

## Ex-Ante Evaluation (for Japanese ODA Loan)

November 19, 2024

### Middle East Division 2, Middle East and Europe Department, JICA

#### 1. Name of the Project

- (1) Country: The Hashemite Kingdom of Jordan
- (2) Project Site / Target Area: Entire territory of the Hashemite Kingdom of Jordan
- (3) Project: The Program Loan for the Resilience Enhancement for the Social Sector and Human Capital Development

Loan Agreement: November 24, 2024

#### 2. Background and Necessity of the Project

- (1) Current State and Issues of Resilience Enhancement for the Social Sector and Human Capital Development and Priority of the Project in Jordan

In the 2000's, Jordan had enjoyed high real GDP growth rates that average an annual growth rate of about 6.5%, but since the Lehman Shock in 2008, the economic activities have become sluggish, and in 2020, it declined to -1.6% due to the suspension of economic activities caused by the spread of the novel coronavirus (COVID-19). However, due to the government's prudent financial and monetary policies, an increase in the number of tourists from Jordan and other Arab countries, improvements in the manufacturing and service sectors, and a steady recovery in agriculture, the economy has been on a recovery trend in recent years, with the GDP growth rates of 3.6% (in 2021) and 2.4% (in 2022) (IMF, July 2024).

On the other hand, the conflict in Gaza that began in October 2023 had major impacts on the country's society and economy, partially due to its geographical proximity to Israel. The tourism industry, which accounts for around 14.6% of Jordan's GDP (Ministry of Tourism and Antiquities, 2024), has been hit severely, and with various governments imposing temporary travel restrictions on countries around Israel and Gaza, around half of hotel reservations in Jordan were cancelled in October and November 2023 (Jordan Hotels Association). The number of tourists visiting Jordan between January and April 2024 was reduced by 8.8% compared to the same period in the previous year. The IMF has forecast that Jordan's economic growth rate will be

around 2.6% in 2023 to 2024, assuming that the conflict in Gaza remains relatively moderate. However, should the conflict expand, intensify and last for around a year, it will also affect the supply of natural gas and water, and the revenue from tourism will decrease significantly, which will result in a slowing of growth to 2% or less. It has also pointed out that there is a possibility that public debt will increase due to the resulting deterioration of the country's fiscal balance and current account balance (IMF, January 2024). Despite this situation, in the first review of the new Extended Fund Facility (EFF) approved by the IMF Board in January 2024, Jordan was evaluated as having a strong economy and fiscal resilience against external shocks, as it has steadily implemented various reforms despite the difficult regional situation (IMF, July 2024). In addition, on May 9 of the same year, the Moody's announced that it had upgraded the Government of Jordan's rating from B1 (outlook: positive) to Ba3 (outlook: stable).

According to the Human Capital Index (HCI) published by the World Bank in 2020, the next generation will only be 55 percent as productive as it could have been with full health and complete education (World Bank, July 2024). This figure is lower than the average of 57% for the Middle East and North Africa (MENA) region, but higher than the average of 48% for similar low- and middle-income countries such as Jordan (Reference: Japan's HCI is 80%). In addition, labor productivity has remained at a low level since 2008, dragging down the rise in total productivity. This is partly due to inefficient corporate dynamics and the stagnation of the private sector, which is dominated by small and low-productivity companies, and is in contrast to emerging and developed countries that are promoting structural reform. Jordan, which does not have abundant natural resources and is vulnerable to external shocks, such as the Syrian crisis and the conflict in Gaza, which have been affecting Jordan's society and economy, needs to strengthen its human capital and create a dynamic labor market that involves more young people and women in order to achieve higher productivity, economic growth, and poverty reduction.

In addition, the country faces some challenges where the government's policies to promote and assist the growth of children and young people are not sufficiently adapted, while the social environment in Jordan has been changing significantly due to the influx of Syrian refugees, which has reached around 630,000 people (UNHCR, 2024) since the start of the Syrian crisis in 2011, the impact of the spread of COVID-19 infection since 2020, and the recent

outbreak of the conflict in Gaza. The influx of a large number of refugees has led to overcrowded classrooms and a decrease in class hours, which has led to a decline in the quality of education and also a lack of opportunities for extracurricular activities. As a result, problems such as bullying, school violence, discrimination and dropouts have arisen, and there is an increasing need for improvement to the school environment and provision of mental health and psychosocial support for children and adolescents.

