

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB4462

Project Name	Jordan Higher Education Reform for Knowledge Economy
Region	MIDDLE EAST AND NORTH AFRICA
Sector	Tertiary education (100%)
Project ID	P102487
Borrower(s)	HASHEMITE KINGDOM OF JORDAN Ministry of Planning and International Cooperation P.O. Box 555, Amman, Jordan 11118 Tel: (962-6) 462-9305 Fax: (962-6) 465-8231
Implementing Agency	Ministry of Higher Education and Scientific Research PO Box 138, Amman, Jordan Tel: (962-6) 535-0967 Fax: (962-6) 533-7938 khasafyz@mohe.gov.jo
Environment Category	<input type="checkbox"/> A <input type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	January 21, 2009
Date of Appraisal Authorization	February 6, 2009
Date of Board Approval	May 19, 2009

1. Country and Sector Background

Country Context

Despite a limited natural resource base and regional conflict, Jordan's economy performed well over the past five years with a growth rate of 5-7 percent. In terms of human development indicators, Jordan ranks above average with respect to lower middle-income countries. The 2006 Household Income and Expenditure Survey conducted by the Department of Statistics (DoS) estimated the incidence of poverty to stand at 13 percent. Education indicators have improved consistently since the mid-nineties; the illiteracy rate is 8.9 percent, the third lowest illiteracy rate in the Arab world; the primary gross enrollment ratio has increased from 71 percent in 1994 to 98.2 percent in 2006; the transition rate to secondary school has increased from 63 percent to 97 percent over the same period; and transition rates to higher education has varied between 79 percent and 85 percent of secondary school graduates over the past five years. The university gross enrollment rate for the population between 18 and 25 years for university has increased from 18.5 percent in 2001 to 22 percent in 2006, among the highest in the Arab world.

Alongside good economic performance, Jordan continues to face challenges, including a tight fiscal situation requiring fiscal discipline, oil prices that are putting pressure on inflation, unemployment, particularly among the young, and geographically uneven economic development. The influx of an estimated 500,000 refugees from Iraq during the last two years is another challenge. Unemployment has been hovering between 13 and 15 percent of the labor force in the last four years, around 12-13 percent

for males and 20 percent for females. Furthermore, as pointed out by the recent World Bank Labor Market Report,¹ Jordan's economy has indeed created jobs, but the majority of those jobs demand low skills. Unemployed Jordanians appear hesitant to take such jobs, indicating high reservation wage. Instead, those jobs are filled in by immigrants; a huge influx of workers, mostly from neighboring countries, has been recorded. Jordan's economy is yet to put itself on a growth path that would create higher productivity jobs.

At 2.7 percent annually, Jordan's population growth is among the highest in the region and nearly 70 percent of the population is under the age of 30. Projections indicate that about 80,000 new jobs and continued strong growth of 7 percent or more would be needed each year to avoid higher levels of unemployment and increasing poverty. Unemployment of university graduates for the past four years has remained about 14.7 percent and 22 percent for women. For community college graduates it is 11 percent and 31 percent for women. Poverty reduction and job creation remain Jordan's most important challenges.

A focus on making Jordan an attractive location for knowledge-based private investment in order to support job creation is a key element of the Government's National Agenda. The National Agenda aims to ensure greater policy and operational consistency between the numerous programs and policies directed to support the private sector to invest in Jordan. Improving the quality of labor is key to raising employment opportunities and thus improving the links between education and labor markets and putting in place policies to improve Jordanian's capacity to get jobs at the high and low end of the skill scale. To this end, the National Agenda seeks to align the post-secondary education sector with the needs of a knowledge-based economy by improving the quality and relevance of programs the employability of young Jordanians.

