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Report No: PAD3511

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF
US\$ 6.5 MILLION

TO THE

HASHEMITE KINGDOM OF JORDAN

FOR A

STRENGTHENING REFORM MANAGEMENT IN JORDAN

November 27, 2019

Finance, Competitiveness and Innovation Global Practice
Middle East and North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective September 2, 2019)

Currency Unit = Jordanian Dinar
(JOD)

JOD 0.709 = US\$1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

CPF	Country Partnership Framework
DAs	Designated Accounts
DLI	Disbursement Linked Indicator
DPF	Development Policy Financing
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
EU	European Union
FCCL	Financial Commitment and Contingent Liability
FM	Financial Management
GDP	Gross Domestic Product
GoJ	Government of Jordan
GPD	General Procurement Department
GRS	Grievance Redress Service
GSD	General Supply Department
GTD	General Tender Directorate
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFRs	Interim Unaudited Financial Reports
IMF	International Monetary Fund
IPF	Investment Project Financing
IT	Information Technology
JD	Jordanian Dinar
JONEPS	Jordan On-line E-Procurement System
JTF	Jordan Task Force
LMP	Labor Management Procedures
M&E	Monitoring and Evaluation
MDTF	Multi Donor Trust Fund
MoF	Ministry of Finance
MoPIC	Ministry of Planning and International Cooperation
NGO	Non-Governmental Organization
NPF	New Procurement Framework
NRIP	National Registry of Investment Projects
PAD	Project Appraisal Document
PCNs	Project Concept Notes
PDF	Project Development Fund
PDO	Project Development Objective
PforR	Program for Results
PIM	Project Investment Management
PIP	Public Investment Projects
PMU	Project Management Unit

POM	Project Operational Manual
PPP	Public-Private Partnerships
PPSD	Project Procurement Strategy for Development
SCD	Systematic Country Diagnostic
SEF	Stakeholder Engagement Framework
SOE	Statement of Expenditures
STC	Special Tendering Committees
TAs	Transaction Advisors
ToRs	Terms of References
US\$	United States Dollar
WAs	Withdrawal Applications
WB	World Bank



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Jordan	Strengthening Reform Management in Jordan	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P171965	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
27-Nov-2019	31-Dec-2022

Bank/IFC Collaboration

No

Proposed Development Objective(s)

Strengthen coordination and delivery of policy reforms in Jordan with a focus on the Five-Year Reform Agenda

Components

Component Name	Cost (US\$, millions)
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1. Support to reform management	3.80
2. Strengthening the PIM-PPP framework and function	2.20
3. Strengthening of the public procurement framework and function	0.50

Organizations

Borrower: Ministry of Planning and International Cooperation

Implementing Agency: Ministry of Planning and International Cooperation

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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

DETAILS

Non-World Bank Group Financing

Trust Funds	6.50
Trust Funds	6.50

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023
Annual	2.00	2.00	2.00	0.50
Cumulative	2.00	4.00	6.00	6.50

INSTITUTIONAL DATA

Practice Area (Lead)

Contributing Practice Areas



Finance, Competitiveness and Innovation

Governance, Infrastructure, PPP's & Guarantees

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Substantial
2. Macroeconomic	● High
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Moderate
7. Environment and Social	● Moderate
8. Stakeholders	● Substantial
9. Other	
10. Overall	● Substantial

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No



Does the project require any waivers of Bank policies?

[] Yes [✓] No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Not Currently Relevant
Community Health and Safety	Not Currently Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Not Currently Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

Schedule 2, Section I. A. 1. No later than three (3) months after the Effective Date, the Recipient shall establish and thereafter maintain within MOPIC, throughout Project Implementation, Reform Secretariat, with composition, functions, resources and staffing satisfactory to the Bank, including, without limitation, a monitoring and evaluation specialist, specialist responsible for social safeguards and a stakeholder engagement matters, and an environmental specialist. The Reform Secretariat shall be responsible for overseeing the implementation of the Five Year Reform matrix, coordination between Recipient’s government entities and the donor community, reporting on the Five Year Reform implementation, and managing its communication strategy.



Sections and Description

Schedule 2, Section I. A. 2. The Recipient shall maintain within MOPIC the Central PIM Unit, with composition, functions, resources and staffing satisfactory to the Bank, responsible for providing oversight of public investment projects, and overseeing development and management of the national registry of investment projects.

Sections and Description

Schedule 2, Section I. A. 3. The Recipient shall cause GPD to (i) establish and thereafter maintain a JONEPS unit, with composition, functions, resources and staffing satisfactory to the Bank, to be responsible for implementation of Part 3 of the Project; and (ii) cause JONEPS unit to provide regular reporting on milestones and results framework indicators to MOPIC

Sections and Description

Schedule 2, Section I. C. The Recipient shall adopt, no later than three (3) months after the Effective Date, the POM, satisfactory to the Bank, and shall ensure that the Project is carried out in accordance with the POM, and shall ensure that the POM is not amended, suspended, abrogated or repealed and that no provision of the POM is waived without prior approval of the Bank.

Conditions



I. STRATEGIC CONTEXT

A. Country Context¹

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

2. **Besides, due to the Syrian crisis, Jordan is hosting almost 1.3 million Syrians², of which 666,217 are registered refugees with the United Nations High Commissioner for Refugees.** About 90 percent of the refugees are living in Jordan's cities, towns and villages exhausting existing social and physical infrastructure and impacting delivery of basic services. There has been a noticeable deterioration in the quality of services provided across numerous critical sectors, including health, education, municipal services, and others. The influx of these refugees has raised Jordan's overall population to 9.5 million in 2017. Overall, the Government estimates that the budgetary cost of hosting the Syrian population has been around US\$1.4 billion per annum.

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

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

¹ This section borrows largely from the context section of the Second Development Policy Financing (DPF II, P168130).

² According to the 2015 Department of Statistics Census.



B. Sectoral and Institutional Context³

5. **The implementation, follow-up and efficient coordination of the Five-Year Reform Matrix demands a dedicated and well-resourced Reform Secretariat.** This Reform Secretariat will be established in the Ministry of Planning and International Cooperation (MoPIC), building on the existing Jordan Compact Project Management Unit (PMU) and its current staff, who have played an essential role in coordinating the design of the Five-Year Reform Matrix with GoJ entities, World Bank and development partners. Alongside overseeing the implementation of the Five-Year Reform Matrix, the Reform Secretariat will continue to manage the implementation of the prior actions of the second tranche of the DPF II, World Bank-financed Program for Results Economic Opportunities for Jordanians and Syrian Refugees (PforR), and other programs and technical assistance that are in line with the Reform Matrix.

6. **A World Bank-managed “Jordan Inclusive Growth and Economic Opportunities Multi Donor Trust Fund” (MDTF) has been put in place to finance the implementation of the Five-Year Reform Matrix, including partially financing the Reform Secretariat.** The MDTF is currently financed by the United Kingdom (UK), with additional financing expected from the Netherlands, EU, France, Germany and Canada.

7. **The Government of Jordan is looking to improve its use of financial and investment resources for the benefit of its citizens.** As such, one of its goals is to put in place a combination of policy and legislative reforms, as well as institutional support and incentives to build an efficient Public Investment Management (PIM) Governance Framework comprised of Public Investment and Public- Private Partnership (PPP) projects. This will ensure that selected priority projects will be fiscally prudent, economically and socially viable, and environmentally sustainable. Such investment projects will be well worth undertaking and, where possible, will be procured as PPPs to open fiscal space and engage private sector experience, skills and expertise. This proposed framework will form the basis for drafting a new PPP Law (revising the current PPP Law), which is expected to be presented to the Parliament before end of 2019.

8. **The cabinet has recently approved a PIM-PPP Governance Framework designed to improve overall capital investment efficiency** through a systematic approach to public investment management and the crowding in of private investment through PPPs. So far, the GoJ has taken the following steps: the Cabinet has approved a PIM-PPP Governance Framework (Cabinet Decision No 7968 of May 21, 2018) as well as the establishment of a Central PIM Unit at the Ministry of Planning and International Cooperation (MoPIC – Administrative Decision No 1 of 2016) and a PPP Directorate in the Prime Minister’s Office (Cabinet Decision 2708). It has also approved key PIM-PPP governance and implementation steps (Cabinet Decision 4121). Besides, the Prime Minister’s Office has set up a technical committee as counterpart to the World Bank to amend the PPP Law, draft PPP Regulation in terms of the amended Law, draft an overarching PPP Policy Framework and develop institutional arrangements for PPPs. The GoJ and World Bank have agreed on a PIM-PPP governance framework implementation steps, prior actions and targeted results. Finally, the Cabinet has approved the PIM-PPP Policy (August 26, 2019).

9. **The GoJ has recently modernized its public procurement function.** Various assessments and reports by international organizations in the past decade as well as a self-assessment conducted by GoJ, elaborated on the main shortcomings of public procurement being fragmented, without a clear regulatory and oversight function,

³ This section borrows largely from the context section of the Second Development Policy Financing (DPF II, P168130).



lacking an independent complaint resolution mechanism, without performance measurement, and the need for e-public procurement, and capacity building. In February 2019, GoJ approved a modernized and unified public procurement bylaw addressing the identified shortcomings and improving the transparency and efficiency of public procurement. To address the need for e-procurement, it also includes the functional enhancement of the e-public procurement system Jordan On-line E-Procurement System (JONEPS). The three main central procuring entities of Jordan (The General Tender Directorate (GTD), the General Supply Department (GSD) and the Joint Procurement Directorate, issued a circular in January 2019 making the use of the JONEPS mandatory.

10. The further development of the e-procurement system, JONEPS, will facilitate wider and more equitable access to the procurement market for the private sector, including Small to Medium Enterprises (SMEs), women and youth, while also facilitating access to information and inclusion of stakeholders including civil society. In line with the Government's digitalization policy in the Economic Growth Plan for 2018-2021 and Vision for 2025, a fully rolled out, integrated e-procurement system and digitalization of procurement cycle processes are critical to increase participation and competition, to ensure efficiency (by improving management effectiveness and reducing transaction time & costs), to boost transparency (through automatic capture and accessible display of information on procurement activities), to improve procurement decision making and oversight (via the use of big data and analytics), and to achieve greater accountability (through eased access to complaints handling). Digitalization, systematic collection of data and integration of procurement cycle processes will help to improve Jordan's investment climate.

C. Relevance to Higher Level Objectives

11. The proposed project supports the implementation of the Five-Year Reform Matrix, and the World Bank-financed First and Second Equitable Growth and Job Creation Development Policy Financing (DPF I, P166360 and DPF II, P168130) and is well aligned with the World Bank Group Country Partnership Framework (CPF) for Jordan for the period of FY2017–2022 (Report no. 102746-JO, discussed by the Board of Executive Directors on July 14, 2016). The CPF focuses on mitigating the immediate impact of the regional crises while supporting long-term development objectives and structural reforms, to improve the equity and quality of public service delivery. It is therefore relevant to the current challenge of setting the foundations for equitable growth and job creation.

12. The proposed project also contributes to implementation of the World Bank Group's enlarged Middle East and North Africa Regional Strategy (March 2019), particularly its pillars on renewing the social contract, resilience to refugee/IDP shocks as well as its priority area of digital transformation. The proposed project is also supporting the maximizing finance for development approach, and the regional climate change mitigation and adaptation agenda, through energy sector reforms included in the Five-Year Reform Matrix.

13. Policies supported by the proposed project will contribute to the World Bank Group's twin goals of ending extreme poverty and promoting shared prosperity in a sustainable manner. The Five-Year Reform Matrix includes reforms related to improving fiscal sustainability through more efficient public spending and better management of risks, which will support the attainment of fiscal objectives, reducing business costs, improving market accessibility, improving productivity; creating flexible and integrated labor markets, and more efficient social assistance thereby allowing more Jordanians to work and access social safety nets.



II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

The objective of the project is to Strengthen coordination and delivery of policy reforms in Jordan with a focus on the Five-Year Reform Agenda.

PDO Level Indicators

- Number of additional reforms coordinated by the Reform Secretariat under the Reform Matrix
 - Out of which number of additional implemented reforms that predominantly benefit women
- Share of investment projects approved by GoJ that are registered in the National Registry of Investment Projects (NRIP)
- Share of investment projects approved by GoJ that use the PIM-PPP project evaluation framework.