In addition, the effects of global warming also present a threat to the realization of the results that human capital is supposed to produce. For example, prolonged extreme high temperature causes heat exhaustion, heatstroke and even death, and leads to a decline in learning outcomes and a decrease in work productivity. In Jordan, heatwaves are having a negative impact on children's school attendance and their academic performance (The World Bank, 2024). In addition, the effects of climate change have led to an unusually high number of natural disasters such as floods and droughts in recent years. It is estimated that at least 50% of households at risk of flooding in Amman are low-income households. Therefore, it is necessary to strengthen and enhance resilience of the system to promptly support the people in vulnerable groups in the event of natural disasters or pandemics, and to create an environment where all people, including those in vulnerable groups, can access social services such as education, health and medical care even in emergency situations.

Under these circumstances, the World Bank has launched the Jordan Human Capital Program (300 million USD), which has two main pillars: "To improve the governance and effectiveness of social sectors" and "To promote resilience, including safeguarding households against climate shocks." The program was approved by the Board of Directors at the end of June this year. The matrix for this Program contains five prior actions that aim to improve the performance of human resources who are working in the social sector, ease the barriers to entry of the private sector and foreign-capital into the education sector, and implement tobacco regulation, etc., and four prior actions that aim to mitigate the various effects of climate change.

In the development policy documents "Economic Modernisation Vision 2033" and "Public Sector Modernization Roadmap 2022-2025", the Government of Jordan mentions the need to strengthen human capital by investment focused on the education and health care in order to accelerate

economic growth in Jordan. In this context, they are driving reforms, including the development of laws and regulations in fields related to human capital development, such as education, health and medical care, social security, and emergency response.

As mentioned above, the Government of Jordan is working on various reforms in the fields of human capital development and social sector resilience enhancement based on the “Economic Modernisation Vision” and the “Public Sector Modernization Roadmap 2022-2025.” According to the analysis in The Economic Modernisation Vision, the fact that Jordan's economic growth has remained restrained is particularly associated with high unemployment rates among young people and women, hence it is necessary to ensure that young people have access to high-quality education. It also points out that there are issues with the current education system in Jordan, such as the fact that young people cannot acquire skills that are valuable in the labor market, and that there is a significant difference in the level of education provided by different educational institutions. Other issues in the health and medical care fields include the need to strengthen governance and accountability, as well as the facts that the skills and abilities of medical personnel are not catching up with the growth of the field and that digitalization is not progressing. The “Public Sector Modernization Roadmap 2022-2025” also analyzes that the modernization of Jordan's public sector requires improvements in the efficiency and effectiveness of the public sector and strengthening of partnerships with the private sector in addition to overcoming economic factors such as restrained economic growth, budget deficits and high unemployment rates. The report identifies the following as the pillars of reform: (1) improving administrative services, including education and healthcare; (2) improving the efficiency of the public sector, including improving governance and human capital development; and (3) developing and modernizing laws that regulate government administration. The Economic Modernisation Vision also proposes more specific measures, such as the development of curricula and teaching guidelines for education, the launch of a unified digital learning platform, and the development of capable human capital in the health and medical care fields, as well as the establishment of benchmarks and the implementation of data monitoring to measure the quality of medical care.

Under these circumstances, the Government of Jordan has begun to implement concrete reforms, such as the development of laws and regulations

in fields related to human capital development, including education, health and medical care, social security, and emergency response (e.g., the development of a telemedicine system in Bylaw No. 51 of 2023), and the Social Security Corporation made an organizational decision to reduce social security premiums for young workers at the Board of Directors in 2024. This Program, in cooperation with the World Bank, will provide financial support to the Government of Jordan working to develop human capital and implement reforms to enhance resilience in the face of the conflict in Gaza and other changes in the external environment. This is a high-priority Program that is aligned with the pillars of the Government of Jordan's development strategy in its "Economic Modernisation Vision 2033": (1) to accelerate growth by unleashing Jordan's full economic potential, and (2) to create a "better future" by improving the quality of life for all its citizens.

(2) Japan's and JICA's Cooperation Policy and Operations in the Social Sector Resilience Enhancement and Human Capital Development

