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Report No: PAD4787

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$112 MILLION

TO THE

HASHEMITE KINGDOM OF JORDAN

FOR A

JORDAN SUPPORT TO PRIVATE SECTOR EMPLOYMENT AND SKILLS

December 6, 2021

Education Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Nov 30, 2021)

Currency Unit = Jordanian Dinars

US\$1 = JOD 0.709

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

AB	Audit Bureau
ALMPs	Active Labor Market Programs
AUP	Agreed Upon Procedure
BAU	Al-Balqa Applied University
BPO	Business Process Outsourcing
CFUWBES	COVID-19 Follow Up World Bank Enterprise Survey
CMMHH	COVID-19 MENA Monitor Household Survey
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
CTs	Cash Transfers
CV	Curriculum Vitae
DFIL	Disbursement and Financial Information Letter
ECT	Emergency Cash Transfer
E&S	Environmental and Social
EBRD	European Bank for Reconstruction and Development
ERP	Enterprise Resource Planning
ESF	Environmental and Social Framework
ESS	Environmental and Social Standard
FM	Financial Management
FY	Fiscal Year
GFMIS	Government Financial Management Information System
GIZ	German Corporation for International Cooperation (<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>)
GDP	Gross Domestic Product
GOJ	Government of Jordan
GM	Grievance Mechanism
GRS	Grievance Redress Service
HTU	Al Hussein Technical University
IFRS	International Financial Reporting Standards
ILO	International Labour Organisation
IT	Information Technology
JACPA	Jordanian Association of Certified Public Accountants
JOD	Jordanian Dinar
KfW	Credit Institute for Reconstruction (<i>Kreditanstalt für Wiederaufbau</i>)
LMIS	Labor Market Information System
LMP	Labor Management Procedure
MIS	Management Information System
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MGF	Mashreq Gender Facility

MODEE	Ministry of Digital Economy and Entrepreneurship
MOE	Ministry of Education
MOF	Ministry of Finance
MOL	Ministry of Labor
MOOC	Massive Open Online Course
MOPIC	Ministry of Planning and International Cooperation
NAF	National Aid Fund
NEP	National Employment Program
NUR	National Unified Registry
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
OTJT	On-the-Job Training
PDO	Project Development Objective
PLR	Performance and Learning Review
PMU	Project Management Unit
POM	Project Operations Manual
PPSD	Project Procurement Strategy for Development
PSES	Jordan Support to Private Sector Employment and Skills Project
Sajjil	National Employment Platform
SEP	Stakeholder Engagement Plan
SMS	Short Message Service
SSC	Social Security Corporation
SCs	Sector Skills Councils
STEP	Systematic Tracking of Exchanges in Procurement
ToR	Terms of Reference
TVET	Technical and Vocational Education and Training
TVSDC	Technical Vocational and Skills Development Commission
UNDP	United Nations Development Programme
VTC	Vocational Training Corporation
WA	Withdrawal Application
WBG	World Bank Group
YTJ	Youth, Technology, and Jobs



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name		
Jordan	Jordan Support to Private Sector Employment and Skills		
Project ID	Financing Instrument	Environmental and Social Risk Classification	Process
P177959	Investment Project Financing	Moderate	Urgent Need or Capacity Constraints (FCC)

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
17-Dec-2021	31-Dec-2023

Bank/IFC Collaboration

No

Proposed Development Objective(s)

To increase private sector employment post COVID-19 with emphasis on youth and women.

**Components**

Component Name	Cost (US\$, millions)
Component 1: Support to the National Employment Program	110.32
Component 2: Project Management and Monitoring and Evaluation	1.40

Organizations

Borrower:	Hashemite Kingdom of Jordan
Implementing Agency:	Ministry of Labor

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	112.00
Total Financing	112.00
of which IBRD/IDA	112.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	112.00
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Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2022	2023	2024
Annual	12.00	85.00	15.00
Cumulative	12.00	97.00	112.00

INSTITUTIONAL DATA

Practice Area (Lead)	Contributing Practice Areas
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Education

Finance, Competitiveness and Innovation, Social Protection & Jobs

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

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

COMPLIANCE**Policy**

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

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No



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

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

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

Legal Covenants

Sections and Description

1. Schedule 2, Section I, A, 4 : “Without limitation to the provisions of Article V of the General Conditions, and except as the Bank shall otherwise agree, the Borrower shall establish by not later than one (1) month following the Effective Date and thereafter maintain at all times throughout the implementation of the Project, a PMU, within the MOL, with composition, resources, terms of reference and functions acceptable to the Bank. The PMU shall be responsible for the day-to-day implementation of the Project including disbursement, support to procurement, monitoring and evaluation, reporting, and ensuring compliance with environmental and social obligations and arrangements under the Project, as further elaborated in the POM.”

