a strong PIM framework to develop cost-effective infrastructure."[21]

4. **It supports the implementation of a robust legal, policy and governance framework for PIM, including PPP management, adopted since 2018 but which has yet to be operationalized, it will help improve the quality of capital expenditure and their strategic alignment including with the government climate agenda**. The Program supports the operationalization of the PIM/PPP legal, policy and governance framework for capital project preparation and implementation. The GOJ has approved an institutional set up for the management of PIM, with the establishment of a PIM unit at MOPIC (formally as soon as in 2016), a PPP unit in

[21] IMF, 2017, Jordan Public Investment Management Assessment.

the Prime Minister's Office and a Fiscal Commitment and Contingent Liabilities (FCCL) unit in the Ministry of Finance. It has also approved a project review process ahead of the budgeting of capital projects by which all projects have to be reviewed by the PIM unit (and the PPP unit for PPPs) at project concept note stage, and again after completion of appraisal for large projects (above JOD10M), and then selected and prioritized by and inter-ministerial committee (on government investment projects) based on the advice of the PIM unit (and PPP unit when it comes to PPPs). And the by-laws to the 2019 PPP law have been approved on April 14, 2021, including one on the National Registry of Investment Projects which establishes the project review process legally. The 2021 law on Regulating the General Budget and Budgets of Government Units also confirms the role of the PIM unit in the review of capital projects prior to their selection and budgeting. In February 2020, MOPIC has issued guidelines for the submission of project concept notes for review, with a template and evaluation criteria. It has yet to issue guidelines for appraisal of large projects. MOPIC has also purchased an IT platform, called the National Registry of Investment Projects (NRIP), which is designed as the first module of a comprehensive Public Investment Management Information System (PIMIS) and will support the implementation of the project preparation and review process. The GOJ has also adopted a PPP law in 2020 and is about to approve a set of by-laws for its implementation, including a by-law on the NRIP and PIM which will confirm the role and responsibility of the PIM unit and the Inter-ministerial committee in the management of public investment.

Figure 3.1: Recommended workflow for the preparation of capital projects: initial screening



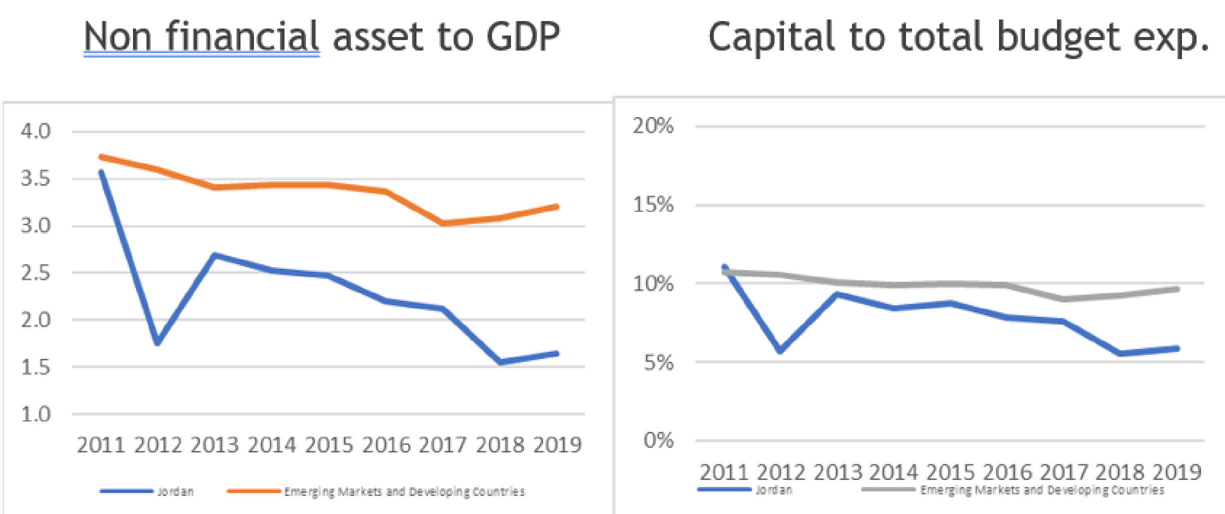
5. The NRIP/PIM by-law approved by cabinet on April 13, 2021, lists the criteria which will inform the project review and selection process prior to budgeting: amongst them, strategic alignment with government priorities, capital and operating costs and fiscal sustainability, target groups and social and economic benefits, project readiness. Accordingly, implementation of the project review mechanism would promote cost effectiveness as lack of project preparation and proper costing has been identified as a major source of cost overruns during project implementation.[22] It would also help expedite project implementation since the lack of

[22] World Bank, 2018, A Review of Variation Orders Procedures under Contracts issued by MoPWH.

project readiness is also a significant factor of implementation delays (themselves incurring cost overruns). It vests the PIM unit with the responsibility to “engage local communities during the different phases of investment projects”. The Program will support the adoption of adequate rules and instructions regarding appraisal of large projects for the enforcement of those provisions.

6. **The Program also supports the increase of budget allocation to public investment by US$500M over its timeline**. Such an increase would compensate the drop by half of capital expenditure both in percentage of total budget expenditure and GDP and is consistent with the IMF program.[23] Accordingly, the Program also supports the rebalancing of the spending mix through an increase of the ratio of actual capital expenditure to total spending to 12 percent over the implementation period. Compared to other emerging economies, public investment in Jordan has been underperforming over the last decade. According to the IMF’s Global Financial Statistics (GFS) database, Jordanian public investment in non-financial assets as a share of total public expenditure averaged 7.8 percent annually between 2011-2019, less than half the average of a selected group of Middle East and North Africa economies’ at 14.7 percent over the same period. And public investment in non-financial assets has dropped from an annual average of 5.2 percent of GDP in 1990-1999 to 3.7 percent in 2000-2009 and 2.4 percent in 2010-2019. A decrease in appropriations of capital expenditure has been compounded by their widening execution gap (close to 30 percent in 2020) since, according to MOF data, the gap averaged 16.4 percent between 2011 and 2019

Figure 3.2: Comparative trends in public investment in Jordan over the past ten years.



(Source: IMF database)

7. **The Program also supports mainstreaming Capex for climate responsive investments towards 2030 NDC goals under the Paris Agreement and improving the Government’s expenditure by making it climate responsive**. Climate mainstreaming needs to take place across all levels: political objective-setting, with a tracking methodology for the overall budget; the design and implementation of climate responsive initiatives at the sectoral level; and monitoring, reporting and verification, for the overall budget, for specific initiatives and for programs and projects at the agency level.13 The estimated total cost for achieving the Jordan nationally

[23] IMF, 2021, First Review under the Extended Fund Facility Arrangement.

determined contribution (NDC) is over US$5.5billion, of which GOJ intends to invest US$542 million through its own means. This DLI will adopt an eligibility criteria and definition of government capital expenditure for climate responsive projects and to demonstrate and maintain progress towards this NDC goal using the monitoring, reporting and verification and climate registry systems. Note that the NDC goals are expected to be achieved through successful execution of CAPEX during 2016-2030. This DLI will also support the launch of procurement process for 3 climate responsive projects registered with the NRIP, facilitating the process of inviting firms to pre-qualify. This DLI is expected to demonstrate the opportunity for climate responsive PPPs in Jordan.

Result Area 2

8. **Result area 2 focuses on advancing critical elements of the Jordan Reform Matrix to support private sector investments**. It supports those components of the GOJ program that are necessary in achieving a breakthrough from a policy implementation perspective and supporting government systems for sustainable long-term development, particularly: (i) upgrading the investment policy framework, which is critical for attracting FDI in high-value added industries and drive integration into GVCs; (ii) enhancing the business enabling environment when it comes to registration and licensing, making it easier for entrepreneurs and established companies to operate their businesses and enhance competition; and (iii) on the sector level, leveraging the potential of the tourism sector which has become one of the country's key growth engines that was hard hit by the pandemic.

9. **As part of broader investment climate reform efforts, the Program supports a continued strengthening of JIC's institutional framework and governance and sharpening focus upon its investment promotion and investor-servicing mandate, including setting the regulatory framework for the new (non-tax) investment incentives**. Investment climate reforms are necessary to enable faster recovery and growth in Jordan. This is of a significant importance in the COVID-19 context due to an urgency in retaining and attracting investment in a difficult external environment. As some of these challenges were addressed in the Economic Opportunities PforR (approved in 2016, under implementation) and the Equitable Growth and Job Creation Programmatic DPFs (approved in 2018 and 2019), significant synergies can be achieved between the PforR and DPF activities to have a stronger and more sustainable impact.

10. **The program will also help with tackling another issue that holds back Jordan's progress in increasing investments, namely business registration and licensing, as businesses face multiple procedures, high costs, fragmented service delivery, and disjointed business registries and databases**. A baseline study, carried out by IFC in 2019, reveals that it takes 5 procedures and 23 days to register a business in Jordan, and the time and costs entailed are a particular concern to entrepreneurs and smaller businesses. The licensing regime is characterized by burdensome requirements and procedures which leads to duplicate and contradicting documentation and compliance requirements, multiple inspections, lengthy procedures, excessive use of joint committees, and unpredictability. Many licenses can be either abolished or streamlined if the right registry infrastructure and horizontal workflow management systems are in place.

11. **The Program will support Jordan's tourism sector, which is a priority area from several perspectives**. First, tourism is prioritized by the government as a key sector for economic growth in Jordan. Tourism sector reforms have been included as a focus sector in the Jordan Reform Matrix as it was hard hit by the COVID-19 pandemic. The sector requires effective measures to retain skills and be prepared to effectively compete in the post-COVID business environment. Second, as noted in Jordan's Country Private Sector Diagnostic (CPSD), the

tourism sector is one of the sectors with the potential to drive the Jordanian economy to a higher level of competitiveness and generate strong public and private investment flows.

12. **Jordan's tourism sector has a strong potential for higher female labor force participation and inclusion of local communities**. One of the pillars of the National Tourism Strategy that is currently under preparation by MOTA is "Human capital". Accordingly, developing and adopting a Gender and Inclusion Project Plan (to be developed in consultation with sector associations/private sector) that would be directly linked to the National Tourism Strategy could bring a high positive impact and value-added in terms of higher inclusion and leveraging the full potential of the sector overall. This is supported by one of the Program DLRs. The PforR Tourism component is designed to ensure that the sector receives adequate support and that there is an effective and ambitious implementation of actions that lay the foundation for sustainable sector recovery and long-term development. The tourism sector is among the key growth-sectors in Jordan that will not only benefit from, but also reinforce, the success of investment promotion and Investor Journey program activities.

13. **The Program supports mobilizing Private capital for climate responsive investments towards Jordan's nationally determined contribution (NDC) 2030 goals**. A key component for achieving Jordan's NDCs and green growth strategy is the availability of finance for projects. The economics of green growth interventions have become more attractive, as drivers for economic recovery and growth. With a strong climate policy framework, there is now significant opportunities for Jordan to attract more climate financing to help bridge the gap between the Kingdom's green growth objectives, and the availability of existing public and private finance. Moreover, there has been a significant growth of Sustainable, Responsible and Impact (SRI) Investors community that have expressed interest in opportunities in MENA and Jordan. This DLI is designed to identify and mobilize available private and non-government financing for green development.

Result Area 3

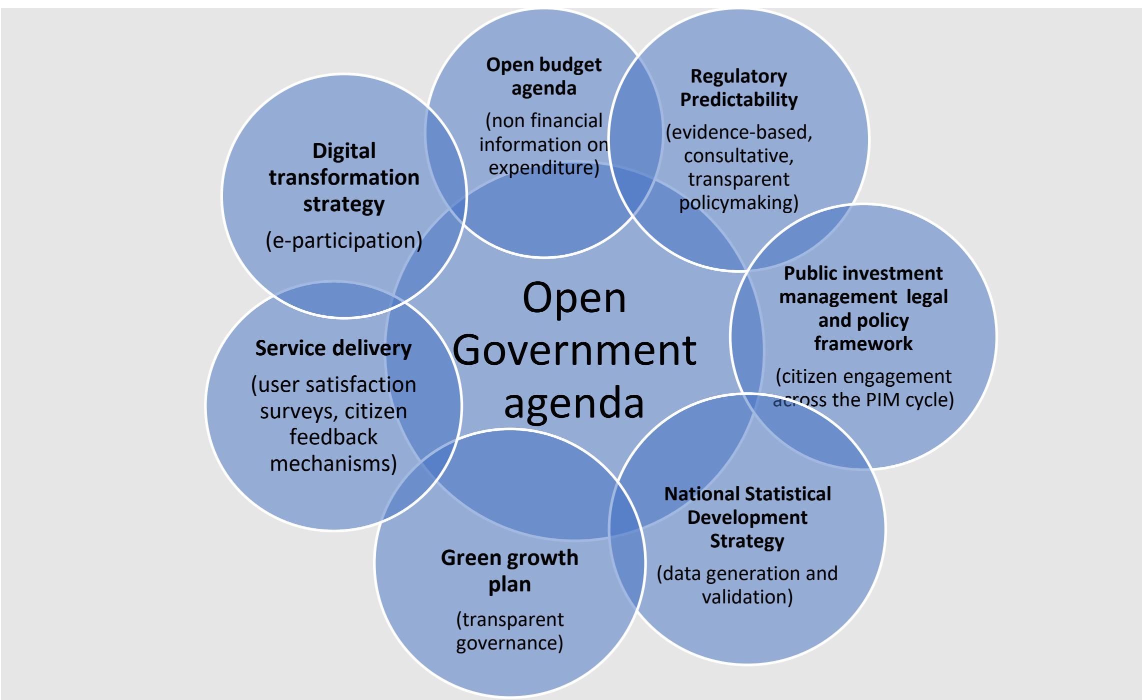
14. **The Program supports the operationalization of government commitments to open governance and enhanced regulatory governance**. In this regard it will help foster public trust in government which is critical to the successful implementation of its economic program, as social mobilization against past reforms shows. Government commitments to transparency and accountability are reflected in its Open Government Action plan (the fifth Action plan will fit with the Program timeline) and updated 5-year matrix which incorporates it. The Program focuses on the implementation of the most significant government policy reforms pertaining to transparency and accountability, namely open data, citizen engagement in service delivery, as well as evidence-based and consultative policymaking, as well as a transparent climate finance governance framework.

15. **The Open Government agenda, which frames a large part of the government reform agenda on transparency and accountability, is yet to be completed. Jordan Joined the Open Government Partnership (OGP) in 2011 and its government has made and started implementing 11 commitments through the OGP National Action Plans (NAP**). Among those commitments, some have already been met; however, critical ones are yet to be implemented such as 1) the strengthening of Access to Information and 2) the implementation of an Open Data policy. As for commitments already met, either fully, partially, or substantially, they still need to be further operationalized and their implementation will be pursued, mainstreamed, and further institutionalized. Unfortunately, the Jordan OGP 4th Action Plan for 2018-2020 (prolonged by one year) - only focuses on 5 commitments yet to be met. For instance, the launch of a centralized mechanism for the redress of

citizen grievance related to government services "and the surrounding environment of their provision", including from mobile phones – dubbed At Your Service, is deemed completed even though, before the Covid crisis, it provided for only marginally improved interaction between the government and the citizens and it was only at the beginning of the crisis that it became a broader vehicle of interaction.

16. **The Program also supports new government commitments on effectiveness of public sector under the updated 5-year matrix, including regulatory governance and citizen engagement in service delivery**. As set out in the "Code of Governance Practices of Policies and Legislative Instruments in Government Departments for the Year 2018", the Government of Jordan is committed to improve transparency in the decision making process by institutionalizing evidence-based policymaking through the use of regulatory impact assessments, early notification of planned regulation, public consultation, and systematic use of ex-post reviews to ensure existing legislation is "fit for purpose". Accordingly, the government program for transparency that the operation is supporting can best be illustrated by the following diagram:

Figure 3.3: Government transparency program.