B. Project Components

14. This project will comprise three components: 1) support to reform management, 2) strengthening the PIM-PPP framework and function, and 3) strengthening the public procurement framework and function. These components will be implemented in phases as funding becomes available. Phase 1 consists of a sub-set of activities to be covered by the financing of US\$ 1.6 million currently allocated to this project from the Bank-managed Inclusive Growth and Economic Opportunities MDTF, while Phase 2 will encompass the full scope of activities, for a total amount of US\$ 6.5 million. The activities under each component, including the subset of activities under Phase 1 are described in the next section.

Component 1. Support to reform management (US\$ 3.8 million)

Sub-component 1.1. Support to the Reform Secretariat (US\$ 0.5 million)

15. This sub-component will finance the set up and first year operations of the Reform Secretariat. Namely, the project will support the establishment and operation of the Reform Secretariat to coordinate, advance and implement reforms under the Five-Year Reform Matrix and provision of necessary technical assistance for implementing the reforms, including IT support and capacity building. The support will specifically be targeted to fully resourcing the Secretariat with qualified fulltime staff, both technical (project management and technical staff) and support Monitoring and Evaluation (M&E) and Communications); providing technical assistance to GoJ to address capacity issues and advance the implementation of reforms; and financing other direct and indirect operational costs including IT equipment, office supplies, professional services, travel etc. Beyond the first year, the Reform Secretariat is expected to be financed by other donors.

16. The Reform Secretariat will be housed within MoPIC and will oversee the implementation of the Five-Year Reform Matrix; ensure reforms are designed in consultation with stakeholders; report to GoJ and development partners on progress; and coordinate between GoJ entities and development partners to ensure implementation and alignment of donor programs with national priorities. Besides, the Reform Secretariat will coordinate with



GoJ entities and development partners to produce and disseminate information and communication material to inform all target groups of the progress of implementation and importance of reforms, including the private sector and the public. The Reform Secretariat will include a team member, that in addition to their core tasks, will be in charge of gender (women empowerment) who will contribute to consultations, reform design, implementation, and outreach with differentiated approaches as needed to reach women, youth, and other target groups (see Box 1).

17. Given the large number of government entities involved in the Five-Year Reform Matrix, the establishment of an effective cross-ministerial mechanism for reforms will be needed to support effective implementation of the Five-Year Reform Matrix. Such a mechanism will be orchestrated by the Reform Secretariat. Progress will be reported by the Reform Secretariat directly to the Minister of Planning and International Cooperation and to the Prime Minister. The proposed organizational structure and missions of the Reform Secretariat are provided in Annex 2.

Sub-component 1.2. Reform Support Fund (US\$ 3.3 million)

18. This fund will be lodged at MoPIC and will finance just-in-time technical assistance in support to line Ministries and government agencies involved in designing, implementing and monitoring the Five-Year Reform Matrix. Expenses will include: short and long-term consultants, procurement of contractors, procurement of equipment, systems and services needed to design, implement and monitor reforms.

19. Phase 1 of project implementation for component 1, to be financed by the first tranche of US\$1.6 million, will cover the entire cost of the Reform Secretariat of US\$ 0.5 million and will cover technical assistance through the Reform Support Fund up to US\$ 0.2 million.

Component 2. Strengthening of the PIM-PPP framework and function (US\$ 2.2 million):

20. This component supports the development of Jordan's PIM-PPP institutional, procedural and capability strengths through the following activities (background and details of these activities are provided in Annex 2):

- Establishment of the legal and institutional framework for PIM-PPP.
- Establishment of the Jordan National Registry of Investment Projects (NRIP), which will contribute to PIM-PPP strategic planning and performance monitoring, alignment of the project cycle to the budget cycle, and increase efficiency and rationalization of the PIM-PPP pipeline and portfolio. With guidance from the World Bank, the NRIP will be procured and developed by MoPIC as a modular web-based information management system and will include sub-accounts for PIPs and PPPs.
- Capacity building and technical assistance to the Central PIM unit established within MoPIC and the PPP Directorate establishes within the Office of Prime Minister on strategic planning, project appraisal, asset management, oversight of PIM by Statement of Expenditures (SOEs), and ex-post project and portfolio evaluation and audit.
- Capacity building and training on Financial Commitment and Contingent Liability (FCCL)
- Preparation and operationalization of the Project Development Fund (PDF) within the PPP Directorate: The PDF will finance feasibility and technical studies and PPP transaction advisory services for proposed PPP projects. This project will support the creation and institutionalization of the PDF through the development of the legal



framework, development of a business plan and manual of procedures as well as preparation of project concept note templates.

21. **Phase 1 of project implementation for component 2**, to be financed by the first tranche of US\$1.6 million, will cover the cover the following activities up to US\$ 0.5 million:

- Establishment of the legal and institutional framework for PIM-PPP.
- Establishment of the Jordan NRIP.
- Capacity building and technical assistance to the Central PIM unit established within MOPIC and the PPP Directorate established within the Office of the Prime Minister.
- Capacity building and training on FCCL.
- Preparation and operationalization of the Project Development Fund within the PPP Directorate.

Component 3. Strengthening of the public procurement framework and function (US\$ 0.5 million)

22. This component aims to pursue the GoJ modernization efforts of public procurement. It will support the strengthening of the legal framework and infrastructure including the recently established JONEPS through technical assistance comprising of (a) securing audit and necessary re-engineering of JONEPS system to address securing requirements for software and hardware; and (ii) system enhancement and development of functionalities for the procurement cycle. The unified procurement bylaw makes the use of JONEPS mandatory for the three central procuring entities that adopted it since February 2019.

23. A number of critical enhancements and functionalities along the whole procurement cycle have been identified by the GoJ and the World Bank. This component will support the GoJ to implement the action plan for the elaboration and roll out of functionalities and features of the e-public procurement system, through the following technical assistance activities.

- Security audit and necessary re-engineering of JONEPS system to address security requirements for software and hardware.
- System enhancements and functionalities development along the whole procurement cycle, namely, streamlining online registration of bidders and procuring entities, contract management and supplier performance management, e-payments and e-guarantees, administrative reviews (e.g. complaints management), and new public procurement methods such as e-bidding, framework agreements, and e-catalogues.

24. This component will be led by MoPIC. However, for efficiency reasons, MoPIC will delegate the implementation of e-procurement related activities to the General Procurement department (GPD) to ensure e-procurement platform (JONEPS) continuous operation.

25. **Phase 1 of project implementation for component 3**, to be financed by the first tranche of US\$1.6 million, will cover the cover the following activities up to US\$ 0.4 million:

- Security audit and necessary re-engineering of JONEPS system to address security requirements.
- System enhancements and functionalities development of functionalities for the procurement cycle.



C. Project Beneficiaries

26. This project will first benefit the GoJ through improved reform design, coordination, implementation, monitoring and evaluation capacity. The reforms, in turn, will broadly benefit the Jordanian economy, with a focus on the poor and vulnerable when it comes to reforms related to the National Aid Fund. Women will also benefit from gender focused reforms, such as the ones related to improving economic opportunities for women, and improvement of child care and transport services in Jordan. These reforms are informed by several studies conducted by the World Bank^{4 5}.

Box 1: Gender related reforms in the five-year Reform Matrix

Gender is a key dimension of the Reform Matrix and features prominently in it. Measures related to the streamlining of regulatory framework for child care facilities, the introduction of a gender-neutral condition for employer-sponsored child care services, the introduction of Codes of Conduct in public transportation and the workplace to identify unacceptable gender-based behavior and sanctions, more flexible working hours or the removal of restriction for women working in certain sectors and hours are some of the reforms included in the Matrix and for which the Reform Secretariat has and will continue to play a coordination role.

To be able to ensure that women's empowerment remains a strong element of the Reform Matrix, the Reform Secretariat will hire a gender specialist with a specialization in labor issues as part of the core team. The gender specialist will be working across ministries and agencies (such as the Ministry of Labor and the Ministry of Transport) on gender related reforms and will ensure coordination and complementarities across the Matrix. Specific tasks and activities that the gender specialist will work on include, but are not limited to: lead the coordination of meetings and follow-up activities with relevant stakeholders related to the implementation of the occupational safety and health framework, the codes of conduct and other specific reforms (including to coordinate with the International Labour Organization, facilitate private sector engagement, etc.); ensure that the monitoring of all reforms incorporate sex disaggregated data and gender specific indicators as relevant; support the liaison with other relevant gender programs to ensure synergies (United States Agency for International Development, Mashreq Gender Facility, etc.); ensure communications related work of the Secretariat adequately targets women and men; identify and publish results that have had a specific impact on women.

Citizen engagement in the five-year Reform Matrix

27. To ensure proper stakeholder engagement in the implementation of the Reform Matrix, MoPIC has prepared a Stakeholder Engagement Plan outlining its commitments in terms of public-private dialog. For each major reform to be implemented, the Reform Secretariat will ensure that a proper consultation process is in place, involving relevant stakeholders, and led by line Ministries and agencies.

⁴ World Bank 2018. Understanding How Gender Norms in MNA: Impact Female Employment Outcomes.

⁵ World Bank 2019. Improving Women Economic Opportunities: Select Entry Points for Policy Dialogue and Operational Interventions.



28. There are currently nine pillars of reforms in the Reform Matrix. The project will structure direct participation of key stakeholders to produce concrete, practical opportunities for dialogue. It will establish an umbrella “dialogue platform” to consult with stakeholders on the reforms. This dialogue platform will create dedicated working groups to address reforms pillars. The Reform Secretariat in collaboration with line ministries will support the organization, outreach, and proceedings of stakeholder consultations. It will, among other tasks, be in charge of managing all stakeholder engagement under the dialogue platform for the project, management of the grievance mechanism, and the citizen’s engagement program.

29. In this regard, the recently issued the Code of Governance Practices for Policies and Legislative Instruments in Government Departments (April 2018) will be a good guiding framework for the stakeholder’s engagement process. To comply with this Code, the following steps need to be taken in the process of issuing laws, bylaws, instructions and decisions: draft regulations will be published on the Ministry’s or agency’s website for public consultations (60 days for Laws, 30 for bylaws, 15 for instructions, and 7 for decisions); a matrix of responses to the feedback received shall be published; the enacted version will be published on the Gazette and on the Ministry’s website and will enter into force with a delay, depending on the level of regulation. Ultimately, a regulatory impact assessment should take place to estimate the economic impact of the policies and regulations.

D. Results Chain

Context	Component	Outputs	Outcomes	PDO
The GoJ reform agenda in need for coordination and monitoring.	Support to the Reform Secretariat	<ul style="list-style-type: none"> • A team of 10 staff established at MoPIC. • Consultations, coordination meetings minutes. • Reform monitoring dashboards. 	An effective design, coordination, and implementation of policy reforms.	Strengthen coordination and delivery of policy reforms in Jordan with a focus on the Five-Year Reform Agenda.
The Ministries and agencies in need for expertise to carry out reforms	Reform Support Fund	<ul style="list-style-type: none"> • Experts recruited by several Ministries and agencies. • Laws, bylaws, regulations 		
The PIM and PPP functions need modernization.	Strengthening of the PIM-PPP framework and function	<ul style="list-style-type: none"> • National registry of Investment Projects procured and put in place. • New PPP Laws and related bylaws, regulations, manual of procedures and project concept note templates. • Project development fund (PDF) established and operationalized. 	Improved efficiency and transparency of the Public Procurement, Public Investment Management and Public Private Partnership (PIM/PPP) framework and functions.	
The public procurement system being modernized and digitized.	Strengthening of the public procurement framework and function	<ul style="list-style-type: none"> • Business Process Re-engineering and a security audit of the e-public procurement system. • Enhanced functionalities of the e-public procurement system. 		



E. Rationale for Bank Involvement and Role of Partners

30. The World Bank has contributed to the design of the Five-Year Reform Matrix through analytical and advisory work. In addition to managing the use of the MDTF funds to support the reform efforts of the GoJ, the World Bank will provide Bank-Executed technical assistance to GoJ to complement and support the government's activities of designing, coordinating, implementing and monitoring the Five-Year Reform Matrix.

