

Jordan

FY2022 Ex-Post Evaluation Report of Japanese ODA Loan

“Business Environment, Employment

and Fiscal Sustainability Reform Development Policy Loan”

External Evaluator: Yukimasa Fukuda, Global Group 21 Japan, Inc.

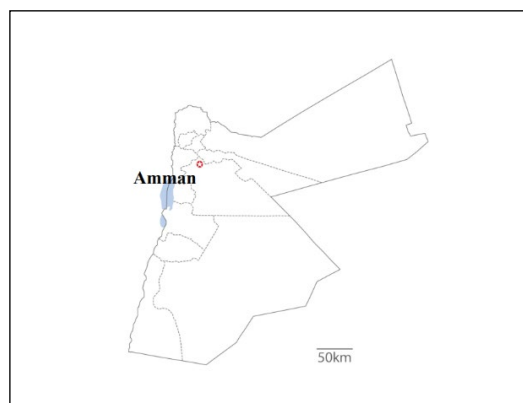
0. Summary

“Business Environment, Employment and Fiscal Sustainability Reform Development Policy Loan” (hereinafter, “the Project”) aims to revitalize the economy, facilitate job creation, and enhance financial discipline and public debt management, by assisting the Government of Jordan with its business environment, employment, and fiscal sustainability reforms, thereby contributing to the social and economic stability of the country. The Project is a co-financing with the World Bank adding the policy actions set forth by JICA on a World Bank’s development policy loan. This ex-post evaluation was conducted on the policy actions set forth by JICA.

The Project supports the implementation of policy actions such as “promotion of business activities of SMEs,” “standards and conformity,” “trade facilitation (centralization of import/export procedures),” “coaching and training for SMEs on export,” “technical and vocational education and training,” “career counseling,” “job matching,” and “higher education reform.” This is fully in line with Jordan's development policy and development needs. The Project is also consistent with Japan's development cooperation policy. JICA’s Knowledge Co-Creation Program (KCCP) for Group and Region Focus Programs for SME development and investment promotion were conducted in parallel with the Project, and these are considered to have had a certain effect on the implementation of related policy actions. In addition, JICA made disbursements without any particular problems after confirming the achievement of the World Bank-led policy actions and JICA-led policy actions. Therefore, its relevance and coherence are high.

Through the implementation of the policy actions assisted by the Project, a portal service for SMEs support was launched, the National Single Window for export and import procedures was enhanced, and shift to remote career counseling was expanded. The needs for contactless services due to COVID-19 are considered to have facilitated the digitalization of these. On the other hand, some indicators, such as unemployment, may have been affected by stagnant economic activity caused by COVID-19. By the time of this ex-post evaluation, there were only six among ten target indicators of the policy actions achieved very high or high. The Project’s disbursements contributed to the improvement of fiscal and international balances of the country in 2019 and 2020. Therefore, effectiveness and impacts of the Project are moderately low.

1. Project Description



Project Location (Source: JICA)

1.1 Background

The Hashemite Kingdom of Jordan (hereinafter, “Jordan”) is a constitutional monarchy that gained independence from the United Kingdom in 1946, with a land area of 89,000 square kilometres (about a quarter of Japan). It is surrounded by conflict-ridden countries such as the Palestinian territories, Syria, and Iraq, as well as Middle Eastern powers such as Israel, Saudi Arabia, and Egypt. Jordan is thus susceptible to the regional situation, but plays an important role as a moderate and a key player of peace and stability in the Middle East region. The Jordanian economy has grown steadily in the mid-2000s, supported by direct investment from the Gulf countries. However, its economic structure has remained fragile due to its status as a non-oil producing country and the lack of strong means of earning foreign currency. Against the backdrop of the global economic downturn caused by the global financial crisis in 2008, the country's economic growth began to slow down, and the tourism industry and direct investment cooled down due to the destabilization of the regional situation caused by the Arab Spring from the end of 2010 and the financial crisis in Europe. Furthermore, since the outbreak of the Syrian crisis in March 2011, the country has been accepting a large influx of refugees from Syria and other neighbouring countries, which has put the country's society, economy, and government finances in a difficult situation.

At the time of appraisal for the Project in 2018, major developed countries including Japan supported Jordan in collaboration with the IMF and the World Bank. In June 2018, the World Bank's Executive Board approved a development policy loan of 500 million USD (DPL 1) for improving business environment, employment, and fiscal sustainability. In June 2019, the World Bank approved another 1,450 million USD (DPL 2). In August 2016, the IMF's Executive Board approved an EFF¹ totalling 723 million USD aimed at stabilizing Jordan's macroeconomic

¹ IMF Extended Fund Facility (EFF): IMF's lending instrument to help countries facing long-term problems of international balance of payments over a medium term.

situation, reducing inequality, and removing impediments to growth. In March 2020, the IMF approved a new EFF totaling 1,300 million USD.

With this background, in November 2020, as a co-finance project with the World Bank, JICA concluded a loan agreement with Jordan denominated in US dollars.

1.2 Project Outline

The Project, by assisting the Government of Jordan with its business environment, employment, and fiscal sustainability reforms, aims to revitalize the economy, facilitate job creation, and enhance financial discipline and public debt management, thereby contributing to the social and economic stability of the country.

Loan Approved Amount / Disbursed Amount	300 million USD / 300 million USD
Exchange of Notes Date / Loan Agreement Signing Date	November 2018 / November 2018
Terms and Conditions	Interest Rate USD LIBOR + 1.1% ² Repayment Period 25 years (Grace Period 7 years) Conditions for Procurement General Untied
Borrower / Executing Agency	The Government of the Hashemite Kingdom of Jordan / Ministry of Planning and International Cooperation (MOPIC)
Project Completion	December 2020
Main Contractor(s)	-
Main Consultant(s)	-
Related Studies (Feasibility studies, etc.)	- ³
Related Projects	JICA Technical Cooperation Projects: Project for Strengthening the Capacity for Career Counseling for the Youth (April 2017-April 2020) JICA Knowledge Co-Creation Program (KCCP) for Group and Region Focus Programs: • Small and Medium Enterprise Development Policies (A) (2017-2019) • Small and Medium Enterprise Development Policies (B) (2020-2022) • Capacity Development for Investment Promotion (A), (B) (2019-2021) World Bank: • First Equitable Growth and Job Creation Programmatic

² LIBOR (London Interbank Offered Rate): a benchmark interest rate at which major global banks borrow in the international interbank market in London for short-term funds. In the Project, an interest rate of USD LIBOR + 1.1% is applied for each semiannual interest payment.

³ Since the Project is a development policy loan, there is no feasibility study (F/S) report as is generally the case with project loans. Instead, in the preparation stage the direction of sector reform was discussed and policy matrix to be achieved was agreed upon through policy dialogue between JICA and Jordanian side.

	Development Policy Financing (DPL 1) (June 2018) • Second Equitable Growth and Job Creation Programmatic Development Policy Financing (DPL 2) (June 2019) IMF: • Extended Fund Facility (August 2016) • Extended Fund Facility (March 2020)
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2. Outline of the Evaluation Study

2.1 External Evaluator

Yukimasa Fukuda, Global Group 21 Japan, Inc.

2.2 Duration of Evaluation Study

This ex-post evaluation study was conducted with the following schedule.

Duration of the Study: December 2022-March 2024

Duration of the Field Study: May 2023-August 2023 (through a local research assistant)

In the field study, the focus was to confirm the implementation status of the policy actions supported by JICA. The external evaluator guided and managed the local research assistant for field information collection, and confirmed and discussed on the information with the implementing agency and related organizations mainly via e-mail. As the result, necessary information for the ex-post evaluation was obtained without travelling to Jordan, so that the external evaluator made analysis and evaluation decisions based on the information thus obtained.

2.3 Constraints during the Evaluation Study

Since this Project is a program typed loan, the evaluation criteria are relevance, coherence, effectiveness, and impact. Sustainability was analysed on the implementation and monitoring system of policy actions, and no sub-rating was given to it. Sub-ratings were given only for relevance, coherence, effectiveness and impacts, and no overall rating was given because sub-ratings were not given for all six criteria.

As described in “0. Summary,” this ex-post evaluation was conducted on the policy actions set forth by JICA. The evaluation for each of the World Bank’s policy actions needs to wait for the World Bank’s ex-post evaluation report. Thus, this ex-post evaluation does not include analysis of the World Bank’s portion⁴.