17. **The Program supports the establishment and operationalization of a Climate finance governance system for achieving Jordan's NDC 2030 goals**. The Ministry of Environment established the Climate Change Directorate (CCD) in 2014 to address climate change related issues and adopts appropriate policies. As mentioned above, the role of CCD has increased significantly beyond its original role as a focal point for representation, reporting and coordination of Jordan's commitments as signatory of the UNFCCC. However, currently, the Ministry's budget does not include a separate budget line for climate change, which adversely affects the ability of the Ministry in hiring technical staff, limits its accountability and restricts result-oriented incentives.

18. **Jordan's climate governance system can be further enhanced through greater policy coordination, monitoring, and enforcement**. To achieve this, the Program will support establishing and operationalizing a Climate Finance Governance System. This will benefit Jordan with additional technical capacity, enhancing capacity for environment and economy-related assessments and the generation of data and management as well as improving the ability to attract public funding and mobilize private capital domestically. This also will enable Jordan to position itself as a potential knowledge hub for neighboring countries and for similar countries across the world.

Technical soundness

19. **The Program builds on a range of policy reforms approved in the past few years by the GOJ and extensive policy dialogue with the World Bank and other donors on their design**. Most of the reforms whose implementation is supported by the Program have been prepared in consultation with donors, including the World Bank under a series of DPFs, and have benefitted from extensive technical assistance to ensure their alignment with international best practices.

20. **It focuses on the most strategic and tangible reforms which are expected to foster more and better investment**. Even though the Program supports the implementation of a range of reforms and implementing agencies, all of them have been selected for their relevance to investment and resilient recovery. Due to selectivity, the Program supports a small yet significant part of the government strategic objectives as reflected in the Executive Development Plan, the Economic Recovery Plan and the updated 5-Year reform matrix.

21. **The Program has also been designed based on a readiness assessment of targeted reforms for implementation**. During preparation, a range of policy reforms, although relevant to the Program objectives, have been deemed not mature enough for support through result-based financing. The same readiness filter has been applied to the main implementing agencies in charge of relevant reforms: several of them have been deemed not ready for result-based financing and will be supported through parallel technical assistance and policy dialogue. The Program has also been crafted to build on ongoing parallel capacity building assistance to its main implementing agencies to mitigate implementation risks (including under the Jordan Multi-Donor Trust Fund and the Strengthening Reform Management project).

22. **The Program promotes the gender agenda across its result areas by promoting women representation, voice and agency**. It supports public consultation and citizen engagement in public investment, policy making and service delivery, through consultative project appraisal, regulatory impact assessment and evaluation and service users' satisfaction surveys. On the private investment areas, the new National Tourism Strategy will contain a gender and inclusiveness work package that aims to improve skills development and employment opportunities, and future sectoral licensing priorities are expected to have a gender lens. The methodologies applied in all instances will allow for gender specific consultation and feedback. The Program also generates gender relevant and disaggregated statistical and administrative data. The 'Gender and Climate Change Strategy' establish criteria and provide guidance for design, implementation and review of future climate and sectoral policies and, promote gender inclusive green jobs in Jordan.

23. **The Program will support climate responsiveness to be mainstreamed across public and private investment in Jordan, contributing to progress towards Jordan's NDC Goals**. Jordan's NDCs under the Paris agreement intend to implement a suite of mitigation and adaptation measures. These projects are implemented

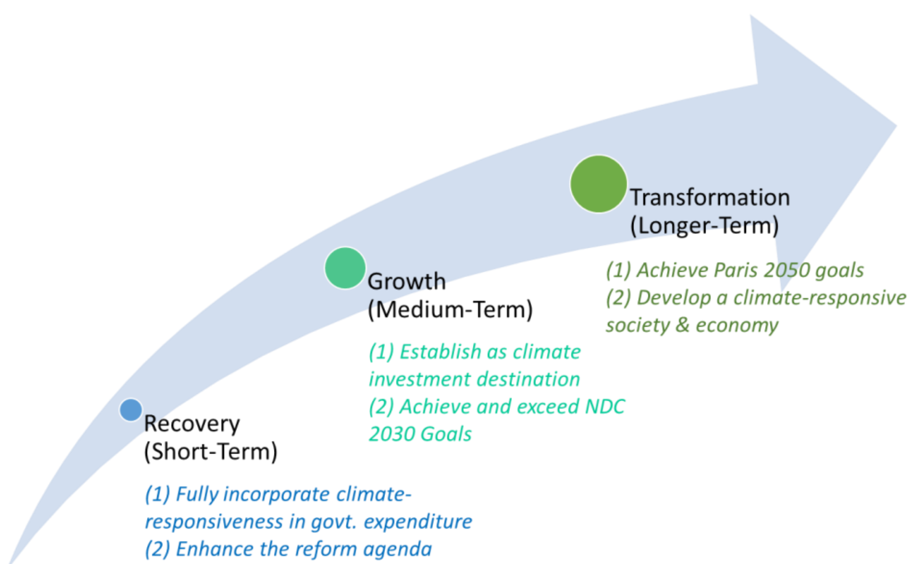
under the guidance of the national Climate Change Policy of the Hashemite Kingdom of Jordan 2013-2020 and the Climate Change by-law of 2019.

24. **At a sectoral level, the NDC proposes mitigation and adaptation actions**. Mitigation actions are primarily in Energy, Transport, Waste Management, Industries, water, Agriculture and Food Security Sectors, and adaptation actions are in Water, Health, Biodiversity, eco-systems, and protected areas, agriculture/food security sectors. At a national level the NDC proposed developing the National Green Growth Plan (NGGP), which was adopted in 2016. In addition, Green Growth Action Plans were prepared for the period 2021-2025 for each priority green sector: Transport, Agriculture, Energy, Water, Waste, and Tourism costing an estimated US$1.8 billion from public and private funding sources.

25. **Jordan has struggled to implement those climate responsive projects, mostly due to sluggish economic growth in the past several years and access to finance**. Most climate initiatives and projects in Jordan are still donor driven. Thus, the pledged reduction of emissions by 2030 of 14 percent compared to a BAU scenario levels still require substantial international financial support and a paradigm shift in national planning that includes the allocation of domestic resources for low carbon emission growth strategies.

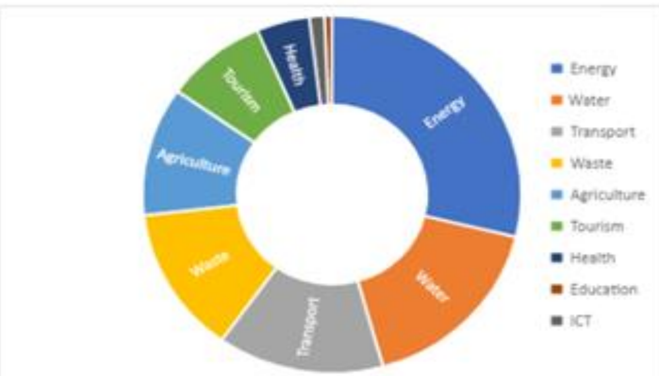
26. **This project establishes the climate finance governance mechanism that will enable Jordan to build on the current focus on economic recovery for growth and long-term transformation**. This program establishes the foundation for long-term transformation by supporting the incorporation of climate responsiveness in government expenditures, which enhances the broader reform agenda. The program also seeks to build on the pipeline of projects to engage the private sector and establish Jordan as an attractive destination for climate investments. Finally, through the establishment and operationalization of the climate finance governance system, this program seeks to create the sustainable and inclusive institutional mechanism, which is essential for enduring change and achieving transformation.

Figure 3.4: From Climate Responsive Economic Recovery and Growth to Transformation



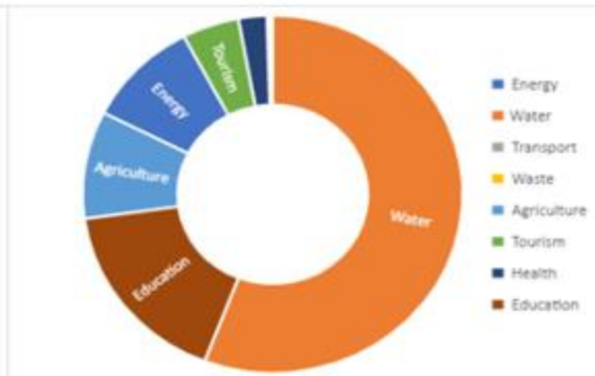
27. **Jordan is currently in the process of updating its National Climate Change Policy and NDC, which will be submitted in 2021**. Two critical pre-requisites for raising ambition are demonstrating progress and enhancing access to finance for the current pipeline of projects. As already mentioned, Jordan continues to face challenges in securing financial resources and attracting private sector investment at the scale needed to achieve the NDC targets, even though a recent IFC report estimated climate smart investment potential could be nearly US$23 billion during 2016-2030, with opportunities Amman being over US$20 billion. In addition to the private sector investment opportunity identified by IFC, and which is supported by FDI, Investment and PPP laws in Jordan, given the nature of the investments, each of the opportunities can be financed by a Green Bond.

Figure 3.5: Climate Responsive Project Distribution by Sector



Source: Jordan's TNC, NDC, NGGP, NEEAP, Amman Climate Action Plan,
Review, Prioritization and Monitoring of NDCs Implementation in Jordan, Validated NDC Actions June 2020.

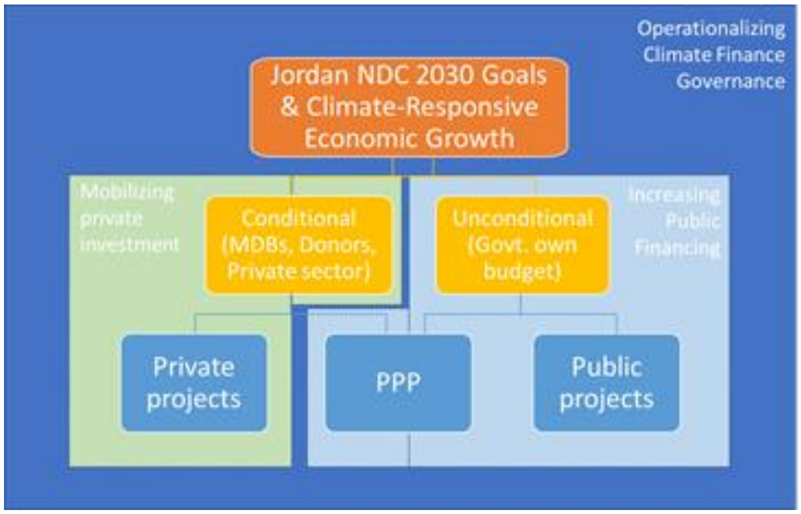
Figure 3.6: Number of New Capital Projects in 2020



Source: GoJ General Budget of 2020

28. **Accordingly, the Program aims to foster climate investments in Jordan**. Some of the key challenges for attracting private climate investments in Jordan are: (i) Lack of a responsible and empowered central authority, (ii) Lack of structured mechanism to build climate investment pipeline and ensure implementation; (iii) Lack of clarity on role of the private sector. Thus, the Program focuses on improving the governance framework and enhancing climate responsiveness of government expenditure, as well as mobilizing private green investment aiming to achieve Jordan's NDC goals and potentially also raise Jordan's climate ambition.

Figure 3.7: Paths to meeting Jordan's NDC commitments



Result Area 1

29. **On Public investment management, the Program will mitigate most weaknesses and shortcomings identified by the IMF in its 2017 Public Investment Management Assessment and addressed in the PIM/PPP legal, policy and governance framework adopted since then by the government but yet to be operationalized**. The efficiency gap of the public assets is estimated at 21 percent. Jordan pales among emerging economies on several PIM dimensions, notably fiscal rules, planning, management of PPPs, project appraisal and asset management. Strategic plans do not drive project selection and prioritization: so far, the Executive Development Plan does not provide for rigorous strategic planning of public investment and needs to be strengthened in this regard. Projects are not systematically or rigorously appraised. Project ex-post evaluation and auditing are not institutionalized either. The weakness of fiscal rules, protracted procurement transactions, and lack of asset management undermine project implementation and hamper the execution of capital expenditure while incurring cost overruns. "During budget allocation, the lack of systematic and consistent appraisal process undermines project quality and leads to uncertainties and delays in project implementation."[24]

Result Area 2

30. **The activities under the private sector investment pillar are designed in such a way to address the short-term challenges related to the COVID-19 crisis as well as to solve the long-standing structural issues that hold back investment growth in Jordan**. Also, this pillar integrates key best practices that relate to strengthening investment promotion, reforming business registration and licensing, and implementing an integrated multi-component approach to the tourism sector.

[24] IMF, 2017, Jordan: Technical Assistance Report-Public Investment Management Assessment (PIMA).

31. **The design of this result area is anchored to a robust M&E framework which ensures that all the activities under this pillar lead to measurable and clearly defined outcomes**. More specifically, the result area 2 PDO-level indicator directly measures the savings of compliance costs for businesses as a result of implementing business registration and licensing reforms under the Investor Journey program. These savings are calculated based on real data from firms' surveys as a part of the IFC standard cost model. Moreover, the DLRs for the Tourism and Investment policy and promotion components directly target the enhancement/operationalization of the respective M&E systems that will allow tracking and measuring outcome-type indicators such as the number of tourists in sites that have adopted improved management plans. This is directly linked to the increased MOTA expenditures to the upgrading and development of selected tourism sites – better management of sites is naturally linked to a higher visitation. Moreover, the M&E framework of this result area includes the new investment decisions announced to locate in Jordan, facilitated by JIC as well as investments generated supported through the operationalization of JIC M&E framework and the customer relationship management (CRM) system.

32. **When it comes to the investment policy and promotion component, perhaps the most fundamental best practice principle is the importance of separating regulatory and promotional functions of JIC**. There is ample evidence worldwide that it is difficult to effectively deliver regulatory and promotional functions within the same body. Investor surveys worldwide show that these distinctions matter in terms of how investors interact with individual agencies and importantly what they expect from them. It is important to emphasize that the new M&E framework and CRM system will enable the monitoring of a comprehensive list of investment-specific KPIs (provided in the Verification protocol). This monitoring will be digitized and, together with the establishment of the new M&E framework and CRM system, is in line with the best practice in the area of investment promotion agencies, and also contributes to higher transparency. The CRM activities also build on and expand what has been achieved through the previous project (Economic opportunities PforR).

33. **Similarly, there are several key factors that define and ensure technical soundness of the design of the tourism component under this PforR**. First, the project design is based on the findings and recommendations of the 2020 CPSD and key lessons learned from other tourism projects have been incorporated. For example, to achieve results, tourism sector support and development requires an integrated, holistic approach. Also, of high importance is the revitalization of tourism assets for innovative products which are based on tourism demand. Second, there are several COVID-related structural changes underway in the tourism sector on a global scale, which Jordan's tourism sector needs to quickly embrace (e.g., mobilizing innovation and technology solutions, increased focus on hygiene). Third, the activities designed under this component are very timely – the Jordanian tourism sector, which is a significant employer in the country's economy, is currently being hard hit and threatened by the COVID-19 pandemic and requires ambitious and coordinated actions to prevent the loss of skills and lay the foundation for a resilient recovery.