Sections and Description

2. Schedule 2, Section I, A, 6: “The Borrower shall not later than six (6) months following the Effective Date and before Part 2 (a) (ii) of the Project can be carried out, undertake an IT assessment of the national employment platform (Sajjil) established for the purposes of providing job-matching services to registered jobseekers based on



private sector posted job opportunities. For the purposes of the Project, Eligible New Employees and Partnering Firms will need to register in the Sajjil."

Sections and Description

3. Schedule 2, Section I, C, 1: "The Borrower, through MOL, shall not later than two (2) months after the Effective Date adopt and thereafter maintain a Project Operations Manual (POM) under terms satisfactory to the Bank which shall include the rules, guidelines, standard documents and procedures for the carrying out of the Project."

Sections and Description

4. Schedule 2, Section I, E: "By no later than three (3) months after the Effective Date, the Borrower shall engage, and thereafter maintain, throughout the period of Project implementation Verification Agent(s) with qualifications and experience and under terms of reference acceptable to the Bank, to supervise the implementation of the verification scheme for the purpose of verifying the achievement of the results agreed upon in the Payment Agreements and the Grant Agreements and furnish a report to the PMU on the results of said verification of such scope and detail as the Bank shall request."

Conditions

Type Effectiveness	Financing source IBRD/IDA	Description Article IV, 4.01- "This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the Borrower has: (a) prepared and disclosed the Labor Management Plan (LMP) and Stakeholder Engagement Plan (SEP) under terms satisfactory to the Bank, and (b) entered into a Subsidiary Agreement with SSC in a manner satisfactory to the Bank."
Type Disbursement	Financing source IBRD/IDA	Description Schedule 2, Section II, B.1: "Notwithstanding the provisions of Part A above, no withdrawal shall be made: (a) for payments made prior to the Signature Date; or (b) For payments made under category (1) unless the Borrower shall obtain the Bank's prior review and approval of the first three (3) Employment and Training Grant Agreements made under Part 1 of the Project."



a. STRATEGIC CONTEXT

A. Country Context

1. **Jordan's economy appears to be slowly recovering from the COVID-19 crisis.** In the four years prior to the crisis, the Jordanian economy was growing at a low trajectory of around 2.0 percent – hampered by the impact of the Syrian crisis as well as domestic inefficiencies and high costs. The COVID-19 pandemic took a toll on the country's small and open economy with strong linkages with the rest of the world: Jordan's real gross domestic product (GDP) contracted by 1.6 percent in 2020. The COVID-19 pandemic added pressure on Jordan's finances, as domestic revenues declined sharply due to economic contraction. As a result, the central government's fiscal deficit (including grants) increased from 4.9 percent of GDP in 2019 to 7.3 percent in 2020. Jordan's real GDP has rebounded in the first two quarters of 2021, growing at 3.2 percent year-on-year in the second quarter (Q2).
2. **The modest level and low-productivity nature of economic growth pre-COVID-19 generated persistently high unemployment, which increased further during COVID-19, particularly among youth and women.** After the pandemic-induced jump in Q2-2020, the unemployment rate continued to increase and in Q4-2020 it reached 24.7 percent, 5.7 percentage points higher than in Q4-2019. And despite the economic rebound in the first two quarters of 2021, the unemployment rate remains at 24.8 percent. Women and youth, who already have structurally higher unemployment rates, were hit the hardest by the crisis. Female unemployment, which had been declining from 27.6 percent in Q4-2017 to 24.1 percent in Q4-2019, rose to 32.8 percent in Q4-2020. This was a much larger increase than for men, where it increased from 17.7 percent in Q4-2019 to 22.6 percent in Q4-2020. In addition, the female labor force participation rate is one of the lowest in the world at 14 percent. Youth unemployment jumped significantly from 40.6 percent in 2019 to an unprecedented 50 percent in Q4-2020. Finally, only two-thirds of all workers were in the private sector pre-COVID and about half of them were informal (not covered by social security).
3. **The persistently high levels of unemployment and informality are mainly driven by the limited capacity of the private sector to create more and better jobs.** The private sector generates far fewer jobs than the number of new entrants into the labor force, the public sector has not made up for the gap, and most jobs created tend to be low-productivity. The low level and quality of job creation in the private sector is mostly explained by firm dynamics: limited entry and growth of firms not driven by the most productive firms, while firms exiting are not always the least productive, all resulting in a productive structure dominated by small/micro, low-productivity firms employing half of private sector workers, including two thirds of informal workers.¹
4. **Unemployment is also explained by the mismatch between the skills that workers bring to the labor market and the skills that the private sector demands.** The Jordanian economy just does not generate enough jobs for college-educated workers, but even college diplomas do not always come with the right skills for the job. The education system does not equip youth with relevant skill for the labor market—it is instead driven by (a) the influx of secondary students streamed into specializations primarily based on the secondary school exam (*tawjihi*) results; and (b) choices that favor pathways resulting in public sector employment, particularly amongst females. Skills training opportunities for those already in the labor market are very limited.