31. Donor engagement is coordinated through the MDTF, among other donor coordination mechanisms. On February 28, 2019, an arrangement was signed by the Department for International Development and the World Bank Group for the Jordan Inclusive Growth and Economic Opportunities MDTF (TF073270). The objective of the MDTF is to support the implementation of Jordan's Five-Year Reform Agenda through the provision of analytics, technical assistance, and coordination support. The Steering Committee of the MDTF will serve as a donors' coordination platform for the Five-Year Reform Matrix and will ensure synergies and avoid redundancy and overlaps between other donors' initiatives and initiatives and the Reform Matrix.

32. The project's monitoring arrangements will form part of a broader governance mechanism to track progress on the Government's overall reform efforts. To maintain momentum around the Government's reform agenda set out in the Five-Year Reform Matrix and ensure coherent financial support from the international community, the Government, World Bank, and development partners are working to establish the Jordan Task Force (JTF). The JTF, endorsed as part of the conference Jordan Growth and Opportunity: The London Initiative 2019, aims to provide a dedicated forum for strategic dialogue, coordination, and monitoring among the Government of Jordan, multilateral institutions, and bilateral partners.

F. Lessons Learned and Reflected in the Project Design

33. The literature is full of lessons learned from delivery units and reform coordination units across the world, as several governments have tried to set up such structures. This project during its preparation but also during its implementation and the support provided to the Reform Secretariat will aim to incorporate features to ensure the success of the Reform Secretariat. Building on the lessons learned from international experience, the Reform Secretariat should be a discrete unit with a mandate to: i) focus on improving results as measured by citizen outcomes in a limited number of priority areas; ii) unblock obstacles when monitoring shows that progress is off track; and iii) build understanding and capability for strengthening the underlying actors and systems/processes⁶. Moreover, institutionalizing learning is a feature of successful models of reform planning and implementation⁷. Besides, to prevent duplication or the dilution of their mandate, such units should not: i) substitute for the planning or policy functions elsewhere in government, ii) operate complex monitoring and evaluation systems— a delivery unit requires a more high-frequency and selective monitoring and reporting framework, and iii) deal with budgetary processes and civil service reform issues. Also, such reform coordination units should avoid the following factors of failure— as shown by international experience: i) limited commitment from a political sponsor, ii) poorly defined scope of work and priorities, iii) operating in a satellite location away from a political sponsor, iv) heavy staffing models, v) a lack of cross-government capacity and buy-in, and vi) no routines in place to review operations, quickly correct failures and generalize successes⁸.

⁶ Driving Performance through Center of Government Delivery Units. GET Note: Center of Government Delivery Units. World Bank. 2010.

⁷ C. Sabel; L. Jordan. Doing, Learning, being: Some Lessons Learned from Malaysia's National Transformation Program. CIIP Note. World Bank. 2015.

⁸ J. Gold. How to make delivery units work. Institute for Government. 2017.



III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

34. The project will be implemented by the MOPIC, which will delegate implementation of component 3 related to public procurement to the GPD in the Ministry of Finance (MOF) previously designated by GSD. Both agencies shall observe due diligence in processing procurement transactions and will be responsible for (a) procurement implementation, (b) monitoring and managing contracts, and (c) for reporting to the Bank on related fiduciary and technical aspects.

35. **Components 1 and 2.** MoPIC will be the sole recipient and implementer of the funds for these two components. The Reform Secretariat will be lodged at MoPIC as a continuation of the current Compact PMU. The Reform Secretariat will coordinate the implementation of the Five-Year Reform Matrix, including managing the Reform Support Fund, the procurement of the NRIP, and preparatory work for a new PIM-PPP framework, including the definition of the setup of the Project Development Fund (PDF).

36. **Component 3.** While MoPIC will have the overall responsibility of implementation, it will delegate the implementation of e-procurement related activities to GPD to ensure the continuous operation of the e-procurement platform (JONEPS). The Bank will provide technical assistance for this component through the Bank-Executed window of the MDTF. Regular reporting on milestones and results framework indicators shall be observed by GPD to MoPIC.

B. Results Monitoring and Evaluation Arrangements

37. The overall responsibility for monitoring implementation of the five-year Reform Matrix rests with the MoPIC. The Ministry will be responsible for coordinating, and reporting to the Prime Minister the progress of the reforms to be implemented by the Ministries and agencies responsible for the program implementation, including the Ministry of Trade, Industry, and Supply, ministries and municipalities issuing vocational and sectoral licenses, the Central Bank of Jordan, the Jordan Loan Guarantee Corporation, Jordan Investment Commission, the Jordan Standards and Metrology Organization, the Ministry of Transport, the Ministry of Energy and Mineral Resources, the Ministry of Labor, the Ministry of Social Development, the Ministry of Justice, the Ministry of Finance, and the Council of Ministers.

38. Throughout implementation, the World Bank will undertake supervision missions and provide technical assistance and policy advice to support the implementation and monitor the reform program.

39. The project's monitoring arrangements will form part of a broader governance mechanism to track progress on the Government's overall reform efforts. To maintain momentum around the Government's reform agenda set out in the Five-Year Reform Matrix and ensure coherent financial support from the international community and the Government launched the Jordan Task Force (JTF). The JTF, endorsed as part of the conference Jordan Growth and Opportunity: The London Initiative 2019, aims to provide a dedicated forum for strategic dialogue, coordination, and monitoring among the Government of Jordan, multilateral institutions, and bilateral partners.



C. Sustainability

40. This project finances the establishment of a well-staffed Reform Secretariat and the acquisition of expertise to support the implementation of GoJ reforms. As such, this project contributes to building the capacity of the GoJ in terms of reform management and increase its ownership of the reform agenda. The process put in place and the expertise acquired in design (including stakeholder engagement), implementation, monitoring and evaluation of reforms under this project will serve as a good basis for future reform efforts.

41. The Reform Secretariat will be financed by this project during its first year of existence. Then funding is expected to be taken over by another donor. To ensure the sustainability of the Reform Secretariat despite the change in source of funding, all documents produced by it during the first year will be retained following MoPIC's document retention policy and transmitted to the new staff. In case the funding of the Reform Secretariat is not taken over by another after the first year, then the project will reallocate funding between components to ensure its funding.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

42. This project supports the implementation of the Five-Year Reform Matrix and, as such, contributes to the achievements of its goals, including an increased GDP growth rate from 2 percent in 2018 to 3.5 percent in 2022; 100,000 additional jobs created by 2023; and a reduced poverty rate from 14 percent in 2018 to 10 percent in 2023⁹. These developments will involve, a stronger macroeconomic and fiscal framework; a better public investment management; better reform management; as well as a better business environment and reduced cost of doing business; an increased business creation rate, increased exports (double the baseline from 2018 to 2021), and more economic and empowerment opportunities for women.

B. Fiduciary

(i) Financial Management

43. The World Bank undertook an assessment of the Financial Management (FM) systems at GPD/MOF and updated those at MoPIC. The assessment concluded that with the implementation of agreed-upon actions, the proposed FM arrangements will satisfy the minimum requirements under the Bank Policy/Directive for Investment Project Financing (IPF) on Financial Management.

44. Two USD Designated Accounts (DAs) will be opened, one for MoPIC and the other one for GPD that will be opened at the Central Bank of Jordan. The bulk of project payments from the DAs will finance consultancy services, purchase of MIS related to National Registry of Investment Projects, and capacity building activities. The proposed grant allows for retroactive financing not exceeding \$200,000 for payments on or after September 1, 2019.

⁹ Source: the MDTF logical frame and its estimated impact indicators. August 2019.



45. While MoPIC will have the overall responsibility of implementation, it will delegate implementation of JONEPS related activities to GPD/MOF. The Financial Management (FM) functions will be handled by MoPIC finance team who built solid knowledge and experience with the World Bank FM policies and procedures, while a part time accountant, experienced with the World Bank FM guidelines, will be hired at GPD/MOF.

46. A Project Operational Manual (POM), acceptable to the World Bank, will describe the roles and responsibilities of MoPIC and GPD/MOF in relation to FM and disbursement. MoPIC will be responsible for preparing semiannual Interim unaudited Financial Reports (IFRs) and annual project financial statements in compliance with International Public Sector Accounting Standards. The IFRs will be submitted by MoPIC, on behalf of both agencies, to the World Bank within 45 days after the end of the concerned period. Jordan Audit Bureau will be responsible of to audit the project annual financial statements. Jordan Audit Bureau will be requested also to provide an opinion on the project's effectiveness of internal control system. The cost of the audit will be financed by the Grant.

(ii) Procurement

47. Applicable Procurement Regulations: The project shall apply the World Bank's "Procurement Regulations for IPF Borrowers" of July 2016, revised August 2018; and "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by International Bank for Reconstruction and Development (IBRD) Loans and International Development Association (IDA) Credits and Grants", dated October 15, 2006, revised in January 2011 and as of July 1, 2016.

48. Procurement Capacity Assessment: The World Bank undertook an assessment of the procurement system and capacity of the two agencies envisaged for the project, that is the MoPIC, and GPD, and identified the risks stated in Annex 1.

49. The procurement risk is assessed as 'Substantial' due to the following:

- The procurement staff is not familiar with the World Bank New Procurement Regulations.
- The procurement staff in both entities have limited experience in procurement of IT systems & software and selection of consultant firms.
- The project involves multiple ministries /stakeholders.

50. The risk is mitigated to "Moderate" by the following measures: (i) use of procurement plan for contract packaging and as a monitoring tool for processing procurement activities in a timely manner; (ii) preparation of procurement section in the POM; (iii) hand-holding support and capacity building provided by the World Bank, in the initial stages of project implementation; (iv) recruit a qualified and experienced Procurement Officer familiar with World Bank procurement regulations and guidelines. The Procurement Officer shall work closely with the concerned procurement staff at the ministry; (v) advance preparation of the Terms of References (ToRs) for the required consulting services; (vi) assign staff with adequate number and qualifications satisfactory to the World Bank to be responsible for Project implementation; (vii) ensure effective coordination between stakeholders and continuously track and monitor implementation; and (viii) establishment of a special Technical Committee is required for efficient handling of procurement activities in both agencies.



51. Project Procurement Strategy for Development (PPSD): the PSD foresees no need for sophisticated supply chain assessment because of the (i) simple nature of activities mainly composed of appointment of consulting firms, individual consultants, and purchase of goods, and (ii) small-value contracts. Individual contracts risk is rated low and are positioned in the supply model to be of “Tactical Acquisition” or for some software development of “Strategic Security” for which the market is not expected to be challenged to identify appropriate consultants or suppliers.

C. Legal Operational Policies

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

D. Environmental and Social

52. The social risk rating is considered moderate. The project will support the establishment and activities of a Reform Secretariat to coordinate and implement the Five-Year Reform Matrix and the World Bank’s First and Second Equitable Growth and Job Creation DPF. The project will not involve any civil works nor land acquisitions. Main social risks are related to indirect social implications of reforms stemming from the five-year Growth Matrix, led by respective line ministries (with support from the Reform Secretariat). These reforms have already been strategically informed by the World Bank through the DPF and other donors are also providing technical assistance in many of the reform areas. Where the Reform Secretariat indirectly supports the development of any strategy, program or legal framework e.g. law or bylaw or any document of similar nature, the social and environmental aspects will be incorporated through various measures, such as Terms of Reference for studies or reforms, or through a strategic environmental and social assessment as required, and stakeholder engagement opportunities provided on these issues.

53. The project will not support any civil works as it aims to strengthen national and sectoral reforms. A Stakeholder Engagement Framework (SEF), a Labor Management Procedures (LMP) and an Environmental and Social Commitment Plan (ESCP) have been finalized and disclosed on September 19, 2019 by the Bank and on October 30, 2019 by MoPIC. The LMP has been prepared by following relevant provisions of local laws and consistent with ESS2. In addition, the project includes a component which would support a new legal framework for PPP investments including the operationalization of the Project Development Fund.