34. **Several best practices and lessons learned have been used in designing the business registration component**. For example, integrated business registration principles would be introduced in the relevant legislations; the automation would include both business entry, as well as any subsequent registration changes; single point of contact – introduces a point of single contact and a single application form for registration with all involved agencies, etc. The licensing reform activities of the PforR are informed by a 2018 analysis that covered 65 main economic activities representing most of Jordan's economic sectors, and assessed formalities related to their registration and licensing procedures. In particular, the analysis assessed 43 sectoral licenses issued by 17 sectoral government entities. Based on legality, necessity, simplicity criteria, their sub-criteria and best practices, clear recommendations were reached regarding which licenses issued by sectoral entities could be simplified and which ones could be cancelled. As a result, the licenses to be reformed under DLI 7 are selected based on their

importance to the private sector. A list of concrete good Practices in Licensing that have been considered when designing this component.

35. **There are several factors that differentiate the activities under this result area from those conducted in previous projects**. While Jordan's reform agenda has contributed to improving the business environment in recent years, additional efforts are needed to ensure that key institutions can address the new challenges brought about by the COVID-19 pandemic as well as have a more effective and sustainable implementation to deepen the results achieved. The activities have been designed to incentivize and directly support a strong and effective implementation (e.g., DLRs linked to the full digitalization of business registration; adoption of the National Tourism Strategy; increase in the number of new investment decisions announced to locate in Jordan). Additionally, the actions anchored to this pillar are designed to address the short-term challenges related to the COVID-19 crisis and to solve the long-standing structural issues that hold back investment growth in Jordan. Accordingly, the DLRs in this pillar are a well-balanced combination of quick implementation of actions that will provide much-needed relief for businesses in Jordan (e.g., through reduced time and costs for business); taking advantage during the reshuffle of global investments post-pandemic and attracting more high-quality FDI to Jordan's key growth-sectors, including tourism (e.g., through upgraded investment framework); solving long-standing structural issues to ensure a resilient recovery and sustainable development of Jordan's private sector (e.g., through implementation of a holistic tourism sector approach; and institutional restructuring of investment promotion function). Finally, there is a focus on increasing female employment, e.g., through the adoption of a Gender Project Plan linked to the new National Tourism Strategy.

Result Area 3

36. **The Program supports the implementation of already approved and initiated policy reforms and an established institutional framework**. These are: 1) the National Strategy for the Development of Statistics; 2) the Policy Predictability Framework; and 3) the policy framework for improved government service standards and users' satisfaction. Reform design has been informed by extensive donor-funded technical assistance and emulates international good practices.

37. **The Program supports the implementation of the 2018-2022 National Strategy for Development of Statistics (NSDS) towards stronger data production and dissemination for Jordan**. This strategy was developed in consultation with both the private sector and civil society and was supported by PARIS21, the leading agency for the production and use of statistics in the developing world. The NSDS considers the roles and responsibilities for different stakeholders in government and civil society in Jordan. The Strategy has three goals which are important for evidenced-based policymaking, accountability for results and access of information for all: (i) producing statistical data to satisfy national development uses, administrative records and sustainable development indicators; (ii) enhancing the leadership and development role of DOS in improving statistical systems; and (iii) developing the statistical techniques and technological means used for data production, dissemination and use. At the same time, the Strategy also identifies weaknesses in the legislative and institutional framework for statistics in Jordan, problems of quality in administrative data and limited access and use of statistical data. It also highlights human and financial resource deficiencies in the production and dissemination of data. A series of regulatory, methodological and implementation reforms are outlined which would see DOS as a central aggregator, validator, and disseminator of all public data, focusing on: (i) improving the planning capacities within government institutions; (ii) improving compliance with international quality standards for data; (iii) and improving the software, hardware and methodologies underpinning data production

and dissemination. However, implementation of the NSDS has been incomplete and delayed, first by a combination of financial and technical constraints and legislative delays, then last year by COVID-19. The 2020 NSDS Progress Report provides an overview of progress on the NSDS implementation by ministry or agency. The table below summarizes this progress. Average progress of 70 percent of annual activities implemented in 2019 has fallen to 52 percent in 2020. DOS progress has fallen from 83 percent to 57 percent. The report notes legislative delays in the updating of the Statistics Law articles envisaged under the NSDS, although it is now with the Cabinet. Various constraints, focusing mostly on financial and technical limitations, are identified in the Progress Report for the slow implementation.

38. **Success in implementation of the NSDS can be measured in part by Jordan's ODIN Open Data Score, used as a component of the World Bank's Statistical Performance Indicator**. Open Data Watch's Open Data Inventory (ODIN) provides Open Data scores for 180 countries.[25] Jordan currently ranks 82nd with a score of 53. This score is comprised of a Coverage Component and an Openness Component. In general, Coverage scores are based on the availability of indicators and disaggregations published, how many observations are available over the last 10 years, and if national and subnational data exist. In general, Openness scores are based on the format and licensing of the datasets, the comprehensiveness of metadata, and what download options exist. Jordan scores 57 on Coverage and 49 on Openness. The Open Data Score is used to measure accessibility and openness of data in the World Bank's Statistical Performance Indicator.[26]

39. **In promoting good regulatory practices, the Program will support a sound and already approved policy framework by building institutional capacities, procedures, and incentives to mainstream regulatory impact assessments and ex-post evaluation**. With support from an ongoing PforR16, the GOJ adopted the Code of Governance Practices of Policies and Legislative Instruments in Government Departments for the Year 2018 (that is, the "Predictability Code"). One aspect of the Code – online public consultation – was piloted in six ministries with a particular focus on business regulation. However as set out in the Code, Good Regulatory Practices – including RIA and public consultation – are intended to apply to other policy domains not just business regulation. Support from the proposed operation will leverage and integrate experiences from the above-mentioned piloting of online public consultation. It will support implementation of recently published RIA guidelines17 and a circular identifying the Legislation and Opinion Bureau's role in enforcing compliance with GRP requirements.18. Technical Assistance will also be provided through the MDTF.

40. **On the improvement of business and infrastructure services, the Program will support the implementation of a well-crafted and partially tested program to institutionalize citizen engagement in service delivery so as to inform improvements to access, quality and continuity of services**. It will support the implementation of recently rolled out government programs such as the "At Your Service" (Bekhedmetkom) platform, effectively leveraged during the COVID crisis as a communication tool between the state and the citizens and help operationalize related government programs such as the National Register of Government Services (NRGS), which will capture the performance indicators of about 2,300 public services, and Citizen Service Centers (CSCs) both where citizens and the private sector can access a range of administrative services. The PforR will support the operationalization of the following policy implementation tools adopted by the Institutional Development Unit in the Prime Minister's Office:

i. **The National Registry of Government Services:** the NRGS will collate and monitor the following

[25] https://odin.opendatawatch.com/

[26] https://www.worldbank.org/en/programs/statistical-performance-indicators

service standards and indicators. The NRGS manual on performance indicators for government services lists the following criteria to be used to gauge level of access and quality (such as average waiting time; average time to provide the service; the satisfaction rate of service applicants; percentage of errors in service delivery; the rate of complaints on the service; the number of documents required from applicants; and the volume of demand for the service.

ii. **User satisfaction survey in five sectors** (water, education, health, transport, and investment) was conducted in 2019 and will be updated in 2021.

iii. **Common service centers** to be established in each governorate and where both citizens and business can access a range of administrative services in one place and will be provided help for that purpose (including when struggling with using e-services and filling applications).

41. The Program will also support the operationalization of citizen engagement along the PIM cycle in compliance with the requirements of the PIM by-law to be approved by cabinet. (See RA 1)

Institutional arrangements

42. **The Program institutional arrangements build on the institutional set up established and successfully tested for the implementation of the 5-year reform matrix with the Reform Secretariat as coordinating and support unit**. In order to coordinate and support the implementation of the Reform Matrix the GOJ committed to in 2018, a Reform Secretariat has been established in MOPIC early 2020 Reform by building on the Jordan Compact Project Management Unit (PMU) which it has succeeded. Since then, the Reform Secretariat has been staffed (with the recruitment of 10 staff members), and has successfully tracked, monitored and actively supported the implementation of the Reform Matrix with more than half of initially planned reforms deemed achieved by February 2021.[27] It has also consulted extensively for the updating of the Reform Matrix in alignment with government strategic priorities including in response to the COVID crisis, both within and outside the government. And it has provided substantial technical assistance to reform implementing agencies, both in kind by seconding technical experts on demand, and by providing them with financial support (made available in the Reform Support Fund). The updated Reform Matrix includes several new reform areas which are relevant to the Program, such as open government and regulatory governance and tourism. It also focuses more systematically on gender, environment, and climate.

43. **The Program institutional arrangements also build on extensive technical assistance provided by the World Bank and other donors to the Reform Secretariat and reform implementing agencies which will be extended to match the Program implementation period**. The World Bank provides extensive technical assistance to the Reform Secretariat under the Strengthening Reform Management project (P171965) as well as two other critical implementing agencies for the successful implementation of the Program, such as the PIM and PPP units, the MOF and MOITS. The project provides financial support to both the Reform Secretariat (by financing its operating costs) and a range of reform implementing agencies (by financing a Reform Support Fund for up to US$3.5 million) which requests technical assistance to the Reform Secretariat. This mechanism raises increasing demand and can be mobilized further in support of the Program implementing agencies. Additional

[27] Reform Secretariat, 2021, Introduction to updated Reform Matrix (Progress report to the Jordan MDTF steering committee on the implementation of the 5-year reform matrix).

resources have recently been granted by the Jordan MDTF steering committee to finance either new activities (such as capacity building on Regulatory Impact Assessment) or increase earmarked resources to existing ones (such as for the PPP unit) and further increase is considered as well as the extension of the timeline of World Bank technical assistance to match the Program timeline.

44. **The Program will be anchored to MOPIC which is both officially mandated and has well tested experience in coordinating implementation across multiple agencies**. In this regard, the Program will build on MOPIC capacity and experience as the main implementing agency of another ongoing multi-agency PforR on Economic Opportunities for Jordanian and Syrian Refugees. The Reform Secretariat established in 2020 in MOPIC and vested with the mandate to coordinate the implementation of the 5-year matrix will be the Program Management Unit (PMU). Its capacity is being built under the World Strengthening Reform Management project (funded by the Jordan MDTF), whose timeline will be extended to match the Program own period. The Reform Secretariat is hiring several senior technical experts who will help it engage with the other Program implementing agencies.

45. **To help strengthen further the capacity of the Reform Secretariat for Program management and coordination, a Program management support firm may be contracted by MOPIC to ensure adequate exercise of mundane while absorbing tasks and help it institutionalize critical administrative routines**. Such a program management support firm could facilitate stakeholder consultation, help strengthen the M&E function and help mobilize ad hoc technical expertise in support of the achievement of Program results by implementing agencies.

46. **Across Result Areas and DLIs, seven implementing agencies will be vested with the responsibility of achieving targeted results**. They have been selected based on their official mandate, existing capacity and expected leverage across government entities since the implementation of most of the policy reforms supported by the Program calls for compliance and enforcement across the board. They can also benefit from capacity building support through the Reform support fund managed by the Reform Secretariat under the Strengthening Reform Management project.

47. **Program coordination will be strengthened through the establishment of an inter-agency steering committee to be chaired by MOPIC**. The steering committee will institutionalize coordination at the level of heads of implementing agencies. The Program implementation and coordination unit will operate as its secretariat, prepare its meetings, and follow up on its decisions.

Result Area 1

48. **The main implementing agencies for DLI 1 will be the PIM and PPP units (anchored in MOPIC and the Prime Minister's Office respectively) as well as the Macro-fiscal unit in the Ministry of Finance**. Both the PIM and PPP units are established and capacitated through parallel technical assistance (through the MDTF). Neither the PIM, PPP units are fully staffed yet and none has been granted an identifiable budget line to reflect their fiscal institutionalization. Based on the proposed staffing needs reflected in the organograms below, the operating budget of each unit will amount to around US$1 million per year. Both units are granted capacity building support in parallel to the Program under the Jordan MDTF. A Project Development Account, legally established by the PPP law, has yet to be financed by the GOJ. The preparation of large PIPs and PPPs is costly and its financing needs to be secured so that they could effectively be submitted to full appraisal (the estimated cost of PIP is 1 percent of project total amount and the cost of PPP preparation is estimated from 2.5 to 3.5 percent of total cost). Accordingly, their fiscal institutionalization will be supported by the requirement that they both as well as

the Project Development Account (which will finance both PIPs and PPP preparation) be granted a separate budget line under the Program Action Plan. The Macro-fiscal unit in the Ministry of Finance is expected to draft the Medium-Term Fiscal Framework in compliance with the requirements of the 2021 law on Regulating the General Budget and Budgets of Government Units which specifies that it will include: 1) macro-economic forecasts; 2) revenue and expenditure estimates for three years; 3) grants and loans estimates; 4) fiscal impact of policy measures on revenue and expenditure; 5) fiscal strategy; and 6) reconciliation of macro-economic and fiscal indicators. It is expected that the IMF will provide it with TA to fulfill this mandate.

49. **The Ministry of Finance will be the implementing agency for DLI 2 on the increase of capital expenditure and DLI 3 on climate responsive capital expenditure**. Under the 2021 law on **Regulating the General Budget and Budgets of Government Units**, the General Budget Department (GBD) in MOF is responsible for budget preparation and execution. It prepares budget circulars which frame budget preparation and financial statements on budget execution. It is well staffed, with 140 government employees. The GBD is granted extensive technical assistance by the IMF. Its capacity for budget preparation could be built further, including to strengthen its challenge function (i.e., its scrutiny of budget submissions by line ministries and agencies including their past budget performance) and technical assistance for that purpose can be granted by the Jordan MDTF under the Strengthening Reform Management project.

Result Area 2

50. **JIC is the key agency responsible for investment promotion and investment policy implementation in Jordan**. The PforR will support strengthening of JIC's capacity—with sharpening focus upon its investment promotion and investor-servicing mandate. To enhance its capacity as the lead investment promotion agency and provide better investor services, JIC will need institutional strengthening through improved procedures and systems, recruitment of additional staff, capacity building.

51. **The Ministry of Tourism and Antiquities (MOTA), together with the Jordan Tourism Board (JTB) and the Department of Antiquities (DOA), are the key institutions within the Government of Jordan (GOJ) responsible for tourism policy and its implementation**. MOTA will be the key implementing agency for DLI6. Lack of consistent adequate funding for preservation and conservation of sites and antiquities limits integrated development beneficial to host communities and tourists alike. To tap the full potential of the tourism sector, integrated and continuing investments delivered through multiple year plans, expanded budgets, and committed implementation, are needed. This may require prioritization, internal reallocation, and additional budgets (recurrent and capex) to assure the timely implementation of site improvement masterplans. Effective country-wide site management also requires upgrading and expanding existing human capacity. Marketing and promotion are also integral to the sector's recovery from Covid-19 and vital to strengthening protection, maintenance and restoration of sites that assure tourism product diversification and improved tourism visitation.

52. **The Ministry of Industry, Trade and Supply (MOITS) is the entity entrusted with leading the Investor Journey program, and it will be the key implementing agency for DLI7**. A governance structure has been established and is comprised of: (i) a Steering Committee, acting as single point of overall accountability, providing strategic guidance, prioritization, and facilitating decision-making by the Council of Ministers. The Steering committee is at a ministerial level and is chaired by the Minister of Industry, Trade and Supply, and (ii) an Executive Committee, comprised of technical members from the relevant entities that provide technical oversight and inputs to the Investor Journey program. The MOITS has assigned a team from the Economic Policies Directorate to act as the secretariat for this program, handling day-to-day activities, providing quality assurance,

and escalating issues and risks as need be. MOITS would increase its capacity by adding more resources including licensing reform specialists as the size of the current team is small considering the scope of work.