¹ Hernan Winkler and Alvaro Gonzalez. 2019. *Jobs Diagnostic: Jordan*, Jobs Series Issue No. 18, World Bank Group.



5. **Female employment is dismally low in Jordan, owing to several constraints that are specific to women.**² Several barriers prevent women from entering and remaining in the labor market. One of the challenges disproportionately impacting women is transportation. Cost is a bigger factor for women compared to men as transportation costs make up a greater proportion of women's wages and they have more limited access to the use of private cars.³ There are also challenges with the availability, quality and safety of transportation options to work despite the fact that 80.5 percent of women believe public transport is the key for women's economic participation.⁴ Further, transportation challenges impact less educated women in Jordan more than those with higher education.⁵ Women face other restrictions ranging from societal expectations of the role of women, to employers who are reluctant to employ them, and in some cases to legal restrictions (and a lack of awareness and enforcement of rights and obligations) on the nature of work women can do. Participation rates fall for married women because of a combination of preferences and social norms around women's roles and responsibilities after getting married. Finally, as women become mothers, additional barriers to participation in the labor market emerge with further demands in terms of household chores and childrearing.

6. **Informal workers have been most affected by the COVID-19 crisis.** Informal workers, who accounted for more than half of the workforce pre-COVID-19, have been more impacted than formal sector workers, particularly during the initial lockdown. This is because informal workers were more concentrated in sectors that were more affected by the pandemic (e.g., services) and were not protected by Defense Order No.6, which prevented private companies from laying off formal sector workers and limited wage cuts to a maximum of 50 percent. Data from the COVID-19 MENA Monitor Household Survey (CMMHH), a nationally representative panel survey conducted among mobile phone users aged 18-64 years, show that informal workers were indeed most affected compared to other types of workers, both through layoffs and reduced pay (Table 1). Since informal workers were disproportionally concentrated in near-poor households before the pandemic, the pandemic pushed many of these households into poverty.

² World Bank Group. 2020. *Women's Economic Participation in Iraq, Lebanon and Jordan*.

³ M. Moghli, E. Jordan, E. MacIsaac. 2018. *Transporting Women into Employment: Challenges and Opportunities in the Jordanian Transportation Sector*, WUSC.

⁴ Friedrich Ebert Stiftung. 2018. *Gender in Public Transportation: A Perspective of Women Users of Public Transport*, SADAQA.

⁵ S. Kasoolu, R. Hausmann, T. O'Brien, M. Santos. October 2019. *Female Labor in Jordan: A Systematic Approach to the Exclusion Puzzle*, Harvard CID Faculty Working Paper No. 365.



Table 1: Labor market impacts of COVID-19 by employment type in March 2020
(Percentage of those employed pre-COVID reporting impacts in the previous 60 days)

By pre-COVID employment status	Temporary layoff/ suspension (without pay)	Permanent layoff/ suspension	Reduced hours	Reduced pay	Pay delay
Permanent formal private sector	5.7	15.1	14.1	10.9	15.8
Non-permanent formal private sector	14.1	20.6	20.4	18.5	28.6
Private sector informal	18.9	19.3	21.0	23.6	23.3
Public sector	3.2	2.3	18.6	4.7	4.4
Total	8.8	10.9	18.3	12.2	13.4

Source: CMMHH Jordan, 2021, as reported in Maho Hatayama, Yiruo Li, Theresa Osborne. October 2021. "Understanding and Predicting Job Losses due to COVID-19: Empirical Evidence from Middle Income Countries", World Bank.

7. **Formal private sector workers have also experienced layoffs and wage cuts.** Defense Orders No.6 and No.1 prevented private firms from laying off formal sector workers. However, many workers experienced significant wage cuts as their companies struggled with reduced activity, while others stopped receiving payment altogether as their companies ceased operations.⁶ Shortly after Defense Order No.6 was issued, around 3,700 firms applied to the Ministry of Labor (MOL) to reduce their workers' wages by 50 percent, affecting over 100,000 workers. A United Nations Development Programme (UNDP) and International Labour Organisation (ILO) survey of 1,190 enterprises conducted during the summer of 2020 showed that half of the enterprises could only pay wages for, at most, a month.⁷ The COVID-19 Follow-Up World Bank Enterprise Survey (CFUWBES) of 564 registered firms in Jordan conducted in July-August 2020 showed a 16.8 percent rate of permanent jobs loss and 5.1 percent of firms having permanently closed since the COVID-19 pandemic started. The same sample of firms experienced equally bad conditions by December 2020-January 2021, with an accumulated 23.3 percent rate of permanent job losses and 14.6 percent of firms having permanently closed since the beginning of the pandemic. With regard to female employment, by December 2020-January 2021, the share of females among permanent full-time workers had fallen by 7.8 percent.⁸