54. According to the World Bank’s Environmental and Social Framework (ESF) this project is of ‘low’ environmental risk as activities supported by this project are expected to have no negative environmental impacts. The project will not finance any civil works or construction, but the project’s components will support 'soft' types of interventions which mainly include: a) financing of the Reform Secretariat lodged at MoPIC; b) finance expertise and capacity building activities for line Ministries and agencies involved in the reform program; c) strengthening the PIM-PPP framework and function; and d) strengthening the public procurement framework and function. During the implementation phase, and for supporting the development of strategy, program or legal framework e.g. law or bylaw, environmental aspects should be adequately incorporated through undertaking proper strategic environmental and social assessment.



55. The project will be implemented by the MoPIC through establishing a new Reform Secretariat within MoPIC. This new Secretariat will build on the existing Compact PMU and its current staff, who have played an essential role in coordinating the design of the Five-Year Reform Matrix with Government of Jordan entities, World Bank and development partners. Nonetheless, this would be the first project under ESF to be implemented by MoPIC. As such, this Secretariat will include a qualified fulltime Environment and Social Expert to ensure that the interventions which will be supported by the project are in compliance with the ESF.

V. GRIEVANCE REDRESS SERVICES

56. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank 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/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

57. MOPIC has a Grievance and Redress Mechanism (GRM) in place. It is connected to a recently-introduced central government electronic platform called "At your Service", which is gaining momentum. It is accessible to beneficiaries through a variety of channels. About 45 complaints a year are received and processed using standard operating procedures.

VI. KEY RISKS

58. **The overall risk rating is substantial.** The key risks rated high or substantial are detailed hereafter with mitigation measures.

59. **Political and Governance risks are substantial.** Key risk resides in sustained donor funding which could put at risk the sustainability of the Reform Secretariat and the Reform Matrix. Besides, geopolitical risks may affect funding for technical assistance, undermining the implementation of the public-private partnership (PPP) program or the pace of other reforms. To mitigate this risk, the World Bank will play a key convener role to ensure donor's sustained commitment to Jordan's reform program.

60. **The macroeconomic risk is high¹⁰.** Economic indicators for 2018 confirmed the impact of sluggish adjustment and shocks on macroeconomic vulnerabilities through sizable external and internal imbalances that generated large external financing needs. Three critical macroeconomic risks pertain to: further fiscal drain from the power sector (especially given the higher cost of energy inputs in the medium term), underperformance on revenue administration, and shortfalls in the prospective external financing on which the macroeconomic

¹⁰ This section borrows largely from the context section of the Second Development Policy Financing (DPF II, P168130).



framework is based. Mitigation measures for these risks include additional measures to bring savings or adjust tariffs, as included in the Cabinet approved Roadmap for Financial Sustainability of the Electricity Sector, and additional fiscal measures already agreed with the International Monetary Fund (acceleration of GST reforms and taxation of oil derivatives). Measures for external financing include continued performance on reform implementation to underpin government credibility in outreach to donors.

61. Technical design and Institutional capacity for implementation and sustainability risks are substantial.

Technical capacity to design, coordinate, implement and monitor reforms will be key to the success of the reform agenda. This will require to recourse to adequate expertise, have a competent Reform Secretariat with adequate staffing and monitoring and evaluation tools and robust consultations mechanisms, excellent intra-government and interagency communication and a new level of communication with civil society about the purpose and risks of reforms. To mitigate this risk, the project will focus on strengthening the interagency coordination and monitoring capacity of the GoJ through resourcing the Reform Secretariat. Besides, the Reform Secretariat will comprise of staff with relevant technical skills (including a gender specialist) and strong monitoring and evaluation mechanisms focusing on outcomes. The project will also provide financing for just-in time expertise through the Reform Support Fund to support reforms' design and implementation.

62. Stakeholders risk is substantial. Citizen's adherence to the Five-Year reform program will be key to the success of the reform agenda. To mitigate this risk, the Reform Secretariat will embed consultations and public-private dialog in reform design and develop a strong communication and outreach function to clearly communicate to the public the process and benefits of reforms.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Jordan

Strengthening Reform Management in Jordan

Project Development Objectives(s)

Strengthen coordination and delivery of policy reforms in Jordan with a focus on the Five-Year Reform Agenda

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
Strengthen coordination and delivery of policy reforms			
Number of additional reforms coordinated by the Reform Secretariat under the Reform Matrix (Number)		0.00	15.00
Out of which number of additional implemented reforms that predominantly benefit women (Number)		0.00	3.00
Share of investment projects approved by GoJ that are registered in the NRIP (Percentage)		0.00	100.00
Share of investment projects approved by GoJ that use the PIM-PPP project evaluation framework (Percentage)		0.00	100.00



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
1. Support to reform management			
The Reform Secretariat is established at MoPIC and staffed with at least 10 team members (Yes/No)		No	Yes
Number of Ministries or Agencies supported by the Reform Support Fund (Number)		0.00	5.00
Number of additional consultations held for the 9 pillars of the five-year Reform Matrix (Number)		0.00	20.00
2. Strengthening of the PIM-PPP framework and function			
The National Registry of Investment Projects (NRIP) acquired and operationalized (Yes/No)		No	Yes
Number of trained and certified GoJ staff in core PIM-PPP functions (Number)		0.00	10.00
Fiscal risk assessment guidelines issued by the Ministry of Finance (Yes/No)		No	Yes
Revised PPP Guidelines produced and approved (Yes/No)		No	Yes
Standardized project concept notes templates for public investment projects and PPP projects produced (Yes/No)		No	Yes
Project development fund (PDF) established and operationalized (Yes/No)		No	Yes
3. Strengthening of the public procurement framework and function			
Share of public procurement contract award results published online (Percentage)		0.00	100.00
Two new e-procurement modules added in one year (Yes/No)		No	Yes
Number of additional trained users of JONEPS (Number)		0.00	5,000.00
Number of businesses registered in JONEPS (Number)		1,250.00	5,000.00
Percentage of businesses satisfied with the ease-of-use of the e-		0.00	60.00



Indicator Name	DLI	Baseline	End Target
procurement processes (Percentage)			

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of additional reforms coordinated by the Reform Secretariat under the Reform Matrix	Number of reforms involving legal, regulatory or procedural changes	Twice a year	Reform Secretariat	Quarterly or bi-annual reports of the Reform Secretariat	MOPIC
Out of which number of additional implemented reforms that predominantly benefit women	Number of reforms involving legal, regulatory or procedural changes that benefit and target women empowerment	Twice a year	Reform Secretariat	Quarterly or bi-annual reports of the Reform Secretariat	MOPIC
Share of investment projects approved by GoJ that are registered in the NRIP	Percentage of investment projects approved by GoJ that are registered in the NRIP	Twice a year	Central PIM Unit and PPP Unit/Directorate	Central PIM Unit and PPP Directorate will keep a log of projects handled or not through the NRIP	MOPIC
Share of investment projects approved by GoJ that use the PIM-PPP project evaluation framework	Percentage of investment projects approved by GoJ handled by the PIM unit and going through the PIP evaluation framework and	Twice a year	Central PIM Unit and PPP Unit/Directorate	Central PIM Unit and PPP Directorate will keep a log of projects handled or not through the PIM-PPP process	MOPIC



	eventually through the PPP Directorate and its new process				
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
The Reform Secretariat is established at MoPIC and staffed with at least 10 team members	A Unit in charge of reform coordination is established at MOPIC comprising of 10 members	One time	MOPIC	NA	MOPIC
Number of Ministeries or Agencies supported by the Reform Support Fund	Ministries and public agencies of the Government of Jordan benefitting from expertise funded by the Reform Support Fund	Twice a year	Reform Secretariat	Quarterly or bi-annual reports of the Reform Secretariat	MOPIC
Number of additional consultations held for the 9 pillars of the five-year Reform Matrix	Public-private dialogs, relevant stakeholders consultations conducted in the process of reform design or implementation	Twice a year	Reform Secretariat	Quarterly or bi-annual reports of the Reform Secretariat	MOPIC
The National Registry of Investment Projects (NRIP) acquired and operationalized	The NRIP of Jordan will be a web-based information management system which will collect, store and produce reports on data related to the entire lifecycle of public investment projects	One time	PIM Unit	NA	MOPIC



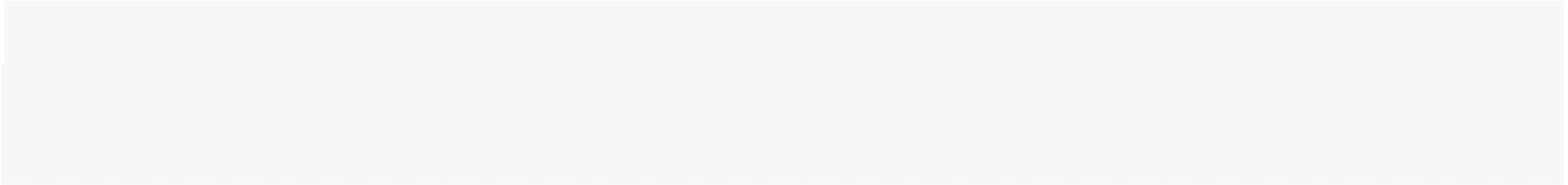
Number of trained and certified GoJ staff in core PIM-PPP functions	Core staff within the Central PIM Unit and the PPP Directorate will be provided training on project selection & prioritization and undertaking financial and economic feasibility assessments	Twice a year	Central PIM Unit and PPP Unit/Directorate	Central PIM Unit and PPP Directorate will keep a log on administered training with names and titles of participants	MOPIC
Fiscal risk assessment guidelines issued by the Ministry of Finance	Template for Fiscal Commitment and Contingent Liability Report development, supported with guidelines detailing underlying methodologies and analysis to fill in the template produced and approved by the Minister of Finance	One time	Ministry of Finance	NA	MOPIC
Revised PPP Guidelines produced and approved	Updated PPP Guidelines developed based on the PIM-PPP Policy and the new PPP Law, detailing how various steps of the PPP project life cycle will be undertaken. The Guidelines should be approved by the PIM-PPP Technical Working Group set up by the Prime Minister.	One time	PPP Unit/Directorate	NA	MOPIC
Standardized project concept notes templates for public investment projects and PPP projects produced	Standardized project concept notes for public investment and PPP projects	One time	Central PIM Unit and PPP Unit/Directorate	NA	MOPIC



	produced that serve as the entry point for providing information in the NRIP and for awarding project codes. These concepts notes should be approved by the PIM-PPP Technical Working Group set up Prime Minister.		ate		
Project development fund (PDF) established and operationalized	The PDF will be a dedicated, ring-fenced account of the government mandated to help Contracting Agencies pay for capacity-building, technical expertise and transaction advisors required for the selection, preparation and monitoring of PPP projects that are economically desirable, provide value for money and are fiscally affordable (as assessed under the PIM-PPP framework)	One time	PPP Unit/Directorate	NA	MOPIC
Share of public procurement contract award results published online	Percentage of the publication of contract award online	Twice a year	JONEPS reports	GTD and GPD will ensure keeping a log of all contract awards. JONEPS will be used to substantiate the ratio of the contracts published online in comparison with the	GPD and GTD



				total of awarded contracts	
Two new e-procurement modules added in one year	The "JONEPS strategy" adopted by JONEPS steering committee on March 17, 2019 identified needed enhancement modules. Out of the core modules, at least two are to be added to the current modules	One time	JONEPS	NA	GPD
Number of additional trained users of JONEPS	New users of JONEPS will be provided a training package and refreshing training shall be administered on new JONEPS features	Twice a year	GPD	GPD will keep a log on administered trainings	GPD
Number of businesses registered in JONEPS	Users are private sector businesses, public sector procurer and civil servants, civil society, media, etc. who register with JONEPS. The system can only be operable once the number of users is significant	Twice a year	JONEPS	Report generated by JONEPS on the number of users	GPD
Percentage of businesses satisfied with the ease-of-use of the e-procurement processes	Regular and systematic short-surveys shall be launched at each use of JONEPS enquiring on the satisfaction from the quality and friendliness of the service	Twice a year	JONEPS	JONEPS reports	GPD





ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Jordan
Strengthening Reform Management in Jordan

MONITORING, EVALUATION, AND ACCOUNTABILITY

63. **The overall responsibility for monitoring implementation of the Five-Year Reform Matrix rests with the MoPIC.** The Ministry will be responsible for coordinating, and reporting to the Prime Minister the progress of the reforms to be implemented by the Ministries and agencies responsible for the program implementation, including the Ministry of Trade, Industry, and Supply, ministries and municipalities issuing vocational and sectoral licenses, the Central Bank of Jordan, the Jordan Loan Guarantee Corporation, Jordan Investment Commission, the Jordan Standards and Metrology Organization, the Ministry of Transport, the Ministry of Energy and Mineral Resources, the Ministry of Labor, the Ministry of Social Development, the Ministry of Justice, the Ministry of Finance, and the Council of Ministers.