53. **The Ministry of Environment together with other line ministries (Energy and Mineral Resources; Transport; Public Works and Housing) will be implementing agencies for the DLI 8, mobilizing private capital for climate responsive investments towards 2030 NDC under the Paris Agreement goals**. Currently, the budget of the Ministry of Environment does not include a separate budget line for climate change, which adversely affects the ability of the Ministry in hiring technical staff, limits its accountability and restricts result-oriented incentives. It is expected that this PforR improves technical and financial capacity that will gradually augment Jordan's ability to attract and mobilize public and private investment, monitoring and evaluation of green projects, and efforts to assess and coordinate with private entities and institutional agencies to improve their environmental performance.

Result Area 3

54. **The Program will be implemented by four implementing agencies, DOS anchored in MOPIC, the Ministry for Institutional Development and the Legislation and Opinion Bureau, both anchored in the PMO, and the Ministry of Environment**. All are well established, and their limited institutional capacity will be strengthened by the Program as well as through parallel technical assistance.

55. **The Department of Statistics (DOS) in MOPIC has the sole mandate under the General Statistics Law #12 of 2012 to produce official statistical figures**. DOS was established in the late 1949. Under the 2012 Statistics Law, it is authorized to: 1) Collect, classify, store, analyze, and disseminate official statistics, including surveys related to various social, demographic, economic, agricultural, environmental, cultural areas of life, as well as any other area in accordance recognized methods; 2) Conduct a General Census, at most once every ten years in any of the following areas and matters: (i) housing and population; (ii) agriculture; (iii) industry; (iv) establishments; (v) any other area; and 3) Coordinate with governmental departments to develop their statistical administrative records in line with international practices and standards, in a timely manner to meet the requirements of data users. It regularly conducts a series of statistical surveys such as the Household Expenditure and Income Survey (HESI), Labor Force Survey (LFS) and Population Census which are used to produce official statistics. It has an annual operating budget of US$7.2 million and an additional US$3.4 million per year for data collection. DOS needs significant capacity building and technical assistance to improve the quality of data collection and dissemination. Agreed upon investments in ICT hardware and software, as well as staff capacity, were identified. Such capacity will be built in parallel through a MDTF-based capacity building program.

56. **The Legislation and Opinion Bureau (LOB) is anchored to the PMO and is responsible for legal drafting and legal quality control**. Established in 1974, the LOB's most important functions are: (i) Reviewing draft laws and regulations and updating the enacted legislation; (ii) Making legal opinions on issues presented before it by the government; and (iii) Preparing draft laws for the government for submission to the Parliament in accordance with the established constitutional rules for approval. The LOB plays a significant role in the formulation of the concluding draft laws of the government. The LOB is also assigned for the drafting of proposed laws by the Parliament.19 A recent circular issued by the Prime Minister of Jordan instructs all regulators to submit for approval by the LOB a "Legislative Statement Memorandum". The Memoranda will include summaries of regulators' prior preparations of the proposed measures, including consultation and impact assessment. Historically, the LOB has been involved late in the regulatory process and has served mostly as a quality assurance function related to the legal drafting and constitutionality of proposed measures. The

LOB currently has no or little current capacity to substantively review Regulatory Impact Assessments. It is unlikely that they can satisfactorily deliver on their extended mandate to scrutinize RIA and consultation practices, unless their capacity is significantly enhanced, and/or the new quality assurance obligation is shared with another oversight unit, i.e, in the PMO . Officials from the LOB and the PMO have informed the World Bank that they are cooperating closely on ensuring that ministries and departments comply with Good Regulatory Practice requirements, monitored and enforced. The pricing of the DLI under its responsibility (in cooperation with the LOB) aims at granting it enough resources to meet its capacity needs.

57. **The Institutional Development Unit (IDU) was also anchored to the Prime Minister's Office with clout within the government but limited capacity until its recent restructuring**. It was established in 2018 in replacement of the ministry for Public Sector Reform. Its staffing was not commensurate to its responsibility both for the implementation of the "Predictability Code" and for Citizen engagement in service delivery. It is not granted a separate budget line. Its leverage across government entities rested on the establishment in the past two years of Department for Institutional Performance Development within line ministries and agencies. It also benefits from parallel technical assistance by other donors and under the MDTF. The pricing of the two DLIs initially under its responsibility (in part in cooperation with the LOB) aims at granting the PMO enough resources to meet its capacity needs.

58. **The Ministry of Environment is responsible for implementing the Paris Agreement NDC and the Green Growth Action Plans**. It was created to address climate change issues and establish appropriate policies. The role of MOEnv and Climate Change Directorate under it, has increased significantly beyond its original role as a focal point for representation, reporting and coordination of Jordan's commitments as signatory of the UNFCCC. This role now includes coordination with line ministries and agencies and with development partners. MOEnv will work in close coordination with MOPIC and establish relevant inter-ministerial working groups and will require support from PMO and Cabinet of Ministers to achieve the national climate goals.

Description and Assessment of Expenditure Framework

59. The estimated government program of expenditure over 2021-2025 (capital "P") includes both recurrent and capital expenditure across seven implementing agencies: recurrent expenditure amounts to 52 percent of the total.

60. Recurrent expenditures captured into the expenditure framework are a ratio of those of selected implementing agencies: 80 percent for all implementing agencies except for the MOF for which only 1 percent of recurrent expenditure of its main department has been included to carve out expenses unrelated to program implementation.

61. Capital expenditure included in the expenditure framework consists of a fraction of the capital budget of the implementing agencies. Only the two following sub-categories of capital expenditure have been included: those earmarked to maintain existing capital projects and to finance the creation of non-financial assets. This serves two objectives: 1) to ensure that maintenance is adequately funded and executed as planned which is essential for the provision of infrastructure services by completed capital projects (which is consistent with the priority of the Minister of Finance in capital spending); and 2) to comply with the exclusion list of the PforR policy which prohibits the financing of large projects entailing significant social and environmental impacts and of procurement transactions above the World Bank's thresholds. In addition, by screening the profile of capital projects listed in the appropriations bill for 2020 and 2021, the Bank team is confident that most budgeted capital

expenditures are earmarked to small projects and contracts. Focusing on those sub-categories of capital spending ensures that the targeted increase of the fiscal space for public investment (US$500 million over five years) and resources spent on capital project preparation and climate responsive capital expenditure (for the achievement of the government commitments on emission reduction and adaptation) will not be met at the cost of exploiting and maintaining existing public assets. It is also warranted by the prioritization of ongoing and completed projects in the allocation of capital expenditure in the 2021 budget, with no new projects being budgeted except for PPPs which have been granted a separate budget line (only 20 percent being included in the expenditure framework to avoid considering fiscal commitments and contingent liabilities which do not qualify as capital expenditure).

62. **The estimated program of expenditure over 2021-2025 is US$1,213.5 million**. The breakdown is shown in Table 3.1. A breakdown of the costs is presented in the table below. The WB loan will amount to 41 percent of the program cost. It is important to note that the program costs are expected to be consistent with the national budget. The WB-AIIB loan could bring some additionality, but not large amounts. To leave space for margins for error, the full relevant categories of expenditure are not taken into account, but only a part of them (for capital expenditure, only the sub-categories “goods and services” and “non-financial assets”).

63. **The government program of expenditure is fully consistent with the IMF fiscal projections under the ongoing Extended Fund Facility program**. Under the First Review of the program (January 2021), projections have been significantly revised downward, but still forecast a cumulative increase of capital expenditure relative to 2021, over the Program timeline (2022-2025 calendar years), i.e., four times more than the increase targeted by the PforR Program and reflected in the expenditure framework. (That is, the cumulative increase in dollar capital expenditures in 2022-2025, over the 2021 level is US$2 billion). Recurrent expenditures are also projected to increase by over US$4.8 billion over the Program timeline.

Table 3.1: Program cost and project finance (in US$million) –*Ex ante*

Agency	Category	Budget Lines (2021 Budget)	Average Annual Forecasted Expenditures based on 2021 Budget and 2022-26 Projections*		PforR Government Program 2021-26**		Coefficient	Total included in P4R
			JOD	USD	JOD	USD	%	USD
(1)	(2)	(3)	(4)	(5)	(6) = (4) x 5yrs	(7) = (5) x 5yrs	(8)	(9)=(7)*(8)
MOTA	Current Expenditure	MOTA 1801-2111, 2121, 2211, 2511, 2821 MOTA/Antiquities 1802-2111, 2121, 2211, 2511, 2821	21.7	30.5	108.3	152.7	80%	**122.2**
	Capital Expenditure	MoTA 1801 - Goods and services (2211) & Non-financial assets (3111, 3112, 3122, 3141) MoTA/Antiquities Goods and services (2211) & Non-financial assets (3111, 3112, 3122, 3141)	28.4	40.1	142.2	200.6	35%	**69.6**
MOPIC	Current Expenditure	MOPIC 1701- 2111, 2121, 2211, 2511, 2821 MoPIC DOS 1702-2111, 2121, 2211, 2511, 2821	9.5	13.4	47.5	66.9	80%	**53.5**
	Capital Expenditure	MOPIC 1701- 3111	8.8	12.5	44.2	62.3	95%	**58.9**
MoEnv	Current Expenditure	MoEnv Budget 2401-2111, 2121, 2211, 2511, 2821	3.1	4.4	15.6	22.0	80%	**17.6**
	Capital Expenditure	MoEnv Budget 2401 - Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	3.8	5.3	18.9	26.7	47%	**12.5**
MoF	Current Expenditure	MoF 1501-2111, 2121, 2211, 2511, 2821	3546.1	5001.6	17730.5	25007.8	1%	**250.0**
	Capital Expenditure	MoF 1501 - 2201- 3, 031, (PPP) - 2265 - 011 MoF/Customs 1503 - Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	210.0	296.1	1049.8	1480.6	27%	**405.1**
PMO	Current Expenditure	PMO 0301-2111, 2121, 2211, 2511, 2821 PMO/LoB 0302- 2111, 2121, 2211, 2511, 2821	25.6	36.0	127.8	180.2	80%	**144.2**
MoITS**	Current Expenditure	MoITS Budget 1601-2111, 2121, 2211, 2511, 2821	7.8	11.0	39.0	55.0	80%	**44.0**
	Capital Expenditure	MoITS Budget 1601- Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	2.3	3.2	11.4	16.1	85%	**13.7**
JIC**	Current Expenditure	JIC 1603 1702-2111, 2121, 2211, 2511, 2821	2.9	4.0	14.3	20.2	80%	**16.1**
	Capital Expenditure	JIC Budget 1603 - Goods and services (2211) and Non-financial assets (3111, 3112, 3122, 3141)	0.9	1.2	4.3	6.0	100%	**6.0**
			3,856.9	**5,440.0**	**19,284.7**	**27,199.8**		**1,213.5**

* Projections for 2022-23 from 2021 Budget; projections for 2024-26 assumen 2023 figures.

**July 2021-June 2026

***Participating agencies in the on going P4R Economic Opprtunities closing end of 2022, thus only programs 2023 and onwards are included

Table 3.2: Central Government: Summary of Fiscal Operations -Abridged (IMF Table 2a, in US$ million)

In]million US Dollars	Proj 2020	Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025	Cummulative change from 2021 Proj 2021	Proj 2022	Proj 2023	Proj 2024	Proj 2025	SUM OF CHANGES Proj 2021-2025
Total revenue and grants	**10,303**	**11,029**	**11,633**	**11,802**	**12,438**	**13,052**	**0**	**603**	**773**	**1,409**	**2,023**	**4,808**
Domestic revenue	**8,801**	**9,917**	**10,598**	**11,269**	**11,907**	**12,528**	**0**	**681**	**1,352**	**1,991**	**2,611**	**6,635**
Grants	1,502	1,112	1,035	533	530	525	0	-78	-580	-582	-588	-1,827
Total expenditures, inc. other use of cash	**13,200**	**13,829**	**14,565**	**15,217**	**15,870**	**16,539**	**0**	**736**	**1,387**	**2,040**	**2,710**	**6,874**
Current expenditure	11,766	12,322	12,708	13,264	13,802	14,348	0	386	942	1,481	2,026	4,835
Capital expenditure	1,361	1,506	1,857	1,953	2,067	2,191	0	351	447	561	685	2,045
Adjustment on receivables and payables (	75	-	-	-	-	-	0	0	0	0	0	0
Total balance from above the line	-2,898	-2,799	-2,933	-3,415	-3,432	-3,487	-1,985	-2,080	-2,422	-2,434	-2,473	-11,394
Statistical discrepancy, net	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance at current policies	-2,898	-2,799	-2,933	-3,415	-3,432	-3,487	-1,985	-2,080	-2,422	-2,434	-2,473	-2,473
Discretionary fiscal measures (cumulative	***0***	***326***	***843***	***1,420***	***2,036***	***2,325***	***231***	***598***	***1,007***	***1,444***	***1,649***	***1,649***
Overall balance after fiscal measures	**-2,898**	**-2,473**	**-2,090**	**-1,995**	**-1,394**	**-1,162**	**-1,754**	**-1,482**	**-1,415**	**-989**	**-824**	**-824**
Advances to water sector, of which:	**591**	**565**	**546**	**375**	**454**	**427**	**401**	**387**	**266**	**322**	**303**	**303**
Distribution companies	202	102	90	85	78	71	72	64	60	55	50	50
Financing	**3,490**	**3,039**	**2,635**	**2,370**	**1,849**	**1,589**	**2,155**	**1,869**	**1,681**	**1,311**	**1,127**	**1,127**

Source and Note: The original information in Jordanian Dinars in Table 2a in Jordan : First Review Under the Extended Fund Facility Arrangement and Request for a Waiver of Nonobservance and Modifications of Performance Criteria, and Rephasing of Access-Press Release; Staff Report; and Statement by the Executive Director for Jordan (IMF: January 12, 2021).

Economic Justification

64. **While Jordan did grow over the last decade, business environment and other constraints have yielded a growth model reliant on consumption**. As a result, Jordan's GDP growth has slowed down to an average of 2.4 percent per annum between 2010-19 from 6.5 percent in 2000-09. Behind the rise of Jordan's consumption-based growth model lie adverse incentives to an investment-export based model. High domestic costs (energy, transport, labor), business environment inefficiencies, declining levels of public investment and a strong currency, plus rising public sector wages, have created adverse incentives for investment and innovation in real sectors. Consequently, total gross investment declined from 26.9 percent of GDP to 17.1 percent over the period 2010-19, resulting in: (1) an increase in labor market slack; (2) declining exports; and (3) buildup of public debt.

65. **Considering Jordan's prevailing macroeconomic conditions, turning the economy around necessitates a strategy to boost investment and set the stage for a climate responsive recovery**. Elements of this strategy are rooted in Jordan's Reform Matrix. Improving public investment management systems and public private partnership frameworks is key among them on the public sector side to leverage public investment's multiplier towards a post COVID recovery. A significant body of literature frames project success as a function of

public investment management practices (Isham and Kaufmann 1999; Denizer, Kaufmann, and Kraay 2013)[28]. Further benefits can be reaped, from a rise in public expenditure, by greening the recovery. Investing in green infrastructure and upgrading buildings and green spaces efficiently result in a larger long-term multiplier effect with respect to other investments (Heoburn et al., 2020). Moreover, incentivizing investment is vital to turning Jordan's growth model around. Academic literature suggests a positive relationship between investment promotion and FDI inflow. Miškinis and Byrka (2014) report a 2.5 percent increase in FDI inflow when the investment promotion budget rises by 10 percent. Furthermore, according to Arezki, et al. (2020), MENA's lack of data and transparency is partially responsible for the region's chronic low-growth syndrome. As such, participatory and predictable governance are important to garner public support and private sector engagement to obtain a recovery capable of creating the kind of jobs the Jordanians desire.