8. **Women-owned businesses have been particularly struggling.** Female entrepreneurship is limited in Jordan with only eight percent of firms having majority female ownership (Enterprise Survey 2019). The pandemic has added to the challenges female entrepreneurs already face. The UNDP-ILO survey shows that many women-owned enterprises, the majority of which are home-based, did not have savings or cash reserves to continue business beyond one month. A majority (63 percent) of the 150 businesses surveyed indicated that they could only pay salaries for less than a month, and 24 percent for 1 to 3 months. Several respondents noted that the relatively young age of the enterprises (average of businesses surveyed is under four years) and lack of business experience to deal with periods of uncertainty compounded this situation.

⁶ Employers who are unable to pay wages may request to suspend work in their establishments and stop paying wages. Requests to suspend work are submitted to a joint committee formed by each of the Ministers of Industry, Trade, Supply, and Labor. All financial and contractual obligations of the business owner remain in effect during the suspension period, excluding employees' wages.

⁷ Tewodros Aragie Kebede, Svein Erik Stave, Maha Kattaa, and Michaela Prokop. June 2020. "Impact of the COVID-19 pandemic on enterprises in Jordan", ILO-UNDP.

⁸ <https://www.enterprisesurveys.org/>



9. **The impacts of the COVID-19 outbreak are compounded by Jordan's high vulnerability to climate change, which will increase going forward.** It is critical to increase the country's resilience to climate change to mitigate health, economic, and social impacts. Over 80 percent of the country is unpopulated due to desert conditions, where annual precipitation is under 50 millimeters. Aridity and water scarcity render Jordan environmentally sensitive to climate change. Climate-related hazards in Jordan include droughts, extreme temperature, and flash floods. These hazards are becoming more intense and frequent due to climate change, posing serious constraints on development. Poor and vulnerable households, particularly those with children, youth, and women, are highly vulnerable to climate-related shocks, as they tend to live in low-quality housing in more exposed areas, are more vulnerable to changes in food and water prices caused by climate-related shocks, are economically dependent, and have limited access to safety nets. This leads to several add-on vulnerabilities, including a potential lack of access to food, healthcare, and education. Children, youth, and women (particularly pregnant and lactating women) are vulnerable to inadequate access to food resulting from climate-related crises. Inadequate access to healthcare can exacerbate health conditions, especially chronic ones, which could prove critical for future crises. In contrast, lack of access to education results in reduced future economic opportunities and economic resilience.

10. **In view of the negative trends in labor market indicators in Jordan -- in particular, the unprecedented high youth unemployment rates -- the Government is launching a high priority employment program that will be supported by this Project on an emergency basis.** Given Jordan's role as an island of stability in the Middle East, and its provision of regional/global public goods in hosting refugees and promoting cross-border cooperation and trade, it is important to counteract potential mounting domestic pressures resulting from disgruntled youth. In addition, the Project would significantly strengthen Jordan's ability to promote private sector employment, thereby providing a path towards economic growth accompanied with job creation.

B. Sectoral and Institutional Context

11. **In response to the COVID-19 pandemic, the Government of Jordan (GOJ) provided cash support to households of informal workers who became poor as a result of the pandemic.** The GOJ launched *Takaful* 2 in the first half of 2020, providing 3 months of emergency cash transfers (CTs) to 237,000 households relying on informal income and who had become poor as a result of the COVID-19 pandemic. In December 2020, the GOJ launched *Takaful* 3, providing emergency CTs to 160,000 households over 12 months. Additionally, the GOJ also supported 155,000 households in 2020 and 186,000 households in 2021 through the regular CT programs implemented by the National Aid Fund (NAF): 101,000 from the regular monthly CT program and the rest from *Takaful* 1 (54,000 and 85,000 beneficiaries in 2020 and 2021, respectively). *Takaful* 1, 2 and 3 have been supported by the World Bank-financed Emergency Cash Transfer COVID-19 Response Project (ECT project).

