ANNEX 3. (SUMMARY) TECHNICAL ASSESSMENT

Strategic relevance

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 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 Green growth strategy and is aligned with the Economic Recovery Plan and longer-term Executive Development Plan.

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 policy. 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 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 USD5.5billion, from which GoJ has already secured USD542 million; with over USD5billion 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 RAs namely, (RA1) mainstreaming CC in public investment; (RA2) mobilizing private investment and innovative finance and; (RA3) establishment of climate finance governance systems.

Public Disclosure Authorized

Result Area 1

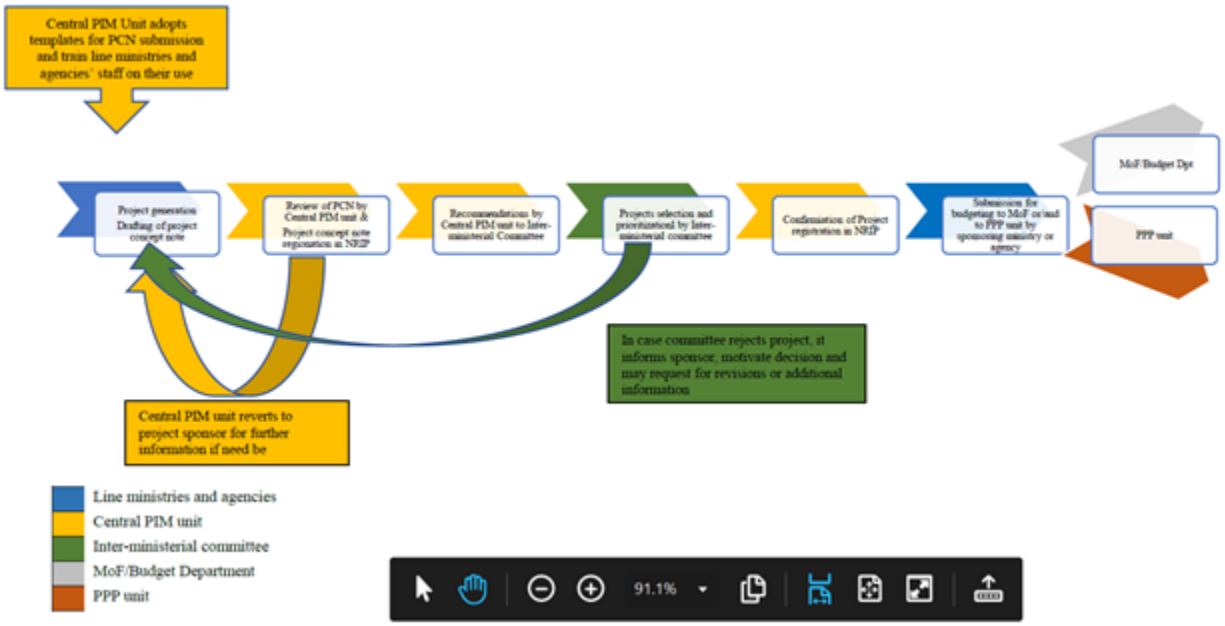
The Program aims at increasing the fiscal space for public investment and its efficiency, including to help the government meet its commitment to the Paris agenda on climate change. Recovery and accelerated growth call for the increase of capital expenditure, including through the improvement of its 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."[1]

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 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

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

after completion of project appraisal for large projects (above JOD 10 M), 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). 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 project 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.