Japan's Country Development Cooperation Policy for the Hashemite Kingdom of Jordan (2023) sets "Enhancement of Regional Stability and Development of Industrial Infrastructure for Economic Growth" as its overall goal (Basic Policy of Assistance) and "Development of the Infrastructure for Sustainable Economic Growth" and "Promotion of Domestic and Regional Stabilization" as its medium goals (Priority Areas). The JICA Country Analysis Paper for the Hashemite Kingdom of Jordan (2024) also sets out as small goals (Development Issues) "the creation of a foundation for comprehensive and sustainable economic growth" and "the promotion of stability in the country". The Program is consistent with these policies and analyses. In addition, the Prior Actions set out in this Program are aligned with some of the JICA Global Agenda (JICA's 20 Strategies for Global Development Issues) including No. 8. Education (Approach 3: Improving education for leaving no one behind); No. 9. Social Security, Disability and Development (Approach 1: Social Insurance System, Approach 3: Employment and Working Environment); No. 11. Peacebuilding (Approach 2: Capacity Building of Local Governments, Building Resilient Societies, and Trust Building); No. 13. Public Finance and Financial System (Approach 1: Strengthening the National Fiscal Foundation); and No. 15. Digital for Development (Approach 1: Mainstreaming DX for effective ODA).

### (3) Other Donors' Activities

#### (1) World Bank

The World Bank has formed the Jordan Human Capital Program (300 million USD), a financial assistance for human capital with two pillars: to improve the governance and effectiveness of social sectors; and to promote resilience, including safeguarding households against climate shocks. The Board of Directors approved and disbursed the program at the end of June this year.

#### (2) IMF

The IMF approved the Extended Fund Facility (EFF) (providing support totaling 1,300 million USD for 4 years and ended in March 2024) in March 2020. They conducted the sixth review of the EFF in May 2023, and the completion of the sixth review was approved by the IMF Board on June 29, 2023. Furthermore, the Board approved a new EFF (1,200 million USD over 4 years) in January 2024, the first review was conducted in May 2024, and the IMF Board has already approved the first review on July 1, 2024.

#### (3) Other Donors

The OPEC Fund for International Development plans to co-finance 100 million USD to the World Bank's Jordan Human Capital Program.

## **3. Project Description**

### (1) Project Description

#### ① Project Objective

The objective of the Program is to contribute to the maintenance and strengthening of human capital and social sector resilience enhancement through financial assistance to the Government of Jordan, thereby contributing to the promotion of the social and economic stability and development of Jordan.

#### ② Project Components

The Program provides financial support in the form of co-financing to the Jordan Human Capital Program, which was established by the Government of Jordan and the World Bank under the two pillars: to improve the governance and effectiveness of social sectors and to promote resilience, including safeguarding households against climate shocks. The Program will also support the reform of related policies and

systems and their steady implementation. In addition to the five Prior Actions set by the World Bank for ensuring access to education and medical care in emergencies, JICA has set its original five Prior Actions regarding positive learning environment and implementation of surveys on mental health activities, etc. (see the annex). After it is confirmed that all of these actions have been achieved, the loan will be disbursed.

③ Project Beneficiaries (Target Group)

All citizens of Jordan (11.3 million people)

(2) Estimated Project Cost: 16,000 million JPY

(Amount of co-financing: 300 million USD by the World Bank)

(3) Program Implementation Schedule (Cooperation Period)

The confirmation of the achievement of Prior Actions (September 2024) and the disbursement of the loan (scheduled for December 2024) are considered the completion of the Program.

(4) Program Implementation Structure

1) Borrower: The Government of Jordan

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

The following ministries and agencies will be involved in the policy actions:

- Ministry of Education
- Ministry of Health
- Aqaba Special Economic Zone Authority
- Aqaba Development Company
- Ministry of Social Development
- Social Security Corporation
- National Aid Fund

(5) Collaboration and Sharing of Roles with Other Donors

1) Japan's Activity

JICA technical cooperation projects associated with JICA's own Prior Actions are as follows:

- The Project for Promoting Positive Learning Environment for All Children (2021 - 2025)
- Project for Updating ASEZ Master Plan (2022 - 2024)
- Enhancing Community Level Intervention in Mental Health and Psychosocial Support (MHPSS) for Children and Adolescent including

## Refugees (2024 - 2027)

Efforts by the above-mentioned line ministries and agencies to achieve each Policy Action and its target are expected to contribute to the proper supervision and the steady implementation of the above-mentioned JICA programs.

### 2) Other Donors' Activity

The Program is characterized as the co-financing with the Jordan Human Capital Program, the World Bank's financial assistance for human capital development. The monitoring of the progress and the outcomes of the policy actions will be implemented in close collaboration with the World Bank.

## (6) Environmental and Social Consideration

### 1) Environmental and Social Consideration

① Category: C

② Reason for Categorization: The Program involves a loan aimed at financial assistance and is likely to have minimal adverse impact on the environment under the JICA Guidelines for Environmental and Social Considerations, released in January 2022.