12. **The GOJ also introduced various programs and initiatives to support (mostly) formal workers.** The Social Security Corporation (SSC) introduced temporary wage subsidies in the Spring of 2020, financed by unemployment insurance funds, for workers who had been put on temporary leave by firms that had partially or entirely discontinued operations, including informal workers—provided their employers retain them and make a one-time payment of JOD 140 (equivalent to about US\$197) and a monthly contribution to their benefits of JOD 50 (equivalent to about US\$70). Altogether, about 121,000 workers benefited from various schemes, including 14,000 informal workers. In addition, 136,000 self-employed workers who were registered with the SSC and experienced reduced income were able to withdraw a limited amount from their retirement benefits. In response to the deteriorating situation, a new program, *Istidama*, was launched in December 2020, providing wage



subsidies over 13 months (now extended until June 2022) to 100,000 formal workers in firms severely affected by the pandemic, and thus at risk of closing down and laying off workers. *Istidama* is being supported by the ECT project. World Bank estimates suggest wage subsidies implemented through December 2020-January 2021 managed to reduce job losses.⁹

13. **Most of the private sector is just starting to come out of the crisis, but it is still not creating jobs.** The rebound in GDP growth in Q2-2021 is broad-based but mainly led by the services sector (transport & communications, finance & insurance) followed by the industrial sector (manufacturing). Although the rebound is lower than expected, the World Bank still projects a GDP growth of 2.2 percent for 2021, which would take the economy back to its pre-COVID-19 level. Despite the increased economic activity and sales, the potential increase in labor demand is not translating into more hiring, particularly permanent jobs. One reason is that the increase in sales does not make up for the severe losses experienced during the COVID-19 pandemic, losses that led to the destruction of jobs in the first place.¹⁰ Hence, firms do not have enough revenue to hire, and access to finance is still limited. In addition, uncertainty about the continuity of the rebound also makes firms reluctant to hire. Resource constraints and uncertainties are making firms even more selective about who they hire than before COVID-19: the skills mismatch is becoming more binding, and firms are putting even more premium on experience, which is putting youth and women at a disadvantage. In the meantime, most workers who lost their jobs during the COVID-19 pandemic are still unable to find employment, have little or no protection nor opportunities for upskilling, and are beginning to ‘scar’ (in the sense that the protracted unemployment period reduces their skills and their readiness for employment).

14. **In response to this challenge, the GOJ is launching the National Employment Program (NEP), which will be supported by the proposed Project.** The goal is to help the private sector create sustainable jobs post COVID-19, at a time when many firms are recovering but reluctant to hire and unemployment is at its peak, particularly among youth and women. In particular, the NEP aims to (a) help firms realize the potential demand for labor by providing temporary financing to help them hire and upskill workers, especially youth and women; and (b) connect jobseekers to these job opportunities. The GOJ is putting 80 million JOD (US\$112 million) into the 2022 budget for NEP, which will be fully financed by the proposed Project. The support will focus on wage employment in the private sector and benefit about 63,300 jobseekers. A distinctive feature of NEP and the proposed Project relative to previous initiatives is that support is demand-driven. Although, like *Istidama*, NEP provides wage subsidies, the purpose is to help firms hire workers, as opposed to *Istidama*, where it is to help firms keep their workforce and remain in business. Both programs are complementary as, together, they help private firms cope with and recover from COVID-19 in terms of employment.

15. **NEP has a strong focus on upskilling at a time when Jordan’s education and training system is not equipping workers with sufficiently relevant skills for the labor market.** Skills mismatches are most prevalent in Technical and Vocational Education and Training (TVET), which is undervalued and fragmented. TVET institutions are managed by a number of government agencies including: (a) the Ministry of Education (MOE), offering a formal vocational education stream at the secondary school level for grades 11 and 12; (b) the Vocational Training Corporation (VTC), a semi-autonomous entity that operates under the supervision of the Ministry of Labor and offers vocational training and apprenticeship programs at its 42 centers at the skilled, semi-skilled and craftsman

⁹ Maho Hatayama, Yiruo Li, Theresa Osborne. October 2021. “Understanding and Predicting Job Losses due to COVID-19: Empirical Evidence from Middle Income Countries”, World Bank.

¹⁰ For every 1 percent decline in sales, firms reduced their permanent workforce by approximately 0.4 percent (Hatayama et al. 2021).



levels for students from the age of 16 years; and (c) Al-Balqa Applied University (BAU), an umbrella entity supervising 30 private and public community colleges in Jordan offering 2-year diploma programs in a range of technical and vocational fields (technician level). In addition to transitioning to the labor market, diploma holders also qualify for entry into bachelor's programs. Although there are also private providers that offer vocational training, this offering is limited and not all providers are necessarily accredited.