64. **Throughout implementation, the World Bank will undertake implementation support missions** and provide technical assistance and policy advice to support the implementation and monitor the reform program through the Bank-Executed window of the MDTF.

65. **The project's monitoring arrangements will form part of a broader governance mechanism to track progress on the Government's overall reform efforts.** To maintain momentum around the Government's reform agenda set out in the Five-Year Reform Matrix and ensure coherent financial support from the international community, the Government, World Bank, and development partners are working to establish of the JTF. The JTF, endorsed as part of the conference Jordan Growth and Opportunity: The London Initiative 2019, aims to provide a dedicated forum for strategic dialogue, coordination, and monitoring among the Government of Jordan, multilateral institutions, and bilateral partners.

66. **The Jordan Task Force would also undertake regular reviews of the reform priorities based on the Five-Year Reform Matrix.** To strengthen coherence between the reform program and budget support operations by the World Bank and other partners, sector coordination mechanisms will be strengthened as needed. The Reform Secretariat will track reform priorities in liaison with sector ministries, prepare periodic progress reports for the JTF Steering Committee and support the functioning of the proposed JTF platform. It will liaise closely with the Prime Minister's office responsible for updating the Prime Minister on a regular basis and tackling issues related to policy coherence and the impact of reform proposals.

PROJECT IMPLEMENTATION SUPPORT PLAN

67. The implementation support plan considers project-specific challenges and risks defined in the SORT. Implementation support mechanisms to enhance timely and effective monitoring include (a) regular implementation support missions, (b) regular technical meetings between formal review missions, and (c) internal audit and FM reporting.



68. The World Bank's semi-annual implementation support missions will cover technical and non-technical aspects of the project, including project results, financial management, procurement, implementation arrangements and safeguards. The implementation support plan will be reviewed once a year and adapted to ensure that it meets the implementation support needs. Joint reviews will be held with the Government to assess project progress. The reviews will aim at providing implementation support to project activities. Financial and procurement reviews will be part of the review process. Main issues, agreements, and action plans emerging from the meetings will be recorded in minutes and/or aide-memoires, which will be used for discussion and monitoring in subsequent meetings.

69. The World Bank, through the Bank- executed window of the MDTF, will support the GoJ in implementing the project activities through technical advice, guidance and input on international best practices. Several technical assistance activities executed by the World Bank will support the GoJ implementation of the Five-Year Reform Matrix. The following Bank-executed activities received a first tranche of financing in July 2019 and are expected to benefit from more financing as the MDTF is replenished:

- a) Technical assistance to support the PIM-PPP reforms (US\$ 300,000)
- b) Technical assistance to support the e-public procurement reform (US\$100,000)
- c) Technical assistance to support the electricity sector financial sustainability Roadmap (US\$ 1,300,000)
- d) Technical assistance to support the Investor Grievance Redress Mechanism (US\$ 120,000)
- e) Technical assistance to support the National Aid Fund (NAF) expansion and targeting (US\$ 120,000)

FINANCIAL MANAGEMENT ASSESSMENT AND DISBURSEMENT ARRANGEMENTS

70. The World Bank undertook an assessment of the FM systems at GPD/MOF and updated those at MoPIC. The assessment concluded that with the implementation of agreed-upon actions, the proposed FM arrangements will satisfy the minimum requirements under the Bank Policy/Directive for IPF on Financial Management.

71. Implementation Arrangements. MoPIC will be responsible of the overall responsibility of implementation, while it will delegate implementation of JONEPS related activities to GPD/MOF. MoPIC has solid experience with the World Bank FM and disbursement guidelines built through the implementation of various past and ongoing projects, while GPD/MOF has no prior experience with the World Bank financed projects. Therefore, a part time accountant, experienced with the World Bank FM and disbursement guidelines will be hired at GPD, while MoPIC will assign a Financial Officer from its own Finance Department to oversee the FM tasks implemented by MoPIC.

72. Project FM risk. Based on the FM assessment, the overall FM risk is “Moderate”. With mitigation measures are in place, the project will have acceptable project FM arrangements and residual FM risk rating will remain “Moderate”. The FM risk is assessed as “Moderate” mainly due to:

- a) No prior experience of GPD/MOF with World Bank operations;
- b) Potential limited coordination between MoPIC and the GPD/MOF that may cause delays in submission of timely financial reporting; and
- c) Accounting systems at MoPIC and GPD/MOF are not capable of generating the IFRs in accordance with the World Bank guidelines;
- d) The project will not be included in the budgets of MoPIC and GPD/MOF



73. The following measures are to be taken to mitigate FM-related risks: The FM arrangements were designed to mitigate the identified FM risks, which would suit the available capacity during implementation, including:

- i) A part time accountant with experience in World Bank funded projects and related guidelines will be hired to be part of the GPD/MOF, and will work in collaboration with MoPIC designated Financial Officer;
- ii) Two DAs with sufficient advance payments will be opened for MoPIC and GPD/MOF;
- iii) Submission of semiannual IFRs and annual budgets will be generated in excels that would allow the World Bank to follow up on the disbursement progress and address any bottlenecks on timely basis;
- iv) A project FM manual will be developed as part of the project POM;
- v) Jordan Audit Bureau will be hired to audit the project's annual financial statements in accordance with terms of reference (TORs) acceptable to the World Bank.

74. Budgeting: Project will not be included in the budgets of MoPIC and GPD since grants are not included in the national budget. MoPIC and GPD/MOF will maintain a detailed disbursement plan per quarter. This plan will be developed based on the initial procurement plan, approved business plans for grant provisions, and/or based on the schedule of outputs as defined in the implementation schedule and estimated payments cycles - revised upon need. It will be used as a monitoring tool to analyze budget variances and manage cash and will feed into the semiannual IFRs.

75. Accounting and Financial Reporting: The project will follow the cash basis of accounting and key accounting policies and procedures will be documented in the financial procedures manual which will be finalized before project effectiveness. MoPIC uses a simple accounting software to capture its daily financial transactions. All daily transactions are recorded manually and excel is used for reporting. Manual accounting and excel spread sheets will be used to record project financial transactions and generate the Semiannual IFRs.

76. Internal controls: Project's expenditure cycle will follow the controls specified in the National Financial System of the Hashemite Kingdom of Jordan, which includes: (i) technical approval of the department involved; (ii) checking and approval by finance staff; (iii) verification of the accuracy of the payments and its compliance with the applicable laws in Jordan and the World Bank procurement and FM procedures as well as the Grant terms and conditions. Although the project will follow the Government-applied controls set in the local laws, there will be supplementary controls in place for monitoring project activities, including the verification and approval of the project staff (financial and technical). A project POM will be developed that includes a financial management manual. This manual will document the Project's implementation of internal control functions and processes and describe the roles and responsibilities of the project staff and finance department, summarized in terms of authorization and execution processes. The manual will also describe clearly the fiduciary responsibilities by GPD/MOF and MoPIC on related financial procedures and controls to be set in place, and the required financial reporting obligations.

77. On a monthly basis, the Financial Officers at GPD/MOF and MoPIC will reconcile the project account bank statement with the account book balance. Reconciliations should be prepared by the Financial Officers and verified by the project Managers. All reconciling items (if any) should be listed, explained and followed upon. Copies of the reconciliation together with the account bank statement should be kept in the project files and should be attached to the IFRs.

78. Financial Audit: MoPIC will hire Jordan Audit Bureau to audit the project's financial statements on annual



basis. Jordan Audit Bureau will conduct the audit in accordance with internationally accepted auditing standards and based on terms of reference cleared by the World Bank. MoPIC will be responsible for preparing the TORs for the auditor and will submit them to the World Bank for clearance. MoPIC should engage Jordan Audit Bureau six months following the submission of the first withdrawal application. The audit report will be sent to the World Bank no later than six months following the end of the project's fiscal year. The report shall include an opinion on the project's financial statement. The auditor will also be requested to provide an opinion on the project's effectiveness of internal control system. Finally, a management letter shall accompany the audit report, identifying any deficiencies in the control system the auditor finds pertinent, including recommendations for their improvement.

79. Disbursements: To ensure that funds are readily available for project implementation, two DAs will be opened at Central Bank of Jordan, one for MoPIC and one for GPD/MOF in U.S Dollar. Authorized signatories, names and corresponding specimens of their signatures would be submitted to the Bank prior to the receipt of the first Withdrawal Application (WA). MoPIC and GPD/MOF will be responsible for submitting monthly replenishment applications with appropriate supporting documentation. The proceeds of the Grant will be disbursed in accordance with the World Bank's disbursements terms that will be outlined in the Disbursement Letter and in accordance with the World Bank Disbursement Guidelines for projects. Transaction-based disbursement will be used under this project. Accordingly, requests for payments from the Grant will be initiated through the use of Withdrawal Applications (WAs) either for advances, direct payments, reimbursements or replenishments to the DAs.

80. All WAs will include appropriate supporting documentation, including detailed SOEs for reimbursements and replenishments to the DA. The category of Eligible Expenditures that may be financed out of the proceeds of the Grant and the percentage of expenditures to be financed for Eligible Expenditures will be spelled out in the Grant Agreement.

81. Statements of Expenditures. All Reimbursement and Designated Account Replenishment Applications for withdrawal of proceeds from the grant account will be fully documented. Necessary supporting documents will be sent to the World Bank in connection with contracts that are above the prior review threshold contracts as per the procurement plan, except for expenditures under Contracts with an estimated value of: (a) US\$4,000,000 or less for Goods; (b) US\$2,000,000 or less for Consulting Firms; and (c) US\$ 400,000 or less for Individual Consultants. Incremental operating costs, as well as Training, which will be claimed on the basis of SOEs. The documentation supporting expenditures will be retained at MoPIC and GPD/MOF and will be readily accessible for review by external auditors and periodic Bank supervision missions.

82. "Incremental Operating Costs" means project related incremental costs incurred by the project on account of communication, translation and interpretation, printing, procurement-related advertising, office supplies, banking charges, project related travel including per diem accommodation and transportation, vehicle rental and fuel, postal fee, and other miscellaneous costs directly associated with project implementation subject to prior approval by the World Bank.

83. E-Disbursement. The World Bank has introduced e-disbursement for all projects in Jordan. Under e-Disbursement, all transactions will be conducted and associated supporting documents and IFRs scanned and transmitted online through the World Bank's Client connection system. The use of e-Disbursement functionality will streamline online payment processing to (i) avoid common mistakes in filling out WAs; (ii) reduce the time



and the cost of sending WAs to the World Bank; and (iii) expedite the World Bank processing of disbursement requests.

PROCUREMENT ASSESSMENT AND ARRANGEMENTS

84. Applicable Procurement Regulations: The project shall be applying the World Bank “Procurement Regulations for IPF Borrowers” of July 2016, revised August 2018; and “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, revised in January 2011 and as of July 1, 2016.

85. Legal Framework in the country: The new public procurement bylaw No 28 was made effective in May 2019 and governs all categories of procurement (goods, works and consulting services). Two agencies are central procurers: the General Tender Department under the Ministry of Public Works and Housing for procurement of works and related consultancies, and the General Procurement Department under the Ministry of Finance for purchase of goods and consultants. Ministries shall be able to procure the foreseen consultancies and goods if below set thresholds; above that, they will be raising their request to the central agencies, unless a Cabinet waiver is provided to the project to be establishing Special Tendering Committees (STC) in order to expedite procurement transactions, regardless of estimated contract amount.

86. Project Implementation Arrangements: The project will be implemented by MoPIC, that will delegate implementation of the component related to public procurement to GPD in the Ministry of Finance. Both agencies shall observe due diligence in processing transaction and will be responsible for (a) processing procurement implementation, (b) monitoring and managing contracts, and (c) reporting to the Bank on related fiduciary and technical aspects.

