



The World Bank

JORDAN INCLUSIVE, TRANSPARENT AND CLIMATE RESPONSIVE INVESTMENTS PROGRAM FOR RESULTS (P180285)

Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 19-Feb-2023 | Report No: PIDA277347



BASIC INFORMATION

A. Basic Program Data

Country Jordan	Project ID P180285	Program Name JORDAN INCLUSIVE, TRANSPARENT AND CLIMATE RESPONSIVE INVESTMENTS PROGRAM FOR RESULTS	Parent Project ID (if any) P175662
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 26-Feb-2023	Estimated Board Date 14-Apr-2023	Practice Area (Lead) Governance
Financing Instrument Program-for-Results Financing	Borrower(s) Hashemite Kingdom of Jordan	Implementing Agency Ministry of Planning and International Cooperation	

Program Development Objective(s)

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

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

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	1,000.00
Total Operation Cost	842.80
Total Program Cost	842.80
Total Financing	842.80
Financing Gap	0.00

FINANCING (USD Millions)



Total World Bank Group Financing	400.00
World Bank Lending	400.00
Total Government Contribution	242.80
Total Non-World Bank Group and Non-Client Government Financing	200.00
Multilateral and Bilateral Financing (Concessional)	200.00

B. Introduction and Context

Country Context

Since the parent operation was approved by the Board of the World Bank (WB), the country has pursued its recovery from the COVID crisis but been exposed to a massive external shock which weighs heavily on its economic and fiscal outlook for 2022 and the medium term. The Fifth Review of the IMF Extended Fund Facility program was completed in November 2022. The overall review is positive, reflecting continued strong performance on reserves; enhanced Domestic Revenue Mobilization (DRM); and steady implementation of structural benchmarks. However, unexpected deviations from fiscal targets (due to higher than anticipated subsidies in response to high food and fuel costs) will be partially addressed through further rationalization of capital spending. Despite these developments, the economic recovery in 2021-2022 has been solid, largely supported by the reopening of the economy and a recovery in domestic demand, and key services sectors, including tourism. Nonetheless, it has not resulted in sufficient growth for job creation and a striking gender divide continues to characterize the labor market with female labor participation rate being among the lowest in the world.

Sectoral and Institutional Context

Despite all the challenges, the Government of Jordan (GoJ) remains committed to pursuing its ambitious targets to significantly increase both public and private investments. In October 2022, the GoJ approved an updated Reform Matrix which underpins the parent operation. The updates included an extended timeline from 2022 until 2024 and broader scope of three pillars added to the nine initial ones on 1) public sector efficiency and governance; 2) agriculture, and 3) tourism. In June 2022, the GoJ adopted an economic modernization strategy for the next ten years (Economic Modernization Vision 2033), which aims at doubling Jordan's growth rate and increasing welfare, and which calls for a significant increase in both public and private investment. The Economic Modernization Vision targets the acceleration of the annual growth rate to 5.6 per cent, the creation of over one million jobs for men and women, doubling female labor force participation, an increase of per capita income by 3 percent per year on average, the improvement of economic competitiveness, and the strengthening



of environmental sustainability. Overall estimated investment needs for achieving the Vision's objectives amount to a net increase of capital investments between 2023 and 2033 by JD 41.4 bn (i.e., US\$ 58.4 bn), most of which (73 percent) being private investments (FDI, domestic investments, and PPPs). Overall, the Vision calls for an increase in total investment by 7.8 percentage points of GDP, including an increase by around 75 percent of public investment.

Since 2021, the GoJ has significantly strengthened its climate agenda including by scaling up its commitments to the Nationally Determined Contribution (NDC), by significantly increasing emission reduction targets, and by prioritizing green public and private investment in its economic strategy for the next ten years. Jordan updated its NDC commitments in October 2021, raising its GHG emission reduction target from 14% to 31% of the Business as usual (BAU) scenario by 2030. This includes an unconditional commitment to 5% reduction to be financed by the government (at an estimated cost of US\$ 565 m) and 26% reduction conditional upon the availability of and access to funding support, for a total estimated cost of US\$7.5 bn. In 2021, the GoJ has also approved a National Adaptation Plan (NAP) which aims at mainstreaming adaptation to climate change in development planning processes to enhance climate resilience and adaptive capacities and reduce climate vulnerability across relevant sectors. And in November 2022, it has approved an updated Climate Change Policy for 2022-2050. In addition, The Economic Modernization Vision promotes environmental sustainability as one of its main pillars and aims at developing Jordan as a regional hub for green entrepreneurship and innovation and at attracting investments to sustainable projects. In 2022, the Ministry of Energy and Mineral Resources (MEMR) has launched the Low-Carbon Pathway (LCP) for the power sector in Jordan to set carbon emissions-related scenarios through 2050. And the GoJ also approved the Financial Sustainability Roadmap for the water sector which prioritizes energy efficiency and renewable energy to reduce operating costs (half of them consisting of energy consumption). Significant progress has already been made in mobilizing financial resources to meet the estimated cost of the NDCs, i.e., US\$3.7 bn out of US\$5.7 billion¹.