## (7) Cross-Sectoral Issues

### 1) Climate Change Measures

The Program may contribute to climate change adaptation if it addresses the impacts of climate change by creating a registry that identifies vulnerable households that are sensitive to climate change and by ensuring access to medical care and education in the event of natural disasters and other emergencies.

## (8) Gender Category: [N/A]: GI (Gender Mainstreaming Needs Assessment and Analysis Project)

<Reason for Categorization>

Although gender mainstreaming needs were confirmed in the appraisal process, the Program stopped short of including activities with specific indicators that would contribute to gender mainstreaming.

## (9) Other Important Issues: None in particular

## **4. Targeted Outcomes**

### (1) Quantitative Effects

#### 1) Outcomes (Operation and Effect Indicators)

The indicators, baselines (May 2024), and targets (end of December 2027) to measure effects in each policy area are as shown in the annex.



## (2) Qualitative Effects

Efforts will be made to promote the strengthening of Jordan's human capital and social sector resilience enhancement, ensuring the enhancement of fiscal robustness of the government and vitalization of economic activities, among others.

## (3) Internal Rate of Return

Not calculated because the Program is a program loan.

## **5. External Factors and Risk Control**

### (1) Preconditions

The loan shall be disbursed on the premise that there is no particular concern about the progress of the IMF EFF program from the perspective of assessing debt sustainability after the Prior Actions are confirmed to have been achieved and the L/A is signed.

### (2) External Factors:

None in particular

## **6. Lessons Learned from Past Projects**

The ex-post evaluation of the Business Environment, Employment and Fiscal Sustainability Reform Development Policy Loan, an ODA loan for Jordan (evaluated in 2022), etc., pointed out that only six of the ten policy action targets for Performance Indicators were achieved or almost achieved, and that the reason for this was that an appropriate monitoring system, including follow-up and status checks at MOPIC, for the achievement of targets for each policy action has not been established since the completion of the loan.

Based on the lesson described above, it has been agreed between JICA and MOPIC that the achievement of the targets of the policy actions will be monitored by JICA and MOPIC and by MOPIC and the relevant ministries and agencies at least once every six months after the completion of the Program until the end of 2027, by which all the targets are supposed to be achieved. MOPIC will compile information on the progress of all policy actions, including those set by the World Bank, from relevant ministries on a semi-annual basis and report to JICA.

## **7. Evaluation Results**

The Program is consistent with the development issues and policies of Jordan, as well as Japan's and JICA's cooperation policies and analyses. It will contribute to the maintenance and strengthening of human capital and social

sector resilience enhancement by providing budget support and to the improvement in the balance of payments and fiscal balance of Jordan. Also, the Program will likely contribute to SDGs 3 (Ensure healthy life and promote the well-being for all at all ages), SDGs 4 (Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all), SDGs 8 (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), and SDGs 11 (Make cities and human settlements inclusive, safe, resilient and sustainable). All these aspects suggest that it is highly relevant to support the implementation of the Program.

#### **8. Plan for Future Evaluation**

(1) Indicators to be Used

As indicated in Sections 4.

(2) Future Evaluation Schedule

Ex-post evaluation: Three years after the project completion

END

Annex:

Policy Matrix of the “Program Loan for the Resilience Enhancement for the Social Sector and Human Capital Development”

Annex:  
JICA's Policy Matrix of the "Program Loan for the Resilience Enhancement for the Social Sector and Human Capital Development"

Reform Area	Prior Actions (By the End of August 2024)	Performance Indicator	Base Line (May 2024)	Target (End 2027)	Authority in Charge	Remarks
Pillar 1: To improve the governance and effectiveness of social sectors	<b>PA 1 :</b> To improve the effectiveness of social services, the Borrower has formalized the conditions of practice and licensing requirements for caregivers and social workers, as evidenced by the Social Development Law. [*1]	Number of classified social work professions, with clear certification requirements.	0 [2024]	10 [2025]	MOSD	WB's PA (2)
	<b>PA 2:</b> Ministry of Health approves and effectuates Mental Health Investment Study.	The mental health admission unit established by MoH at one of the public hospitals in the north	No mental health admission unit	At least 1 unit established	MOH	JICA original PA
		Number of the centers at national level, which have specialized cadres trained on mental health and psychosocial issues by MOH.	225 centers	300 centers	MOH	
	<b>PA 3:</b> Ministry of Health conducts a mapping exercise on the existing activities/interventions on mental health for children and adolescents, including the support received from donors, INGO's and other local stakeholders.	Number of Jordan's Public Comprehensive Health Centers which have specialized mental health units for children and adolescents, and sufficiently provide necessary mental health services/consultations to this category of patients.	0	At least 1	MOH	JICA original PA
<b>PA 4:</b>	Positive Learning	Not	Approved.	MOE	JICA	