87. MoPIC is a government institution and has clear regulations in place with regard to procurement responsibility. MoPIC will be in charge of selecting competent consultant /experts, auditor(s) and of capacity building for line Ministries and agencies involved in the reform program under Component 1: Support to reform management (US\$ 3.8 million) and Component 2: Strengthening of the PIM-PPP framework and function (US\$ 2.2 million).

88. GPD in the Ministry of Finance under Component 3 (Strengthening of the public procurement framework and function, US\$ 0.5 million) will be responsible for relatively simple procurement transactions mainly using the Direct Selection procurement method to selecting a competent consulting firms(s): (i) security Audit firm and (ii) firm to enhance JONEPS functionalities and individual consultant(s) to manage JONPES and to advise on reengineering the process. The Direct Selection is justified by the nature of the activities that are either a continuation of current scope of work of the consultants or assigned to a local Non-Governmental Organization (NGO) that has the mandate of quality auditing software and ITC related activities.

89. The procurement capacity assessment: The World Bank undertook an assessment of the procurement system and capacity of the two proposed implementing agencies envisaged for the project, that is MoPIC, and GPD, and identified the following;

I. MoPIC has clear regulations in place with regards to procurement responsibility. The majority of procurement activities of MoPIC is supply of goods and consultancy services with estimated cost not exceeding



Jordanian Dinar (JD) 20,000. Procurement is processed by the Supplies and Purchasing Section under the Financial & Administration department. MoPIC has previous experience in implementing projects financed by IBRD using a project unit established for the project life. The current procurement employees are civil servants and well versed in Jordan public procurement but will need support and capacity for handling procurements following the World Bank Procurement Regulations. MoPIC has acquired experience in working with Consultants, and suppliers through budget and donor funded projects. To expedite procurement transactions, STC shall be established at MoPIC upon the approval of the Prime Ministry for processing of donor funded project and procurements estimated to cost more than JD20,000.

II. GPD is an autonomous department of the Ministry of Finance, and reports to the minister. It is responsible for centrally procuring supplies (Goods and services) for ministries, government offices to achieve optimal investment of public fund. GPD is following the unified public law that was ratified in May 2019 with respect of supply of goods and selection of consultancy services. Procurements estimated to cost up to JD20,000 are handled by the individual entities of GOJ, while procurements estimated to cost above JD20,000 are the responsibility of GPD in the Ministry of Finance.

90. The procurement risk is Substantial due to the following:

- I) The procurement staff in MOPIC is not familiar with the World Bank New Procurement Regulations.
- ii) The procurement staff in both entities have limited experience in the procurement of IT systems & software and selection of consultant firms.
- iii) The project involves multiple ministries /stakeholders.

91. The risk is mitigated to “Moderate” by the following measures are proposed to mitigate these identified risks to be ‘Moderate’: (i) use of procurement plan for contract packaging and as a monitoring tool for processing procurement activities in a timely manner; (ii) preparation of procurement section in the POM; (iii) hand-holding support and capacity building provided by the World Bank, in the initial stages of project implementation; (iv) recruit a qualified and experienced Procurement Officer familiar with World Bank procurement regulations and guidelines. The Procurement Officer shall work closely with the concerned procurement staff at the ministry; (v) advance preparation of the ToRs for the required consulting services; (vi) assign staff with adequate number and qualifications satisfactory to the World Bank to be responsible for Project implementation; (vii) ensure effective coordination between stakeholders and continuously track and monitor implementation; and (viii) establishment of a special Technical Committee is required for efficient handling of procurement activities in both agencies.

92. Market Analysis summary:

- a. Consultants: The required consultants (audit, software development, security audit of JONEPS, etc.) are expected to be available in the national and international market. Even when contract is small, and expertise is not available in Jordan, the government is to exert all efforts to find in the international market the required skills and expertise. It is also foreseen to Direct Select firms and individuals that are already operational on the pertinent activity and for which relaunching a competitive selection will not result in retaining better skills, as well Direct Selection of NGO or Civil Society Organization mandated by the government to provide quality control auditing on Software and IT related activities.
- b. Goods and non-consultancy services: the required supply of software and IT system with estimated cost of (US\$950,000), licenses can be procured internationally if non-available in the country.



93. Proposed Procurement Arrangements:

I. Procurement activities. The project will finance but not limited the following activities: The main procurement activities financed under the project include (i) selection of PMU consultants; (ii) M&E consultant; (iii) procurement of IT systems and software; (iv) select one e-Procurement expert to assist in business process reengineering (analysis of as-in and to-be engineering); (v) Security Audit firm and necessary re-engineering of JONEPS systems to address security requirements for software and hardware; (vi) enhancement functionalities of e-GP system; and (vii) appointment of external auditor. Following procurement methods shall be used:

a) Goods and non-consulting services: The project is expected to procure software, IT systems and some small value goods & equipment, and the following methods: (i) Request for Bids; (ii) Request for quotations; and (iii) Direct selection will be used.

b) Consulting Services: The project shall use request for proposals with the following methods (i) Quality Cost-Based Selection (QCBS), (ii) Fixed Budget-based Selection (FBS); (iii) Least Cost-based Selection (LCS); (iv) Consultants’ Qualification-based Selection (CQS); (v) Direct Selection; and (vi) Selection of Individual Consultants. For activities estimated to cost more than US\$300,000 shall be launched internationally, unless justification is cleared by the World Bank for approaching solely national firms. Below that estimated amount, short list may be composed exclusively by national consultants.

II. Prior review thresholds: Based on the procurement assessment risk rating the project shall be subject to Moderate risk prior review thresholds, making the project mostly subject to post review, except for TOR which shall be cleared by the Bank regardless of contract amount. Hands on assistance will be provided by World Bank staff as and when needed. The following are the project thresholds for procurement methods and prior approvals by the World Bank:

Figure 5. Market approach

	Market approach			
	Goods, IT and non-consulting services			Shortlist composed only of national consultants
	Open international US\$	Open national US\$	National (shopping) US\$	Consulting services US\$
Method Thresholds	≥1,000,000	<10,000,000	≤200,000	< 300,000
Proc. Method	RFB	RFB	RFQ	All methods
Proc prior review	>4,000,000			Firms >2,000,000 Ind. >400,000

III. Systematic Tracking of Exchanges in Procurement (STEP): An initial procurement plan for the life of the project will be developed by the government through STEP. It defines the market approach options, the selection methods and contractual arrangements, and determine the World Bank’s prior/post reviews. The initial procurement plan for the whole project has been prepared.

IV. Project Procurement Strategy for Development (PPSD): the PPSD is foreseeing that no sophisticated supply chain assessment will be needed because of the (i) simple nature of activities mainly composed of



appointment of consulting firms, individual consultants, and purchase of goods, and (ii) small-value contracts. Individual contracts risk is rated low and are positioned in the Supply Model to be of “Tactical Acquisition” or for some Software development of “Strategic Security” (refer to below diagram) for which the market is not expected to be challenged to identify appropriate consultants or suppliers. The PPSD will inform the development of the procurement plan that will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Figure 6. Contract positioning diagram



V. Implementation Support. The frequency of implementation of implementation support missions and post procurement review is foreseen to be twice a year. In post procurement review, a minimum sample of twenty percent (20 percent) of contracts, or at least one contract eligible for post review shall be covered.

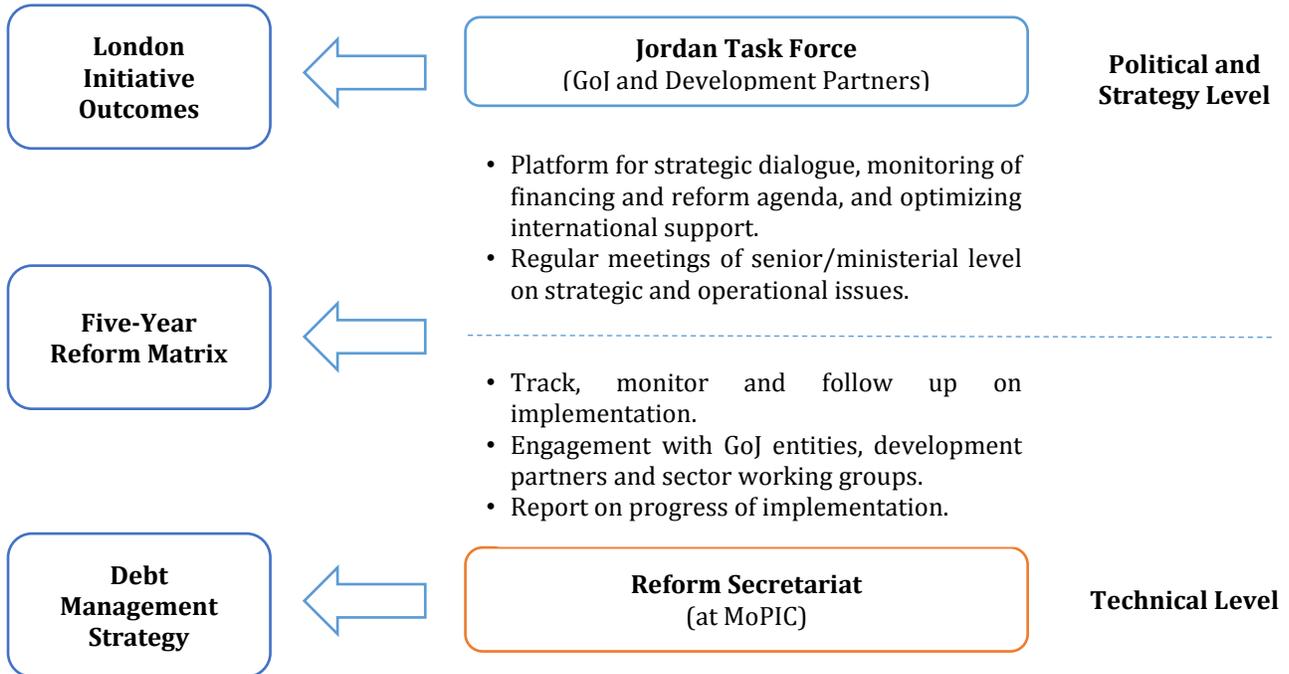


ANNEX 2: Project Institutional and Implementation Arrangements

A. Background and details of the Reform Secretariat component

94. The Reform Secretariat will be housed within MoPIC and will oversee the implementation of the Five-Year Reform Matrix; report to GoJ and development partners on progress; and coordinate between GoJ entities and development partners to ensure implementation and alignment of donor programs with national priorities. Additionally, the Reform Secretariat will coordinate with GoJ entities and development partners to produce and disseminate information and communication material to inform all target groups, including the private sector and the public, of the progress of implementation and importance of reforms. Figure 1 below provides an overview of the governance structure of the Five-Year Reform Matrix, and the intersection with the London Initiative.

Figure 1. Five-Year Reform Matrix Governance Structure



Functions

95. The Reform Secretariat will have several functions, which include but not limited to:
- Track, monitor, and follow-up on the implementation of the Five-Year Reform Matrix, and identify gaps and challenges facing implementation.
 - Prepare periodic progress reports and communication material on the implementation of the different reform areas under the Five-Year Reform Matrix, and present progress and challenges to the Prime Minister on a quarterly basis.



- Coordinate with line ministries, development partners and the private sector, on a regular basis, to strengthen ownership, align resources and cater to the needs of businesses.
- Coordinate and monitor the World Bank financed DPFs, including the second tranche of DPL II and future DPFs.
- Create sector working groups (as needed), or utilize existing groups, to strengthen reform dialogue and discussion on reform benchmarks in specific sectors
- Facilitate regular review and updating of the Five-Year Reform Matrix in liaison with line ministries, sector working group, and development partners.
- Help communicate reforms effectively, to ensure clear messaging on the rationale and expected results, to targeted groups and stakeholders.
- Coordinate technical assistance provided through development partners and provide guidance to donor programs to align with reform priorities.
- Ensure that the technical assistance provided through the MDTF Bank-Executed window is aligned with the Five-Year Reform Matrix and acceptable value for money.
- Follow up on aid pledges and monitor aid commitments under the London Initiative or in subsequent discussions.
- Feed updates into JTF, and act on and communicate feedback and strategic direction provided by JTF.