66. **A GTAP-CGE model for Jordan was developed specifically for the PforR and shows promising results**. It assumes the program will result in an increase in public investment spending from 3.15 percent of GDP in 2019 to 3.38 percent of GDP in 2021 (or JD72.67 million in constant 2019 prices) and an increase in net FDI by 1.2 percent (or JD5.84 million in constant 2019 prices) relative to the case without the PforR i.e. Business as Usual. All other things remaining constant, preliminary results from two combined single period simulations (for 2020 and 2021) show the PforR's economic impact as a JD387.68 million (in constant 2019 prices) increase in GDP by 2021 (or 1.17 percentage points) and a 1.2 percent increase in employment.

[28] Isham, Jonathan & Kaufmann, Daniel. (1999). The Forgotten Rationale For Policy Reform: The Productivity Of Investment Projects. The Quarterly Journal of Economics. 114. 149-184.
Denizer, Cevdet & Kaufmann, Daniel & Kraay, Aart. (2011). Good Countries or Good Projects? Macro and Micro Correlates of World Bank Project Performance. Journal of Development Economics. 105. 10.1016/j.jdeveco.2013.06.003.

ANNEX 4. SUMMARY FIDUCIARY SYSTEMS ASSESSMENT

1. This Annex provides a summary of the Fiduciary Systems Assessment (FSA) of the World Bank-financed Jordan Inclusive and Transparent Business Regulatory Environment for Investment Program-for-Results (PforR). The FSA assessed the PFM and procurement systems for the main implementing ministries that are new to the World Bank-funded operations while updating assessments for those ministries that have been recently implementing World Bank-funded operations. The FSA system assessed the PFM and procurement systems of Ministry of Tourism and Antiques (MOTA), Prime Ministry's Office (PMO), and updated those assessments for Ministry of Planning and International Cooperation (MOPIC), Ministry of Environment (MOE), the Ministry of Finance (MOF), Ministry of Industry and International Trade, and Jordan Investment Commission (JIC).

2. **The fiduciary risk of the Program is assessed as Moderate.** The overall Program's fiduciary framework is assessed adequate to provide reasonable assurance that the Program financing proceeds will be used for intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability.

3. **Key risks that potentially could impact the Program are**: (i) the lack of financial sustainability and funding predictability due to possible budget cuts due to fiscal constraints of the GOJ. The expenditure framework consists of the expenditures related to the implementation of the Program by implementing agencies during 2021-2026; (ii) large number of implementing agencies under the Program that might result in delay in submission of annual audit reports as well as timely submission of related reports related to budget preparation and execution; (iii) commitments and arrears management needs restrengthening; (iv) implementation challenged by quality of technical specifications (supplies and construction) affecting the bidding process and contract implementation resulting in excessive variations in cost and timeline, and quality of deliverables; (v) cumbersome procurement processing and clearances; (vi) weak capacity for contract management and administration; (vii) lack of an integrated contract cycle from needs assessment to inventory; (viii) non-systematic coordination and integration of procurement of works and goods when implemented centrally by the General Tender Department (GTD/MoPWH) and the Government Procurement Department (GPD/MOF); (ix) the coordination on the Program results challenged by a complex implementation through different agencies; and (x) the procurement complaint mechanism is not fully activated.

4. **Specific risk mitigation measures have been identified.** Measures to mitigate the identified risks include: (i) MOPIC will oversee the overall implementation of the program including FM related aspects; (ii) MOPIC will ensure that all reports are collected and submitted to the World Bank; (iii) MOPIC will ensure adequate procurement and financial staffing is in place; (iv) Government Financial Management Information System will be used for commitment control and semiannual reports on commitments and arrears will be submitted to the World Bank; (v) the Jordan Audit Bureau will submit consolidated annual audited financial statements of all agencies excluding independent institutions that will submit their annual audited financial statements using its own hired private sector auditor; (vi) procurement plans will be maintained on the basis of the Annual Work Plans of the different agencies; (vii) MOPIC will ensure full coordination and monitoring of the overall procurement plans; (viii) implementing agencies will ensure

proper drafting of bidding documents by appointing qualified technical specialized staff; (ix) integration of procurement processing and contract management in the same cycle; (x) training on procurement processing and contract management; (xi) when central procurement agencies are involved in procurement (GTD and GSD), mutual systematic reporting and coordination will be institutionalized; (xii) coordination and integration of the Program by a central agency (e.g., MOPIC), especially for result areas that include multiple agencies; and (xiii) where Jordan Online E-procurement System (JONEPS) is deployed, complaints records will be uploaded and published through the platform, otherwise, agencies will keep a log of cases and their resolution and will adopt publication on individual websites.

Budget Preparation and Execution

5. **The assessment confirms that Jordan's budget systems are adequate for the Program**. The Program will be included in the national budget under the respective ministries and independent institutions' budgets. Budgets have been prepared and submitted to the Parliament for endorsement without any significant delays, including the 2021 budget. Jordan has a robust classification system, which includes the most important classifications and is broadly consistent with the IMF's Government Finance Statistics Manual 2001, including administrative, economic, functional, geographical, and program classifications. These classifications are included in the current chart of accounts allowing for all transactions to be reported in accordance with the appropriate standards.

6. **Each budget includes strategic objectives and performance indicators to monitor progress toward achieving objectives using key performance indicators.** All line ministries and government units' budgets annually publish—on the GBD website—their strategic objectives, key performance indicators, and outputs of the preceding two years and programs for the ensuing three years. This provides a sufficient basis for tracking and evaluating service delivery by ministries and public entities. All line ministries use Government Financial Management Information System (GFMIS) for budget preparation and execution. The GFMIS has been fully rolled out to all budget units (ministries, departments, and regional financial centers) encompassed in the Budget Law. The Government has launched GFMIS phase two aiming to connect Independent Public Units (IPUs) by 2022. The GFMIS is fully utilized for budget execution; yet, for budget preparation, there are manual interventions with various IT tools being used. The GFMIS offers limited functionalities for: (a) presentation of an initial policy-focused budget submission; (b) entering of multiple quarter and multiyear commitments; and (c) capturing and populating the outstanding commitments and outstanding invoices for arrear monitoring. As a result, arrears have continued to be a problem. Therefore, the Program control management will be strengthened by using GFMIS contracts management and semiannual reporting on commitments and arrears will be submitted to the World Bank.

7. **Procurement procedures and processes are universally similar and follow the by-law no.28 for 2019 and related Instructions.** Revisions of the legal framework is undergoing finetuning of the texts, reconciling duplications and inconsistencies. Clear guidance is provided to the complaints processing, and the Procurement Policy Committee is operational and currently handles complaints. JONEPS platform is operational and GTD/GPD are using it, specifically upon the request of the public administration and institutions for contracts above the set ceilings. A grant was extended to GPD for Business Re-engineering of the process and production of forms that would apply to all profile of institutions (Ministries, State-Owned-Enterprises, Municipalities, etc.) The Business Process Re-engineering (BPR) produced forms will be digitized to enhance the current platform. Partial deployment will be ensured meanwhile with a full

deployment by 2023. The procurement processing is centralized at GTD for procurement of works and related consultancies, and at GPD for supplies and consultancy services. Both agencies have extensive procurement experience but are not in charge of contract management. As stipulated under the Program Action Plan, Annual Work Plans (AWP) agreed by the different entities and validated by the central management entity at MOPIC will be materialized in the procurement plans. Coordination mechanism and integration will be ensured by MOPIC.

8. **Contract management and settlement of disputes:** As per procurement by-law No 28 Art 95, the Jordanian courts will be referred for settlement of disputes during execution of contracts. However, the contract may provide other dispute resolution methods, starting with amicable settlement and escalating to arbitration. The contract parties may have recourse to a third party for settlement of disputes using conciliation and mediation, by appointing dispute experts, or dispute review boards, and the related appointment procedures for such conciliators. Arbitration contract clause will stipulate the institutional setting for the arbitration, the procedural rules to govern the conduct of the arbitration, and the location of the arbitration. In general, contract management capacity will need to be enhanced especially with respect to works contracts. The strategy for training program is developed and under approval. Institute of Public Administration is leading the training effort with the support of the World Bank-administered MDTF (P172421). First orientation training waves will be completed by June 2021 and August 2021. Specialized training (works, goods, consulting services, Framework agreement, contract management) are planned in 2022.

9. **JONEPS did not yet roll out the e-contract module. This module will support data collection on execution of contracts.** Under the Program, contract management is to be handled by the different beneficiaries' ministries and agencies. The track record of contract management is in general not satisfactory. According to the Audit Bureau report of 2019, the main shortcoming in works contracts is the numerous variations in price and time between the original contract and the final contract. The finding was confirmed previously in 2015 and 2019 by different surveys conducted by the WB and MoPWH. On average, variations in cost are of 35 percent out of which 30 percent is the result of bad design and bidding documents, while 70 percent are additions requested by the beneficiary. Extension in time is systematically observed by almost 85 percent of works contracts.

Budget Performance Analysis

10. **Comparison of actual aggregate expenditure against the originally approved budget for the main implementing agencies was concluded and found that actual expenditure deviation from the original budget is overall acceptable.**

Table 4.1: Budget expenditures outturn analysis for selected Implementing Line Ministries 2017-2019

Agency	2017		%	2018		%	2019		%
	Budget	Actual		Budget	Actual		Budget	Actual	
	Mill JD	Mill JD		Mill JD	Mill JD		Mill JD	Mill JD	
MoTourism	10.6	10.6	-0.2%	12.0	11.4	-4.4%	32	35	9.1%
MoFinance	3,056	2,758	-9.8%	3,147	3,134	-0.4%	3,022	3,019	-0.1%
MoEnv	5.3	5.2	-2.6%	5.9	5.1	-14%	6.5	6.3	-3.4%
MOPIC/National Planning Council	129.9	103.2	-20.6%	83.6	76.0	-9%	15.4	12.5	-18.5%
MOPIC-DOS	6.9	7.0	1.3%	6.7	6.7	-0.4%	7.6	7.7	0.4%
PMO	41.7	37.6	-9.9%	44.4	37.3	-16.0%	38.2	32.2	-15.7%

The analysis identified the following deviations of actual expenditure against budgetary allocations for:

- Increase in Ministry of Tourism actual expenditure to budget by 9 percent in 2019. The increase is mainly due to the increase in actual capital expenditure from budget by JD2.5 million.
- Decrease in MOF actual expenditure to budget by 9.8 percent in 2017. The decrease is mainly due to the decrease in actual recurrent expenditure from budget by JD294 million. This decrease is mainly accounted for the deviation in budgetary allocations on net international and domestic debt interests by JD94 million and other expenses by JD224 million.
- Decrease in Ministry of Environment actual expenditure to budget by 14 percent in 2017 but this decrease is high in percentage by low in value.
- Decrease in MOPIC/NPC to budget by 20 percent in 2017, and 18.5 percent in 2019. The two decreases in actual expenditure are accounted for less spent on capital expenditure as planned for by JD28 million in 2017 and JD3 million in 2019. The decrease in capital expenditure in 2017 was mainly the reduction on spending on building and construction by JD26 million and JD3 million in 2017 and 2019, respectively.
- Decrease in PMO actual expenditure to budget by 10 percent in 2017, 16 percent in 2018, and 15.7 percent in 2019. The decrease in spending in 2017, 2018, and 2019 in actual spending to budget was mainly accounted for less capital spending on capital spending by JD2.2 million, JD6 million, and JD5 million, respectively.
- MOITS and JIC were not included in the analysis considering that both agencies will be included in the program expenditure framework starting 2023.

Internal Controls and Internal Audit

11. **The overall control environment continues to be acceptable for purpose of Program implementation.** Budget execution controls are implemented and applied consistently throughout the implementing ministries in accordance with the applicable Financial By-law (1994) and its Amendment (2015), and the Financial Control By-law (2011) and its Amendment (2015). The budget execution systems at implementing line ministries implement prescribed controls, which include: (a) technical approval by the beneficiary department; (b) finance staff checking and approval; (c) periodic, ad hoc reviews by resident internal auditors; and (d) exercise of an expenditure controlling function by the MOF's financial controllers assigned to respective spending units. The MOF-assigned financial controllers to oversee

transaction-based compliance controls over payments, recording of transactions, and production of periodic and final accounts by responsible entities. In practice, no payments can be authorized and processed before financial controllers verify and sign off on payment vouchers. In addition to resident financial controllers from the MOF, implementing line ministries have internal auditors who mainly perform the job of internal/financial controllers. Internal audit activities are primarily confined to ex ante review of receipts, expenditure vouchers, and disbursements. Ex ante controls performed by financial controllers and internal auditors are further performed by the internal audit activities and, in this case, not designed to comply with practices and standards promulgated by international standards.

12. The absence of an effective ex post audit in accordance with recognized international standards weakens the effectiveness of the internal audit function and its suitability to effectively support Program implementation. To mitigate risks presented by this deficiency, the scope of work to be done by independent financial statements auditors will be extended to include a review and assessment of the effectiveness of the internal control environment in beneficiary entities. The annual budget laws prohibit overcommitments or reallocations between budget lines. Financial controllers play a key role in ensuring that payments are within approved budget allocations. Nonetheless, ministries can reallocate annual budget category amounts whenever considered and justify this to be necessary and consistent with their autonomous status.

Payroll

13. **The assessment confirms that an effective payroll management system is in place and functional.** The payroll systems at implementing line ministries have a good degree of integration and reconciliation between the position controls, personnel records, and payroll registers. The payroll system in Jordan follows the Civil Service Bureau instructions and is in line with the national financial law and internal controls regulation, in addition to instructions issued by the MOF. The Human Resources (HR) department is responsible for receiving the information for the appointed employee for entry into the automated HR database system. The HR department ensures the completeness of information and the data entry of related salary entitlements through an automated system and record archival both in the system and in paper files. HR input in the system is subject to both automated and human checks. A payroll schedule is prepared monthly and subject to several layers of approvals (payroll officer, head of payroll unit, the department manager [budget holder], Internal Control Department, MOF financial controller, and the financial management manager). Salaries are transferred to employees' personal bank accounts. Monthly reconciliations are prepared in the system and shared with the internal control unit and MOF representative. Daily time attendance sheets based on an automated attendance register are maintained by the attendance supervisor, who reports absences to the HR and responsible departments. Supervisors confirmed that they strictly ensure all employees are in place and functional. There is a concern in relation MOPIC-DOS using a very old inefficient and unsupported system (Fox-PRO) for salaries. This system needs to be upgraded with a more efficient and supported system.

Procurement Profile

14. Contracts exclusion will not be observed since all individual contracts under this Program are deemed to be estimated below the Operations Procurement Review Committee thresholds following values: (i) works US$115,000,000 equivalent; (ii) goods US$75,000,000 equivalent; (iii) non-consulting services US$75,000,000 equivalent; and (iv) consulting services US$30,000,000 equivalent.

15. The procurement processing is centralized at GTD for procurement of works and related consultancies, and at GPD for supplies and consultancy services. Both agencies have extensive procurement experience but are not in charge of contract management. The arrangement of the implementation agencies under article 76, and 81 of the Government Procurement By-Law no.28/2019 are as follows:

a) For contracts involving civil works and technical consultancy related work exceeding a threshold of JD1,000,000 and JD100,000, respectively, the General Tender Department (GTD) is responsible for the procurement processing and implementation of civil works.
b) For supply of goods and consulting services related goods exceeding a threshold of JD500,000 per contract, the GPD is responsible for the procurement processing and implementation of supply of goods.

16. Procurement performance of both agencies will be enhanced. With respect to goods, re-bidding and lengthy procurement processing are frequently observed. While procurement of works may have observed less lengthy procedures due to the adoption of the classification of contractors that save time in evaluation. Most efficiency due to flow of documents will be upgraded though the usage of JONEPS and the enhancement that is foreseen.