For the policy actions set forth by JICA for the Project, the records of JICA’s analysis, appraisal,

⁴ Concerning the World Bank-led policy actions, Jordanian government requested the World Bank to extend the time for the completion report for the government to concentrate on measures to cope with COVID-19 (DPL 2 Implementation Status & Results Report, Aug. 6, 2022). The World Bank’s update on the implementation status is expected to be at the end of 2023, and thus, the ex-post evaluation of the World Bank-led policy actions will be done thereafter.

and policy dialogues were not kept documented. Therefore, the external evaluator had to rely on interviews with JICA staff members and written answers from questionnaires, and that made it difficult to analyze specifically the relevance of the policy actions and the path to the outcomes.

3. Results of the Evaluation

3.1 Relevance/Coherence (Rating: ③⁵)

3.1.1 Relevance (Rating: ③)

3.1.1.1 Consistency with the Development Plan of Jordan

At the time of appraisal, the Jordanian government had formulated a 10-year social and economic development program, *Jordan 2025*. *Jordan 2025* is a comprehensive 10-year social and economic policy framework for the period 2015-2025, focusing on creating an environment for more inclusive growth through enhancing macroeconomic stability (fiscal consolidation, balance of payments improvement), business environment, public financial management, governance, labor environment, and competitiveness.

The country's development policy at the time of this ex-post evaluation was *Economic Modernization Vision* (EMV) published in June 2022. EMV covers ten years from 2023, and it continues to specify sectors that will be the drivers for facilitating investment environment, employment creation, and economic growth, and to support these intensively.

Thus, the Project, which aims at reform related to business environment and employment, is consistent with the country's development policy at both the time of appraisal and ex-post evaluation.

3.1.1.2 Consistency with the Development Needs of Jordan

The Jordanian economy grew steadily in the mid-2000s, supported mainly by direct investment from the Gulf countries. However, its economic structure has remained fragile due to its status as a non-oil producing country and the lack of strong means of earning foreign currency. Against the backdrop of the global economic downturn caused by the global financial crisis in 2008, the country's economic growth began to slow down, and the tourism industry and direct investment cooled down due to the destabilization of the regional situation caused by the Arab Spring from the end of 2010 and the financial crisis in Europe. Furthermore, since the outbreak of the Syrian crisis in March 2011, the country has been accepting a large flux of refugees from Syria and other neighbouring countries, which has put the country's society, economy, and government finances in a difficult situation.

Under these circumstances, to maintain the sustainability of the Jordanian economy and society in a stable manner and to achieve self-sustaining development, it was deemed necessary to

⁵ ④: Very High, ③: High, ②: Moderately Low, ①: Low

improve the business environment to vitalize the private sector to enhance economic growth, resolve employment-related issues, including high unemployment, and improve fiscal sustainability, including public debt management.

The three areas (business environment, employment, fiscal sustainability) of policy reform under the Project were selected as high priority areas as the result of consultation between Jordanian government and major donors including the World Bank and JICA, and the importance and the needs of these continue to exist at the time of this ex-post evaluation.

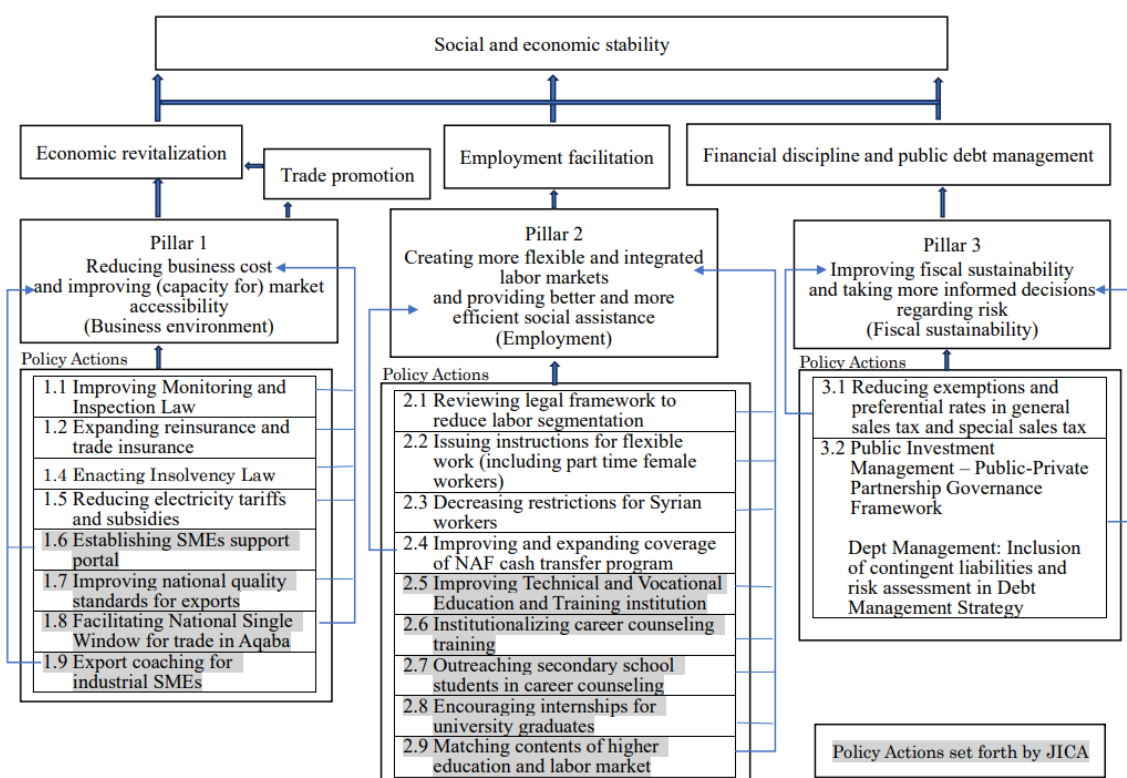
In addition, under the international cooperation framework⁶, the Project was intended to contribute to the reduction of Jordan's fiscal burden, which has increased affected by the large influx of refugees and by the disturbances in neighbouring countries, and also to meet the short-term financial needs of the country to sustain the reception of refugees and the provision of public services. Specifically, the plan was to improve Jordan's fiscal balance and international balance of payments in 2018 to 2020 by providing international financial support through a combination of the 300-million-USD loan from the Project and loans from other donor countries and agencies. Such a goal was consistent with the country's financial needs.

3.1.1.3 Appropriateness of the Project Plan and Approach

At the time of appraisal, JICA anticipated that through the implementation of each policy action, the outcomes stated in the Project objectives (economic revitalization, employment facilitation, enhancement of financial discipline and debt management) would be achieved, and furthermore, that would contribute to the impact (social and economic stability).

How the logical path to achieve above-mentioned outcomes by implementing each policy action had been anticipated at the time of appraisal could not be confirmed either from JICA or Jordanian side. However, as shown in the Figure 1, the path is clear that through implementing each policy action the qualitative effects (economic revitalization, trade promotion, employment facilitation, financial sustainability improvement) would be achieved, and that would further lead to the impact (social and economic stability).

⁶ Jordan Compact: at the Syrian crisis support conference held in London in February 2016, Jordan announced its intention to pursue economic growth inclusive of Syrian refugees, and the international community responded by pledging financial support to it. In February 2019, "Jordan Support Conference" was held in London. There, Jordanian government announced its Five-Year Growth and Reform Matrix, and it was confirmed that the international community would support the reform.



Source: drafted by external evaluator

Figure 1 Outcome and Impact Path

Based on the above, the Project objective is considered relevant in the light of the Jordanian government's policy and its development needs. However, concerning the policy actions set forth by JICA, it was not made clear how, among all the conceivable policy options, JICA studied the importance and the priority of each policy action through policy dialogue with the Jordanian government and selected the specific policy actions. Therefore, it is difficult to judge the significance and importance of each policy action specifically⁷.

As mentioned above, JICA's way of thinking on the policy matrix itself is appropriate. It was also appropriate that the Project was provided under the program loan scheme, a scheme that allows to fill the financial gap promptly.

