



## Jordan Second Equitable Growth &amp; Job Creation Programmatic Development Policy Financing (P168130)

MIDDLE EAST AND NORTH AFRICA | Jordan | Macroeconomics, Trade and Investment Global Practice | IBRD/IDA | Development Policy Lending | FY 2019 | Seq No: 1 | ARCHIVED on 03-Nov-2020 | ISR41717 |

Implementing Agencies: Hashemite Kingdom of Jordan, Ministry of Planning and International Cooperation

**Key Dates****Key Project Dates**

Bank Approval Date: 04-Jun-2019

Effectiveness Date: 05-Jun-2019

Original Closing Date: 31-Dec-2021

Revised Closing Date: 31-Dec-2021

**Project Development Objectives**

Program Development Objective (from Program Document)

The program development objective is to support Jordan to set foundations to: (i) reduce business costs and improve market accessibility, (ii) create more flexible and integrated labor markets and provide better and more efficient social assistance, and (iii) improve fiscal sustainability and take more informed decisions regarding risk.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

**Overall Ratings**

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	<input type="checkbox"/> Moderately Satisfactory
Overall Implementation Progress (IP)	--	<input type="checkbox"/> Moderately Satisfactory
Overall Risk Rating	--	<input type="checkbox"/> High

**Implementation Status and Key Decisions****1. Macroeconomic framework:**

Jordan and its trading partners have been hit hard by the COVID-19 pandemic. As a result of the pandemic and performance of the economy since the beginning of the program, Jordan's macro framework has deteriorated relative to the Program Document prepared in 2018. In particular, projections based on Fall 2020 Bank global and regional forecasts suggest that the Jordanian economy will suffer a contraction in 2020. Debt forecast are still for a higher but sustainable debt level (i.e. debt expected to decline in the outer years of the projection horizon), with similar downside risks to the forecast as indicated in the DPL1 and DPL2 program documents, albeit with significantly reduced buffer margins given past slippages and COVID-related large 2020 increase in the debt-GDP ratio. The new IMF EFF program gives confidence for the success the medium-term macroeconomic adjustment

**2. Tranche release conditions**

All tranche release conditions have been met.

**3. Program implementation (as agreed in Letters of Development Policy for DPL1 and DPL2)**

Jordan has made significant progress in implementing the DPL-supported program which aims to set critical foundations for economic growth and job creation, and is even more relevant in the post pandemic period. The most progress made is in the areas to support private sector growth. These include adoption of the PPP law and currently preparation of the bylaws, implementation of the laws on insolvency, secured transactions, and monitoring and inspections, implementation of the new public procurement bylaw and roll out of e-procurement, and implementation of the investor grievance mechanism. Important progress has also been made in the energy sector, where the 2018 NEPCO operating deficit was turned into a small surplus in 2019. In response to the COVID-19 pandemic, Jordan has also made progress in expanding its



system of social protection to cover 30,000 additional households in 2020 and making efficiency gains by ensuring that all new entrants receive their benefits electronically.

Program implementation faced two categories of challenges that need to be addressed. The first category is macroeconomic challenges, which have been accentuated by the COVID-19 pandemic. These pertain to the pace of fiscal consolidation and to setting NEPCO on a sustainable path, and contribute to the rising debt of the country. The second category is program implementation. These challenges pertain to implementation of reforms in FDI, implementation of the PIM-PPP governance framework and tracking of program results.

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	□ Substantial	--	□ Substantial
Macroeconomic	□ High	--	□ High
Sector Strategies and Policies	□ Moderate	--	□ Moderate
Technical Design of Project or Program	□ Substantial	--	□ Substantial
Institutional Capacity for Implementation and Sustainability	□ Substantial	--	□ Substantial
Fiduciary	□ Moderate	--	□ Moderate
Environment and Social	□ Substantial	--	□ Substantial
Stakeholders	□ Substantial	--	□ Substantial
Other	□ High	--	□ High
Overall	□ High	--	□ High

## Results

### Results Indicators

Pillar I: Reducing business costs and improving market accessibility				
IN00842897				
► RI 1 Foreign direct investment: FDI in services as a percent of total investments facilitated by Jordan Investment Commission (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	10,300,000.00	--	10,300,000.00	10,557,500.00
Date	31-Dec-2018	--	31-Dec-2018	31-Dec-2021
IN00845396				
► RI 2 Business inspections and licensing: Aggregate business compliance costs (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	43,500,000.00	--	43,500,000.00	34,800,000.00



Date	31-Dec-2017	--	31-Dec-2017	31-Dec-2021
IN00845285				
► RI 3 Guaranteed exports as a percentage of total exports (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	1.09	--	1.09	2.40
Date	31-Dec-2017	--	31-Dec-2017	31-Dec-2021
IN00845411				
► RI 4 Insolvency: Insolvency Framework Index of the Doing Business indicator (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.00	--	8.00	10.00
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2021
IN00845412				
► RI 5 Procurement: Government entities prepare annual procurement plans at least one month before the end of the fiscal year (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2018	--	31-Dec-2018	31-Dec-2021
IN00845413				
► RI 6 Broadband: Average monthly retail price (excluding taxes) of residential 500 megabit per second broadband connection (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	80.00	--	80.00	70.00
Date	31-Dec-2019	--	31-Dec-2019	31-Dec-2021
Pillar II: Creating more flexible/integrated labor markets & better/more efficient social assistance				
IN00845414				
► RI 7 Female labor force participation rate (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	14.21	--	14.39	17.00
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2021
IN00845397				
► RI 8 Employment: Growth of formal, private, full-time employment (annual average) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.10	--	3.10	3.30



Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021
IN00845372				
► RI 9 Flexible work: Growth of formal, private, part-time, female workers (average annual) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	3.20	--	3.20	3.50
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021
IN00845373				
► RI 10 Cost of work permits for Syrian workers (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	335.00	--	0.00	0.00
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2019
IN00845374				
► RI 11 Safety net coverage: Number of households covered by NAF (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	93,000.00	--	118,000.00	178,000.00
Date	31-Dec-2018	--	31-Dec-2019	31-Dec-2021
IN00845375				
► RI 12 NAF efficiency: Percent of new NAF beneficiaries receiving payments digitally (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	100.00	80.00
Date	31-Dec-2019	--	01-Jan-2020	31-Dec-2021
IN00845416				
► RI 13 Electricity support benefits: Number of households provided with electricity support benefits (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	2,225.00	15,000.00
Date	31-Dec-2019	--	31-Dec-2019	31-Dec-2021
IN00845417				
► RI 14 Number of energy support benefits schemes in operation (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	1.00	3.00
Date	31-Dec-2018	--	31-Dec-2019	31-Dec-2021



## Pillar III: Improving fiscal sustainability and taking more informed decisions regarding risk

IN00845415

## ► RI 15 Revenue mobilization: Cumulative impact of revenue measures in 2018–20 (Number, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	173,000.00	1,280,000.00
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2021

IN00845486

## ► RI 16 NEPCO's operating balance is zero or positive (Yes/No, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	Yes	Yes
Date	31-Dec-2018	--	31-Dec-2019	31-Dec-2021

IN00845487

## ► RI 17 Number of days of total outstanding receivables (beyond the due date) for NEPCO (Days, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	148.00	--	148.00	75.00
Date	31-Dec-2018	--	31-Dec-2018	31-Dec-2021

IN00845488

## ► RI 18 Ratio of NEPCO's debt service liability to EBITDA (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.85	--	5.85	1.00
Date	31-Dec-2018	--	31-Dec-2018	31-Dec-2021

IN00845489

## ► RI 19 Electricity tariffs cross-subsidy reduction (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	25.50	--	25.50	20.90
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

IN00845490

## ► RI 20 Index of grid subsidy for self-generation (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	90.00	--	90.00	0.00
Date	31-Dec-2016	--	31-Dec-2016	31-Dec-2021

IN00845482



► RI 21 Climate change: Number of sectoral and subnational climate change strategies or plans prepared (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	1.00	3.00
Date	31-Dec-2018	--	31-Dec-2019	31-Dec-2021
IN00845506				
► RI 22 PIM-PPP: Use of National Registry of Investment Projects (NRIPs) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	100.00
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2021
IN00845507				
► RI 23 Debt management: Inclusion of contingent liabilities and risk assessment in Debt Mgmt Strategy (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	--	No	Yes
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2020
IN00845508				
► RI 24 PPP transactions: Number of pre-feasibility studies undertaken under the new PIM-PPP Governance Framework (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	5.00
Date	31-Dec-2017	--	31-Dec-2019	31-Dec-2021

## Data on Financial Performance

### Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P168130	IBRD-89820	Effective	USD	1,450.00	953.63	496.38	953.63	0.00	100%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P168130	IBRD-89820	Effective	04-Jun-2019	05-Jun-2019	05-Jun-2019	31-Dec-2021	31-Dec-2021

## Tranches



Tranche 01			
Description			
Amount (USD)	Expected Release Date	Actual Release Date	Status
725.00	31-Dec-2019		Pending
Tranche Condition Description	Status	If Not Met	If Delayed
TRC 1: FDI retaining and expanding investments: The COM approved an investor grievance mechanism that enables the Jordan Investment Commission to identify, track, manage and solve grievances arising between investors and public agencies within specified time periods.	Met		
TRC 2:TRC 2 Targeting: The Borrower's Council of Ministers approved a targeting mechanism for delivering electricity support benefits that will help in providing social protection to the poor.	Met		
TRC 3:Energy: The COM has approved the "Roadmap for Financial Sustainability of the Electricity Sector," and EMRC has conducted Quarterly Tariff Reviews at the end of Quarter-2 and Quarter-3 of 2019 consistent with the financial model adopted by the EMRC.	Met		
TRC 4 Energy: The COM has adopted the "Electricity Bill Recovery Mechanism" to achieve reduction in distribution companies' receivables from electricity bills of the public sector.	Met		
TRC 5 Energy: The COM has approved the NEPCO debt optimization implementation plan.	Met		
TRC 6 Energy: MEMR submitted to the Council of Ministers the results of a review of the power purchase agreements and other related agreements for significant power generation projects.	Met		
TRC 7: Public Private Partnerships: The COM has submitted a revised PPP Law to the Parliament: (a) reflecting modifications provided by Cabinet Decision No. 56/10/6/17135 dated April 18, 2019; and (b) reinforcing provisions on government controls of fiscal risks and contingent liabilities as contained in PPP law No. 31 (2014).	Met		



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**Restructuring History**

There has been no restructuring to date.

**Related Project(s)**

P166360-Jordan First Equitable Growth & Job Creation Programmatic Development Policy Financing

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