



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 05-Aug-2019 | Report No: PIDC27586

**BASIC INFORMATION****A. Basic Project Data**

Country Jordan	Project ID P171965	Parent Project ID (if any)	Project Name RE Window - Strengthening Reform Management in Jordan (P171965)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Sep 11, 2019	Estimated Board Date Sep 23, 2019	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Planning and International Cooperation	Implementing Agency Ministry of Planning and International Cooperation	

**Proposed Development Objective(s)**

Strengthen management, monitoring and evaluation, and outreach functions for policy reforms in Jordan with a focus on the Five Year Reform agenda.

**PROJECT FINANCING DATA (US\$, Millions)****SUMMARY**

<b>Total Project Cost</b>	6.50
<b>Total Financing</b>	6.50
<b>of which IBRD/IDA</b>	0.00
<b>Financing Gap</b>	0.00

**DETAILS****Non-World Bank Group Financing**

Trust Funds	6.50
Trust Funds	6.50

Environmental and Social Risk Classification

Concept Review Decision



Moderate

Track I-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

Over the past decade, Jordan has faced a number of external shocks that directly affected economic growth. As a consequence, the economy has not been able to create the large number of productive jobs required to meet the needs of the young and fast-growing population. Shocks started with, first, the global financial crisis in 2009 leading to a dampening of economic activity, while the accompanying policy response—including lower taxes and debt accumulation— was not enough to stimulate growth. Second, the Iraqi and Syrian conflicts disrupted trade routes to key trade partners, including Turkey and the EU. The yet to be fully assessed costs of these disruptions in trade are large. Third, the disruption of favorably-priced natural gas supplies from Egypt (also in 2011), led the Government to cap electricity tariffs to spare the bulk of the population from large tariff increases and produced an accumulated energy sector debt of about 18 percent of GDP, held by the Central Government and the National Electric Power Company. Fourth, the slowdown in the major Gulf economies (because of depressed oil prices in 2014) led to a drop in remittances (of about 0.4 percent of GDP a year) and lower official grants to Jordan (of about 1 percent of GDP a year). These external shocks have affected Jordan’s macroeconomic stability as well as growth and job creation prospects.

Besides, due to the Syrian crisis, Jordan is hosting almost 1.3 million Syrians , of which 666,217 are registered refugees with UNHCR. About 90 percent of the refugees are living in Jordan’s cities, towns and villages exhausting existing social and physical infrastructure and impacting delivery of basic services. There has been a noticeable deterioration in the quality of services provided across numerous critical sectors, including health, education, municipal services, and others. The influx of these refugees has raised Jordan’s overall population to 9.5 million in 2017. Overall, the Government estimates that the budgetary cost of hosting the Syrian population has been around US\$2.5 billion per annum.

In this context, and with the support of the Bank, the Government of Jordan (GoJ) has recently approved and launched at the London Conference in February 2019 its reference plan for economic reform and growth, the Five-Year Reform Matrix. The Matrix is based on the economic elements of the Prime Minister’s Path Towards National Revival. Its implementation has started in 2018, with the first set of reforms comprising the actions under the World Bank’s First and Second Development Policy Financing (DPF I, P166360 and DPF II, P168130).

The Five-Year Reform Matrix comprises a set of policy and structural reforms over a period of five years (2018-2022), that pertain to the most critical economic policy issues facing Jordan. To jumpstart growth, make the economy more competitive, and create jobs, GoJ has prioritized and sequenced a set of cross-cutting (horizontal) reforms and sectoral (vertical) reforms. Horizontal reforms include macroeconomic adjustment; reduction in business costs; increased competition; flexibility in labor markets; development of exports and investment; deeper access to finance; and expansion and better targeting of social safety nets. Vertical reforms include increasing access to and reducing the cost of public transport (a constraint for getting to work, especially for women); ensuring the financial viability and efficiency of the water sector; and promoting competitiveness through energy sector measures.



### Sectoral and Institutional Context

To finance the implementation of the Five-Year Reform Matrix, a Bank-managed “Inclusive Growth and Economic Opportunities Multi Donor Trust Fund” (MDTF) has been put in place. The MDTF, is currently financed by the UK and Netherlands, with additional financing expected from the EU, France, Germany and Canada.

To ensure the implementation of the Five-Year Reform Matrix, proper follow-up and efficient coordination, a dedicated Reform Secretariat will be established in MoPIC. This new unit will build on the existing Compact Project Management Unit (PMU) and its current staff, who have played an essential role in coordinating the design of the Five-Year Reform Matrix with GoJ entities, World Bank and development partners. Besides, the PMU has played the key role in coordinating the implementation of DPFs I and II.

The Secretariat will be partially financed through the recipient-executed window of the MDTF. The recipient-executed window of the MDTF will also finance a set of other activities to be carried out by the GoJ to implement the five-year Growth Matrix. These activities will include the strengthening the Project Investment Management (PIM) and Public-Private Partnerships (PPP) legal and institutional frameworks and functions and the continued modernization of the public procurement system.

### Relationship to CPF

The proposed project supports the implementation of the five-year Growth Matrix, which is aligned with the World Bank Group Country Partnership Framework (CPF) for Jordan (2017–2022). The CPF focuses on mitigating the immediate impact of the regional crisis while supporting long-term development objectives and structural reforms, to improve the equity and quality of public service delivery. It is therefore relevant to the current challenge of setting the foundations for equitable growth and job creation.

## **C. Proposed Development Objective(s)**

Strengthen management, monitoring and evaluation, and outreach functions for policy reforms in Jordan with a focus on the Five Year Reform agenda.

### Key Results (From PCN)

Project key results will be aligned with the MDTF key results and will include the following (these indicators will be refined during project preparation):

- The Reform Secretariat is established and operationalized;
- Number of reforms facilitated and coordinated by the Reform Secretariat under the five-year Growth Matrix, among which the number gender-related reforms;
- Percentage of new investment projects approved using the new project evaluation framework;
- Percentage of public procurement contract award results published online;

## **D. Concept Description**

The project will be financed by the Recipient Executed Window of the Jordan MDTF and will: i) Support the reform secretariat and reform design and coordination; ii) Strengthen the PIM-PPP framework and function and iii) Strengthen



the procurement framework and function.

The proposed project will support the coordination and implementation of the five-year Reform Matrix – the reference plan for economic reform and growth of the Government of Jordan - through the following three components:

1. Support to reform management, comprising of support to the Reform Secretariat lodged at the Ministry of Planning and International Cooperation (MoPIC) and support to line Ministries and agencies through a Reform Support Fund, to be lodged at MoPIC to finance expertise and capacity building activities.
2. Strengthening the Project Investment Management (PIM)– Public Private Partnerships (PPP) framework and function.
3. Strengthening the public procurement framework and function.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

The project will not support any civil works as it aims to strengthen national and sectoral reforms. A Labor Management Procedures will be finalized and disclosed prior to board and the LMP will be prepared by following relevant provisions of local laws and consistent with ESS2. In addition, the project includes a component which would support a new legal framework for Public Private Partnerships (PPP) investments including the operationalization of the Project Development Fund, the social and environmental risks of these activities will need to further be assessed along with the project preparation and the social and environmental risk rating will be adjusted accordingly.

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**APPROVAL**

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