⁷ According to JICA, "The policy actions were selected among several options with a view to make Jordanian economy more sustainable by JICA's intervention as a result." However, because the records of the policy dialogue were not kept in JICA and Jordan, the process and the results of the policy dialogue is unclear. On the other hand, concerning the World Bank's policy actions, its appraisal report specifically describes the backgrounds and necessity of each policy action.

3.1.2 Coherence (Rating: ③)

3.1.2.1 Consistency with Japan's ODA Policy

At the time for appraisal, Japan's *Country Development Cooperation Policy for Jordan* (July 2017) envisioned stabilization of macro economy through self-reliant and sustainable economic growth; and the Project falls under the "assistance program of support for development policy planning and implementation that contribute to the adjustment of the financial management" under the development issue of "strengthening infrastructure for economic growth." This Project was thus consistent with Japan's development cooperation policy for Jordan.

3.1.2.2 Internal Coherence

JICA implemented a technical cooperation project in the employment facilitation field, "Project for Strengthening the Capacity for Career Counseling for the Youth" (April 2017-April 2020). At the time of appraisal, the Project's policy action "Career Counseling" (Table 1: plan, implement, and evaluate career counseling) was planned to enhance the achievement of the technical cooperation project's overall goal ("Effective career counseling for the youth is provided by the pilot EOs/CGOs and other EOs/CGOs"). Table 2 shows the actual status of achievement of the overall goal. The policy action is considered to have enhanced the implementation and activities after the completion of the technical cooperation project, thus contributed in achieving the overall goal to some extent. On the other hand, according to the King Adullah II Fund for Development (KAJD), the executing agency of the project, the JICA technical cooperation project was implemented independent from the Project, and during implementation and after the completion of the project, there were no specific coordination between the two projects. Therefore, the policy action (each prior action) for the career counseling under the Project is considered to have simply played a role to confirm the progress of the technical cooperation project.

Table 1 Policy Action Career Counseling

Prior Action			Indicator
To be achieved by end Oct 2018	To be achieved by end Oct 2019	To be achieved by end Oct 2020	Ratio of new staff who receive career counseling training.
Ministry of Labor (MoL) and KAFD draft an action plan for enhancing career counseling in EOs and CGOs, which aligns to the ongoing JICA's technical assistance as well as the National Strategy for Vocational Guidance and Counselling.	(a) MoL approves the action plan for enhancing career counseling in EOs and CGOs; (b) MoL and KAFD implement training courses for career counselors in EOs and CGOs according to the action plan.	MoL and KAFD develop an evaluation report on training courses for career counseling in order to review the number of EOs/CGOs providing career counseling services and the impact of their services.	Baseline: 0 % (2018) Target: 100 % (2022)

Table 2 JICA's Technical Cooperation Project
 “Project for Strengthening the Capacity for Career Counseling for the Youth”
 Overall Goal Achievement Status

Overall Goal: Effective career counseling for the youth is provided by the pilot EOs/CGOs and other EOs/CGOs.	
Indicator	Actual
By 2023, all the EOs provide career counseling for the youth utilizing the Project outputs.	Achieved
By 2023, the number of universities/colleges which provide career counseling for the youth utilizing the Project outputs exceeds 15.	Expected to reach 27 universities/colleges in 2023.
By 2023, the employment rate of young job seekers who utilize the pilot EOs exceeds 50%.	EOs do not aggregate data ⁸ .
By 2023, the employment rate of the alumni who have utilized the pilot CGOs exceeds 40% after 1 year from graduation.	Yet to be aggregated.

Source: Ministry of Labor, KAFD

JICA also implemented the following Knowledge Co-Creation Program (KCCP) for Group and Region Focus Programs during the implementation period of the Project.

- Small and Medium Enterprise Development Policies (A) (2017-2019)
- Small and Medium Enterprise Development Policies (B) (2020-2022)
- Capacity Development for Investment Promotion (A), (B) (2019-2021)

According to MOPIC, staff members of Jordan Enterprise Development Cooperation (JEDCO) and the Central Bank of Jordan (CBJ) participated in the KCCP for Group and Region Focus Programs: Small and Medium Enterprise Development Policies (A) and (B), and that especially contributed to the institutional strengthening of JEDCO which plays a core role for supporting SMEs in Jordan. The KCCP for Group and Region Focus Programs also contributed to the enhancement of the policy action “promotion of business activities of SMEs” including the launch of a portal. Concerning the KCCP for Group and Region Focus Programs: Capacity Development for Investment Promotion (A) and (B), staff members of the Ministry of Industries, Trade and Supplies (MoITS) and Jordan Chamber of Industry (JCI) participated, and that contributed to the policy actions: “Standards and conformity,” “Trade facilitation (National Single Window),” “Export coaching/training for SMEs.” Thus, these KCCP for Group and Region Focus Programs

⁸ Since 2020 due to the spread of the COVID-19, the Ministry of Labor’s SAJJIL (digital national employment platform) providing job-matching services to job seekers and private companies, has been widely used. Therefore, the focus of the function of EOs has been shifted to remote employment and career counselling. However, SAJJIL does not keep the record of number of young job seekers.

are considered to have contributed to the enhancement of the implementation of the related policy actions to a certain effect.

3.1.2.3 External Coherence

The Project is a co-financing project with the World Bank, and collaboration and coordination normally required for co-financing project were done, such as consultation concerning policy matrix at the time of planning and confirmation of achievement of prior actions common to JICA and the World Bank to make disbursements. The World Bank's second development policy loan (DPL 2, approved in June 2019) inherited the first development policy loan (DPL 1: approved in June 2018) and added twelve⁹ new policy actions based on the "Five-Year Reform Matrix" agreed at the "Jordan Support Conference" held in London, February 2019. However, whether JICA studied how to treat these with collaboration and coordination with the World Bank could not be confirmed.

In the ex-ante evaluation report of the Project, it says "In case the World Bank decides to provide new Development Policy Finance (DPF), covering 2020, triggers for the third year may be adjusted according to the agreed matrix for new DPF, which JICA will participate in discussion." The World bank's DPL 2 (1,450 million USD) initially intended to complete disbursement in 2019, but 725 million USD disbursement was made in June 2019. Then, as a measure to cope with the COVID-19, 500 million USD of DPL 2 was diverted, and remaining 225 million USD was disbursed and completed disbursement for DPL 2 in July 2020. Consequently, "new Development Policy Finance, covering 2020" was not implemented.

As affected in such a way by the COVID-19, the World Bank did not provide a new development policy loan including a new third year matrix, and such situation might have made JICA not necessary to collaborate with the World Bank though initially envisioned. However, the reason why JICA did not collaborate with the World Bank for the additional policy actions under DPL 2, which the World Bank considers integral to DPL 1, could not be confirmed.

Therefore, coordination and collaboration should have taken place as initially planned, but

⁹ RI 1 Foreign direct investment: FDI in services as a percentage of total investments facilitated by Jordan Investment Commission.
RI 5 Procurement: Government entities prepare annual procurement plans at least one month before the end of the fiscal year.
RI 6 Broadband: Average monthly retail price of residential 500 megabit per second broadband connection.
RI 7 Female labor force participation rate.
RI 12 NAF efficiency: Percent of new NAF beneficiaries receiving payments digitally.
RI 13 Electricity support benefits: Number of households provided with electricity support benefits.
RI 14 Number of energy support benefits schemes in operation.
RI 16 NEPCO's operating balance is zero or positive.
RI 17 Number of days of total outstanding receivables for NEPCO.
RI 18 Ratio of NEPCO's debt service liability to EBITDA.
RI 21 Climate change: Number of sectoral and subnational climate change strategies or plans prepared.
RI 24 PPP transactions: Number of pre-feasibility studies undertaken under the new PIM-PPP Governance Framework.

(Source: World Bank DPL 2 Implementation Status & Results Report, August 6, 2022)

more specific activities could not be confirmed.

Based on the above, the implementation of the Project is fully consistent with Jordan's development policy and development needs, and the project plan and approach are appropriate. The Project is consistent with Japan's development cooperation policy, and JICA's collaboration with its internal and external developmental projects was also confirmed. Therefore, its relevance and coherence are high.