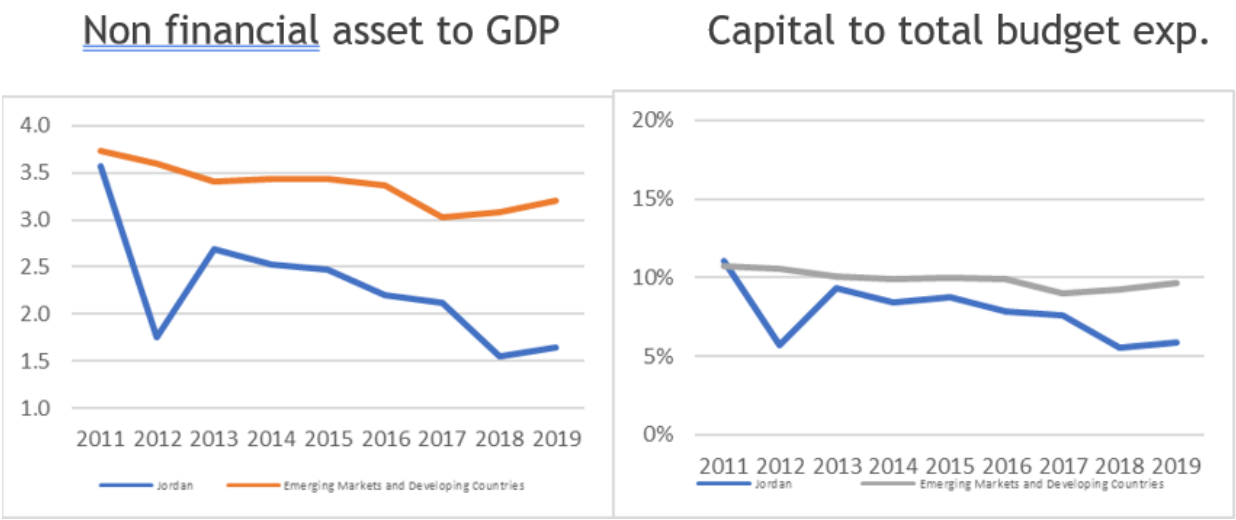
(MOPIC, Guideline I: Project Concept Note Preparation and Preliminary Screening., February 2020)

The NRIP/PIM by-law about to be approved by cabinet 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 should promote cost effectiveness as lack of project preparation and proper costing has been identified as a major source of cost overruns during project implementation[2]. It should also help expedite project implementation since the lack of 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 project appraisal of large projects for the enforcement of those provisions.

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

The Program also supports the increase of budget allocation to public investment by about fifty percent over its timeline. Such increase should compensate the drop by half of capital expenditure both in percentage of total budget expenditure and GDP and is consistent with the IMF program[3] Accordingly, the Program also supports the increase of actual capital expenditure by 50 percent within the project timeline. 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 7.79 percent annually between 2011-2019, less than half the average of a selected group of Middle East and North Africa economies' at 14.73 percent over the same period. This relative underperformance has been preceded by a steady decline in Jordanian public investment; according to the IMF GFS database, Jordan's public investment in non-financial assets has dropped from an annual average of 5.16 percent to 3.65 percent and 2.37 percent during the periods spanning 1990-1999, 2000-2009 and 2010-2019 respectively. A widening implementation gap, in both absolute value and percentage of total spending, partially explains Jordan's relative public investment underperformance. According to data from the Jordanian Ministry of Finance, the gap between budgeted and actual capital expenditure averaged 16.36 percent between 2011 and 2019 (Figure.3); moreover, said gap has been widening uninterruptedly since 2015. A similar implementation gap with respect to total expenditure further supports this hypothesis (Figure.4)

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



(Source: IMF database)

The Program also supports mainstreaming capital expenditure (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 determined contribution (NDC) is over USD5.5billion, of which GoJ intends to invest USD542 million through its own means. This DLI will enable the government to demonstrate and maintain progress towards this

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

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.

Result Area 2

Result Area 2 focuses on advancing critical elements of the Jordan Reform Matrix to support private sector investments. This Results Area of the PforR 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) the investment policy framework, which is critical for attracting FDI in high-value added industries and drive integration into GVCs; (ii) to enhance 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, to leverage the potential of the tourism sector which has become one of the country's key growth engines and was hard hit by the pandemic**.**

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.

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. Previous assessments indicated that many regulators rely on ex-ante licenses to compensate for the lack of information on businesses and the lack of integration with business registration and municipal licensing processes. Such licenses can be either abolished or streamlined if the right registry infrastructure and horizontal workflow management systems are in place13.

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. Third, 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 Action and Inclusion Project Plan 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 activities.

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. Currently, most of the funding is provided by concessionary lending from development banks, as well as donor aid grants16. As the cost of green technologies have become cheaper, the economics of many green growth interventions have changed, and there are now significant opportunities for Jordan to attract more private financing to help bridge the gap between the Kingdom's green growth objectives, and the availability of existing finance. Moreover, there has been a significant growth of Sustainable, Responsible and Impact (SRI) Investors that have expressed interest in opportunities in MENA and Jordan. It is designed to mobilize available private financing for green development.