Sector Issues:

The higher education section faces the following issues relating to system expansion, financing constraints, and their impact on quality and equity:

- Jordan's higher education system has evolved over the past five years but not fast enough to meet the needs of a high growth knowledge-based economy.
- Rapidly growing demand for university education is driving the system.
- Financing constraints on higher education are arguably the biggest challenge for the future.
- Government's financing strategies do not promote a culture of quality in post-secondary education.
- This has led to perception of a declining quality of public higher education.
- The relevancy of community colleges is essential for the economic diversification and growth of Jordan's economy, and will need to be significantly restructured.
- The affordability of higher education for those wishing to have a higher degree is creating an equity imbalance.
- Enrollments of students from the richest wealth quintile represent over three times those from the poorest wealth quintile.

The following governance and management of the system issues are also relevant:

- The governance system is not aligned effectively to create a flexible system which is responsive to global changes and the needs of society

¹ Jordan's Labor Paradox of Concurrent Economic Growth and High Unemployment, World Bank, 2007.

- Ineffective university autonomy hinders innovation and universities' capacity to respond to change.
- Weak financial management, accountability, and information systems.

2. Objectives

The project aims to support the development of a higher education system that is financially sustainable, with incentives to improve the equity, quality, and relevance for tertiary education students. The project will support policy reforms that will: (i) improve the Government's capacity to diversify and improve financing mechanisms to universities as a means to create incentives to promote a culture of quality and innovation in universities; (ii) modernize the governance and management efficacy of the sector by aligning the roles, missions and responsibilities of various governance bodies to the new strategy objectives; and (iii) strengthen quality assurance and accreditation mechanisms. In terms of expected results, the project would increase the efficiency of public higher education institutions; diversify the resource base of state universities, link government financing to national priorities to improve program relevance and strengthen accountability mechanisms.

3. Rationale for Bank Involvement

The proposed project will support the Government's program to align the tertiary education system with the needs of the economy and the increasing competitiveness of Jordan including implementation of actions outlined in the Government's National Agenda. It is also a complement to the current World Bank strategy to support the education sector and complement efforts to improve the quality of basic and secondary education. The World Bank's involvement is supporting GoJ's integrated and comprehensive human resource development policy, particularly given ongoing reforms in the vocational sector (through the Employer Driven Skills Development Project), general education (through the Education Reform for Knowledge Economy Projects), and in social safety nets (through the Social Protection Enhancement Project). The effectiveness of these programs is diminished without corresponding reforms in higher education.

The World Bank is well-placed to respond to the Government's request to assist it in implementing a more demand-driven system as it brings knowledge and experience in reforming and developing higher education from across the world. Jordan has one of the most advanced higher education systems in the MENA region. Jordan compares positively when evaluated in a number of areas including having a large private tertiary education sector, an accreditation system that has helped ensure some good private institutions, cost-sharing between families and government, large international demand for training and a high degree of autonomy for university management. Given the pressures that are being felt in the sector, including a rapidly growing demand for higher education and the needs for greater relevance, Jordan needs to introduce greater flexibility and accountability into its system if Jordan is to keep foreign students and compete with rapidly improving higher education options in the Gulf and other countries. The World Bank is playing an important catalyst role in helping to build consensus and support for this reform by providing cutting-edge technical advice on policy design, managing competitive funds, student aid programs and monitoring and evaluation systems and implementation arrangements.

The design and preparation of the project has internalized lessons learned from the last higher education project including having a sector program and policy framework endorsed by the Government and involving stakeholders in the preparation process. The World Bank will support the implementation of an operational sector program that will assist GoJ to meet the dual challenge of promoting competitiveness and aligning the post-secondary education system to the needs of the economy. By including all post secondary institutions and addressing the problems of relevance and affordability, the project will put in

place a framework that is pro-poor by providing training that is affordable to lower income families and relevant to the fast growth sectors of the economy.

4. Description

Component 1: Improve the Financial Sustainability, Efficiency and Effectiveness of Post-secondary Education. The objective of this component will be to build the capacity of MoHESR to introduce new funding mechanisms to promote transparency, innovation and effective resource management. This component would aim to improve the link between increased levels of public resources allocated to higher education and to build university and community college capacity for strategic planning, budgeting, financial, and human resource management. The project will finance training, consulting services, and goods for the development of the funding formula; establishment and operation of the competitive fund; and the establishment of the student aid agency.

