

Jordan : Inclusive Transparent and Climate Responsive Investments Program

1. Project Information

Project ID:	P000482	Instrument ID:	L0482A
Member:	Jordan	Region:	Western Asia
Sector:	CRF-Economic Resilience/PBF	Sub-sector:	N/A
Instrument type:	<input checked="" type="checkbox"/> Loan:250.00 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	B	Borrowing Entity:	Ministry of Finance, Jordan
Implementing Entity:	Ministry of Planning and International Cooperation, Jordan		
Project Team Leader:	Hongliang Yang		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Aditi Khosla, Project Counsel; Christopher Damandl, Alternate Counsel; Shodi Nazarov, OSD - Financial Management Specialist; Yang Shuai, OSD - Environment & Social Development Specialist; Purnendu Pathak, OSD - Procurement Specialist; Nat Pinnoi, Back-up PTL; Siyang Wang, Project admin		
Completed Site Visits by AIIB:	Jan, 2024 A joint program review mission with World Bank.		
Planned Site Visits by AIIB:	Aug, 2024 A joint program review mission		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	0		
Previous Red Flags Assigned Date:	2023/06		

2. Project Summary and Objectives

The objective of the Program is to improve accountability to foster climate responsive investments and growth during and after the COVID-19 pandemic. The Program will help Jordan capitalize on emerging opportunities for post-pandemic recovery particularly in green growth, private sector investment, and female labor participation.

Fully aligned with the government's Reform Matrix, the Program supports the implementation of critical reforms to: (i) improve the accountability and fiscal space for public investment, including towards national climate goals; and (ii) strengthen business enabling environment and the capacity of key institutions to attract private investment and climate finance. The Program is expected to help Jordan set the stage for a sustainable, resilient, and climate responsive recovery after the COVID-19 pandemic. It will also help Jordan launch its transition from a consumption-driven growth model to an investment-driven growth model and introduce gender-informed assessments in investment design and policy formulation.

The proposed Program consists of three Result Areas (RAs):

-

RA1: Improving the accountability and fiscal space for public investment, including towards national climate goals.

-

RA2: Improving business enabling environment and the capacity of key institutions to attract private investment and climate finance, including for tourism sector.

-

RA3: Generating evidence and data for policy making, implementation and stakeholder dialogue.

3. Key Dates

Approval:	Aug. 26, 2021	Signing:	Sep. 13, 2021
Effective:	Nov. 15, 2021	Restructured (if any):	
Orig. Closing:	Jun. 30, 2026	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	132.69	Latest disbursement (amount/date):	9.46/Dec. 01, 2023
Undisbursed:	117.31	Disbursement Ratio (%) ¹ :	53.07

5. Project Implementation Update

The Program implementation has been satisfactory with notable progress on Program objective-level indicators. In the report period, several disbursement-linked results (DLRs) have been achieved and verified. Aligned with the achieved results, the cumulative disbursement of AIIB's loan has reached USD 132.69 million, about 53 percent of the loan amount so far.

Despite its strong performance, the Program has been impacted by challenges since 2022, such as high food and fuel prices. The challenges led GOJ to reallocate fiscal resources to social protection and subsidies at the cost of capital spending. Also, timebound DLRs on investment incentives and promotion should be revised to align with the enacted legal provisions of the 2022 Investment Environment law and 2023 subsidiary legislation, including with regard to targeted investment incentives to promote participation of Jordanian women in the workforce. In October 2022, GOJ approached AIIB requesting for USD 200 million from the Bank to scale up the operation and the restructuring of the operation in light of the recent policy shifts and institutional reorganization in the past year. This additional financing program has been approved in September 2023 and effective in November 2023.

Components	Physical Progress	Environmental & Social Compliance	Procurement
------------	-------------------	-----------------------------------	-------------

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

Financial Management:

Financial tracking and reporting under the Program are based on the expenditure framework, which consists of the expenditures related to the implementation of the Program of implementing agencies. Under this framework, the government provided reports based on all expenditures related to the Program implementation. To ensure timely progress and compliance on the financial management of the Program, the Program Management Unit (PMU) should receive annual reports on expenses from various ministries and agencies, including Ministry of Tourism and Antiquities, Ministry of Planning and International Cooperation, Ministry of Environment, Ministry of Finance, Prime Minister's Office, Ministry of Industry, Trade and Supply, and Jordan Investment Commission.

So far, no unusual issues have been identified.