17. **Procurement categories** of the Program activities are recapitulated as per below:

a) The scope of the Program is the implementation of the set of reforms that support public and private investment and set the stage for a climate responsive recovery. The PforR will also incorporate a strong governance dimension with a view to support the rollout of the investment support systems.
b) Several activities under the PforR are designed to directly support capacity building of key government entities; also, business environment enhancement reforms, increasing investment flows. The PforR will support the expansion of digitalization of tourism marketing and promotion activities, support increasing technology adoption for the digitalization and integration of key Government-to-Business services. The PforR will support development of government policies (laws, by-laws, instructions, etc.) more consultative, evidence-based, and predictability and increased access to information and data and implementing user satisfaction monitoring systems.
c) As per budget classifications, the PforR boundaries cover recurrent expenditures and also capital expenditures related to capacity building, computer acquisitions, computer maintenance, expenses of transportations office supplies, security and inspection devices, studies of the transport sector, studies and consulting services, works/ constructions, subsidies to non-financial public sector, etc. All yearly expenditures are below the exclusion thresholds except the yearly expenditures under MOF related to works/ constructions and subsidies to non-financial public sector. According to technical assessment and inputs from the government, the related individual contracts will not have amounts exceeding the threshold of US$115,000,000.

18. **This assessment concludes that the respective capacity building initiatives will be supported through the Government's allocation** of required budget and non-financial resources, together with technical assistance from development partners. This assessment observes that no major procurement

exceeding the PforR financing thresholds is envisaged under the Program. All implementing agencies will ensure archiving of all the documents such as advertisements, orders, contracts, and invoices to comply with procurement controls of the country system.

Accounting and Financial Reporting

19. **The FSA concludes that the accounting and financial reporting systems are acceptable for purposes of the Program.** The implementing line ministries adopted a chart of accounts that is compatible with the Government Finance Statistics Manual 2001. Both the final accounts and the in-year reporting are timely but are still prepared through the Oracle legacy system until the GFMIS implementation is completed and relevant legislative amendments are made. On the aggregate level, General Government Finance Bulletins are published monthly and include budgetary government finance statistics aggregated according to the economic and functional classifications (budget versus actual). The monthly financial positions sent by line ministries and independent institutions to the GBD/MOF present data in administrative, economic, program, funding, and geographical classifications.

20. Finalization of the annual accounts is required by law by June of the following year, and this has been complied with during the recent years. MOF issues the government annual financial statements in accordance with IPSAS cash accounting and has an ambitious plan to convert to the IPSAS accrual basis by 2022. Jordan Audit Bureau audits the government annual consolidated financial reports and the most recent published consolidated financial statements are issued for the year ended December 31, 2018, with a clean audit opinion. Independent Governmental Unit (JIC)'s annual financial statements are prepared in accordance with International Financial Reporting Standards and audited by private sector audit firms.

21. MOPIC will be responsible for Program coordination and implementation. Apart from this, MOPIC will be entrusted with submitting the annual consolidated audited financial statements of the Program within 9months from the end of each calendar year.

Program Audit

22. **Participating ministries will be audited by Jordan Audit Bureau (AB), while independent governmental units rely on their own private sector auditors**. AB is currently auditing several World Bank-funded operations[29] including PforRs and its performance is acceptable. The Jordan AB is a member of the International Organization of Supreme Auditing Institutions and the Arab Organization of Supreme Auditing Institutions. The AB is charged with performing the external audit function applied to the general government public institutions. In recent years, it has been moving toward the application of international auditing standards, moving from a strictly financial audit role into administrative, performance, and environmental auditing techniques. AB has fully withdrawn from conducting ex-ante auditing in all line ministries starting 2019 in compliance with INTOSAI standards except the Ministry of Agriculture. This has provided the Bureau with operational independence from the auditee as well as allowing the Bureau to focus on financial and performance audits. Additional progress is witnessed by the establishment of a special committee to review and solve the main audit issues raised in the audit reports during the past

[29] Economic Opportunities for Jordanians and Syrian Refugees PforR, Jordan Education Reform Support PforR, Jordan COVID-19 Emergency Response IPF, Exploring High Value Socially Inclusive, and Water Efficiency Agriculture in Jordan IPF.

years including the most recent audit report of 2018. This shows the GOJ commitment to following up and addressing the audit concerns reported by the Audit Bureau in the annual audit reports. The overall performance of the AB in auditing ongoing PforRs operations in Jordan was satisfactory.

23. **The AB will issue annual consolidated audited financial statements for the PforR covering all participating line ministries with a consolidated management letter.** MOPIC will be responsible of coordinating the work with the AB. While independent agencies will rely on its own external audit firms that their performance is found satisfactory and will submit their audited financial statements and management letter to MOPIC.

Program Arrangements for Managing Fraud and Corruption Risks

24. **The implementation agencies will execute the activities in accordance with the World Bank's Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing.** The implementation agencies will: (i) share information with the World Bank regarding all allegations of fraud and corruption in connection with the Program, investigate all credible allegations received, report to the World Bank on actions taken, and cooperate in any inquiry that may be conducted by the World Bank into allegations or other indications of fraud and corruption in connection with the Program; and (ii) monitor and abide by the World Bank's list of debarred/suspended firms.

25. The Program embeds several fraud and corruption prevention, deterrence, and detection mechanisms in existing arrangements, including:

- publication of Program information by participating ministries and entities, including provision for handling stakeholder complaints;
- comprehensive and clearly articulated procedures governing the use and accountability of funds, reflected in the PFM legislation, regulations, and operational guidelines
- a strong internal control and compliance monitoring mechanism;
- a strong track record of timely responsiveness in addressing and resolving audit findings; and
- effective arrangements for segregation of accountability and reporting functions.

26. **The Jordanian Anticorruption Commission (JACC),** established in 2005, has over the years established elaborate arrangements to prevent, deter, and investigate fraud and corruption. It is headed by a board comprising a chair and five members nominated for a limited two-year period.

27. Jordan ranks fifth among Arab states on the 2019 Corruption Perception Index (CPI), coming in place after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia and Oman. Jordan scored 48 points out of 100 on the 2019 index, down by one point compared with the 2018 score. This slight fallback is due to a mild drop in six out of eight sources used to measure the overall average, namely in relation to a weak governance and bribery prevention. This clearly illustrates the referred to weakness, especially in relation to increased “wasta” to obtain services from certain institutions.

28. The GOJ launched several initiatives to strengthening the rule of law[30], protecting public money[31],

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[30] Several laws were amended, including the Illegitimate Profit Law, the Audit Bureau Law, and the Integrity and Anti-Corruption Law.

[31] A new approach was adopted in screening the queries and violations listed in the Audit Bureau’s report and established joint committees to

and combating corruption[32] that are profound steps in the correct direction yet there is need for a holistic approach to enhance integrity and transparency in anti-corruption measures: (a) publishing periodic and updated public reports on the government's fulfillment of its commitments to fight corruption; (b) enforcing control and oversight over political money and funding, (c) exercising preemptive and periodic disclosure of cases that are referred to the competent courts with respect to corruption and misuse of public office by the relevant authorities, (d) publicizing financial disclosures and beneficial ownership, as well as limit conflict of interest, (e) disclosing the number of objections filed against tenders, as well as the measures taken to address those objections, and in the event the objections are justified, it is necessary to clarify the corrective measures that are taken; (f) advancing the implementation of digitalization of public services, (g) promoting a deep understanding on the concepts of integrity, transparency and accountability in order to combat corruption among school and university students through a specialized scientific curriculum, and (h) simplifying investment procedures through downsizing bureaucratic red tape that foreign and local investors have to deal with.

Transparency

29. Key institutions involved in public financial accountability have established elaborate public information sharing arrangements on their websites.

(a) The MOF publishes multi-year budget planning and execution reports, including key performance indicators covering all core ministries and departments.
(b) The Jordan Audit Bureau publishes its annual report covering the outcome of audits of all ministries and departments subject to its audit.
(c) The JACC has established a comprehensive mechanism for receiving, investigating, and reporting on all allegations received from the public.
(d) Procurement notices and contract awards are required to be published as the Procurement by-law 28 (2019) article no. (6) using traditional and/or electronic means.
(e) Public procurement complaint mechanism is established by the Public Procurement By-Law no. 28 for 2019 and further detailed in consequent implementation instructions. The public procurement complaint committee (PCC) was established by the prime minister decision of November 2019 and is housed at the Legislation Opinion Bureau. PCC initiated its operations by handling procurement complaints raised from different institutions and bidders. Out of five complaints, two were resolved to the advantage of the complainant and three the procuring agency. According to the PCC feedback, the complainants that used the system expressed trust even for those which had the resolution not to their advantage. However, the PCC lacks resources (staffing, administrative support), and has no allocated office or adequate IT and office equipment. Under the Program Action Plan, where JONEPS is deployed, complaints records are to be uploaded and published through the platform, otherwise, agencies are to keep a log of cases and their resolution and to adopt publication on individual websites.

30. **Public complaints handling (non-related to procurement).** A Central Government Complaints

follow up on recommendations and rectify the situation, in addition to referring the necessary cases to the Integrity and Anti-Corruption Commission. The Unified Procurement By-law (the government's Procurement By-law number 28 for 2019) served to establish a unified competent authority concerned with government tenders and procurement

[32] the Council of Ministers has approved the Recruitment By-law for leadership positions number 78 for 2019, which provided some procedures that enhance the principles of transparency, as well as the policy of open data and cloud computing

Management System is maintained in the Prime Minister Office[33] as a central entity for receiving and monitoring resolution of citizens' complaints directly with all concerned government agencies. The management and maintenance of the system are supervised by the Government Complaints Management Unit at the MOPSD's Government Services Improvement Directorate.

31. **Code of ethics for public servants.** All state bodies, including ministries, departments, and IPUs, follow the code of ethics for public servants. In general, the code of ethics sets rules of behavior for employees and aims to strengthen public confidence in the professionalism and conduct of employees. The code defines relationships with citizens, professional behavior, conflicts of interest, relations with colleagues, personal behavior, and so on.

32. **Asset disclosure.** The Financial Disclosure Department by-law increased the number of individuals from the public and private sectors who are required to submit financial disclosures. Nevertheless, the law is not as effective as an investigation tool because assets disclosed by public officials in financial statements are not verified by the Financial Disclosure Department unless there is a complaint against the public official.

33. **Conflict of interest.** In addition, bidding documents for public procurement contain ethics clauses, which regulate interactions between the employer and the bidders with regard to the process of bid examination, clarification, and evaluation; conflict of interests; unlawful agreement with competitors or influence on the evaluation committee; and so on. Also, the requirement of this part of the bidding document is that the contractors will act professionally, impartially, and in accordance with the code of ethics of their profession.

[33] See website: *http://mopsd.gov.jo/en/Pages/Side%20Nav/Government-Complaints-Unit.aspx?MenuItem=4*

ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

Introduction

1. **This Program-for-Results (PforR) is aimed at helping Jordan improve accountability to foster public and private investments (including for tourism) for economic recovery and achieving national climate goals in Jordan**. The PforR will do so through supporting specific aspects of Jordan's updated Reform Matrix. Namely, it supports key elements of the result chain that enhances the quantity and quality of public and private investment (including for tourism), including PPPs, and set the stage for climate responsive economic growth.

2. **An Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank for the proposed PforR operation**. The present Annex presents the summary of findings of the ESSA. In the ESSA, the Bank assesses, at the Program level, the potential Environmental and Social effects (E&S Effects) of the PforR, including direct, indirect, induced, and cumulative effects as relevant; the borrower's capacity (legal framework, regulatory authority, organizational capacity, and performance) to manage those effects in line with the Core Principles of World Bank Policy on Program-for-Results Financing, and proposes measures to enhance both the E&S management systems and the E&S outcomes during implementation.

ESSA Methodology and Core Principles

3. **The ESSA was prepared through reviews of existing program materials, available policy documents, technical literature and interviews with government staff and key experts**. The list of documents reviewed in the ESSA is presented in Annex 1 of the report. The PforR Program and relevant government systems were assessed against the following core environmental and social principles of Bank Policy for PforR Financing (i.e., Core Principles):

I. Promote environmental and social sustainability in the PforR Program design; avoid, minimize, or mitigate adverse impacts, and promote informed decision-making relating to the PforR Program's environmental and social impacts.

II. Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources resulting from the PforR;

III. Protect public and worker safety against the potential risks associated with: (i) construction and/or operations of facilities or other operational practices under the PforR Program; (ii) exposure to toxic chemicals, hazardous wastes, and other dangerous materials under the PforR Program; and (iii) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards;

IV. Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving, or at the minimum restoring, their livelihoods and living standards.

V. Give due consideration to the cultural appropriateness of, and equitable access to, PforR Program benefits, and to the needs or concerns of vulnerable groups; and

VI. Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

4. **The ESSA comprises the following information**: (a) a summary of environmental and social effects (impacts, risks and benefits) associated with proposed activities required to achieve the Program Development Objective (PDO) and the Disbursement Linked Indicators (DLIs) for each results area; (b) an assessment of the borrower's environmental and social management systems, which apply to these activities, for managing the identified E&S effects, including reviewing practices and the performance track record; (c) an assessment of the extent to which the borrower's environmental and social management systems are consistent with the Bank's core environmental and social principles spelled out in Bank policy and associated guidance materials; and (d) a set of recommendations and actions to address capacity for and performance on policy issues and specific operational aspects relevant to managing the Program.

ESSA Consultations

5. **Consultations on environmental and social risks were held with GOJ and implementing agencies throughout the Program preparation. Respecting COVID-19 risks associated with public gatherings, all consultations were conducted only virtually**.

6. **The draft ESSA was disclosed on the World Bank website in English, and an Arabic translation of the ESSA Executive Summary was also disclosed at the same time**. The draft ESSA was consulted by the World Bank with external stakeholders on April 5, 2021. Attendees included government representatives from various implementing agencies, CSOs and private sector associations. The consultation provided a general program overview consisting of the following:

- Introduction around the purpose and scope of the ESSA
- Key social and environmental effects, including benefits and potential risks
- Highlighting the capability of the borrower's systems to manage E&S effects
- Present a set of recommendations and actions to address capacity and performance issues on a policy level and specific operational aspects relevant to managing the Program.

7. **Following the General Program Overview, additional sessions allowed more in-depth discussions of environmental and social effects, systems and mitigation measures covering the following themes corresponding to the Result Areas of the Program**:

- Public and Private Investment Management
- Tourism, Cultural Heritage and Natural Habitats
- Access to Information and Citizen Engagement.

8. **Each presentation was followed by an open discussion where the participants were encouraged to give their feedback about the ESSA**. A summary of the concerns, questions, comments and recommendations raised participants, and the manner in which they have been incorporated into the program are as follows:

Table A5.1 Summary of questions and comments raised during consultations and responses.

Summary of questions and comments raised during consultations	Responses
Need to establish grievance mechanisms for affected parties of public and private investments	The Program will strengthen the existing GRM according to design principles consistent with good international practice and timeline set out in the Program Action Plan
How to better include climate change and the National Determined Contributions (NDC) under the Paris Agreement	DLI 12 is designed to specifically finance governance systems for achieving Jordan's NDC 2030 goals
Inclusion of Climate Change in the National Tourism Strategy	A Strategic Environmental and Social Assessment will be conducted
Environmental assessments of eco-tourism sites such as the Jordan Trail are needed	The program will support development of site management plans at MOTA tourist sites that include environmental and social aspects and are consulted with local communities and CSOs.
Data collection is integral for analyzing the business that is coming in and to plan for future investments that will drive economic value added.	Agreed.
What is the vision for the MIS for data collection (tourism)?	The MIS system will support Ministry operations (i.e., planning, budgeting, monitoring) and improved dissemination of sector data in order to inform decision making by members of the public and private sectors.
Can we have a figure for the project volume needs to implement the national tourism strategy and the period it covers?	As the national strategy is still being drafted, determining such a figure at this time is not possible. Further, the P4R instrument does not directly fund project implementation. The period of the strategy is expected to be for five years (2021-2025).
Responsibilities for managing E&S effects under the program	All implementing agencies are responsible for managing respective E&S effects under the program in accordance with national systems. The Reform Secretariat (PMU) and the PPP unit and the PIM unit will have dedicated E&S resources to further support implementing agencies.