3.2 Effectiveness and Impacts (Rating: ②)

3.2.1 Effectiveness

3.2.1.1 Achievements of Policy Actions and Targets

The Project supported policy reforms in the areas of business environment, employment, and public finance, and policy actions consisting of 8 items in the area of business environment (4 items for the World Bank and 4 items for JICA), 9 items in the area of employment (4 items for the World Bank and 5 items for JICA), and 2 items in the area of public finance (World Bank only) were developed, which were bundled into a policy matrix shown in Table 3, and the plan was for the disbursement to be contingent on the implementation of these policy actions. The target date for the achievement of the first year of the policy matrix was set at the end of October 2018, the second year at the end of October 2019, and the third year at the end of October 2020, and after confirming the achievement of all policy actions, disbursement of USD 100 million each was made. Disbursement was completed in December 2020 as planned and the Project was completed. In addition, the onset timing and target values for effects of the policy actions were set, and the achievement of these targets was set for two years after the completion of the Project in 2022.

Table 3 Policy Matrix of the Project (1/3)

Policy area purpose	Prior Action			Baseline	Target
	2018 (I)	2019 (II)	2020 (III)		
1. Reducing business costs and improving market accessibility					
<u>1.1 Business inspection and licensing</u>	The Borrower has enacted the Monitoring and Inspection Law, to reduce the burden on businesses by improving the inspections and monitoring framework.	(a) MoITS implements reforms to the business inspection and monitoring framework by Council of Ministers' approval of the Bylaws of the Monitoring and Inspection Law (b) The Borrower reduced the burden on businesses by implementing business regulatory reform measures such as streamlining key sectoral license(s).		Aggregate business compliance costs (based on IFC's Compliance Cost Saving Model): USD 43,500,000 in 2017	USD 34,800,000 in 2021
<u>1.2 Export</u>	The Borrower's ability to serve Jordanian exporters has been improved by: (a) the Central Bank's and the JLG's agreement expanding the resources available for reinsurance and strengthening JLG's financial capacity to deliver trade insurance products; and (b) restructuring JLG's Board to include independent directors.			Guaranteed exports as a percentage of total exports 2017: 1.09%	Guaranteed export 2.40% in 2021
<u>1.4 Insolvency law</u>	The Borrower has enacted the Insolvency Law introducing business insolvency procedures.	(a) The Borrower adopted the Bylaws for Insolvency, approved by the Council of Ministers. (b) The Borrower adopted the Bylaws, approved by the Council of Ministers, for the Secured Transaction Law.		Strength of Insolvency Framework Index of the Doing Business indicator 2017: 5	Insolvency: 2021: 10
<u>1.5 Electricity tariffs and subsidies</u>	(a) The Borrower, through the MEMR, has adopted indicators, targets and a timeline to address grid-subsidy for self-generation and reduce cross-subsidies, and (b) EMRC has taken initial actions consistent with them.	The Borrower rebalanced electricity tariffs to address grid-subsidy for self-generation and to reduce the cross-subsidy burden, consistent with the targeted values of the indices for Grid-Subsidy for Self-Generation and the Tariff Cross-Subsidy Index in the roadmap.		Tariff Cross Subsidy Index 25.5% in 2016 Index of Grid-Subsidy for Self-Generation: greater than 90% in 2016	Tariff Cross Subsidy Index: less than 21% in 2021 Index of Grid-Subsidy for Self-Generation: Zero in 2021
<u>1.6 SMEs promotion *</u> To establish regulatory framework on SMEs and improve service delivery to SMEs	(a) SMEs committee to formulate draft definition of SMEs is established. (b) MoITS completes a comprehensive list of SMEs support programmes and relevant resources.	(a) SME committee submit unified definition of SMEs to the cabinet and cabinet approves the definition. (b) MoITS establishes SMEs support portal.	(a) Conduct a diagnostic study to assess the gaps in SME ecosystem. (b) MoITS conducts awareness campaign of the portal.	No portal service for SME support in 2018	Access to SME portal: 750 in 2022
<u>1.7 Standards and conformity *</u> To improve Jordan's quality infrastructure to support exports	Forming the national committee from the stakeholder agencies that will draft the National Quality Policy and the draft Quality Infrastructure Strategy.	First draft of the National Quality Policy is produced and the final draft of the Quality Infrastructure Strategy submitted by the national committee to MOPIC/Prime Ministry.	Final National Quality Policy and the final draft of the Quality Infrastructure Strategy is approved by Prime Ministry.	The number of qualified products for export: 1,404 in 2018	1,580 in 2022
<u>1.8 Trade facilitation *</u> To facilitate National Single Window	CD reviews feedback from all stakeholders about pilot project in Aqaba.	Steps are taken in preparation for full operation including finance and administration.	Full operation in Aqaba.	Pilot project is launched in Aqaba in 2018	Full operation of the National Single Window in Aqaba in 2022
<u>1.9 Exporter competitiveness *</u> Export Coaching for Industrial SME's to promote SMEs export	MoITS and related organizations implement export coaching programme (coaching/training to be provided for 10 companies).	25 coaches are qualified (Coaching/training for export are provided to at least 60 companies).	Export coaching service is established in a sustainable manner (provide coaching/training to at least 60 companies regularly).	No export coaching programmes for industrial SMEs in 2018	60 companies receive coaching/training sessions every year in 2022

Table 3 Policy Matrix of the Project (2/3)

Policy area purpose	Prior Action			Baseline	Target
	2018	2019	2020		2022
2. Creating more flexible and integrated labor markets and providing better and more efficient social assistance					
<u>2.1 Employment</u>	The Borrower's Council of Ministers has instructed the Ministry of Labor to carry out a review of the legal framework to identify causes of segmentation in the labor market.	(a) Ministry of Labor issued instructions allowing high-skilled foreigners to work in occupations and sectors previously restricted to them. (b) Based on the results of the review of the legal framework, amendments to the legal framework adopted to reduce labor segmentation.		Growth of formal, private, full-time employment 3.1% in 2016	3.3% in 2021
<u>2.2 Flexible work</u>	The Borrower, through the Ministry of Labor, has issued Instructions on flexible work with minimum wage rates by unit of hours.			Average annual growth of formal, private, part-time female workers: 3.2% in 2016	3.5% in 2021
<u>2.3 Increased economic opportunities and reduction in cost of permits</u>	The Borrower, through the Ministry of Labor, has: (a) allowed the Jordanian General Federation of Trade Unions to provide work permits for Syrian workers working in the construction sector and removed the requirement of Syrian workers to show a profession practice certificate as a prerequisite to obtain the work permit; and (b) waived fees for Syrian workers to obtain work permits for 2018.	(a) Ministry of Labor issued flexible work permits for Syrians to work in the agriculture sector in the Northern governorates and construction sector (in occupations that are already open to Syria). (b) The Borrower issued a waiver to fees for work permits for Syrian workers for 2019.		Cost of work permits for Syrian workers: JD 300 – JD 370 (without waiver) in 2017	Cost of work permits: Zero JD (with waiver) in 2019
<u>2.4 National Aid Fund</u>	The Borrower, through the Council of Ministers, has approved plan to improve and expand the coverage of the National Aid Fund (NAF) cash transfer program to cover at least 85,000 additional households between 2019 and 2021.			Coverage: Number of households covered by NAF Baseline: 93,000 total households in 2018	178,000 total households in 2021
<u>2.5 TVET sector Reform *</u> To establish Technical and Vocational Skills Development Commission (TVSDC) Law	Final draft of Technical and Vocational Skills Development Commission (TVSDC) Law is sent to Cabinet in order to alleviate the fragmentation of councils in TVET sector and to enhance the involvement of private sector.	Final draft of the TVSDC Law is approved by Cabinet and submitted to Lower House.	As the law has been enacted, bylaws or Regulations to be approved by TVSDC and start the implementation of the bylaws/regulations.	(a) Number of coordination body for TVET: three councils under MoE, MoHESR, and MoL(2018) (b) The representation of private sector in E-TVET council: 7 in 2018	(a) one (TVSDC) (2022) (b) more than 7 in 2022
<u>2.6 Career Counseling *</u> To institutionalize Career Counseling trainings in EOs and CGOs	MoL and KAFD draft an action plan for enhancing career counseling in EOs and CGOs, which aligns to the ongoing JICA's technical assistance as well as the National Strategy for Vocational Guidance and Counseling.	(a) MoL approves the action plan for enhancing career counseling in EOs and CGOs; (b) MoL and KAFD implement training courses for career counselors in EOs and CGOs according to the action plan.	MoL and KAFD develop an evaluation report on training courses for career counseling in order to review the number of EOs/CGOs providing career counseling services and the impact of their services.	Ratio of new staff who receives career counseling training: 0% in 2018	100% in 2022
<u>2.7 Career Counseling *</u> To outreach secondary school students in career counseling to facilitate the job matching	MoE plans career guidance trainings for Educational Counselors in remote areas.	MoE Initiates the trainings for career guidance for Educational Counselors in public schools, especially in remote areas.	MoE implements training for career guidance for most of the Educational Counselors in public schools, especially in remote areas.	Percentage of grade 9 and 10 students receiving career guidance: 50% in 2016/7	100% in 2022