96. Besides, the Reform Secretariat will continue leading on Jordan Compact related activities and monitoring and reporting its results, including the World Bank financed PforR Economic Opportunities for Jordanians and Syrian Refugees (p159522), simplified Rules of Origin scheme, and facilitating access of Syrian refugees to the formal labor market.

Communication Strategy

97. The Reform Secretariat's Communication Strategy will be developed to set out the responsibilities of the communications team, identify objectives and goals, and detail potential activities for supporting the Reform Secretariat in achieving its goal. The key objectives of this communication strategy are to:

1. Ensure GoJ buy-in of the Five-Year Reform Matrix through continuous engagement and follow up.
2. Increase public awareness, understanding, and familiarity of the Reform Matrix.
3. Increase donor confidence in the Reform Secretariat and the soundness of the Reform Matrix approach.
4. Ensure internal project efficiency through responsible information management.

98. On the other hand, there are a variety of methods of communication which will be used by the Reform Secretariat to reach as many stakeholders as possible, including:

1. Quarterly meetings with implementing line ministries to engage with them throughout the implementation process, understand and address any challenges they might be facing and supporting them in monitoring the implementation of the reforms.
2. Quarterly donor coordination meetings per each theme identified in the Reform Matrix.
3. Quarterly reporting on progress of implementation, achievements and developments, to raise awareness and inform all stakeholder groups including the general-public and private sector.
4. Regular engagement and communication with GoJ communication and media teams to disseminate information using local media channels.



99. A variety of engagement methods will be used to consult with the stakeholder groups throughout the life of the implementation of the Reform Matrix. Several examples include:

- Creating sector working groups, or utilize existing ones, to strengthen reform dialogue and discussion on reform benchmarks in specific sectors.
- Facilitating through workshops regular review and updating of the Reform Matrix in liaison with line ministries, sector working groups and development partners.
- Coordinating technical assistance provided through development partners and provide guidance to donor programs to align with reform priorities.
- Feeding updates into JTF, and act on and communicate feedback and strategic direction provided by JTF.

Impact Assessment

100. The ultimate purpose of the Reform Secretariat is to support GoJ to implement a sustainable and inclusive economic growth and job creation program through: (i) enhanced macroeconomic adjustment and fiscal position; (ii) improved business environment; (iii) improved labor markets and social safety nets; and (iv) improved efficiency and effectiveness in transportation, water, and energy sectors.

101. The Reform Secretariat will engage with the GoJ relevant ministries, implementing partners, private sector and broader international community to collect information and feedback to better monitor the implementation of the various reforms and to obtain feedback on the quality of stakeholder engagement activities conducted by the Reform Secretariat.

102. The Reform Secretariat will survey stakeholders periodically to measure the successes of the various tasks undertaken by the Secretariat and to address any shortcomings.

103. The expected outcomes of the Reform Secretariat include but not limited to:

- Efficient implementation of the Five-Year Reform Matrix according to the set timeline, and in accordance with international best practices.
- Improved coordination among GoJ entities, and between GoJ and donors, civil society and the private sector.
- Ensure GoJ ownership and buy in over the Five-Year Reform Matrix, and the sustainability of reform implementation.

Organizational Structure

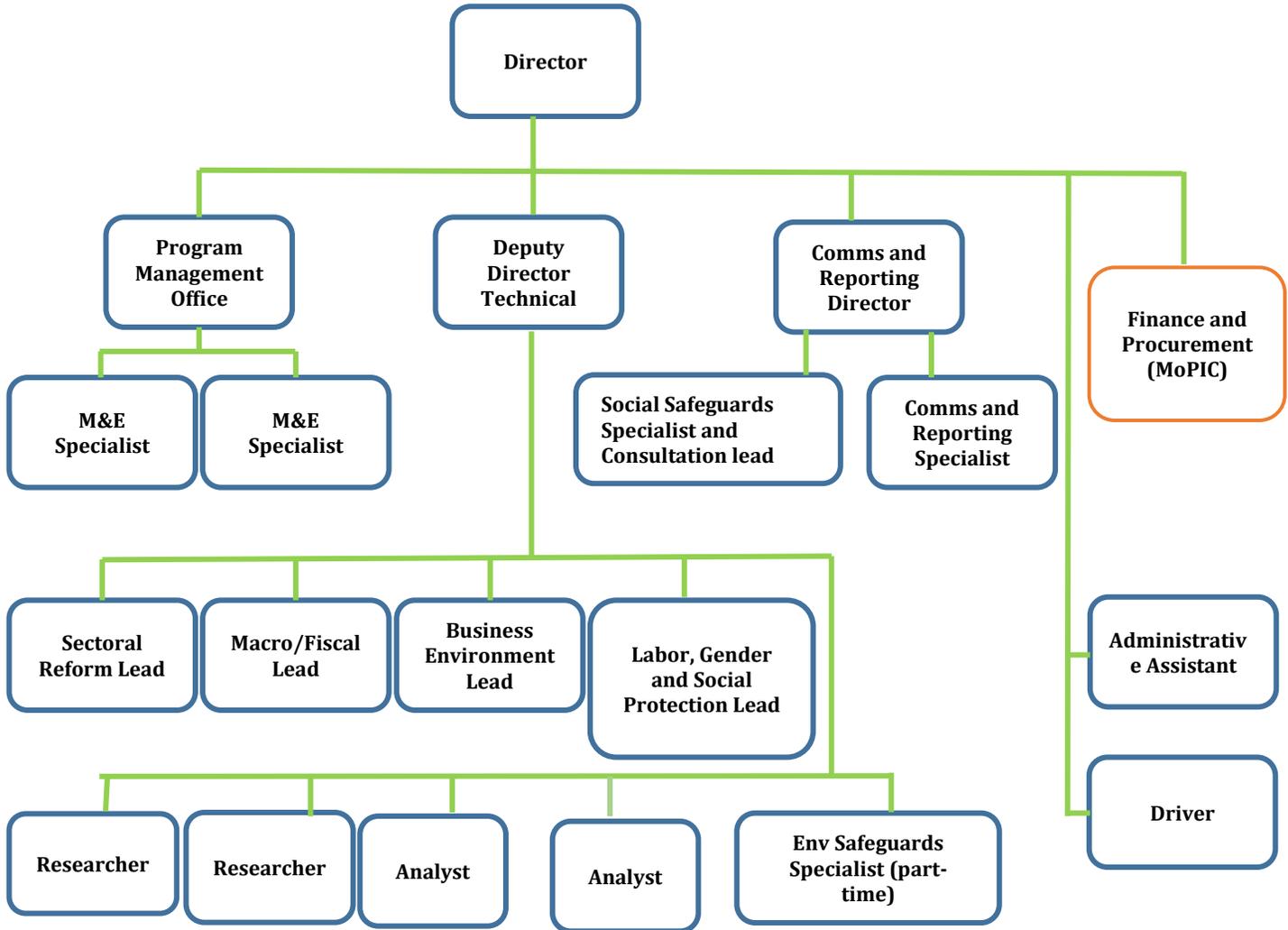
104. It is envisaged that the Reform Secretariat will comprise of 15 to 20 full-time staff with expertise in technical areas, project management, M&E and communication. The Reform Secretariat will utilize MoPIC's resources to carryout procurement activities and financial management. Just-in-time expertise, short and long-term consultants as well as procurement of services will be used as and when needed, in fields that correspond to the nine pillars of the Five-Year Reform Matrix. All full-time staff of the Reform Secretariat will be nationals, while international consultants could be hired as needed, and only where required experience is not available amongst national consultants.

105. In addition to the current staff, the Reform Secretariat will expand and develop its organizational structure based on international best practices. Figure 2 illustrates a proposed Organizational Structure for the



Reform Secretariat.

Figure 2. Proposed Organizational Structure

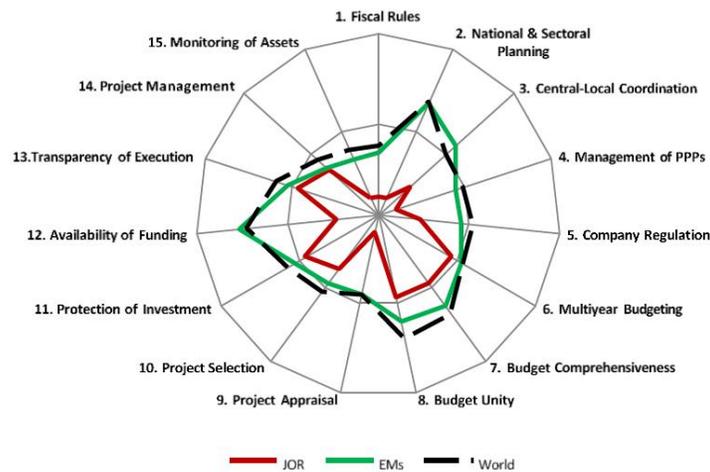




B. Backgrounds and details of the PIM-PPP component

106. **The PIM and PPP functions are key to improving GoJ use of financial and investment resources for the benefit of its citizens.** Jordan fiscal space for public investment has narrowed and it is critical to improve its effectiveness as well as increase the leveraging private sector involvement through PPP transactions. A 2017 International Monetary Fund (IMF) PIM assessment estimates the efficiency gap at 21 percent (i.e. the gap with the level of output of the most efficient country with comparable levels of the public capital stock per capital) and points out to the following areas in need of improvement: strategic planning, project selection and prioritization, ex-post audit and evaluation, oversight of SOEs’ investment and asset management¹¹. One of the project’s goals is to put in place a combination of policy and legislative reforms, as well as institutional support and incentives to build an efficient PIM Governance Framework comprised of Public Investment and PPP projects. This will ensure that selected priority projects will be fiscally prudent, economically and socially viable, and environmentally sustainable. Such investment projects will be well worth undertaking and, where possible, will be procured as PPPs to free fiscal space and mobilize private sector experience, skills and expertise.

Figure 3 - Jordan’s comparative rating under the IMF 2017 Public Investment Management Assessment



Description of the proposed PIM-PPP governance framework of Jordan

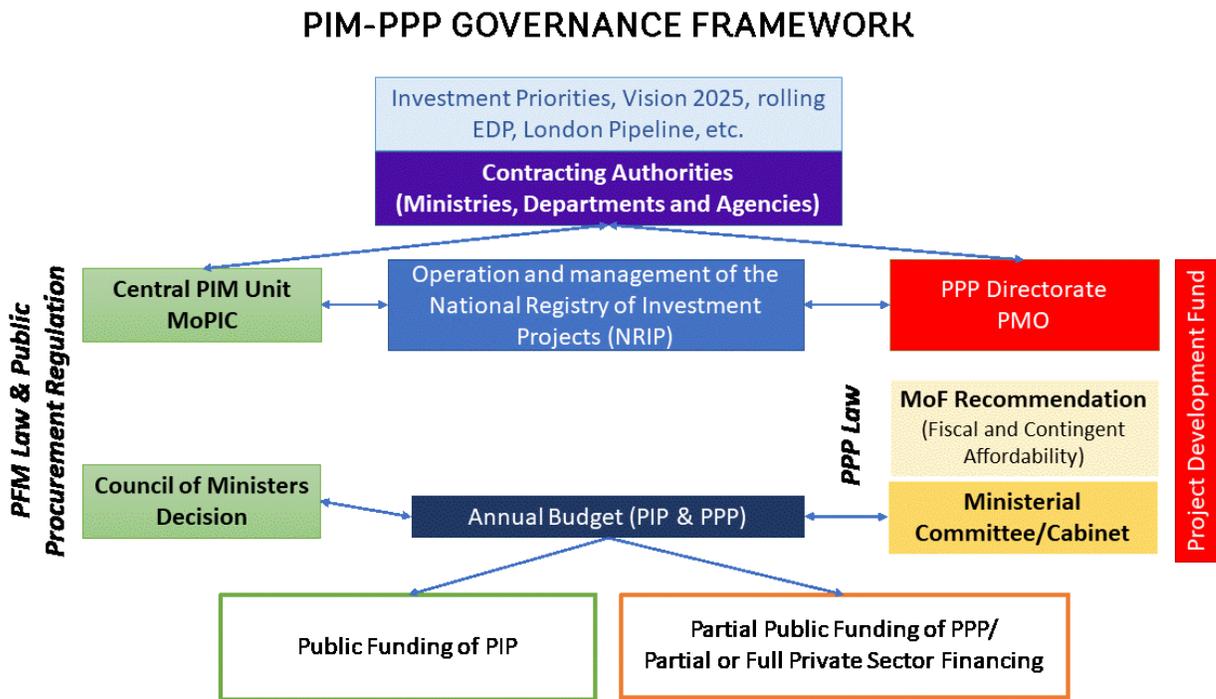
107. **However, PPPs are not fiscally neutral as their operators and financier’s ultimate must be remunerated - either from the government budget or from user tariffs.** Besides, infrastructure is risky and some of these risks are transferred to the private partner, some of them must be borne by the government. Transfers from the government can create unique challenges for public financial management as government's fiscal commitments to PPPs can be unclear and deferred or even contingent. Without a Financial Commitment and Contingent Liability (FCCL) strategy and framework, governments can undertake PPPs without understanding or

¹¹ IMF, 2017, Jordan. Technical Assistance Report-Public Investment Management Assessment (PIMA). See Jordan’s comparative rating in annex.



acknowledging all the consequences. When creating infrastructure through PPPs rather than traditional public procurement, the state need not directly borrow to finance the assets. Instead, it incurs long-term payment obligations and contingent liabilities towards the project companies and their financiers. Similar to sovereign financial indebtedness, long-term payment and contingent obligations to the PPP projects and their financiers must be systematically assessed, managed and recorded to avoid the risk of an uncontrolled, ballooning fiscal exposure and budget deficit which eventually would need to be financed by additional borrowing from international donors. Assessing PPP FCCL is critical for sound project selection and prioritization.