16. Despite Government efforts, demand for TVET remains low, although some private-led initiatives are starting to change that. For instance, only 13 percent of secondary students opt for the vocational stream due to the popularity of the academic stream. As for technical education, enrolment in BAU colleges has dropped noticeably over recent years, declining sharply from 11,895 students in 2007 to 7,650 in 2017. Academic university education has long been the preference of Jordanian students over technical education. Outdated curricula, poor infrastructure, limited practical training/work-based learning as well as the lack of private sector involvement in developing and implementing vocational education programs have made TVET an unpopular education option for Jordanian youth. However, there are also some successful private-led initiatives that can spearhead reform in the sector, offering practical and applied educational experiences that ease the school-to-work transition and increase employability of graduates.

17. The TVET sector is uniquely positioned to contribute to climate resilience, but its potential in Jordan remains untapped. Actual work on climate change adaptation and mitigation is often performed by people with TVET training who implement “on the ground” climate policies, plans, and climate risk mitigation efforts. In Jordan, the water sector is considered one of the most significant sectors capable of creating sustainable jobs and job opportunities, e.g., through wastewater purification projects, Red Sea water desalination, and groundwater treatment. Hydroponics, a type of horticulture that can be characterized by efficient water conservation in irrigation, has not yet become a popular form of horticulture in Jordan for a variety of reasons, including lack of proper training for farmers working in the sector as well as the need to train youth who studied relevant disciplines (such as agricultural engineering, water and environmental sciences) in these new agricultural techniques. The NEP can, therefore, provide an opportunity for fostering a core workforce in “green jobs” in Jordan, including jobs in energy efficiency in buildings and technologies, water efficiency, waste minimization and management, wastewater management, renewable energy generation, and sustainable transportation. In order to do so, the planned awareness campaign that will accompany the launch of the NEP will highlight such sectors and green jobs.

18. As part of the ongoing reform efforts, the GOJ established the Technical Vocational and Skills Development Commission (TVSDC) in 2019, which will have a role in the proposed Project. In addition, Sector Skills Councils (SCs) were established in Jordan in partnership with public and private sectors and with the support of various development partners, namely the ILO, the European Bank for Reconstruction and Development (EBRD), and the German Corporation for International Cooperation (GIZ). These partners have supported the development of Terms of Reference for these councils, which are expected to: (a) develop, manage and maintain an effective labor market information system (LMIS) for the relevant sectors; (b) improve the matching of supply and demand for skilled workers in the labor market; (c) advocate for and contribute to improvements in the TVET sector; and (d) monitor and evaluate the progress and results of training provision and productive employment of skilled workers. The proposed Project will support the institutionalization of the TVSDC structure by (a) giving TVSDC a prominent role in the quality assurance of training supported under NEP and (b) working with SCs to help companies put together proposals for NEP support and even aggregate them, as well as to develop the occupational standards for training.



19. **The proposed Project will complement the Youth, Technology, and Jobs (YTJ) project, as well as other projects aimed at supporting women's labor force participation.** The World Bank-funded YTJ project aims to improve digital skills and to increase digital job opportunities in Jordan. The project builds an impetus for private sector-led growth of the digital economy by (a) deepening the pool of quality digital skills and (b) leveraging the government's ambitious agenda of digitizing government services to create a demand for digital services and jobs. YTJ's structure involves two main components that aim to address the opportunities and constraints in both the supply and demand side of digitally-skilled labor in Jordan: (a) strengthening and increasing the supply of digitally-skilled youth in Jordan and (b) boosting the growth of the digital economy and digital government services in Jordan that will enable job and income opportunities. The YTJ project complements the proposed Project in several ways, including by supporting (a) the development of private sector-led skills training ecosystem (for digital skills); (b) the TVSDC infrastructure; and (c) a focus on supporting job opportunities for youth and women. The YTJ project also identifies the ICT sector as a strategic sector for skills-building and employment of women. It encourages women entrepreneurs in the digital space. The technology hubs are required to have female-friendly policies and incentives for women and girls to participate in training activities and courses (transport, timing, childcare), which can help inform the implementation of female-friendly training approaches. The project also seeks to increase the use of digital platforms for childcare, maintenance and home improvement, personal technology support, and other services. Other Bank projects -- Economic Opportunities for Jordanians and Syrian Refugees; Mashreq Gender Facility -- provide support to the GOJ to improve the availability, quality, and safety of public transportation, as well as to streamline the regulation and availability of nurseries, including through home-based businesses.