6. Status of the Grievance Redress Mechanism (GRM)

The purpose of the GRM is to respond to concerns and grievances of project-affected parties related to the environmental and social performance of the program in a timely manner. A Central Government Complaints Management System is upheld in MODEE (Ministry of Digital Economy and Entrepreneurship), with direct supervision from the Prime Minister's Office as a central entity for receiving and monitoring the resolution of citizens' complaints directly with all concerned government agencies. The management and maintenance of the system are supervised by the PMO and MODEE. No grievance has been recorded and reported so far.

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments	
			Baseline		2020		2021		2022		2023		2024		2025		2026		End Target						
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual				
Increase the share of capital expenditure in total budget spending.	Project	%	2020	8.90	8.90	8.9	8.9	8.9	8.9	10.5	11.0	10.5	12.0	11.0		11.5		12			12		annual	PMU	
Streamline and digitize business registration and licensing, reducing the compliance time and costs for businesses (\$ savings)	Project	Number	2021	\$0 savings in compliance costs				\$0 savings in compliance costs	\$0 savings in compliance costs	as at appraisal	In progress	as at appraisal	In progress	as at appraisal		as at appraisal		Cumulative savings of \$41.1 million (over 5 years) in compliance costs			Cumulative savings of \$41.1 million (over 5 years) in compliance costs		annual	PMU	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values																Frequency	Responsibility	Comments			
			Baseline		2021		2022		2023		2024		2025		2026		End Target							
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual		
Improving the quality of public investment	Project	Text	2021	No systematic appraisal of large budgeted capital projects (either PIPs or PPPs)	No systematic appraisal of large budgeted capital projects (either PIPs or PPPs)	In progress	in progress	In progress	in progress	In progress	in progress					Full appraisal of large investment projects				Full appraisal of large investment projects (PIPs and PPPs), prior to their budgeting.		annual	PMU	
Gender Responsive Public Investment management	Project	Text	2021	Rating D under performance indicator GRPFM-2.1 of the Supplementary Framework for Assessing Gender	Rating D under performance indicator GRPFM-2.1 of the Supplementary Framework for Assessing Gender	In progress	in progress	In progress	in progress	In progress	in progress					Rating B under performance indicator GRPFM-2.1 of the Supplementary Framework				Rating B under performance indicator GRPFM-2.1 of the Supplementary Framework		annual	PMU	

Mainstreaming climate responsive capital expenditure in public investments towards Jordan's NDC goals	Project	%	2021	0% verifiable achievement of govt. CAPEX commitment towards NDC goals.	0% verifiable achievement of govt. CAPEX commitment towards NDC goals.	0% verifiable achievement of govt. CAPEX commitment towards NDC goals.	in progress	In progress	in progress	In progress. The MRV system has been fully deployed and operationalized to track climate responsive public financing.	15% verifiable achievement of govt. CAPEX commitment towards NDC goal		20% verifiable achievement of govt. CAPEX commitment towards NDC goal		25% verifiable achievement of govt. CAPEX commitment towards NDC goal				annual	PMU	
Strengthening JIC's institutional focus on investment promotion and related investor services to attract quality investment	Project	Text	2021	The investment regulatory framework suffers from certain weaknesses and gaps	The investment regulatory framework suffers from certain weaknesses and gaps	The investment regulatory framework suffers from certain weaknesses and gaps.	in progress	In progress	in progress	Investment Environment Law has been passed.	in progress		in progress		The investment regulatory framework in Jordan has been enhanced				annual	PMU	
Implementing new policies for investment incentives based on objective criteria, including value for money, to attract quality investment and achieve national investment objectives	Project	Text	2021	New non-fiscal investment incentives have been budgeted to better target investor attraction efforts	New non-fiscal investment incentives have been budgeted to better target investor attraction efforts	In progress	in progress	in progress	in progress	In progress	in progress		in progress		Governance for granting non-fiscal investment incentives and subsequent policy compliance in place				annual	PMU	
Strengthening the strategic direction and enhancing the regulatory environment of the tourism sector to foster high-quality private and public investment	Project	Text	2021	Tourism potential is held back by a fragmented approach to sector development, regulatory constraint	Tourism potential is held back by a fragmented approach to sector development, regulatory constraint	in progress	in progress	in progress	in progress	In progress. Significant progresses have been made in developing the new information management system.	in progress		in progress		in progress				annual	PMU	
Implementing Investor Journey program to streamline and digitize business registration and licensing, reducing the compliance	Project	Text	2021	Business registration processes and licensing regime entails significant costs	Business registration processes and licensing regime entails significant costs	in progress	in progress	in progress	in progress	In progress. The sectoral licensing reform has continued to advance at technical level.	in progress		in progress		in progress				annual	PMU	