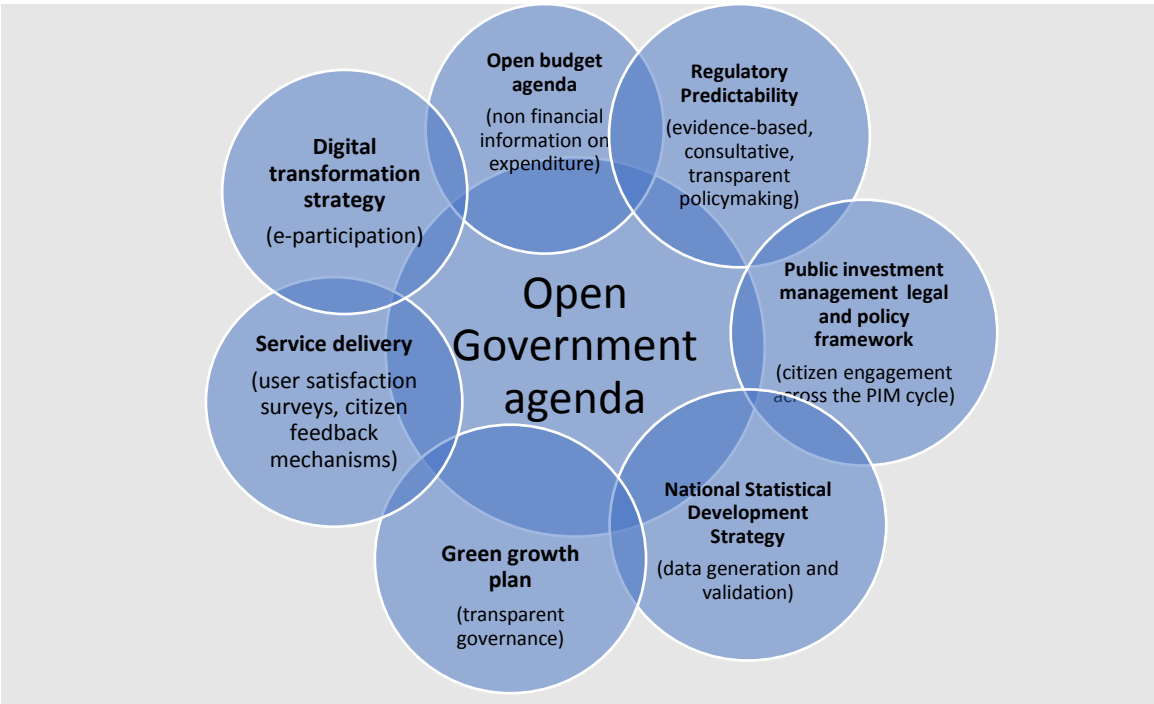
Result Area 3

The Program supports the operationalization of government commitments to open governance and enhanced regulatory governance. In this regard it should 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.

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 in 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 should be pursued, mainstreamed, and further institutionalized. Unfortunately, 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 such interaction.

The Program also supports new government commitments on effectiveness of public sector under the updated 5-year matrix, including on 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 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.



The Program also 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 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.

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 from 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

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 DPLs, and have benefitted from extensive technical assistance to ensure their alignment with international best practices.

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 only supports a small while 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.

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 to 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).

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 sectoral licensing priorities will include a gender lens and the new National Tourism Strategy will contain a gender and inclusiveness work package that aims to improve skills development and employment opportunities. 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' which establish criteria and provide guidance for design, implementation and review of future climate and sectoral policies and, promote gender inclusive green jobs in Jordan.

The Program will also support accelerating 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 2019.