Reform Area	Prior Actions (By the End of August 2024)	Performance Indicator	Base Line (May 2024)	Target (End 2027)	Authority in Charge	Remarks
	Minister/Ministry of Education approves the draft of Standard Operating Procedures (SOP) for Field Directorate to disseminate Positive Learning Environment (PLE) activities. [*2]	Environment (PLE) Model approved by the Minister of Education.	approved.			original PA
		Positive Learning Environment (PLE) related activities' [*3] budget plan for FY2026 and beyond to implement a series of training programs/activities aligned with "Ranking System"[*4], approved by the ministry.	Not approved.	Approved.	MOE	
	<b>PA 5:</b> Ministry of Education approves the concept paper for the introduction of volunteerism which is one of the outcomes of PLE model, and crosscutting with national initiatives.	Number of volunteerism activities that have been taking place since July 2024 under PLE model, and national initiatives.	200	250	MOE	JICA original PA
	<b>PA 6:</b> The need for coordination framework among stakeholders, and alignment between the final report of ASEZ MP and the strategic plan of ASEZA is stipulated in the final report of the MP.	Launching of the new updated MP.	Old MP is effective	New updated MP is effective	ASEZA /ADC	JICA original PA
Pillar 2: To promote resilience, including safeguarding	<b>PA 7:</b> To improve access to healthcare in remote areas and in emergency situations,	Number of public hospitals in remote areas connected to the virtual telemedicine	0 [2024]	5 [2025]	MOH	WB's PA (6)

Reform Area	Prior Actions (By the End of August 2024)	Performance Indicator	Base Line (May 2024)	Target (End 2027)	Authority in Charge	Remarks
households against climate shocks	the Borrower has established the legal framework allowing public and private sectors to provide medical consultations and protect patient data via telemedicine as evidenced by Bylaw N° 51 of 2023.	command center.				
	<b>PA 8:</b> To enhance the resilience to shocks of the education system by ensuring teaching and learning continuity, the Borrower has mandated the use of e-learning in emergency situations, as evidenced by Regulation N° 19 of 2024.	Protocol developed/adopted to reach schools, teachers and students in case of an emergency	No protocol [2024]	Protocol developed and adopted [2025]	MOE	WB's PA (7)
	<b>PA 9:</b> To increase the number of young workers contributing to Social Security Corporation (SSC), the Board of the SSC has approved reducing contributions for youth under 30 years old for old age, disability, and death contributions in private sector small and medium enterprises, as evidenced by the Board of SSC Decision No. 48 of 2024. [*5]	Number of female labor force below 30 that are contributing to SSC  Number of male labor force below 30 that are contributing to SSC	11,000 [2022]  14,000 [2022]	13,000 [2025]  15,500 [2025]	SSC	WB's PA (8)
	<b>PA 10:</b> To strengthen the	Design/adoption of	No	Module designed	NAF	WB's

Reform Area	Prior Actions (By the End of August 2024)	Performance Indicator	Base Line (May 2024)	Target (End 2027)	Authority in Charge	Remarks
	responsiveness of the social safety system to natural disasters, primarily climate shocks, the Borrower has adopted provisions for cash and in-kind assistance to affected households, as evidenced by the Instructions for Urgent Financial Aid for Relief and Assistance to Poor and Needy Households exposed to Natural Disasters for the Year 2024.	the targeting module in the National Unified Registry to identify households affected by climate shocks	module	and adopted [2025]		PA (9)

The Policy Matrix has been formulated partly based on the human capital dialogue between the World Bank and the Government of Jordan.

[\*1] The improved quality of social services is expected to ease the burden on women, who are the primary caretakers of their families and children, and improve their employment opportunities.

[\*2] Positive Learning Environment (PLE) activities: They are promoted in the ongoing technical cooperation "The Project for Promoting Positive Learning Environment for All Children."

[\*3] "Positive Learning Environment related activities" includes the PLE and the special activities (tokkatsu)

[\*4] Ranking System: Jordan's job ranking system for teachers. The history of the training courses that have been officially approved by the Ministry of Education and registered in the ranking system are evaluated at the time of a teacher's promotion.

[\*5] Women are more likely than men to work in informal sectors and have a lower percentage of workers paying premiums to the Social Security Corporation than men (11,000 women, 14,000 men). It is expected that lowering the hurdles to participation in the country's social security system through the achievement of this PA will increase the ratio of women in regular work and strengthen social and economic protection against unemployment and occupational accidents.