Component 2: Modernize Governance, Accountability and Management System. This component aims to strengthen the management performance and accountability of universities and the overall sector by strengthening the transparency and quality of decision making. The Government intends to revise legislation governing higher education, public and private universities and community colleges. It intends to create a standing sub-committee of the Cabinet to ensure coordination of decision-making related to admissions and resource transfers to universities and community colleges and to expedite the review process of proposed reform-related legislation. The project will finance training, consulting services, and goods for the establishment of the education management information system; establishment of the HEC Policy Planning and M&E units; and the establishment and operation of the Project Development Unit (PDU).

Component 3: Strengthen Quality Assurance and Accreditation Mechanisms. This component aims to improve the employability of men and women graduates of university and community college programs, and to help enhance the international competitiveness of higher education institutions in Jordan, through more effective quality assurance mechanisms and accreditation standards. The Government intends to make the HEAC an autonomous agency focusing on improving the quality of higher education at public and private universities and community colleges. The project will finance training and consulting services for the development of accreditation standards; capacity building for program review, assessment, and quality assurance at the national and at the university level; and goods.

5. Financing

	(\$m.)
Source:	
Borrower	67
International Bank for Reconstruction and Development	25
Total	92

6. Implementation

The **Ministry of Higher Education and Scientific Research** (MoHESR) will be the main implementing agency for the project and thus have the responsibility for overseeing the overall project implementation. The day-to-day operation of the project will be managed by the **Project Development Unit**.

The **Higher Education Council** (HEC) will provide expert policy leadership to guide sector policies and programs, and endorse MoHESR decisions on performance-based funding to universities and community colleges. Membership will be made up primarily of high level experts with no current managerial links to higher education institutions in order to eliminate conflict of interest and allow them to focus on technical

issues and priorities. A Policy Planning Unit (PPU) will be established to provide evidence-based analysis on sectoral issues, key performance indicators and M&E of program and policies that will be used to develop sector policy reviewed by the HEC and approved by Cabinet.

The **Program Steering Committee (SC)** will provide policy implementation support and advice for HERfKE Program implementation. The SC will be chaired by the Minister of Higher Education and Scientific Research, and composed of the Secretary General (SG) of MoHESR, the SG of MoPIC, the SG of MoF, President of the National Center for Human Resources Development (NCHRD), Director of the PDU, and the PDU Higher Education Specialist/rapporteur. The SC will meet quarterly during the first year of project implementation and semi-annually during the following four years. The **Project Implementation Coordination Committee (PICC)** will be a sub-committee of the SC. It will be chaired by the PDU Director and composed of representatives from all public universities and the public community college system. The LC will meet on a monthly basis, and will ensure coordination of activities across universities at the implementation level.

The Project Development Unit (PDU) will serve as the Secretariat for the SC. The PDU reports directly to the Minister of Higher Education and Scientific Research and is led by an Executive Director. The PDU will consist of twelve members: the Executive Director; the Higher Education Specialist; two Procurement Specialists and one Procurement Assistant, the Finance Officer, M&E Officer; Competitive Fund Coordinator, a Program Assistant and three support staff. A Liaison Officer in charge of coordination with the Ministry and the HEC will also be appointed on a part-time basis. The PDU's main responsibilities, *inter alia*, are: (i) coordinating the day-to-day of the project implementation; (ii) guiding and assisting the universities in procurement and contracting arrangements related to the Competitive Fund; (iii) overseeing the selection process for competitive grants to public universities and community colleges; (iv) conducting all the procurement and contracting arrangements for procurement of goods and services of the project at the sector/national level; and (v) project planning, budgeting, monitoring and reporting; and managing the Project Designated Account (DA).