20. **The NEP will need to be complemented by structural reforms to help the private sector create more and better jobs.** The NEP is trying to address the specific constraints that recovering private sector firms are currently facing to hire workers, and it aims to help create sustainable jobs. However, other than through upskilling, NEP is not addressing the structural challenges underlying the persistently high levels of unemployment and informality in Jordan. As noted earlier, the latter are mainly driven by the limited capacity of the private sector to create more and better jobs. This is the result of Jordan's productive structure, which is dominated by small/micro, low-productivity firms. The main way to change that productive structure to generate more and better jobs is by increasing market contestability. This requires increasing competition and easing doing business, as well as reducing the presence and interference of the state in the economy. The GOJ has made significant progress on these policy areas, as indicated in the Jordan Policy Reform Matrix 2018-2022, including reforms to reduce business costs and increase investment and exports, access to finance, labor market flexibility, and public sector efficiency. These efforts need to be expanded and accelerated.

C. Relevance to Higher Level Objectives

21. **The proposed Project has three key higher-level objectives:**

- (a) *Increasing private sector formal employment:* Most of the private sector is just starting to come out of the crisis, but it is still not creating jobs. The increase in sales does not make up for the severe losses incurred during the COVID-19 pandemic, access to finance is still limited, and uncertainty about the future abounds, making firms reluctant to hire, particularly if workers do not have the right skills. Thus, supporting firms at this stage through temporary financing and upskilling of workers will help firms realize the potential demand for labor, strengthening their recovery and thus making the jobs created through the project more sustainable.



- (b) *Improving skills training*: Most on-the-job training is currently unstructured and generates little skills transfer, while classroom training is often of little market value. By making companies partner with training providers and requiring all training to be accredited, the proposed project will ensure that skills training is fully aligned with needs and is competency-based, raising the productivity of the new hires and thereby improving job retention.
- (c) *Reducing youth and female unemployment*: at 50 and 32.8 percent, respectively, youth and female unemployment are the highest that they have ever been in Jordan. This is not only a huge productive loss for Jordan, but it is also fueling frustration and running the risk of creating a 'lost generation'. Youth are increasingly becoming more educated, but the Jordanian economy does not generate enough high skill jobs. In the current environment, firms are putting an even higher premium on experience to hire, making youth particularly vulnerable. As previously discussed, women face specific barriers to access, remain, and come back to employment. Through awareness, targeting and other project design features, the proposed Project aims to reduce unemployment especially among youth and women.

22. **These objectives are fully aligned with the strategic objectives of the World Bank Group (WBG) at the global, regional, and country levels.** By supporting private sector employment among unemployed youth, the Project contributes to the WBG's twin goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner. The Project also contributes to the implementation of the WBG Middle East and North Africa enlarged strategy, particularly supporting jobs and transformation, and strengthening human capital. It is also in line with the WBG Gender Strategy (Fiscal Years [FY] 2016-23) pillar on increasing economic opportunities for women, Jordan's Women's Economic Empowerment Action Plan, and Jordan's National Women Strategy (2020-2025). Project activities are mainly aligned with the recovery pillar of the WBG COVID-19 Crisis Approach Paper (June 2020), i.e., ensuring sustainable business growth and job creation. The proposed Project also supports Pillar 1 of Jordan's Country Partnership Framework (CPF) for FY17-22: "Fostering the conditions for stronger private-sector-led growth and better employment opportunities for all", as well as the new Pillar 3: "COVID-19 pandemic—supporting an effective response and resilient recovery".

b. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

23. The Project Development Objective (PDO) is to increase private sector employment post COVID-19 with emphasis on youth and women.

PDO Level Indicators

24. The PDO will be measured by the following indicator: Share of jobseekers supported by the Project who continue to be employed 6 months after the support period ends, by gender, NAF beneficiary status, and age group 18-24 years old. The support period includes 6 months of financial support plus an additional 6 months during which awarded companies commit to employing supported jobseekers. The target for the PDO indicator is 75 percent.



B. Project Components

25. **The proposed Project will support the GOJ's NEP.** It will finance support to selected jobseekers and firms to help increase formal wage employment in the private sector. In the future, the NEP will form an umbrella for employment support, including for support to self-employment through home-based businesses and online freelancing, etc.

26. **The proposed Project will be demand-driven and include a combination of temporary wage subsidies and support to skills training.** Target jobseekers will select the supported job opportunities they would like to be considered for, and these opportunities will be determined by the companies that are awarded financial support under the Project. Interested companies will be able to choose between two windows of support: (a) on-the-job training with wage subsidies (subcomponent 1.1) and (b) classroom training (with stipends) and on-the-job training with wage subsidies (subcomponent 1.2). Skills training will be in the form of structured on-the-job training (OTJT), with or without in-class technical/vocational training prior to commencing employment. The training will be provided by both private and public entities.

27. **The target population of jobseekers will include jobseekers between the ages of 18 and 40 years who are assessed to be most in need of employment support.** The target population will include some priority groups, including women and selected *Takaful* beneficiaries (close to the poverty line). Firms from all sectors will be eligible for support, although firms in sectors with the highest growth potential, sectors employing women disproportionately (e.g., business process outsourcing [BPO], food processing), and firms located in disadvantaged areas will be particularly encouraged to apply through targeted communication.