<u>2.8 Job matching *</u> To encourage internships for young jobseekers	MoHESR prepares a comprehensive review report on current internship programmes in universities.	MoHESR holds workshops/conferences for internship programmes and develop a suggestion to programmes.	MoHESR reviews feedback from all stakeholders and assesses internship programmes.	Number of majors which set internship programme as part of graduation requirements is 18 in 2018	22 in 2022
<u>2.9 Reform of higher education *</u> To match the contents of higher education with the needs of the labor market	MoHESR prepares a comprehensive review report on current guideline for programmes which are jointly implemented by universities and private sector.	MoHESR upgrades current guideline for programmes which are jointly implemented by universities and private sector.	The upgraded guideline is introduced to all universities/colleges to encourage the involvement of private sector in higher education.	Unemployment figure among university graduates: 23.4% in 2017	Less than 23.4% in 2022

Table 3 Policy Matrix of the Project (3/3)

Policy area	Prior Action			Baseline	Target
	2018	2019	2020		2022
3. Improving fiscal sustainability and taking more informed decisions regarding risk					
<u>3.1 Revenue mobilization</u>	The Borrower's Council of Ministers has reduced exemptions and increased preferential rates in the general sales tax and the special sales tax consistent with the 2018 Budget Law.	The Borrower raised domestic tax revenues in the 2019 Budget Law through implementation of income tax reform following national consultation and further reduction of tax exemptions and preferential rates in the General Sales Tax and Special Sales taxes		Impact of 2018-2020 revenue measures in JD: Zero in 2017	JD 1,280,000 in 2021
<u>3.2 PIM-PPP</u>	The Borrower's Council of Ministers has endorsed MoPIC's proposal for the Jordan 2018 Public Investment Management – Public-Private Partnership Governance Framework.	The Borrower issued a debt management strategy that includes policies related to the monitoring and management of contingent liabilities, including those related to the electricity and water sectors, and PPPs.		Use of NRDP None (NRDP does not exist) in 2017 Debt management: Inclusion of contingent liabilities and risk assessment in Debt Management Strategy No in 2017	NRDP All new PIP and PPP projects registered in the NRDP in 2021 Debt management: Yes in 2021

Note: * policy actions set forth by JICA

Source: JICA ex-ante evaluation report, Program Completion Report (Jordanian Ministry of Finance), World Bank DPL 2 Implementation Status & Results Report

The targets for each policy action and the status of achievement at the time of the ex-post evaluation are described below. The achievement levels of the 22 indicators set for the World Bank's and JICA's components at the time of the ex-post evaluation are as follows.

Table 4 Policy Action Target Achievement

Target achievement levels	No. of items (total)	World Bank portion (2021)	JICA portion (2022)
Very high (100% -)	11	6	5
High (80 - 100%)	2	1	1
Moderately low (50 - 80%)	3	1	2
Low (- 50%)	6	4	2
Total	22	12	10

Source: drafted by external evaluator based on material presented by MOPIC

The degree of achievement of policy actions (achievement of indicators set forth) by the World Bank and JICA are shown below.

(1) World Bank-led Policy Actions

Table 5 shows the degree to which the World Bank-led policy actions have achieved their targets as of 2021.

Table 5 Achievement of World Bank-led Policy Action Targets (as of 2021)
(10 policy actions, 12 indicators)

1. Reducing business costs and improving market accessibility (World Bank)					
	Indicator	Baseline	(A) Target	(B) Actual	Achievement
1.1 Business inspection and licensing	Aggregate business compliance costs (based on IFC's model)	USD43.5mm (2017)	USD34.8mm (2021)	USD 33.8mm (2021)	103%
1.2 Export	Guaranteed exports as a percentage of total exports	1.09% (2017)	2.4% (2021)	2.97% (2021)	124%
1.4 Insolvency law	Insolvency Framework Index of the Doing Business indicator	5 (2017)	10 (2021)	8 (2021)	80%
1.5 Electricity tariffs and subsidies	Electricity tariffs cross-subsidy reduction	25.5% (2016)	less than 21% (2021)	28.5% (2021)	74%
	Index of grid subsidy for self-generation	greater than 90% (2016)	0% (2021)	100% (2021)	0%
2. Creating more flexible and integrated labor markets and providing better and more efficient social assistance (World Bank)					
	Indicator	Baseline	Target	Actual	Achievement
2.1 Employment	Growth of formal, private, full-time employment	3.1% (2016)	3.3% (2021)	7.1% (2020)	215%
2.2 Flexible work	Growth of formal, private, part-time, female workers	3.2% (2016)	3.5% (2021)	5.4% (2020)	154%
2.3 Increased economic opportunities and reduction in cost of permits	Cost of work permits for Syrian workers	JD 335 (2017)	JD 0 (2019)	JD 0 (2019)	100%
2.4 National Aid Fund	Number of households covered by NAF	93,000 (2018)	178,000 (2021)	194,000 (2021)	109%
3. Improving fiscal sustainability and taking more informed decisions regarding risk (World Bank)					
	Indicator	Baseline	Target	Actual	Achievement
3.1 Revenue mobilization	Cumulative impact of revenue measures	JD 0 (2017)	JD 1,280,000 (2021)	JD 460,000 (2021)	36%
3.2 Public investment management- PPP	Use of National Registry of Investment Projects	0% (2017)	100% (2021)	0% (2021)	0%
	Inclusion of contingent liabilities and risk assessment in Debt Management Strategy	No (2017)	Yes (2021)	No (2021)	0%

Source: World Bank DPL 2 Implementation Status & Results Report¹⁰

¹⁰ <https://documents1.worldbank.org/curated/en/099735008062231661/pdf/P16813007c0f5000a0a0df053aadc15bfff.pdf> (accessed August 29, 2023)

(2) JICA-led Policy Actions

Of the 10 indicators for JICA-led policy actions, 5 achieved their targets, but 5 did not, indicating that the level of achievement is not high (Table 6).

Table 6 JICA-led Policy Actions Target Value Achievement
(9 policy actions, 10 indicators)

1. Reducing business costs and improving market accessibility (JICA)					
	Indicator	Baseline	Target	Actual	Achievement
1.6 SMEs promotion	Access of SME portal (companies)	0 (2018)	750 (2022)	640 (2022)	85%
1.7 Standards and conformity	Number of qualified products for export	1,404 (2018)	1,580 (2022)	1,402 (2022)	0%
1.8 Trade facilitation	Operation of National Single Window in Aqaba	pilot project launched (2018)	full operation (2022)	full operation (2021)	100%
1.9 Export coaching for industrial SMEs	Number of SMEs that received coaching/training	0 (2018)	60 (2022)	33 (2022)	55%
2. Creating more flexible and integrated labor markets and providing better and more efficient social assistance (JICA)					
	Indicator	Baseline	Target	Actual	Achievement
2.5 TVET sector reform	Number of coordinating body for TVET	3 (2018)	1 (TVSDC) (2022)	1 (TVSDC) (2022)	100%
	Representation of private sector in TVSDC	7 (2018)	more than 7 (2022)	9 2022 年	129%
2.6 Career Counseling	Ratio of new staff who received career counseling training	0% (2018)	100% (2022)	75% (2022)	75%
2.7 Career Counseling	Percentage of grade 9 and 10 students receiving career guidance	50% (2016/17)	100% (2022)	100% (2022)	100%
2.8 Job matching	Number of majors which set internship program as part of graduation requirements	18 (2018)	22 (2022)	37 (2022)	168%
2.9 Reform of higher education	Unemployment figure among university graduates	23.4% (2017)	less than 23.4% (2022)	27.6% (2022)	0%

Source: drafted by the External Evaluator based on the materials presented by MOPIC

3.2.1.2 Effectiveness of Disbursement

(1) Gap in Balance of Payments

The achievement of all prior actions of the policy actions was confirmed, with disbursement of 100 million USD each executed in May 2019, March 2020, and December 2020, for a total loan amount of 300 million USD. As a result, as can be confirmed in Table 7 compiled from the IMF data, the funding gap for 2019 and 2020 was filled by international assistance, including JICA, to meet Jordan's adequate foreign exchange reserves, which were set at about 8 months of imports.