9. **Participants were offered the opportunity to provide further comments in writing**. Participants expressed appreciation for the opportunity to contribute to the Program and the importance of discussing the environmental and social aspects. They offered their support for the management and sharing of data, notably on tourism.

10. **The Program Development Objective (PDO) is to "Improve accountability to foster public and private investments for economic recovery and achieving national climate goals in Jordan"**. The project focuses on the following three result areas, with 12 indicators of implementation progress for project funding disbursement (DLI):

a) **Result Area 1:** Improving the accountability and fiscal space for public investment, including national climate goals. DLIs related to Result Area 1 are:

- DLI1: Improving public investment preparation and implementation (through operationalizing PIM/PPP governance framework)
- DLI2: Increasing the fiscal space for public investment
- DLI3: Mainstreaming climate Responsive Capital Expenditure in Public Investments towards Jordan's NDC 2030 Goals mainstreamed

b) **Result Area 2**: Improving the business enabling environment and the capacity of key institutions to attract private investment and climate finance, including for the tourism sector. DLIs related to Result Area 2 are:

- DLI4: Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment
- DLI5: Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives
- DLI6: Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment
- DLI7: Implementing Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses
- DLI8: Identifying climate responsive private investment and non-Government financing towards Jordan's NDC 2030 goals

c) **Result Area 3:** Generating evidence and data for policy making implementation and stakeholder dialogue, DLIs related to Result Area 3 are:

- DLI9: Improving access, quality, continuity of business and infrastructure services in response to social demand
- DLI10: Increasing accessibility and usability of statistical and administrative data
- DLI11: Implementing and strengthening of good regulatory practices for evidence-based and predictable rulemaking
- DLI12: Establishing and operationalizing the climate finance governance system for achieving Jordan's NDC 2030 goals

11. **The Program will build on the existing Reform Secretariat within MOPIC, established in 2019 based on an administrative decision of MOPIC (No. 34/2019), and supported by the World Bank- financed Strengthening Reform Management Project (P171965**). The Reform Secretariat has been nominated as the PMU. The Reform Secretariat has dedicated environmental, social and stakeholder engagement resources and the project applies the World Bank's Environmental and Social Framework.

12. **Across Result Areas and DLIs, seven implementing agencies will be vested with the responsibility of achieving targeted results**. They have been selected based on their official mandate and existing capacity and expected leverage across government entities since the implementation of most of the policy reforms supported by the Program calls for compliance and enforcement across the board. The Ministry of Environment (MoE) is the nodal agency for coordinating

the environmental efforts across government agencies.

13. **Program coordination will be strengthened through the establishment of a Technical Steering Committee (TSC) to be chaired by Director of the Reform Secretariat**. The TSC will institutionalize coordination consisting of representatives of all implementing agencies upon deputation from the heads of implementing agencies.

Program Environmental Social Effects

14. **Environmental and social screening.** The Program result areas and DLIs were screened for their potential environmental and social effects. The Program is expected to have a number of positive environmental and social effects in the areas of government accountability, information sharing, citizen engagement, improvement of livelihoods, resilience to climate change and reduction of GHG emissions. The project is also expected to have direct adverse environmental a social impacts and risks, expected to materialize in two project scenarios. On the one hand, the project will directly support some infrastructure investments, which are tied to DLIs for project funding disbursement. These investments could be in various sectors, with either public or private financing. They would have environmental and social impacts and risks in their construction and operation. On the other hand, several of the program activities are designed to improve the relevant policies and regulatory framework to improve the overall investment environment in the country. This is expected to attract more investment, particularly in infrastructure development. The consequential increase in infrastructure investment in all sectors will bring significant socioeconomic benefits but will be accompanied with a range of direct and indirect adverse environmental and social impacts and risks, if not adequately mitigated.

15. **In line with the PforR instrument requirement and to minimize adverse environmental and social risks, the Program excludes any activities that are likely to have significant, sensitive, diverse or unprecedented impacts to the environment and/or affected people including significant land acquisition, economic or physical displacement or changes in land use; significant impacts to critical cultural heritage sites or natural habitats**. Exclusion criteria have been developed under the project and all investments to be supported by the PforR will be screened against agreed criteria.

16. **Program environmental effects**. Assessment was conducted of the proposed activities in the results areas under the program. Anticipated effects are summarized below.

- Result Area 1 is expected to achieve many environmental benefits, including early integration of the environmental aspects in the project concepts and design, enhancing the capacity of the PIM/PPP in environmental management, promotion of environmental best practices and strengthening climate response. Possible adverse environmental risks and impacts could happen with the construction and operation of large investment projects above JD 10 million, including dust, air emissions, noise, discharge of wastewater and disposal of solid/hazardous waste as well as Occupational Health and Safety (OHS) risks. Given the size of such projects the significance of such environmental impacts and risks would be substantial.
- Result Area 2 will achieve environmental benefits, including strengthening the climate response strategies and improving the management of culture heritage and natural sites. Possible environmental risks and impacts relate to improved management and restoration of tourist sites, including dust, air emissions, noise, discharge of wastewater and disposal of solid/hazardous waste as well as Occupational Health and Safety (OHS). The size of investments under result area 2 is expected to be less than the investments under result area 1, therefore the environmental risk would be moderate.

- Result Area 3 will also achieve environmental benefits, including improved public access to environmental data and climate finance governance, and improvement of environmental outcomes from new strengthened regulations on impact assessment. Result area supports the sectoral guidelines and long-term strategy for climate response and its downstream activities would have some indirect moderate environmental risks and impacts.

17. **Program social effects**. Similarly, the three result areas would have both positive and negative effects. The overall social risks are considered substantial.

- Result Area 1 will support improved methodologies and capacity for assessing and managing environmental and social impacts in the investment cycle. This will improve transparency and accountability in Jordan's public and public-private partnership investment projects. The construction and operation of large investment projects above JD 10 million could have potential adverse social risks and impacts related to land acquisition, labor, safety and health etc.
- Result Area 2 will support the investment regulatory framework and promotional activities. There are long-term socio-economic benefits from increased investment in Jordan including job and entrepreneurial opportunities. Development of a National Tourism Strategy, maintenance and upgrades of existing tourism sites will improve preservation and restoration of cultural heritage sites. There could be indirect economic and social impacts. This could be accompanied by some impacts such as loss of access to natural resources or impacts on cultural heritage from increased tourists, as well as moderate risks of labor, health and safety. Implementation of climate responsive activities will bring economic and health benefits from the reduced risk to human health and welfare. These investments may social risks and impacts related to land acquisition, labor, community and worker health and safety.
- Result Area 3 incentivizes improved government accountability and transparency. These activities are expected to enhance transparency, stakeholder engagement and government accountability.

Relevant existing environmental management system: Assessment and Gaps

Environmental assessment

18. Legal policy framework. The environmental legislation is relatively advanced in Jordan, especially with the recent Environment Protection Law No. 6 for the year 2017, the Decree 69/2020 for Screening and Environmental Licensing and Law 16/2020 for Waste Management.

19. Institutional setup and responsibilities. Both Law 6/2017 and Law 16/2020, and their related Decrees, are implemented by the MOEnv. Per the EIA bylaw, environmental licensing is carried out through the Environmental Licensing Department, which makes sure that the needed environmental assessment instrument is prepared and fulfill the requirements. Once the License is issued Environmental Management Plan (EMP), included in the environmental assessment instrument, is transferred to the Inspection Department in MOEnv to follow up on the EMP implementation.

20. Implementation performance. The environmental licensing process for new projects is well integrated in the general licensing procedures. The capacity of MOEnv Inspection Department, in terms of staffing related to the total facilities that are subject of inspections, is relatively limited. The focus of the Inspection Department is more on operating projects with limited inspections on construction projects, as the latter is usually done following a complaint. In terms of waste management, it is considered that the country has well established infrastructure for hazardous waste management, which could serve different developers, however, there is room for improvements to this system.

21. Main gaps. In general, the environmental and social assessment and management system includes an adequate legal framework to guide environmental and social impact assessment, mitigation, management and monitoring for the PforR expected activities. The system functions with clear institutional responsibilities and capacities. However, gaps were observed between the system and the requirements of Core Principle 1 of the PforR Policy. Key gaps are related to the missing requirement for Strategic Environmental Assessment for major developments; limited consultations requirements, missing requirements for EIA disclosure, limited assessment of social impacts; limited capacity of MOEnv to follow up and enforce the requirements of EMPs and limited commitment of some developers to mobilize needed for the environmental management of their projects.

Natural habitats system

22. Legal policy framework. Law 6/2017, and related Decrees, is addressing biodiversity and natural habitats. Currently there are 12 declared protected areas in Jordan and 7 areas are under study for being declared protected. Moreover, four Special Conservation Areas (SCAs) have been declared by the government of Jordan following the decrees of the environmental law 6/2017.

23. Institutional setup and responsibilities. The Directorate of Nature Conservation in MOEnv is mandated to manage natural habitats and protected areas. MOEnv has assigned the Royal Society for the Conservation of Nature (RSCN), the management of 10 of the 12, protected areas. . In addition, two reserves are managed by the Aqaba Special Economic Zone Authority where the SCAs are managed by different entities including the RSCN, Royal Botanic Garden and Al Mawa for Nature and Conservation of the Princess Alia Foundation. All protected areas and SCAs should prepare their management plan and MOEnv monitor their implementation

24. Implementation performance. The management of protected areas is effective. The MOEnv Directorate of Nature Conservation has 7 staff members and RSCN includes a total of about 240 staff, which is considered adequate to manage protected areas. This is also applicable to ASEZA and the entities that manage SCAs

25. Main gaps. The system for conservation of natural habitats is quite organized and functions well, and it is considered in alignment with Core Principle 2. The key challenge is related to management of natural habitats outside protected areas and the less income from tourism inside protected area after the COVID-19 pandemic.

Cultural Heritage System

26. Legal policy framework. The main law regulating archeological sites and antiquities is the Law of Antiquities 21/1988. Furthermore, Law 5/2005 regulates the management of urban heritage and architectural sites. Decree 23/2014 aims at regulating the management, preservation, development, investment, and maintenance of tourist sites.

27. Institutional setup and responsibilities. The responsibility for protecting antiquities and cultural sites falls upon the DOA, which directly reports to the Minister of MOTA.

28. Implementation performance. There are 5 World Heritage Sites in Jordan that are supported by UNESCO. UNESCO is following closely on those sites and provides support to DOA, in terms of training and capacity building to ensure adequate management and protection of those sites. Other antiquity and heritage sites do not receive the same attention, but DOA has prepared Standards Operation Procedures (SOP) applicable to tourism and cultural heritage sites and will start to use the general SOPs at all sites.

29. Main gaps. The main assessed gaps, related to Core Principle 2, in the cultural heritage system are related to the missing management plans for many heritage sites and insufficient financial resources to implement those plans, requirements for consultation on the plans and absence of certain standards for restoration of archeological structures.

Health and safety system

30. Legal policy framework. The Jordanian Labor Law No. (8) (1996) includes general provisions for occupational health and safety at the workplace. The law is not explicit regarding non-discrimination and equal opportunity, however, the Constitution, Article 6 states that all Jordanians are equal before the law, and prohibits discrimination on grounds of race, language or religion. Jordan has ratified the two core ILO conventions addressing discrimination in respect of employment and occupation: 1) the Equal Remuneration Convention No. 100 of 1951 (C100) and 2) the Discrimination (Employment and Occupation) Convention No. 111 of 1958 (C111). General Buildings Law 9/1993 provides the requirements for ensuring the structural stability of all types of constructions including different types of buildings, roads and bridges.

31. Institutional setup and responsibilities. The National labor inspectorate under the Ministry of Labor (MOL), is responsible for labor law enforcement. The Law for General Security 14/2020 assigns the Directorate for Civil Defense to review the plans of different projects that are sent from Municipalities to check the measures for preventing the risks of fire. The Directorate of Civil Defense is also mandated to check the fire safety requirements at commercial and industrial facilities to make sure the needed measures are in place.

32. Implementation performance. MOL in Jordan has been working with the ILO for several years to strengthen the enforcement of labor laws, and the government is making a substantial effort to enforce the law. The labor force available to the OHS division is believed to be insufficient for effective enforcement of the OHS requirements and Labor inspectors also lack logistical support.

33. Main gaps. While there are no specific gaps, in relation to Core Principle 3, in the laws and the standards, the key challenge is the institutional capacity of implementing agencies in terms of staff, expertise and support.

Land acquisition system

34. Legal policy framework. Land Acquisition Law (LAL) 1987, Decree 12 governs land acquisition in the country. The law stipulates on the conditions of land acquisition, compensation for expropriated land, including principles, procedures, valuation, approval as well as institutional setup and responsibilities. Expropriation of buildings follows a similar procedure in Land Expropriation Decree 12, 1987.

35. Main gaps. The assessment has identified a few areas of gaps between the Land Acquisition Law and the Core Principles of Policy on Program for Results Financing. The key gaps are the following:

- LAL has no clear provision for restoring loss of income sources or means of livelihood.
- The Law permits expropriation without compensation for up to 25 percent of the area of a plot if the purpose of the expropriation is for: i) the construction, or expansion/widening of a road, or ii) the construction of a government housing project. Policy on Program for Results financing requires full compensation for all acquired assets.

- There is no specific provision in the law for tribal lands, or land to be acquired temporarily or for the loss of traditional use rights. There is therefore no requirement for compensation measures to be developed for the acquisition of tribal lands. Policy on Program for Results Financing requires full compensation for such acquisitions.
- There is no legislation that applies specifically to the rights of individuals or other parties in cases of physical resettlement and relocation. Policy on Program for Results financing require planning and implementation of relocation for those who lose their residential structures.
- The Jordanian LAL is not clear on the issues of compensation payments for squatters or illegal occupation or use of registered properties. Policy on Program for Results financing recognize those impacted but without title as eligible for compensation or assistance.

Environmental and Social Aspects of Public and Private Investment Process

36. Legal policy framework. For public investments, the 2018 and 2019 PIM/PPP policy documents have been approved. There is also a bylaw to establish a database of PIM/PPP projects called the National Registry of Investment Projects (NRIP) that will be subject to Council of Ministers approval as a prior result of the PforR. In addition, guidance on concept note preparation (approved in 2020) and on project Appraisal (a PforR prior result) will also apply to PPP investments. While the PPP/PIM governance framework already provides an improved structure, environmental and social considerations are not yet fully integrated. Within the regulatory framework, environmental and social aspects are only briefly mentioned in relation to preparation of feasibility studies to be prepared. The EIA systems, as described earlier, applies to all projects, however addressing social impacts, consultation and disclosure requirements, are noted to be weak under national systems. Any land acquisition would adhere to the Land Acquisition Law and process described earlier, however there are noted gaps in the law in relation to core principles.

37. Institutional setup and responsibilities. Whilst the framework remains to be implemented, contracting authorities seeking public or PPP financing will interface with the following entities who will be responsible for developing all the required studies and proposals, meeting all legal requirements including EIA, environmental regulations, land acquisition, biodiversity etc., and monitoring environmental and social performance. These include the central Public Investment Management Unit (PIM), under MOPIC (established in Dec 2019), the PPP Directorate, within the Prime Minister's Office (established in Nov 2019). The two committees making public investment decisions are the Inter-ministerial Committee on Government Investment Projects, chaired by the Minister of Planning and International Cooperation, and the Higher Committee on PPPs, chaired by the Minister of Finance.

