

Ex-Ante Evaluation (for Japanese ODA Loan)

Middle East Division 2

Middle East and Europe Department, JICA

1. Name of the Program

Country: The Hashemite Kingdom of Jordan (Jordan)

Program: COVID-19 Crisis Response Emergency Support Loan

Loan Agreement: November 29, 2021

2. Background and Necessity of the Program

(1) Current State and Issues of the Response to COVID-19 in Jordan

On March 18, 2020, in response to the global spread of the novel coronavirus disease (hereinafter referred to as “COVID-19”), the government of the Hashemite Kingdom of Jordan issued a royal decree to partially restrict people’s movements and blocked its international borders. On March 21, it took strong measures such as restricting domestic movements, prohibiting going out, closing schools temporarily, and suspending public and private activities and continued these lockdowns until May 3. These measures helped decrease the number of new confirmed COVID-19 cases, leading the government to succeed in suppressing COVID-19 infection temporarily.

However, with the resumption of services by international commercial flights in September of the same year and economic activities in subsequent months, the number of new confirmed cases grew rapidly, bringing about the first large-scale wave of infection in November. In early 2021, the number of persons infected with variants of the virus rose, causing a second wave of infection from February to March, and the tight availability of hospital beds became an issue to be addressed. On November 4, 2021, the cumulative number of infected persons was 870,505 (8.4% of the population, the seventh worst among 21 Middle Eastern and North African (MENA) countries) and that of deaths was 11,088 (0.107%, the fourth worst among 21 MENA countries).

On the other hand, vaccination began in January of 2021, and by November 5, some 3.99 million people (about 39% of the population) had received the first shot, and some 3.56 million people (about 35% of the population) had received the second shot. The Jordanian government’s goal is to complete the vaccination of 60% of persons aged 18 or older by the end of the year. As a result, the number of new confirmed cases has clearly fallen, and the weekly average number of infected persons as of the end of October was 1,591 per day, less than 20% of the number recorded when the second wave of infection peaked (9,000 persons per day or more). Challenges for vaccination include shortages of personnel to carry out vaccination campaigns due to limited budgets.

While the number of new confirmed cases decreases, the effects of COVID-19 on the economy are serious. Jordan had achieved gradual positive economic growth in recent years (real annual GDP growth rate from 2010 to 2018: 2.4% on average), but the growth rate declined to 2.0% in 2019, and due to COVID-19, it fell to minus 1.6% in 2020.

The unemployment rate was 19.1% (2019) before COVID-19 spread, but recently, in the fourth quarter of 2020, it jumped to 24.7% (International Monetary Fund (IMF), 2021), indicating that the employment environment was deteriorating conspicuously because of COVID-19. A total of 140,000 jobs were lost throughout the year 2020, with the unemployment rate for youths (aged 15-24) in particular reaching 48.3% during the fourth quarter of 2020 (Jordan's Department of Statistics, 2021). COVID-19 has had major negative effects especially on the income of day workers in sectors such as construction, agriculture, retailing, and transport.

With the start of lockdowns in March 2020, as part of its set of COVID stimulus packages and relief measures for citizens and struggling sectors, the Jordanian government strove to ease the anxiety of people and reduce financial burdens on business firms, mainly by exempting sanitary goods from sales tax, providing supplies to the elderly and sick, setting upper limits to the prices of daily necessities, and allowing private enterprises to delay in paying customs duties and reducing or exempting social insurance premiums to be paid by them. In addition, in March 2021, the government unveiled a new set of COVID stimulus packages and relief measures for citizens and struggling sectors to expand social security programs and create employment. This set of packages and measures includes those to maintain employment (JD113 million) and COVID-19-related projects to create jobs for youths (JD10 million).