JICA's share of the gap filling amount in 2019 and 2020 was 7.0% and 11.1%, respectively, making it the top donor among major bilateral donors (Japan, Germany, and France) in 2020.

Table 7: Filling Funding Gap (Foreign Currency Requirements) (Unit: mil USD)

	2019	2019 (%)	2020	2020 (%)
Gross financing requirements	4,265		5,912	
Current account deficit	2,279		3,974	
Amortization of public sector loans	572		492	
Amortization of sovereign bonds	1,000		1,250	
Gross financing sources	3,562		5,381	
FDI, net	687		735	
Public grants	1,331		1,465	
Public sector borrowing	314		387	
Issuance of sovereign bonds	0		1,750	
Changes in reserves	571		1,110	
Errors and omissions	-151		-165	
Total financing needs	1,425		1,806	
Official public external financing	1,425	100.0	1,805	100.0
Identified official budget support	1,260	88.4	1,115	61.8
World Bank	810	56.8	403	22.3
IsDB	40	11.6	13	0.7
EU	113	0.3	298	16.5
Japan (JICA)	100	7.0	200	11.1
Germany	181	12.7	88	4.9
France	16	0.1	113	6.3
IMF (IMF purchases)	166	11.6	690	38.2
Gross Usable Reserves	13,512		15,127	
in months of next year's imports	8.8		7.8	

Source: IMF EFF reports, 2022, 2023

(2) Fiscal Gap Filling Status

According to the Jordanian Ministry of Finance, fiscal support requirements for 2019 and 2020 were 274 million USD and 1,630 million USD, respectively, but these were filled by fiscal support from the international community¹¹.

3.2.2 Impacts

3.2.2.1 Intended Impacts

The Project aims to achieve “economic revitalization,” “trade promotion,” “employment facilitation,” and “financial sustainability improvement,” which are listed as qualitative effects, through the implementation of each policy action, and then to achieve impact (economic and social stability). Below, an attempt was made to grasp the extent to which policy actions

¹¹ For 2019 (mil USD):

274 (budget deficit financing [foreign]) = 1,471 (Loans) + 375 (net issuance of domestic FX bonds) – 572 (Amortization of public sector loans) – 1,000 (Amortization of sovereign bonds)

For 2020 (mil USD):

1,630 (budget deficit financing [foreign]) = 1,365 (Loans) + 1,750 (Issuance of sovereign bonds) + 257 (net issuance of domestic FX bonds) – 492 (Amortization of public sector loans) – 1,250 (Amortization of sovereign bonds)

contributed to the above qualitative effects by looking at trends in key economic indicators and government budget expenditures, and then examine the specific contributions of the Project in each of these areas.

(1) Trend of Key Economic Indicators and Unemployment Rate

The trend of Jordan's key economic indicators and unemployment rate are shown in Table 8.

Table 8 Key Economic Indicators and Unemployment Rates

	2017	2018	2019	2020	2021	2022 Proj.	2028 Proj.
Real GDP Growth (annual % change)	2.5	1.9	1.9	-1.6	2.2	2.7	3.0
Fiscal balance (% of GP)	-3.6	-4.6	-5.7	-8.5	-7.8	-6.9	-3.4
Government gross debt (% of GDP)	75.7	74.3	77.2	87.0	90.9	89.9	75.8
External debt (% of GDP)	39.9	37.2	35.0	40.6	41.2	42.8	35.1
Current account balance (% of GDP)	-10.6	-6.8	-1.7	-5.7	-8.2	-7.4	-2.0
Gross fixed capital formation (% of GDP)*	19.9	16.1	14.5	14.3	15.8	--	--
FDI (% of GDP)*	4.9	2.2	1.6	1.7	1.4	--	--
Share of manufacturing sector (% of GDP)* *	20.4	20.3	20.1	19.8	19.9	---	---
Export (% of GDP)* *	34.4	34.8	35.9	23.6	30.3	..	..
Unemployment (%)							
Total of labor force	18.3	18.6	19.1	22.7	24.1	22.8	
Total (ILO)	18.1	18.3	16.8	19.2	18.4	17.9	
male (ILO)	15.9	17.0	15.4	17.9	16.9	16.3	
female (ILO)	27.4	24.1	24.0	25.4	25.6	25.6	
Youth (15-24)							
total	35.2	38.9	37.3	43.0	43.7	..	
male	32.5	36.7	34.8	40.5	41.6	..	
female	49.8	50.1	49.4	54.5	55.4	..	
with advanced education							
total	23.9	23.9	24.6	27.4	27.9	..	..
male	17.0	18.5	19.3	22.1	23.1	..	..
female	33.9	32.2	32.8	34.9	35.1	..	..
with intermediary education							
total	14.1	11.9	8.1	10.6	11.8	..	..
male	9.8	10.0	6.8	8.8	10.3	..	..
female	31.1	21.4	18.3	24.5	23.0	..	..

(Note)

without: * : IMF World Economic Outlook (<https://www.imf.org/en/Publications/WEO/weo-database/2023/April>)

* : World Bank World Development Indicators (<https://databank.worldbank.org/source/world-development-indicators>)

* * : Central Bank of Jordan, Annual Reports (<https://www.cbj.gov.jo/Pages/viewpage.aspx?pageID=337>)

Unemployment figures : World Bank World Development Indicators (<https://databank.worldbank.org/source/world-development-indicators>)

(accessed June 27, 2023)

Jordan was hit by COVID-19 starting in 2020 during the implementation of the Project and all key economic indicators went lower than the previous year 2019. According to the IMF, GDP growth is expected to recover to +2.2% in 2021 from -1.6% in the previous year 2020, above the pre-COVID-19 level, and to reach 3% in 2028. The fiscal balance, after hitting the bottom at -8.5% of GDP in 2020, is expected gradually improve from 2021 onward, and to reach -3.4% in 2028. Public debt is expected to improve from 90.9% of GDP in 2021 to 75.8% in 2028. The current account deficit is expected to improve from -8.2% of GDP in 2021 to -2% in 2028.

Regarding unemployment rates, according to the World Bank, in 2019, the year before COVID-

19 hit, both men and women improved compared to the previous year 2018, but in 2020 both men and women worsened; in 2021 and 2022, men are gradually improving, while women remain unchanged. The unemployment rate for youth (aged 15-24) improved in 2019 compared to the previous year in 2018 for both men and women, but continued to worsen in 2020 and 2021. The unemployment rate for youth with advanced education, for both men and women, has been on a worsening trend from before COVID-19 to 2021.

The policy actions of the Project may have contributed to these indicators where improvement was shown, but the impact of COVID-19 is also significant and it is difficult to quantitatively analyze the extent of the Project's contribution.

(2) Government Related Budget Expenditures

To confirm whether the policy actions were maintained as key policies in spite of unexpected COVID-19 outbreak, the trend in the associated budget expenditures by the policy actions was analyzed (Table 9).

Out of 9 JICA-led policy actions, programs related to 4 policy actions were budgeted in 2019 or 2020, and their expenditures are being made steadily since then (Policy Action [PA]: 1.7, 1.8, 1.9, 2.5). Programs related to the policy actions of the Ministry of Education (PA 2.7) and the Ministry of Higher Education and Scientific Research (PA 2.8, 2.9) could not be identified specifically, but the total expenditures of both the ministries are increasing steadily as a priority sector, education.

The disbursements for the Project were made in 2019 (100 million USD) and in 2020 (200 million USD), and although 2020 was a year of widespread COVID-19, the policy importance of each policy action was maintained because the budget support was provided by the international community including JICA's loan.