38. Implementation performance. As most of the regulatory authorities have been recently established, performance and track record could not yet be assessed. It should be noted that none of the entities have in house environmental or social expertise, although substantial technical assistance was provided supporting the finalization of the PIM/PPP legal, policy and governance framework.

39. Main gaps. The main challenges in relation to Core Principle 1 and 5 are related to the finding that preparation of PPP/PIM projects does not systematically take into account environmental and social considerations at early stages, and that responsibilities for environmental and social considerations in project preparation and management are not specified, and the entities do not have any in-house environmental or social capacity.

Access to Information and Citizen Engagement

40. Legal policy framework. Result Area 3 activities are assessed against Core Principle 5 “equitable access to, PforR Program benefits, and to the needs or concerns of vulnerable groups”. Jordan’s existing framework for transparency and social accountability is grounded in the Open Government Partnership (OGP). Jordan joined OGP in 2011, and has submitted four national plans to enhance partnership and dialogue between the public sector and Civil Society, develop and enhance a Government Open Data Policy, enforce measures for Access to Information Law; and seek to increase participation in the decision-making process between citizens and government officials. The Jordanian License for Open Government Data was issued and disclosed in 2019. The Code of Governance Practices of Policies and Legislative Instruments in Government Departments for the Year 2018 is a fundamental legislature and it indicates that, upon introducing a new Legislative Instrument or modifying an existing one, the concerned entity shall conduct a legislative impact study and the findings of the legislative Impact Study shall be binding on the concerned entity. The Law of the Access to Information of 2019 and the National Strategy for Development of Statistics are the legal policy frameworks governing access to information in Jordan. They specify that each regular Jordanian citizen or legal person may have access to the information they request in accordance with the provisions of this Law.

41. Institutional setup and responsibilities. The Institutional Development Unit within the Prime Minister’s Office is the responsible ministry. It will be overseeing the operationalization of and the National Register of Government Services (NRGS) and the “At Your Service” as well as the Beneficiary Satisfaction survey under DLI9. While the RIA under (DLI 11) will be jointly led by IDU and Legislation and Opinion Bureau (LOB)

42. Areas of Improvement. Assessed against the DLIs, the scope and implementation steps of connected NRGS to other governmental platforms, including “At Your Service” and the Governmental Portal is not clear. A scoping concept note showing the linkage, connection, and/or complementarity between various governmental platforms that focus on mapping of services and measuring satisfaction will be developed. Public disclosure of NRGS content needs to be enforced, in line with the open data policy. There is also a significant gap in the regularity of updating and timely disclosure of the published data, as well as in the development of monitoring indicators on the effect of planned laws/by-laws on vulnerable population, women, and people with disability.

Program Grievance Redress Mechanism

43. The Government of Jordan has a centralized and specialized platform called “At Your Service” (Bekhedmetkom) that is directly responsible for managing and tracking citizens' complaints with all government agencies. The system is linked to approximately 89 government agencies and supported by approximately 100 liaison officers within such agencies and line ministries who follow up and solve complaints and suggestions received electronically according to their own standard operating procedures. The management and maintenance of the “At Your Service” system is supervised by a specialized unit under the PMO (IDU). As of January 2021, 160,000 grievances were received through the platform since its inception in (2018), and 98 percent were resolved. The satisfaction rate was 70 percent on average. In order to establish a Program GRM, the ESSA recommends further review and strengthening of the “At Your Service” system and of implementing agency systems according to international good practice and principles. The ESSA has identified some initial areas for improvement. For example, the current categorization of complaints should be further developed, to facilitate more efficient and standardized complaints handling and to enable tagging of complaints related to the Program for reporting purposes. Other areas of improvement involve standardizing operating procedures across entities, and improved measures for transparency and accessibility. The Program Action Plan sets out a timeline for the review, strengthening, establishing procedures and reporting on the grievances within the boundaries of the PforR.

Recommendations for the Program

44. Based on the above assessment, a series of interventions were identified to address the identified gaps between the government environmental and social management system and the core principles of Policy on Program-for-Results Financing. These would ensure adequate mitigation of environmental and social impacts and risks associated with the investment activities to be supported under the Program. These recommendations are addressed in the DLI verification, PAP or POM. Key recommendations are summarized below.

45. Recommendations added to DLI Verification:

- DLR 1.1 to include and strengthen environmental and social aspects (including land, health and safety), consultation and information disclosure in appraisal guidelines. Particularly, verification protocol specifies that appraisal methodology will include risk mitigation strategies for land acquisition. This will ensure that E&S dimensions are included early in the projects cycle and addresses land-related risks where there are gaps. This also ensures that E&S studies are disclosed and consulted.
- DLR 1.3 to include environmental and social aspects and performance in the PIPs and PPP portfolio review, including land acquisition. This will also strengthen the environmental and social planning and management of the portfolio.
- DLI 2 and 3 to include the verification protocol specifies that the exclusion list of the PforR policy includes projects with activities likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people, including significant risks pertaining to land acquisition.
- DLR 6.4 to include having management plans, to selected sites for upgrading, in accordance with General SOPs (as developed with USAID), and to be consulted with local communities and seasoned archeological experts. This addresses the weakness in the cultural heritage system that some tourist sites do not have management plans, and resources. This also addresses the gap related to absence of national standards for restoring archeological sites through consulting with seasoned experts to apply the relevant international standards.
- DLR 9.2 Improvements in Service Standards should be disaggregated by social groups (including gender). This will promote access to benefits and services for vulnerable groups.
- DLR 11.4 Impact assessments and ex post evaluations will be consistent with international good practice (to be detailed in the Program Operational Manual) and with GOJ guidelines (including on stakeholders' consultations).

46. Recommendations added to the PAP:

- PPP unit should have dedicated E&S resources. This will ensure that there will be sufficient capacity to carry out the environmental and social appraisal of projects under DLI2 and 3. This will also address the weakness mentioned, in the environmental and social assessment system, that investors do not mobilize sufficient resources to implement recommendations of EIAs, so the E&S staff will make sure that EIA recommendations are implemented on ground. Separately, E&S resources for the PIM Unit will be enhanced through existing Technical Assistance under World Bank-financed Strengthening Reform Management in Jordan (P171965).

- MOEnv to increase monitoring/inspection capacity (DLRs 1.5, 4.3 and all DLRs under DLIs 2 and 3, and all DLR under DLI 8). This will be done by increasing inspection visits by 20 percent from the baseline of 2019 and by better targeting inspection visits to ensure that higher risk projects are more frequently monitored. This addresses the capacity issue in the following up the implementation of EIA recommendations.
- Conduct Strategic Environmental and Social Assessment of National Tourism Strategy based on agreed TOR, including consultations (DLR 6.1). This will address the issue about not having a SESA requirement in the environmental and social assessment system. This will also provide upstream strategic guidance to the tourist investments.
- Program GRM Procedures and Action Plan to strengthen the existing GRM (At Your Service system and system at Implementing Agency level) will be included in the POM. A report on grievance data will be prepared on a semi-annual basis.

47. Recommendations to be added to the Program Operation Manual (POM):

- E&S studies will be disclosed and consulted by line ministries (emerging from various DLRs, i.e., DLRs 1.5, 1.6, and all DLRs under DLIs 2 and 3) consistent with the verification protocol for DLI 1.1. This addresses that disclosure of environmental and social assessment instruments are not required by the Environment Impact Assessment Bylaw.
- Screening criteria for different investments within the boundaries of the PforR to ensure that ineligible activities are excluded from the payment of those DLRs, including land acquisition. The POM will detail how the criteria described earlier in Section 3.1 will be applied.
- Methodology for embedding E&S aspects in project management during implementation (DLRs 1.5, 1.6, and all DLRs under DLIs 2 and 3). This POM will detail how the E&S recommendations of the environmental and social assessment instruments will be included in construction and operation document for PIM/PPP investments, and how it would be monitored during implementation.
- Details and responsibilities related to the preparation, implementation, and monitoring of E&S instruments (for example Environmental and Social Management Plans or Resettlement Action Plans that might be needed) (DLR 1.5, DLI2 and DLI3).
- To support implementation of DLI 10 and achieving improved ODIN score, the POM will outline considerations for optimizing transparency and accessibility of data and website content for a variety of stakeholders including people with disabilities referring to the Web Content Accessibility Guidelines (WCAG) https://www.w3.org/WAI/standards-guidelines/wcag/).
- Good practice for screening E&S risks in regulatory impact assessments and conducting stakeholder consultations, to support the verification protocol for DLI 11.1, 11.2 and 11.4.

48. Program GRM Procedures and Action Plan to strengthen the existing GRM ("At Your Service" and at Implementing Agency level) as per the Program Action Plan.

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ANNEX 6. PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
PPP Unit should have dedicated E&S resources	Environmental and Social Systems		PPP unit	Other	At effectivenes s	Ensuring that PPP Unit has specialized and qualified E&S resources; Access to resources for E&S – at effectiveness; Full-time availability of E&S resources - in 2 years.
Increase environmental inspection visits by 20% compared to the baseline of 2019	Environmental and Social Systems		Ministry of Environment	Due Date	31-Jan-2023	Increased visits by 20% by January 2023, and maintained thereafter.
Annual Work Plans of different entities validated by the Reform Secretariat	Technical		Reform Secretariat,implementi ng agencies	Other	First plan by July 30, 2021; subsequent plans by December 15 of preceeding year.	- AWP updated at end of each quarterly by line agencies (March, June, Sept., Dec.); due to RS on 10 of following month; - AWP agreed with WB and transferred into procurement planning. - Coordination mechanism institutionalized via TSC and EDC
Establishment of a separate budget for each implementing unit	Other		MOF and PMO/MOPIC/MoEnv	Other	In 2021 supplement ary budget or 2022 appropriatio n act.	Institutionalizing the PIM and PPP unit in budget management. Institutionalizing Climate Change Directorate in MOEnv budget management, with continued allocation for current staffing and allocation for budget for O&M of the MRV & Registry System.
Review and prioritization of bylaws for revision to streamline and improve tourism private sector enabling	Other	DLI 6	MOTA	Other	2022	Bylaws reviewed and prioritized, based on their importance to the tourism private sector, expected impact on job creation, women employment, relevance for entrepreneurs and investment.

environment (indicative list of bylaws is provided in the Verification protocol of DLR 6.2).						
Conduct Strategic Environmental and Social Assessment of National Tourism Strategy based on agreed TOR, including consultations	Environmental and Social Systems	DLI 6	MoTA	Other	June 2022	Adopted SESA on National Tourism Strategy
Issue a COM decision identifying new licensing reform priorities and specific sectoral licenses to be eliminated or simplified for the period 2023-2025.	Other	DLI 7	MoITS/COM	Other	2022	The decision shall be issued following a consultative process. Selected licenses should be selected based on their importance to the private sector, expected impact on job creation, women employment, relevance for entrepreneurs and investment
Legislative amendments in relation to Companies Control Department's new role and the new IBR process have been enacted and published on the Official Gazette including a new Law for the IBR Framework and Authority and amendments to Companies Law	Other	DLI 7	MoITS	Other	March 2023	Required legal amendments are gazetted
Existing Program GRM (i.e. At Your Service Platform, implementing agency systems) to be strengthened as necessary, according to the principles listed in the Environmental and Social Systems Assessment.	Environmental and Social Systems		Reform Secretariat,implementing agencies	Other	1. Action Plan and GRM Procedure within 3 months of effectiveness. 2. Required Actions are completed within 6 months of effectivenes	1. Action Plan and GRM Procedure are included in POM and subject to bank approval 2.GRM reports consistent with procedure (including required actions) are provided to the bank.

					s. GRM report within 6 months of effectivenes s and thereafter every 6 months throughout implementa tion.	
Procurement Complaints: Where JONEPS is deployed, complaints records to be uploaded and published through the platform, otherwise, agencies to keep a log of cases and their resolution and to adopt publication on individual websites.	Fiduciary Systems		All agencies covered by the Program	Recurrent	Continuous	Track record of complaints and report publication through JONEPS or individual websites
DOS to upgrade its payroll system.	Fiduciary Systems		MOPIC- DOS	Other	2022	Upgraded system to connect payroll to HR system

ANNEX 7. IMPLEMENTATION SUPPORT PLAN

1. **The implementation support plan takes account of the Program-specific challenges and risks defined in the SORT and highlighted in the assessments carried out for the program.** Program implementation rests under the responsibility of MOPIC and relevant line ministries and agencies with targeted implementation support and technical assistance from the World Bank.

2. **The World Bank's semi-annual reviews will cover technical and non-technical aspects of the program**, including financial management, implementation arrangements and environmental and social risks.

3. **The World Bank's implementation support will consist of:**

- Capacity building activities to strengthen the implementation capacity, covering the technical, fiduciary and environmental and social dimensions
- Provision of technical advice and implementation support geared to the attainment of the PDOs, DLIs and intermediate results indicators
- Ongoing monitoring of implementation progress, including regularly reviewing key outcome and intermediate indicators, and identification of bottlenecks
- Review and verification of DLI progress following agreed protocols
- Monitoring risks and identification of corresponding mitigation measures
- Close coordination with other development partners to leverage resources, ensure coordination of efforts, and avoid duplication.

4. **Implementation support for the PforR will be closely coordinated and complement ongoing activities across the WBG's Jordan program that support Jordan's reform agenda**. The WBG has been a key partner on the GoJ's 5YRM that has driven Jordan's reform efforts since 2018, including through a development policy financing (DPF) series focused on supporting reforms and establishing the Jordan Inclusive Growth and Economic Opportunities MDTF in 2019 that serves as a platform for ongoing support to the reform agenda. The MDTF includes a WBG-executed window managed through the World Bank and IFC Advisory Services and a Recipient-executed window led by MOPIC to support the Reform Secretariat and GoJ to advance coordination and implementation of the Reform Matrix. The United Kingdom, the Netherlands, and Canada are MDTF partners and the European Union and Germany are anticipated to join in 2021.

5. **One of the main projects under the MDTF is the Strengthening Reform Management Project which provides capacity building and implementation support for reforms that will complement the PforR implementation support.** The project comprises three components: 1) support to reform management through support to the Reform Secretariat and a Reform Support Fund; 2) strengthening the PIM-PPP framework and function; and 3) strengthening the Public Procurement framework and function. The Reform Support Fund finances just-in-time technical assistance to GoJ agencies involved in designing, implementing and monitoring the Reform Matrix. Expenses include short and long-term consultants, procurement of contractors, procurement of equipment, systems and services needed to design, implement and monitor reforms. Moving forward, the WBG will closely coordinate PforR

implementation support with the MDTF pipeline and MDTF management to promote complementarity and increased capacity to deliver. For example, the MDTF is supporting activities related to DLI 1, DLI 4, DLI 5, DLI 7, and DLI 11, and the Reform Secretariat is planning on submitting a request to the MDTF to support with the implementation of DLI 6, DLI 9 and DLI 10 and the climate-related DLIs (3, 8 and 12).

Table 7.1: Task Team Skills Requirements for Implementation Support

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Program Management	45	20 (international)	Multi-GP, more intensive Program Management costs
Climate Change	20	10 (international)	
Investment Promotion	20	10 (international)	
Accountability/governance	20	-- (Amman-based staff)	
Tourism	10	5 (international)	
PPPs	10	5 (regional)	
Fiduciary	10	-- (Amman-based staff)	
Environment and Social	10	5 (regional)	