In May 2020, in order to implement its policies, including these economic measures, the Jordanian government obtained an emergency loan of 400 million U.S. dollars (USD) from the IMF, and in June of the same year, it procured funds mainly through the issuance of Eurobonds totaling 1,750 million USD. However, the funding gap in 2021 is expected to be 2,374 million USD, and plans call for it to borrow from the IMF, the World Bank (WB), the European Union (EU), and other international organizations, as well as entities such as bilateral aid agencies. As it copes with the funding gap, the IMF calls for donors to offer grant aid or concessional loans earlier than initially planned.

Based on the funding needs mentioned above, the COVID-19 Crisis Response Emergency Support Loan (hereinafter referred to as the "Program") aims at supporting the Jordanian government as it works to expand social security programs, create employment, and encourage vaccination against COVID-19 in an effort to put the deteriorating economy back on its feet.

(2) Japan's and JICA's Cooperation Policy for Jordan's Response to COVID-19

Japan's Country Assistance Policy for the Hashemite Kingdom of Jordan (2017) cited maintaining stability and developing an industrial foundation as its major goal, stating that Japan would support Jordan so that as a moderate nation in the Middle East, it could maintain its stability and build an industrial foundation for independent economic development. Meanwhile, JICA Country Analysis Paper for the Hashemite Kingdom of Jordan (2015), which regarded it as a priority assistance area to back up sustained, independent economic growth, set reducing poverty and filling social disparities as JICA's

goal. This Program aims at supporting the Jordanian government as it takes measures to prevent the economy from deteriorating in the midst of COVID-19 and provide social security to the socially vulnerable, and it is in accord with these policies and analyses. It is also expected to contribute to Goal 1 (No Poverty), Goal 2 (Zero Hunger), Goal 3 (Good Health and Well-being), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities) of the SDGs. Therefore, the necessity of assistance provided by the Program is high.

(3) Other Donors' Activities

The WB has implemented the Emergency Cash Transfer COVID-19 Response Project for the socially vulnerable (350 million USD). In addition, the WB is considering the Emergency Cash Transfer COVID-19 Response Project - Additional Financing (265 million USD). As part of the efforts to bolster health systems and help procure COVID-19 vaccines, the WB also plans to grant a concessional loan of 60 million USD through its Global Concessional Financing Facility. Furthermore, in June of this year, it has approved the Jordan Inclusive and Transparent Business Regulatory Environment for Investment (500 million USD from the WB and 250 million USD from the Asian Infrastructure Investment Bank (AIIB)), a Program for Results (PfR) loan aimed at encouraging investments for green recovery.

In March 2020, the IMF approved the new Extended Fund Facility (EFF) for 1,300 million USD during a period of four years, which it had discussed just before the outbreak of COVID-19. In May of the same year, it approved an emergency loan of 400 million USD, and at the end of 2020, it granted a loan of 148 million USD based on the first EFF review agreement. Thus, the IMF offered loans totaling 689 million USD in 2020, contributing to eliminating funding gaps. In March 2021, a second EFF review was conducted, and the Jordanian government requested an additional loan of 200 million USD, and on June 30 of the same year, the IMF Executive Board approved the completion of the second review and the granting of the loan.

The AIIB plans to provide 250 million USD to the above-mentioned World Bank's PfR in the form of co-financing with the WB Program.

In 2021, the European Investment Bank plans to provide 59 million euros, a loan related to the procurement of COVID-19 vaccines, among others.

To the set of COVID stimulus packages and relief measures for citizens and struggling sectors, announced by the Jordanian government on March 31, 2021, the United States Agency for International Development (USAID) plans to appropriate 345 million USD out of the 845 million USD which intends to provide in total for assistance in fiscal 2021.

3. Program Description

(1) Program Objective

The objective of the Program is to mitigate the socioeconomic impact of the COVID-19 by providing a financial support for the government of the Hashemite Kingdom of Jordan

to enhance the social protection, to maintain employment, and to promote the COVID-19 vaccination, thereby contributing to promoting the economic stabilization and development efforts of the Hashemite Kingdom of Jordan.