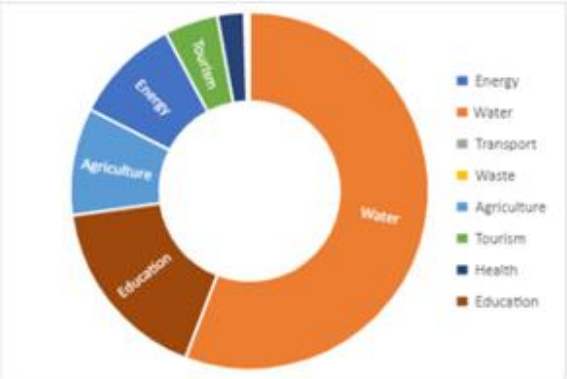
At a sectoral level, the NDC proposes mitigation and adaptation actions; mitigation actions are primarily in Energy, Transport, Waste Management, Industries, water, Agriculture and Food Security Sectors, and adaptation

actions 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 USD1.8 billion from public and private funding sources.

Jordan has struggled to implement those climate responsive projects, being access to finance one of the main reasons. 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.

Jordan is currently in the process of updating its NDCs, which will be submitted in 2021. Two critical pre-requisites for raising ambition are demonstrating progress so far and enhancing access to finance for 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 USD23 billion during 2016-2030[13], with opportunities Amman being over $20 billion.[14] In addition to the private sector investment opportunity identified by IFC, and which is supported by the 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 3.4: Climate-Responsive Project Distribution by Sector Figure 3.5: Number of New Capital Projects in 2020

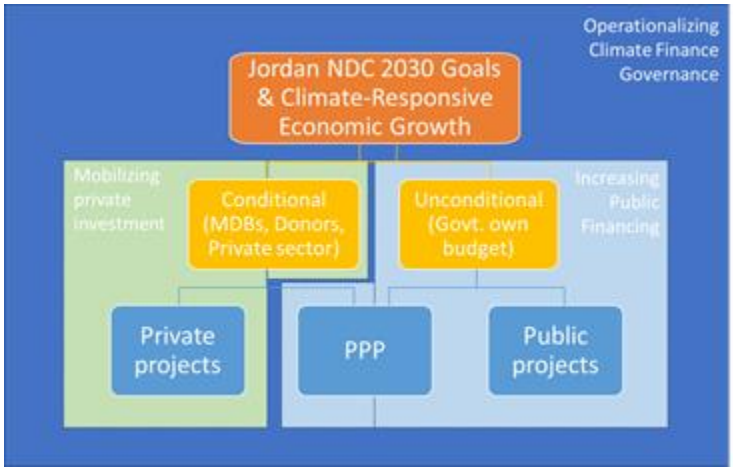


Source: Jordan's TNC, NDC, NGGP, NEEAP, Amman Climate Action Plan,
Review, Prioritization and Monitoring of NDCs Implementation in Jordan, Validated NDC Actions June 2020.

Source: GoJ General Budget of 2020

Accordingly, the Program aims at fostering 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 governance framework and

enhancing climate responsiveness of government expenditure, and mobilizing private green investment aiming to achieve Jordan's NDC goals and potentially also raising Jordan's climate ambition.



Result Area 1

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%. 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."[4]

Result Area 2

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, which the timeliness of this component. Also, this pillar integrates key best practices what relates to strengthening investment promotion, reforming business registration and licensing, and implementing an integrated multi-component approach to the tourism sector.

When it comes to the investment policy and promotion component, perhaps the most fundamental of best practice principles is the importance of separating regulatory and promotional functions. There is ample evidence worldwide that it is difficult to effectively deliver regulatory and promotional functions within the same

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

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. In short, when it comes to an investment promotion agency's (IPA) institutional mandate, good practice involves a simple and straightforward mandate emphasizing the IPA's investment promotion role rather than regulatory functions. Both are valid functions, but best practice separates them institutionally.

Similarly, there are several key factors that define and ensure a 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. Crucial to tourism sector viability is utilizing systemic integrated planning and coordination, leveraging linked sectors in the economy. Also, of a 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 must quickly embrace (e.g., mobilizing innovation and technology solutions, increased focus on hygiene, etc.). Third, the activities designed under this component are highly 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.