Table 9 Budget Expenditures by Policy Action (Unit: million JD)

Policy Actions set forth by JICA	Ministry in charge	Program title	2017	2018	2019	2020	2021	2022	2023	2024	2025
1.6 SMEs promotion	MOTIS	Industrial & Trade Sector Competitiveness	1.7	1.9	1.9	1.5	1.7	1.6	1.6	1.6	1.7
1.7 Standards & conformity	JSMC	Alignment with International Practices & Agreements	0	0	1.5	1.5	1.5	1.4	1.7	1.7	1.7
1.8 Trade facilitation	MOF/ Customs	National Window for Customs	0	0	2.7	3.0	2.0	2.2	2.3	1.8	1.6
1.9 Exporter competitiveness	JEDCO	Promoting Competitiveness of Projects & Creativity	0	0	2.5	1.5	1.7	1.6	2.5	2.8	2.8
2.5 TVET sector reform	TVSDC	TVSDC**	0	0	0	10.6	7.5	5.1	20.0	11.6	12.3
2.6 Career counseling	MOL	Training & Employment	2.0	2.7	4.8	8.2	1.3	1.0	31.1	21.2	21.2
2.7 Career counseling	MOE	MOE**	868.5	906.9	935.2	986.1	1,044.4	1,107.2	1,193.3	1,224.0	1,244.1
2.8 Job matching	MOHESR	MOHESR**	114.1	96.9	92.9	105.0	96.4	96.1	100.0	105.3	89.1
2.9 Reform of higher education	AQACHEI	AQACHEI**	0	0	1.3	1.3	1.3	1.5	1.8	1.7	1.7

Note: 2017-2021: actual, 2022-2025: estimate

** : expenditures to ministry

Source: Jordanian Ministry of Finance budget database <https://gbd.gov.jo/en/releases/law-min/> (accessed August 6, 2023)

(3) Contribution to “Economic Revitalization,” “Trade Promotion,” “Employment Facilitation,” “Financial Sustainability Improvement”

Based on the descriptions in the JICA and the World Bank appraisal reports, the implementation of each policy action is considered to contribute to “economic revitalization,” “trade promotion,” “employment facilitation,” and “improvement of fiscal sustainability,” which are listed as qualitative effects, according to the path shown in Figure 1: Outcome and Impact Path" (see above). By the time of the ex-post evaluation, 19 total policy actions supported by the World Bank and JICA had been implemented, and the achievement rate for 13 of the 22 indicators was 80% or higher, suggesting that the Project made a certain contribution to the realization of the above qualitative effects.

Concerning “economic revitalization” and “trade promotion,” the issues were cost in doing business by firms and competitiveness of SMEs. The World Bank-led policy actions are considered to have improved the cost of business development and the competitiveness of SMEs, mainly in terms of transparency in licensing (PA 1.1) and access to finance, including trade insurance (PA 1.2, 1.4). JICA-led policy actions are considered to have contributed to improving the competitiveness and export capacity of SMEs (PA 1.6, 1.9) and unifying the customs clearance window (PA 1.8). However, burden on business is still considered to remain due to the failure to achieve the rationalization of electricity subsidies (World Bank-led PA 1.5).

In the area of “employment facilitation,” high unemployment and labor market fragmentation were challenges, but the World Bank-led policy actions improved labor laws and regulations (PA 2.1), part-time employment of women (PA 2.2), employment of Syrian refugees (PA 2.3), and social security issues (PA 2.4), while JICA-led policy actions contributed to the centralization of public-private coordination mechanisms for technical and vocational education and training (PA 2.5). Regarding policy actions related to the matching of supply and demand between young job seekers and the private sector (PA 2.6, 2.7, 2.8, 2.9), since the unemployment rate among youth has remained high, partly due to the impact of COVID-19, it is considered that effects of these policy actions have not yet become tangible enough.

While “enhance fiscal discipline and public debt management” was not an issue to which JICA-led policy actions would directly contribute, the objective was to accelerate economic growth through efficient public investment with the participation of the private sector, while continuing efforts to improve fiscal soundness. To this end, the policy actions were to increase revenue by reducing tax exemptions and preferential rates (PA 3.1) and strengthen the management of contingent liabilities associated with PPPs (PA 3.2), but none of these actions have achieved their targets, and it is planned that the World Bank will review its policy actions, including these, at the end of 2023.

All policy actions, whether World Bank-led or JICA-led, are considered to have been affected

by COVID-19, which broke out in the first half of 2020. Against this backdrop, 11 of the 22 target value items achieved 100% or more, and 2 items were largely achieved (80-100%). These make up about 60% of the total target value items. In light of the steady performance in achieving target values, especially in the areas of policy actions to improve the business environment, social security systems, and labor markets, it can be assumed that these actions have to some extent contained the negative impact of COVID-19.

As far as JICA-led policy actions are concerned, one possible impact of COVID-19 on policy actions is the enhancement of digitization. The centralization of the customs clearance in the southern port city of Aqaba (PA 1.8) included digitization of procedures, and the spread of COVID-19 has further enhanced digitization and the centralization of customs clearance outside of Aqaba. In career counseling (PA 2.6), COVID-19 led to a rapid conversion from face-to-face to remote counseling, and the improvement of the career counseling system through the implementation of policy actions is considered to have further promoted digitization. Elsewhere, the launch of a portal site to support SMEs (PA 1.6) is considered to have been effectively used during COVID-19.

3.2.2.2 Other Positive and Negative Impacts

(1) Impact on Natural Environment

The Project is a budget support for which no special environmental impact is foreseen, and no special impact was assumed at the time of appraisal (Category C). In this ex-post evaluation, it was confirmed that there was no impact on the natural environment.

(2) Gender Equality

In the Project, a World Bank-led policy action was set to increase the percentage of women employed part-time in the private formal sector (baseline: 3.2% [2016], target: 3.5% [2021]) to "promote women's employment" (PA 2.2), and the actual result was 5.4% (2020), much higher than the target. The World Bank is expected to conduct a review of the Bank's policy actions at the end of 2023, followed by an ex-post evaluation.

To summarize the effectiveness and impacts from the above, target achievement is not high. Six of the ten indicators for JICA-led policy actions achieved or nearly achieved the targets (80% or more), two items achieved moderately low (50-80%), two items achieved low (less than 50%). The spread of COVID-19 has accelerated the digitization of some policy actions. On the other hand, the Project's disbursements contributed to the improvement of the country's fiscal balance and international balance of payments in 2019 and 2020. Based on the above, the Project has achieved its objectives only to a certain extent. Therefore, effectiveness and impacts of the Project are moderately low.

3.3 Sustainability

3.3.1 Policy and System

The implementing agency for the Project is the Ministry of Planning and International Cooperation (MOPIC), which is responsible for formulating and coordinating national development plans, coordinating the receipt of foreign aid, and monitoring and evaluating development projects.

3.3.2 Institutional/Organizational Aspect

Within MOPIC, the International Cooperation Department (37 members, including 2 in charge of Japan) is in charge of aid coordination, with the Public Investment Management Unit (14 members) assisting in project implementation and monitoring.

In the Project, MOPIC put together policy actions from number of parties, and confirmed the implementation of the policy actions, which was a condition for JICA's disbursement. MOPIC is the central coordinating office for all donors, and has been monitoring past and new JICA's development policy loans also in cooperation with the World Bank, IMF, and other donors. As described above, the organization of MOPIC is clear and there are no problems with its responsibility and roles.