(2) Program Site/Target Area

The whole country Jordan, with a population of about 10.2 million

(3) Beneficiaries of the Program (Target Group)

Direct beneficiaries: Socially vulnerable people and youth whose lives are stabilized

Final beneficiaries: People of Jordan who benefit from the stability of its economy and society

(4) Program Components

In order to mitigate the impacts of the COVID-19 on society and the economy through financial assistance, the Program encourages the Jordanian government to take specific measures in each of the pillars listed below. Prior Actions needed to promote these specific measures had been set, but since the achievement of all these actions was confirmed by the end of September, a loan agreement was concluded. The specific measures and Prior Actions are as shown in the attached matrix.

Pillar I: Expansion of social security programs

Pillar II: Creation, promotion, and maintenance of employment

Pillar III: Encouragement of vaccination against COVID-19

Pillar IV: Other

(5) Estimated Program Cost

11,000 million yen

(6) Program Implementation Period

The financial assistance by the Program begins in January 2021 (applied retroactively; since this loan is included in Jordan's FY2021 budget, the start of financial assistance is set for January 2021). The achievement of Prior Actions was confirmed in September 2021, and the completion of financing (scheduled for December 2021) is considered the completion of the Program.

(7) Program Implementation Structure

1) Borrower: The Government of Jordan

2) Executing Agency: Ministry of Planning and International Cooperation (Hereinafter referred to as "MOPIC")

(8) Collaboration and Sharing of Roles with Other Projects and Donors

1) Japan's Assistance Activities

Not applicable

2) Other Donors' Assistance Activities

This Program is not a co-financing project. On the other hand, since the USAID expressed its intention to support the Jordanian government's COVID-19 stimulus packages, the Program works with the USAID and gathers information on the policy areas and measures covered by the USAID as well as its methods to promote implementation

and other aspects of its assistance to thereby utilize such information to facilitate the implementation of the Program.

(9) Environmental and Social Considerations / Cross-Cutting Issues / Gender Category

1) Environmental and Social Considerations

(i) Category: C

(ii) Reason for Categorization: Since this Program involves a loan aimed at financial assistance, it is determined that undesirable impacts of the Program on the environment are minimal, based on the JICA Guidelines for Environmental and Social Considerations (promulgated in April 2010).

2) Cross-Cutting Issues

(i) Climate Change Measures: Program No. 5 included in the Program is to create employment by carrying out afforestation projects nationwide. Since tree planting is expected to be effective in absorbing more greenhouse gas, protecting ecosystems, and bringing other results, the Program contributes to effective climate change measures (mitigation and adaptation).

(ii) Poverty reduction and considerations: The social security policies of the Jordanian government which are covered by the Program include payment of subsidies to the socially vulnerable and distribution of coupons to help purchase foods. The Program contributes to curbing an increase in the number of needy households, which is highly likely to grow as the economic situation deteriorates.

(iii) Consideration of the Disabled: Not applicable

3) Gender Classification: GI (S) (Gender activity integration project)

<Activities / Reason for Classification > In this Program, the policy matrix includes plans for women's empowerment, and the number of local women who benefit from such plans is set as an indicator.

(10) Other Important Issues

As part of its COVID-19 measures in Jordan, the Japanese government supports the socially vulnerable through international organizations (UNICEF and UN Women) using its fiscal 2020 supplementary budget and provides medical equipment through its fiscal 2020 Economic and Social Development Programme, an ODA grant.

4. Targeted Outcomes

(1) Quantitative Effects

Outcomes (Operation and Effect Indicators):

The baselines and targets to measure effects obtained by implementing programs (measures) in each pillar are as shown in the attached sheet.

(2) Qualitative Effects

Stabilize the Jordanian economy and society by making the lives of groups such as socially vulnerable persons and youths stable and promoting industry.

(3) Internal Rate of Return

The internal rate of return is not calculated, because it is a program-type loan.