When it comes to business registration, the suggested approach is based on the following practices and lessons learned: (a) introduce integrated business registration principles in the relevant legislations; (b) business registration process – defined as an integrated registration process, with all involved agencies. Business rules are clear, and the processes streamlined. Discretionary powers are eliminated. The automation includes both the business entry, as well as any subsequent registration changes; (c) single point of contact – introduces a point of single contact and a single application form for registration with all involved agencies. Business founders provide information according to the once-only principle. Commercial banks can be allowed to access business registration documentation for opening bank accounts; (d) tracking application status – business owner receives updates on application status, and can submit additional information online, to enable finalization of the registration process; (e) business name reservation – defines clear rules for business name reservation published online thus introducing high-level of transparency. Some jurisdictions automated the check of business name; and (f) decision/certificate on business registration – only one decision/certificate on business registration is issued.

The licensing reform activities of the PforR are informed by a 2018 analysis that covered 65 main economic activities representing most 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, the following recommendations were reached regarding licenses issued by sectoral entities: (a) keep and streamline the license into one issued on a one-off basis – 44 percent of analyzed licenses; (b) cancel the license and replace it with a one-off notification and registration system – 28 percent of analyzed licenses; (c) cancel the license and maintain a classification and regulation system only – 14 percent of analyzed licenses; (d) cancel the license and only issue vocational licenses directly by the municipality – 14 percent of analyzed licenses.

Good Practices in Licensing that have been considered when designing this component are the following: (a) licenses should be justified and serve a public policy objective such as protecting the environment, health or

safety, and they should not be imposed to collect information or generate revenue; (b) have a single point of contact and applicants submit information once only; (c) fees are charged on a cost recovery basis; (d) risk-based approaches are applied; (e) procedures are business-friendly, transparent, and time-bound. (silence is consent); (f) information about requirements, processes, and fees are available and published; (g) clear and transparent decision-making criteria; (h) licenses are issued once, i.e. not subject to annual renewal; (i) technical requirements are reasonable and fair; (j) right to appeal licensing decisions.

Result Area 3

The Program supports the implementation of already approved and initiated policy reforms and established institutional framework, 1) the National Strategy for the Development of Statistics; 2) the Policy Predictability Framework, and 2) 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.

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 the (DoS) in improving the 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 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.

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 PforR[16], the GoJ adopted the *Code of Governance Practices of Policies and Legislative Instruments in Government Departments for the Year 2018* (aka 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 guidelines[17] 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.

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 to 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 2300 public services, and Citizen Service Centers (CSCs) both where citizens and the private sector can avail a range of administrative services. The PforR will support the operationalization of the following policy implementation tools adopted by the Ministry for Institutional Performance Development in the Prime Minister's Office:

i. **The National Registry of Government Services:** the NRGS will collate and monitor the following 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 should be updated in 2021.

iii. **Common service centers** to be established in each governorate and where both citizens and business can avail 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).

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

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 5-year 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 to. Since then, the Reform Secretariat has been staffed (with the recruitment of 10 staff members), and has successfully tracked, monitored and activity supported the implementation of the 5-year Reform matrix with more

than half of initially planned reforms deemed achieved by February 2021[5]. It has also consulted extensively for the updating of the 5-year 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 5-year Reform matrix includes a number of 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.

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 should be extended to match the Program implementation timeline. 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 USD 3.5 M) 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 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.

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 implementation unit (PIU). Its capacity is being built under the World Strengthening Reform Management project (funded by the Jordan MDTF), whose timeline should be extended to match the Program own timeline. The Reform Secretariat is hiring a pool of senior technical experts who should help it engage with the other Program implementing agencies.

In order 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.

Across Result Areas and DLIs, XX implementing agencies will be vested with the responsibility of achieving targeted results. They have been selected based on their official mandate, existing capacity and

[5] 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).

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.

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 meeting and follow up on its decisions.

Result Area 1

The main implementing agencies for DLI 1 will be the PIM and PPP units (anchored in MOPIC and the Prime Minister's Office respectively). They are both 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 should amount to around USD 1 M a 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% of project total amount and the cost of PPP preparation is estimated from 2.5 to 3.5% 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 Ministry of Finance (MoF) will be the implementing agency for DLI 2 on the increase of capital expenditure and DLI 3 on climate responsive capital expenditure. Under the 2008 organic budget law, 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

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.