PforR Program Scope

This operation provides an additional amount of US\$ 400 M to loan 9268-JO for Jordan Transparent, Inclusive and Climate Responsive Program-for-Result (P175662). The original loan amounts to US\$500 M and is supported by co-financing from the Asian Infrastructure Investment Bank (AIIB) for an amount of US\$ 250 M. It became effective on August 24, 2021 and has disbursed to date 46% of its amount (triggering parallel disbursements by the AIIB). The Program's closing date will be extended from June 30, 2026, until June 30, 2028. The AIIB has been requested by the GoJ and is processing in parallel an additional financing of US\$ 200 M.

This additional loan would help finance the expenditures associated with the parent Program for another two years and scale up the financing of climate responsive and gender sensitive public and private investment, including through PPPs, and enhanced data and evidence-based policy making. It will improve the development effectiveness and fiscal sustainability of public investment and increase the financing of gender sensitive and climate responsive public investment, including PPPs, it will also incentivize gender sensitive and green private investment, and it will strengthen further government effectiveness and responsiveness to social demand by financing further data and evidence-based policy making, and improvements to service delivery. The additional

¹ Government of Jordan, 2020, Jordan's Second Biennial Update Report (SBUR) under the United Nations Framework Convention on Climate Change.



loan both scales up the result framework of the parent Program to enhance the impact of a well-performing operation and support more effectively the government updated reform agenda in light of its ambitious overarching economic modernization strategy for the next ten years. As part of the accompanying restructuring, it also adjusts to limited institutional reorganization and policy shifts regarding private investment and refines and scales up the result framework of the parent Program through the updating of PDO-level indicators and of the DLI matrix.

The Program boundaries, which were initially delineated in reference to the 2018 Reform Matrix and its underlying expenditure framework, are updated to align with the 2022 updated Reform Matrix. The updated Reform Matrix is itself better anchored to the overarching government medium-term economic strategy as reflected in its Economic Modernization Vision for 2033. The Vision also buttresses the government economic reform agenda pursued by the updated Reform Matrix by providing a detailed costing of its implementation in its executive implementation plan for 2023-25, in alignment with the 2023 budget bill and Medium-Term Fiscal Framework (MTFF).

Expenditure framework (EF) is updated by extending by two years to match the Program extended timeline and refined by referring to relevant budget programs in the budget of implementing agencies. The updated EF also captures the budget of the Ministry of Investment from 2023 onwards as it has replaced the Jordan Investment Commission (JIC) as implementing agency under the Program. Accordingly, the total amount of the EF increases from US\$ 1,213.5 M for the parent Program to US\$ 2056.3 M for the Program under AF and restructuring from FY21 to FY28.

C. Program Development Objective(s)

Program Development Objective(s)

Improve accountability to foster climate responsive investments and growth.

PDO-Level indicators are updated to align with both the scale-up and restructuring of the operation. The targets of three out of four indicators (on capital spending, climate response, and open data) are upgraded in light of achievements so far under the parent Program and the extended timeline of the Program under AF & restructuring, the indicator on business environment is replaced by one focusing on green investment and a new indicator on gender responsive public and private investment is added.

D. Environmental and Social Effects

The assessment of the Environmental and Social Risks Screening of the AF and Restructuring of the Program is maintained as **Substantial as for the Parent program**. Similarly, the AF and Restructuring will have a number of positive environmental and social effects (benefits) in the areas of government accountability; information sharing and accessibility; citizen engagement; improvement of livelihoods; resilience to climate change and reduction of GHG emissions. The AF will directly support an increase in climate responsive infrastructure investments, which are tied to Disbursement-Linked Indicators. These investments could be in various sectors, supported with either public or private financing. Their environmental and social impacts and risks will be assessed and mitigated in line with relevant laws of Jordan and the core principles of Bank Policy on Program for Results Financing. Several of the program activities are designed to improve the overall investment policies and



regulatory framework in the country. This in turn, is expected to attract more investment, particularly in infrastructure development. The increase in infrastructure investment in all sectors will bring significant socioeconomic benefits, but will be accompanied with a range of direct and indirect adverse environmental and social impacts, such as pollution, land acquisition or involuntary relocation, labor risks, etc. Measures to improve the national environmental and social management systems and processes, have accordingly been incorporated into the Program.

Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

E. Financing

Under AF and restructuring the Program financing is updated as follows:

Table 2: Program Financing (in US\$ m)

Financing Source	Original Program	AF Program	Total under revised Program
BORROWER/RECIPIENT	463.5	242.8	706.3
IBRD/IDA	500	400	900
AIIB	250	200	450
TOTAL	1213.5	842.8	2056.3

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