The University Implementation Support Teams (UISTs) will handle project implementation at the university level. The UISTs will report to the President of their respective university and will be composed of a full-time University Fund Coordinator (UFC), assisted by an Assistant UFC, a Procurement Officer and a Finance Officer. The role of the UFC will be to: (i) handle all project administrative requirements in collaboration with relevant university departments; (ii) act as the main counterpart of the PDU on all operational and financial matters; (iii) seek approval of the relevant university authorities on all project related functions; (iv) initiate progress reports; and (v) follow up on progress and provide input for M&E. Presence of a fully-staff UIST at a university will be an eligibility criterion to receive funds from the Competitive Fund. Once awarded, programs financed by the Competitive Fund will be implemented by the Project Manager in the relevant university.

7. Sustainability

The project is supporting implementation of activities identified by the GoJ as key in implementing reforms in the higher education sector. The reforms were identified through a comprehensive and rigorous consultative process with the major stakeholders in Jordan. Thus, involving senior level staff from universities (public and private), community colleges, MoF, MoPIC, MoL, and banking organizations has meant that the feasibility and practicality of the reforms has been addressed and the potential buy-in of most stakeholders is being strengthened. In addition, the calls for sustained reforms have come from the highest level of government, and there is a clear indication, as indicated in the endorsement for the first time ever, by a Cabinet Committee of the Policy Framework. On the implementation side, the project is putting in place key pillars that are expected to last beyond the timeframe of the project. These include:

- Building the capacity of universities to manage implementation of the competitive fund. The strategy is to establish fiduciary functions at universities so that funds from the World Bank, the treasury, or from other sources can be utilized using the same process and procedures.
- Building MoHESR's capacity in policy planning and in M&E.
- Establishing a self-sustaining Student Aid Agency, to be established through the necessary legislation and regulations.
- Establish an autonomous Competitive Fund Unit through the necessary legislation and regulations, with endorsement given to its Manual of Operations.
- The PDU will be fully integrated within MoHESR, and will include staff from the Ministry.
- The project will include extensive capacity building, both at the system-level and the university-level, to ensure further sustainability beyond the timeframe of the project.

8. Lessons Learned from Past Operations in the Country/Sector

Lessons learned from the previous Higher Education Develop Project and other higher education projects in the region have been integrated into the design of this project. These include

- A policy framework endorsed by the Government and main stakeholders to guide decision-making in higher education is essential to make reforms happen. In the preparation process, a detailed policy framework and operational plan was developed in a collaborative fashion with stakeholders. As well, the policy framework was endorsed by the Cabinet's Finance Committee and the Prime Minister.
- The involvement of universities and community colleges and other stakeholders in the preparation of policies, programs and especially in the design of the Competitive Fund is essential to ensure buy-in of stakeholders for reforms and to improve their feasibility in implementation. For this project, task teams involving stakeholders from universities, community colleges, MoF and Ministry of Planning and International Cooperation (MoPIC) were involved in developing the policy framework, project components and procedures manuals. The World Bank team played an active facilitative role during this exercise.
- Clear institutional responsibilities need to be established and assigned if reforms and programs are to be successfully implemented. Responsibilities for implementing the various steps in the reform process have been clarified in the policy framework and capacity assessments have been carried out and reflected in the project description to overcome the lack of commitment, capacity and ownership under the HEDP to implement reforms in financing, governance and for community colleges.
- A sufficient degree of stability and continuity in leadership positions and senior management, especially in universities, strengthens the drive to achieve results at all levels. Appointments will increasingly be conducted on a competitive basis and the MoHESR and HEC will focus on policy making, and not the day-to-day management

9. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OP/BP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

10. List of Factual Technical Documents

11. Contact point

Ghassan N. Alkhoja
Title: Senior Operations Officer/Task Team Leader
Tel: (202) 473-3661
Fax: (202) 614-1030
Email: Galkhoja@worldbank.org

12. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Email: pic@worldbank.org
Web: <http://www.worldbank.org/infoshop>

wb16046

P:\JORDAN\HD\102487\APPR\Jordan HERfKE - PAD Decision package\Jordan HERfKE - PID - Appraisal Stage - February 3r.doc
02/09/2009 1:13:00 PM

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