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 and JTB emphasized the lack of financial and human resources, especially for specific workstreams, e.g., lack of funding for the preservation and conservation of touristic sites and cultural heritage, which is a crucial element for sustainable long-term development of tourism sector. Effective country-wide site management requires more resources (public investments cover the basic services only) as well as upgrading and expanding existing human capacity. It is important to strengthen the focus and financing for protection, maintenance and restoration of sites. Marketing and promotion integral to the sector's recovery from the Covid-19 is another area that lacks financing.

The Ministry of Industry, Trade and Supply (MoITS) is the entity entrusted with leading the Investor Journey program. 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 activities. 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. It is expected that MoITS may need to 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. While MoITS, as chair of the Investor Journey Steering Committee, holds the overall accountability for the execution of the Investor Journey Program, other entities will be involved and entrusted with the implementation of the resulting reforms.

The Ministry of Environmental together with other line ministries (MERM, MoT, MoPWH) 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

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.

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; 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 USD 7.2m and an additional USD 3.4m per year for data collection. The capacity of DOS will be further ascertained during appraisal.

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 must 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 Ministry of Institutional Performance Development (IDU). Officials from the LOB and the IDU have informed the World Bank that they are cooperating closely on ensuring a that ministries' and departments' compliance 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.

The Ministry for Institutional Performance Development is also a department of the Prime Minister's Office with clout within the government but limited capacity. It has been established in 2018 in replacement of the ministry for Public Sector Reform. Its staffing is non 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 rests 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 under its responsibility (in part in cooperation with the LOB) aims at granting it enough resources to meet its capacity needs.

The Ministry of Environment is the responsible of 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

The Government program of expenditure consists in the budget expenditure earmarked to the implementation the reforms supported by the PforR. It includes both recurrent and capital expenditure, as well as non fiscal subsidies to private investors:

1) **The recurrent expenditure are those of selected implementing agencies.** In case of the main ones, between 50% and 100% of their recurrent expenditure have been included; in case of secondary ones, only 15% of their recurrent expenditure are included (a notional ratio based on estimated capacity needs for the management of public investment and the discharge of other functions under the Program).

The underlying rationale for such computation is the following:

- for the main implementing agencies, the ratio of their recurrent expenditure included in the Program of expenditure varies depending on the extent to which the implementation of the targeted reforms mobilizes its capacity: e.g. in the case of the Department of Statistics, only half of its capacity should be mobilized by the Program as it is already conducted statistical surveys not supported by the Program; the same applies to the Prime Minister's office since only part of the capacity of the Legislation and Opinion Bureau (LOB) and ministry for Institutional Performance Development will be mobilized by the Program implementation, in the case of Ministry of Tourism and Antiquities, around three quarters, since it; in the case of the PIM and PPP units, all their capacity are expected to be mobilized by the implementation of the Program, since the Program supports the discharge of their core mandate.
- but the implementation of the government program rests with multiple entities, deemed secondary implementing agencies: e.g. the preparation of capital projects will be led by relevant line ministries and agencies (whereas the PIM and PPP units will exercise quality control on project concept notes and appraisal reports and provide technical assistance to project sponsors for their completion). With regard to secondary implementing agencies, only the main ones (defined as those responsible for core activities as well as for capital expenditure captured into the expenditure framework) are included in the program of expenditure to facilitate safeguard and fiduciary assessments: e.g. regarding capital expenditure, the program of expenditure only includes 15% of recurrent expenditure of the main spending line ministries and agencies on capital projects (based on the distribution of capital expenditure across government entities over the past ten years and the pipeline of capital projects for 2021-2023), i.e. the ministries of Finance, Planning, Water (including the water authority which is being merged with it in 2021), Energy, Local administration, Public Works and Housing, Education, Industry, Trade & Supply, Tourism and Environment and the Jordan Investment Commission.

2**) Capital expenditure taken into account in the expenditure framework consist exclusively in those earmarked by the same ministries to the maintenance of existing capital projects and to the financing**

of non financial assets for a small percentage only. Only 35% of the sub-category "use of goods and services" and 5% of the sub-category "non financial assets" under capital expenditure are included in the expenditure framework. This serves two purposes: 1) ensuring that maintenance is adequately funded and executed as planned which is essential for the provision of infrastructure services by completed capital projects; 2) complying with the prohibition of the financing of large projects entailing significant social and environmental impacts and of procurement transactions above the thresholds (see page 101) since the profile of capital projects listed in the appropriations bill for 2020 and 2021 shows that most capital expenditure are earmarked to small projects and contracts. Focusing on such spending ensures that the targeted increase of the fiscal space for public investment by about 50% 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 the maintaining of 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. Selected capital expenditure amount to about 10% of total capital expenditure in the 2020 and 2021 appropriation bill (i.e. about 1% of total appropriations) and this percentage is expected to remain unchanged during the Program lifecycle.