Figure 4. Organizational structure of the PIM-PPP function within the Government of Jordan.



Central PIM Unit

108. The **Central PIM Unit** is being established within MoPIC, as a directorate reporting directly to the Secretary General and in accordance with Administrative Directive No. 1 of 2016 at MoPIC and shall be the central expert body charged with assisting contracting authorities and providing oversight of Public Investment Projects (PIPs), including conducting technical and economic analyses of both PIP and PPP projects. It will also oversee the development and management of the “National Registry of Investment Projects” (NRIP). This NRIP shall constitute the exclusive information system to support public investment management. Contracting Agencies will submit project concept notes in NRIP that will be reviewed simultaneously by the Central PIM Unit and PPP Directorate. If suitable as a PIP or a PPP, the project will then be entered in the NRIP accordingly after the approval of the relevant Ministerial Committee. Its main objective is to support the management of public investment by exercising the following coordination functions:



- a. To conduct technical and economic analysis of public investment initiatives submitted by line ministries and to adopt and update standards and methodologies for project preparation and appraisal.
 - b. To establish the NRIP that will include all data on budgeted projects.
 - c. To develop and clarify standards and methodologies for project development and evaluation, as well as best practices.
 - d. To provide guidance on the criteria and update the regulatory requirements for the prioritization and selection of public investments.
 - e. To prepare and disseminate an operating manual containing detailed descriptions of functions and responsibilities related to project management in key sectors.
 - f. To train and build institutional capacity across contracting agencies, including in lower tiers of government (i.e. at regional and local government level).
 - g. To monitor project preparation (i.e. enforce compliance with procedural requirements) and implementation and conduct ex post project evaluation.
- Its mandate extends to all public investment, including when funded by state owned enterprises, lower tiers of government and independent agencies.

PPP Directorate

109. A PPP Directorate will be set up in the Prime Minister's Office (relocated from the Ministry of Finance) under the new PPP Law to provide for a "gate keeper" function in the PPP lifecycle, i.e. the screening and reviewing of proposed PPP projects for their feasibility. In particular, the PPP Directorate will act as a gateway for quality control and be responsible for the project development process through technical assistance, monitoring and evaluation. The PPP Directorate will be responsible for procedural oversight and monitoring the project development process as well as prescribing guidelines and template documents. Furthermore, the Directorate will provide technical support and/or review of: a) pre-feasibility, feasibility, value for money and affordability of a proposed PPP, b) negotiated PPP contracts, c) negotiating and monitoring the performance of PPP contracts, d) FCCL report and e) administering the Project Development Fund. The PPP Directorate will also provide support to and coordinate with Contracting Authorities when identifying and prioritizing potential PPP and preparing Project Concept Notes (PCNs). Finally, the PPP Directorate will build capacity among government authorities concerning the preparation and implementation of PPP, develop and promote guidelines, for preparation and implementation of PPP, and develop, operate and maintain the PPP Project Databank (that includes project monitoring tools and centralized repository of all project related documents) in the NRIP.

Contracting Authorities

110. Each Contracting Authority (such as ministry, department, agency etc.) will pursue the identification, prioritization, development, procurement, negotiation and implementation of PPP Projects. In particular, it will submit potential PPP Projects in line with sector priorities to the Executive Development Plan and prepare PCNs, with the support of the PPP Directorate, for submission through the NRIP; develop the pre-feasibility study, feasibility study the support of the PPP Directorate, as well as other preparatory studies and reports as necessary in relation to a PPP project and bidding documents. Contracting Authorities will work closely with the Ministry of Finance and the PPP Directorate on preparing the FCCL reports. Finally, Contracting Authorities will negotiate and execute the PPP contract, with the support of the PPP Directorate, monitor performance of PPP projects post-contract-award and report on their performance, including with respect to FCCL, to the PPP Directorate.



Ministry of Finance

111. The Ministry of Finance will have overall responsibility for assessing, managing and monitoring PPP related FCCL, throughout all stages of the PPP project lifecycle, and in the aggregate for all ongoing PPP Projects. For these purposes, the Ministry of Finance will establish a committee comprising representatives from the Public Debt Directorate, the General Budget Department and the PPP Directorate that assesses the FCCL for each PPP Project. The committee will report to the Minister of Finance and perform the following functions: Review any proposed Government support, whether direct or indirect, for a PPP Project as set out in the respective pre-feasibility study and feasibility study and the FCCL report prepared by the Contracting Authorities, and make recommendations to the Minister of Finance on how to advise the Ministerial Committee on the appropriateness of the proposed support and its affordability to Government; and the Ministry of Finance in coordination with the Public Debt Management Committee set shall set parameters for contingent liabilities in the beginning of the fiscal year and will submit it to Council of Ministers for approval.

The Ministerial Committee and the Cabinet

112. As per the new draft PPP Law, the Cabinet will assign a Ministerial Committee as an oversight and review authority to advance projects. The Ministerial Committee will: review and consider the comments submitted by the PPP Directorate on PCNs as submitted by Contracting Authorities and approve these projects for inclusion as PPP in NRIP; approve the pre-feasibility studies prepared by the Contracting Authorities with the support of PPP Directorate for PPP projects included in the NRIP; review and recommend to Cabinet for approval the pre-feasibility study, terms of reference for Transaction Advisors (TAs), and the appointment of TAs on PPP projects and ; review and recommend to Cabinet for approval the feasibility report (including the feasibility study and the FCCL report) prepared by the Contracting Authorities, with the support of PPP Directorate, based on whether it demonstrates institutional, legal, technical, environmental, social, economic, commercial and financial feasibility, provides value for money and demonstrates affordability.

113. Approval of Cabinet would include permission to proceed with the commencement of the tender process; approve tender documents (including draft PPP contract) before issuing these potential bidders; approve the negotiated contract with the winning bidder and approve the signing of the PPP contract. Finally, the Cabinet would approve the PPP regulations under the new PPP law, and approve the guidelines and standardized documents and templates for PPP projects.

National Registry of Investment Projects (PIP + PPP)

114. An inter-ministerial committee will oversee public investment management, with a specific focus on project preparation processes (including registration into the NRIP), implementation monitoring and ex post evaluation. The Central PIM Unit shall oversee the development of and manage the **National Registry of Investment Projects**. This NRIP shall represent the exclusive information system designed to support public investment management through the following features:

- i) Registration of each investment initiative (whether later implemented as a PPP or as public procurement-PIP) by assigning a single identification number to each project for its entire lifecycle.
- ii) Provide a database of public investment projects (PIP and PPP) at the national, sub-national and municipal levels, as well as for each sector.
- iii) Reflect and track the lifecycle of each project as data is continuously updated.



- iv) Facilitate aggregate or specific analyses of public investments.
- v) Facilitate project and portfolio management and evaluation.

115. The NRIP of Jordan will be a web-based information management system which will collect, store and produce reports on data related to the entire lifecycle of investment projects. The NRIP will have an online data entry interface which will allow users to directly enter information from the web browsers (such as Chrome, Safari, Internet Explorer, Firefox, and so on) into the system. It will feature advanced data validation and verification mechanisms which will prevent human error in data collection, and it will also ensure the integrity of the entered data. The NRIP will have a role-based user access model, which means that the system will support various types of users with customizable access permissions (potentially down to the level of each data field).

116. The NRIP will be powered by a sophisticated analytical engine, which will allow for a visualization of the investment data in various forms of outputs, such as comprehensive dashboards, charts, reports. The geographical information sub-system of the NRIP will allow for the creation of interactive maps directly in the online interface, which will then report the project data and associated indicators on the map of Jordan (national level, governorates and districts will be supported).

117. The system architecture will be modular. The NRIP will include 2 main modules, namely, PIP Data Bank and PPP Project Data Bank. Additionally, the workflow engine of the software will support Project Concept Note / Project Proposal submission, review and approval in electronic mode. Administrative rights shall be assigned to the PPP Directorate and other PPP contracting agents. These will be based on defined roles and responsibilities to ensure the accuracy and upkeep of the NRIP data.

118. The Public Investment Management System information technology (IT) application will be a customizable-off-the-shelf solution, which is used in various countries as the Government's official information management tool for the planning, monitoring and reporting of investment projects. The solution will also fully support Arabic language and interface.

Development of PIP Methodologies

119. In the context of public policy, governments face the problem of allocating scarce resources (natural, human and capital) to a potentially infinite number of needs. The government's goal is to obtain the maximum social and economic benefit for its people using these scarce resources. As such, the standardization and systematization of public investment processes have demonstrated important advantages in helping government leaders make better policy choices in developing countries. Indeed, the increase in the efficiency of the selection process for public investment projects can have a direct, positive impact on the social benefits/outcomes of capital expenditures.

120. Economic appraisal is essential for making decisions to ensure the highest social return. Comparing total project costs and benefits allow for the measurement of a potential project's contribution to the country's wealth. Evaluation tools, including Cost-Benefit Analysis and Cost Effectiveness Analysis, are strong tools that can be used for comparing projects. Together, they provide a useful basis for decision-making, assisting in the systematic appraisal and management of capital and current projects.

121. To estimate the contribution of projects, it is necessary to qualitatively identify, measure and assess their costs and benefits, both positive and negative. Sector methodologies are used to help technical teams



provide decision makers with enough good projects in various sectors, including education, roads and energy, among others. From this perspective, these tools are in line with the purpose of assisting the Government of Jordan in preparing and appraising investment projects, including the promotion of greater economic and social well-being among its people.

122. The development of methodologies will aim at guiding governmental authorities in the preparation of a socio- economic appraisal/analysis of public investment projects. As such, the approach contributes to improved decision-making processes to select higher quality projects and generate greater socioeconomic benefits. In this context, the objective of the methodologies is to provide practical guidance for practitioners based on the theoretical foundations of applied microeconomic analysis.

Project Development Fund (PDF)

123. The PDF will be a dedicated, ring-fenced account of the government mandated to help Contracting Agencies pay for capacity-building, technical expertise and transaction advisors required for the selection, preparation and monitoring of PPP projects that are economically desirable, provide value for money and are fiscally affordable (as assessed under the PIM-PPP framework). Expenses eligible for funding by the PDF will include (i) capacity-building for the PIM-PPP framework, (ii) upstream technical, sector and economic studies (pre-feasibility and feasibility studies) for the selection and prioritization of transactions (iii) transaction advisors for PPPs to be brought to market, and (iv) after contract award, expertise for monitoring, and (should the case arise) expertise required for the restructuring of on-going PPP projects. The PDF will be funded from international donor contributions, success fees paid by winning consortiums on transactions successfully brought to market, and a government budget contribution. The PDF will be operated and managed by the PPP Directorate, under the supervision a PDF Management Committee.