5. Prerequisites and External Factors

(1) Prerequisites

The loan shall be disbursed immediately after approval of the completion of the third IMF EFF program review by the Executive Board.

(2) External Factors

Measures to end the spread of COVID-19 are maintained globally and the rapid deterioration of the overall world situation is avoided.

6. Lessons Learned from Past Program

(1) Lessons from Similar Program

The ex-post evaluation of the Fiscal and Public Service Reform Development Policy Loan, an ODA loan for Jordan (evaluated in 2017), confirms cases in which it is not recognized by related organizations in Jordan that the effects brought through the implementation of policy actions lead to indirect benefits in social development (stable supply of water and electricity as well as support for refugees and host communities), and the lesson learned from this is that it is desirable to present specific goals while taking into consideration the range of effects brought by policy actions.

(2) Application of the Lesson to the Program

Based on the lesson described above, in measuring the effects of the Program, clear and measurable indicators and targets (including the number of persons who benefit from each program (measure)) are set to the extent possible while taking into account the abilities of Jordanian related organizations to implement measures.

7. Evaluation Results

This Program is consistent with Jordan's development issues and development policy as well as Japan's and JICA's cooperation policy and analyses, and through financial assistance, it contributes to the stabilization of the Jordanian economy and society as they are being affected by COVID-19. It is also expected to contribute to Goal 1 (No Poverty), Goal 2 (Zero Hunger), Goal 3 (Good Health and Well-being), Goal 5 (Gender Equality), Goal 8 (Decent Work and Economic Growth), and Goal 10 (Reduced Inequalities) of the SDGs. Therefore, the necessity of the implementation of this Program is high.

8. Plan for Future Evaluation

(1) Indicators to Be Used

As mentioned in Section 4

(2) Timing

Ex-post evaluation two years after the completion of the Program

Policy Matrix

No	Programme Name	Performance Indicator	Base Line (March 2021)	Target (end of Dec.2021)	Prior Actions (Confirmed the achievements by September 2021)
Pillar I: Social Protection					
1	Extending the Takaful Program III Coverage [Supporting daily wage workers]	Additional number of households benefited by the expansion of the Takaful Program III	0	60,000	NAF expands Takaful Program III for additional households through updating criteria to accept cases benefiting from Takaful III
2	Food Coupons for the Vulnerable Segments	Number of households who received the food coupon	0	250,000	MoSD issues letter to MOPIC confirming that through its 42 directorates nationwide, they have distributed coupons using NAF database and MoSD data base
Pillar II: Labor: Maintaining the available work opportunities in the private sector, and encouraging employment					
3	Extending Istdamah Program for 7 additional months (till 31/12/2021) [Supporting companies to maintain employment]	Number of Jordanian workers who could maintain their jobs due to the program	0	100,000	SSC upgrades its platform of Istdamah program via connecting MoH system, thus making sure that the beneficiaries of the program get vaccinated
4	CBJ increases the ceiling of credit facilities to the ACC with an amount of JD 30 million [Promoting agricultural export and employment]	Additional number of beneficiaries from credit facilities of the ACC	0	3,500	CBJ increases the ceiling of credit facilities to the ACC by JD 30 million

No	Programme Name	Performance Indicator	Base Line (March 2021)	Target (end of Dec.2021)	Prior Actions (Confirmed the achievements by September 2021)
5	Promoting employment by conducting the national tree planting project	Number of employees newly hired under this programme	0	5,800	MoA establishes platform for the employment under the project
6	Maintain, rehabilitate and preserve touristic and archeological sites in the Kingdom [Promoting employment in tourism sector]	Number of employees newly hired under this programme	0	4,500	At least 10 touristic/archeological sites are maintained/ rehabilitated or preserved from vandalism; Karak Castle, Umm Qais, Amman Citadel, Roman Theatre in Amman, Aqaba Castle, Jerash Archeological Site, Ajloun Castle, MarElias Archeological Site, Raghadan Bus Terminal, and Petra Museum
7	Stimulus package for the Industrial Sector	Framework to promote the priority industry	none	Established	MoITS proposes a priority industry to promote and facilitate employment with an analysis on the status quo, challenges and potential measures.
Pillar III: COVID19 Vaccination Campaign					
8	Support the MoH efforts in hospitals and health centers and vaccination centers to deal with COVID19 Pandemic on the sector by increasing temporary staffing	Number of doctors, nurses and technical staff newly contracted	0	2,409	MoH contracts the services of doctors, nurses and technical staff on waiting lists of the CSB database in the MoH hospitals, health centers and vaccination centers