Given that there is no budget line for preparation of capital projects or for climate responsive capital expenditure, it is not possible to separate those categories of capital expenditure from other types of spending earmarked to new projects and accordingly they are included in the expenditure framework.

On PPP, the government budget includes a separate budget line without specifying the economic categories of expenditure it will finance. While clarification is still expected from the MoF on that point, information gathered from the PPP unit and the MoF, it seems that it may include capital expenditure (such as capital spending on refurbishing infrastructure targeted for management under PPP transactions) as well as other types of fiscal commitments as well as contingent liabilities (such as guarantees). In the expectation of fiscal rules to be approved by MoF to improve the management of PPP-related fiscal commitments and contingent liabilities, it is deemed preferable, for the sake of fiscal discipline, not to incorporate them into the expenditure program. Until the MoF clarifies the categories of expenditure underlying the PPP budget line, only 25% of it is included in the program of expenditure (based on preliminary information about the pipeline of PPP transactions under preparation).

3) **The program of expenditure also includes incentives to private investors** (which have replaced previously granted tax exemptions). In order to avoid counting expenditure which may be ineligible (under article 10 of the PforR policy on the exclusion of large projects), only a ratio of the budget line earmarked to this subsidy is taken into account (20%) to avoid including the financing of any large projects entailing significant social and environmental impact.

The estimated program of expenditure over 2021-2025 is $1,013 billion. The breakdown is shown in table 3.1. It is important to note that we are not taking any 2021 expenditures into the program cost as these have not been agreed by the WB team. A breakdown of the costs is presented in the table below. The WB loan will amount to slightly more than half of the program cost. It is important to note that the program costs are expected to largely consistent with the national budget. The WB-AIIB loan could bring some additionality, but not by large amounts. To leave space for margins for error, the full relevant budget lines are not taken into account, but only part of them. This applies in particular to the budget line for

PPPs and for investment incentives.

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 to say, the cumulative increase in dollar capital expenditures in 2022-2025, over the 2021 level, comes to USD 2 billion). Recurrent expenditures are also projected to increase by over USD 4.8 billion over the Program timeline. See table 3.2

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

Category of expenditure	Description	2021/22	2022/23	2023/24	2024/25	Program Cost	WB-AIIB Loan
Recurrent Expenditure	100% of recurrent exp for PIM and PPP units 75% of MoTA 50% for LOB, IDU, JIC, DOS 15% for MoITS, MoF, MoEnv, MoW, MoE, MoPW&H, MoLocal Adm, MoEdu.	71	72	74	75	**292**	
Capex	Capital expenditure earmarked for maintenance and creation of public assets by MoITS, MoF, MOPIC, MoEnv, MoW, MoE, MoPW&H, MoLocal Adm, MoEdu.	149	150	150	150	**599**	
	Share of capital expenditure in PPP budget line	21.3	22.5	25	25	**94**	
Subsidy	Incentives for investment	7	7	7	7	**28**	
Total		**248**	**252**	**256**	**257**	**1,013**	**650**

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

													SUM OF
								Cummulative change from 2021					CHANGES
In US Dollars	Proj	Proj	Proj	Proj	Proj	Proj		Proj	Proj	Proj	Proj	Proj	Proj
	2020	2021	2022	2023	2024	2025		2021	2022	2023	2024	2025	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**

Economic Justification

While Jordan did grow over the last decade, business environment and other constraints has yielded a growth model reliant on consumption. As a result, Jordan's GDP growth has slowed down to an average of 2.4 percent pern annum between 2010-19 from 6.5 percent between 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 the 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.

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)6. Further benefits can be reaped, from a rise in public expenditure, by

[6] 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.

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. On that end, 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 Jordanians aspire for

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.