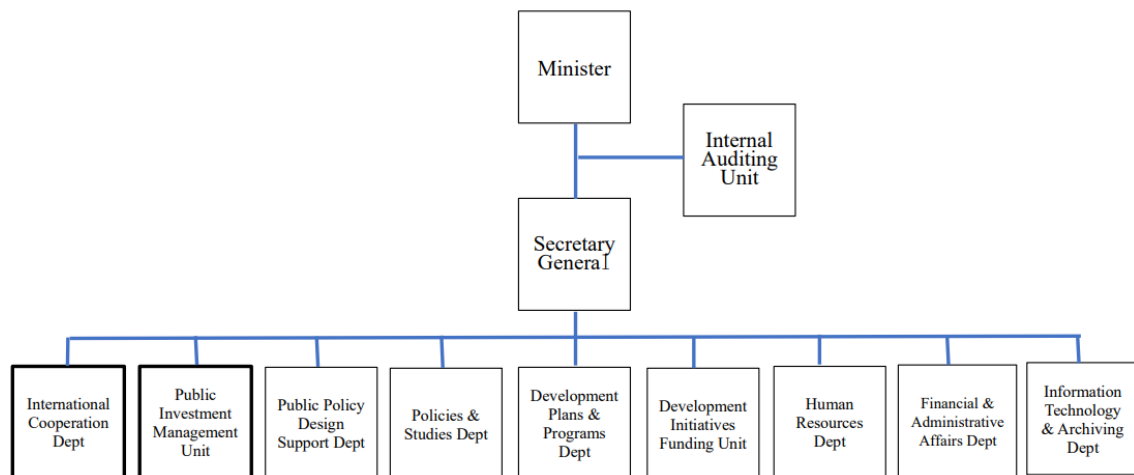


Figure 2 MOPIC Organization Chart

Source: based on MOPIC's website¹²

¹² https://mop.gov.jo/En/Pages/Organizational_Structure (accessed June 27, 2023)

4. Conclusion, Lessons Learned and Recommendations

4.1 Conclusion

“Business Environment, Employment and Fiscal Sustainability Reform Development Policy Loan” (hereinafter, “the Project”) aims to revitalize the economy, facilitate job creation, and enhance financial discipline and public debt management, by assisting the Government of Jordan with its business environment, employment, and fiscal sustainability reforms, thereby contributing to the social and economic stability of the country. The Project is a co-financing with the World Bank adding the policy actions set forth by JICA on a World Bank’s development policy loan. This ex-post evaluation was conducted on the policy actions set forth by JICA.

The Project supports the implementation of policy actions such as “promotion of business activities of SMEs,” “standards and conformity,” “trade facilitation (centralization of import/export procedures),” “coaching and training for SMEs on export,” “technical and vocational education and training,” “career counseling,” “job matching,” and “higher education reform.” This is fully in line with Jordan's development policy and development needs. The Project is also consistent with Japan's development cooperation policy. JICA’s Knowledge Co-Creation Program (KCCP) for Group and Region Focus Programs for SME development and investment promotion were conducted in parallel with the Project, and these are considered to have had a certain effect on the implementation of related policy actions. In addition, JICA made disbursements without any particular problems after confirming the achievement of the World Bank-led policy actions and JICA-led policy actions. Therefore, the Project’s relevance and coherence are high.

Through the implementation of the policy actions assisted by the Project, a portal service for SMEs support was launched, the National Single Window for export and import procedures was enhanced, and shift to remote career counseling was expanded. The needs for contactless services due to COVID-19 are considered to have facilitated the digitalization of these. On the other hand, some indicators, such as unemployment, may have been affected by stagnant economic activity caused by COVID-19. By the time of this ex-post evaluation, there were only six among ten target indicators of the policy actions achieved very high or high. The Project’s disbursements contributed to the improvement of fiscal and international balances of the country in 2019 and 2020. Therefore, effectiveness and impacts of the Project are moderately low.

4.2 Recommendations

4.2.1 Recommendations to the Executing Agency

(1) Continued Implementation of Policy Actions is Important.

Five out of the ten indicators of JICA-led policy actions supported by the Project have not been achieved, and the level of achievement is not high. It is important for MOPIC and the relevant

implementing agencies to work quickly and steadily to achieve the target indicators and increase the effectiveness of these policy actions supported by the Project.

(2) A Closer Communication System between MOPIC and the Agencies Involved in the Project is Necessary.

MOPIC has not reported to JICA on the progress of policy actions since the completion of disbursement in December 2020. As agreed with JICA at the time of the Project appraisal, MOPIC is responsible for coordination and monitoring with the relevant agencies of the Project, and it is important to strengthen the communication system between MOPIC and related organizations to properly monitor the effects of policy actions supported by the Project and promptly report the results to JICA.

4.2.2 Recommendation to JICA

A Closer Communication between JICA and MOPIC is Needed to Achieve the Targets of the Policy Actions.

Although the Project was considered completed upon completion of the disbursement, the target achievement period was set at two years (2022) after the completion of the Project (2020) as the time when the effects of the policy actions would be manifested. Therefore, JICA should have kept in close contact with MOPIC after the completion of the Project to monitor the progress of the policy actions and encourage the achievement of the targets. Since the Project completion in December 2020, MOPIC has not reported to JICA on the status of achievement of the policy action target indicators, and since the Project completion JICA also has not specifically requested MOPIC for systematic monitoring which aims to confirm and enhance the progress of each policy action to reach each target indicator, and the policy action targets remain not fully achieved.

Therefore, JICA needs to communicate more closely with MOPIC in order to achieve the targets of the policy actions. In particular, it is important to work with MOPIC to quickly grasp the facts regarding the five JICA-led policy action items for whose target indicators have not been achieved, and then to agree on improvement measures with MOPIC to achieve the target indicators.

4.3 Lessons Learned

(1) Record of Policy Dialogue is Important for Development Policy Loan without F/S.

Unlike regular projects, in the case of development policy loans without F/S, it is necessary to confirm the history of how the policy matrix was developed and discussed in order to analyze whether the policy matrix is appropriate or not. Generally, in the F/S of a project, the possible alternatives are compared from both technical and financial perspectives to arrive at a final proposal, but in the case of development policy loans, it is important to confirm how the specific policy matrix was determined through comparative studies in the policy dialogue among the many

possible policy options. If this is not possible, the relevance of the policy matrix itself cannot be adequately verified.

In the case of co-financing with the World Bank and other MDBs, the appraisal and policy dialogue can be referred to in their public documents to confirm the validity of their policy actions, but for JICA-led policy actions in the Project, many of JICA's records of analysis, appraisal, and policy dialogue were not disclosed in written form, and the external evaluator had to rely on interviews with JICA officials and questionnaire answers. Therefore, for JICA-led policy actions, it was difficult to specifically analyze the relevance and the path leading to the outcomes in relation to the effectiveness and impacts.

In the case of development policy loans, it is important to keep a record of policy dialogue in a form that can be disclosed¹³. According to JICA, during the course of policy action formulation, JICA's organizational knowledge including internal human resources was utilized. However, even in the case of programmatic loans, it is necessary to establish a basic mechanism whereby the content of discussion on each policy action is properly documented and the policy actions are formalized through an organizational decision-making process. For example, a "preparatory survey for cooperation" by external experts may be conducted to support adequate issue analysis and policy dialogue and to document the results. In addition, the appraisal report should detail the rationale for selecting each policy action, the details of the policy action, and the expected effects.

(2) It is Important to Clearly Explain the Basis for the Amount of the Development Policy Loan.

The amount of this loan is substantial, amounting to more than 30 billion yen, and from the viewpoint of accountability, it is important to be able to clearly explain the basis for the amount. In other words, it is necessary to keep a record of how JICA examined the appropriateness of the amount requested by the Jordanian government. In addition, an explanation of the basis for the loan amount should be included in the appraisal report.

(3) It is Important to Monitor the Policy Development Loan after the Completion at least until the Year when the Target Indicator is Expected to be Achieved or until the Prospect of Achieving the Target Indicator is Expected.

As in the case of project loans, the responsibility for implementation and monitoring of development policy loans rests with the borrower, and is stipulated in the L/A and MD. However, in the case of a development policy loan, it is also an intervention in an important policy of the counterpart government, and in reality, policy actions are basically proposed by JICA, so the status of indicator achievement should always be monitored closely. Since the Project completion, although neither JICA nor MOPIC has conducted systematic monitoring which aims to confirm

¹³ The similar points are made also in the "Lessons Learned" in the FY 2020 ex-post evaluation for a development policy loan to Jordan.

and enhance the progress of each policy action to reach each target indicator, follow-up should be conducted at least once a year at least until the year when the target indicators are expected to be achieved or until the target indicators are on track to be achieved, in order to achieve the target indicators for each policy action. Although this was not clearly stated in the L/A or in the MD exchanged between JICA and MOPIC for the Project, the same point should be clearly stated as an agreement with the counterparties when preparing L/As and MDs for development policy loans in the future.

5. Non-Score Criteria

5.1 Performance

5.1.1 Objective Perspective

None in particular.

5.2 Additionality

None in particular.

End