No	Programme Name	Performance Indicator	Base Line (March 2021)	Target (end of Dec.2021)	Prior Actions (Confirmed the achievements by September 2021)
9	Support the MoH efforts in combating COVID19 virus through bolstering their data entry and PR efforts	Number of employees newly contracted under this programme	0	1,500	MoH issues official request to CSB and MoDEE to secure temporary Jordanian workers who engage in data entry or guidance/communication in relation to COVID19 combating efforts under MoH.
10	Support MoH vaccination campaigns through contracting the services of fresh Jordanian graduates	Number of employees newly contracted under this programme	0	1,500	MoH contracts the services of Jordanian youth, who freshly graduated for the past three years, on temporary bases
11	Accelerating, expanding, improving vaccination campaign at national level	Vaccination coverage rate in the target group (18 years old and above) [%]	0 (13 Jan. 2021)	60	MoH starts to issue a certificate to those who completed the two doses of vaccination and enable them to travel or visit public institutions
Pillar IV: Others					
12	Relaxation measures for borrowers from government lending funds	Number of clients who benefited from rescheduling and postponement granted under the programme	0	29,000	DEF Board issues their approval to reschedule and postpone repayment of installments on all DEF clients till 31 st Dec 2021
13	Dealing with the arrears of the health and energy sectors	Reports on the arrears of the health and energy sectors	No recent reports	Report by the formed committee submitted to Minister of Finance	An internal committee is formed within MoF, to deal with the arrears of the energy and health sectors

No	Programme Name	Performance Indicator	Base Line (March 2021)	Target (end of Dec.2021)	Prior Actions (Confirmed the achievements by September 2021)
14	Development of local community-oriented tourism products and promotion of participation of local woman with the 14 societies/cooperatives within Petra region concerned in woman empowerment	Number of woman who benefited from the PDTRA program	0	40	PDTRA makes a plan for the development of local community-oriented tourism products and promotion of participation of local woman
15	Promotion of Petra Museum	Number of printings of the Japanese version of Petra museum guidebook	0	2,000	PDTRA approves the design of the Japanese version of Petra museum guidebook
16	Update of ASEZA Master plan and the formulation of smart city concept	Special team directly reporting to Chief Commissioner to promote the task	none	established	ASEZA makes a roadmap for the update of ASEZA Masterplan and the formulation of smart city concept

<Abbreviations>

ACC (Agriculture Credit Corporation), ASEZA (Aqaba Special Economic Zone Authority), CBJ (Central Bank of Jordan), CSB (Civil Service Bureau), DEF (Development and Employment Fund), DoA (Department of Archeology), GAM (Greater Amman Municipality), ISTD (Income and Sales Tax Department), JEE (Jordan Export Enterprise), JCD (Jordan Customs Department), MoA (Ministry of Agriculture), MoDEE (Ministry of Digital Economy and Entrepreneurship), MoF (Ministry of Finance), MoH (Ministry of Health), MoITS (Ministry of Industry, Trade and Supply), MoL (Ministry of Labour), MoSD (Ministry of Social Development), MoTA (Ministry of Tourism and Antiquities), NAF (National Aid Fund), SSC (Social Security Corporation), PDTRA (Petra Development and Tourism Region Authority), SCC (Social Security Corporation)