28. **Interested jobseekers and firms will need to register in the national employment platform (*Sajjil*) to be considered for support.** *Sajjil* is a digital platform that provides job-matching services to registered jobseekers based on job opportunities posted by private companies. *Sajjil* is being enhanced to support the implementation of NEP. It will be used to process the selection of supported job opportunities as well as the matching of these opportunities to jobseekers (see details under the implementation arrangements section).

29. **Given the limited number and training capacity of quality local private training providers relative to the training needs under NEP, MOL will mediate between the demand for and supply of training.** First, in an effort to increase the supply of quality providers, MOL will make an open-ended call for expressions of interest from accredited local and regional training providers to be considered for NEP. A list of pre-qualified providers will be developed based on objective criteria and TVSDC expert advice and posted in *Sajjil*. Second, companies will need to select a provider from this list. Third, in reviewing proposals, MOL will try to respect the firm's preferences but also look at other objective considerations, such as the available training capacity of providers at the time the proposal is reviewed. Fourth, companies can either accept or reject the provider offered by MOL. Finally, if the firm accepts the offer, a grant agreement will be signed with MOL and the company will be responsible for contracting the training provider. The NEP will contribute financially to the cost of the training according to the limits set by the program.

30. **All registered job seekers will be directed through *Sajjil* to complete key personal development online courses to be considered for NEP support.** These courses include, for example, communication skills, CV writing and interviewing, and emotional intelligence, and are designed to help jobseekers with job search and job performance. Jobseekers will be referred to available Massive Open Online Courses (MOOCs) on different



platforms. Jobseekers in the target population will only be informed about supported job opportunities if they have taken the required online courses. Following the completion of the online courses and upon signing the contract, all selected jobseekers will attend a 1–2-week face-to-face training in soft skills and safety measures. This training will be part of the training package under subcomponents 1.1 and 1.2.

Component 1: Support to the National Employment Program (US\$110.3 million)

31. **Sub-component 1.1: On-the-job training (estimated US\$106.9 million).** This subcomponent will finance on-the-job training (OTJT), wage subsidies, social security contributions, and transportation allowances for workers hired by awarded companies under the Project. The duration of OTJT will depend on needs but it will range from 1-3 months (including the 1-2 weeks of soft skills training mentioned above). The Project's financial contribution to OTJT will be JOD 50-80 per worker per month, depending on the sector of employment, profession, as well as the number of employees being trained in a firm (to take account of economies of scale). Wage subsidies, social security contributions, and transportation allowances will be set at JOD 150 per worker per month and will extend for 6 months. The wage subsidy will cover about 50 percent of the minimum wage (JOD 130) plus social security contribution on that amount (JOD 10), while a JOD 10 transportation allowance will be given to each worker, each month. This is expected to benefit women mainly, as transportation is an important impediment to their employment. The remaining amounts for training costs and wages will be covered by the companies. Workers must be registered with the SSC by the companies and the total wage paid by firms must be at least equal to the minimum wage (JOD 260). Although financial support is only provided for 6 months, companies must issue contracts to workers for at least 12 months, i.e., firms must commit ex-ante to keeping workers for at least 6 months after the support period ends (although this does not abrogate the employers' and employees' rights for terminating employment as stipulated under Jordanian law). Workers will be trained on site at the awarded firms according to the programs developed by the training providers selected by those firms, which must be accredited by the TVSDC. It is expected this sub-component will benefit about 62,000 workers.

32. **Sub-component 1.2: Classroom training (estimated US\$3.4 million).** This component will finance up to 3 months of classroom training (with a minimum of 1 month) and stipends for trainees, followed by 1-3 months of OTJT and wage subsidies. The total period of stipends and wage subsidies support will be 6 months. The Project will cover training costs up to a maximum of JOD 133 per worker per month for vocational training and JOD 233 for the technical training. The stipend for trainees will be JOD 70 per person per month, which can be used toward transportation costs. OTJT and wage subsidy parameters are the same as under subcomponent 1.1 except for a shorter maximum duration of 3 months for OTJT. Awarded firms must also issue contracts with workers from the time they join as trainees for 12 months. The same rules described for training under sub-component 1.1 apply here. It is expected this sub-component will benefit about 1,600 workers (additional to the beneficiaries under sub-component 1.1). It is further expected that this sub-component will appeal to private sector firms that require relatively specialized skills training in specific higher skilled sectors.

33. **Component 2: Project Management, Monitoring, and Evaluation (estimated US\$1.4 million).** This component will support MOL with the management, monitoring and evaluation (M&E) of project activities. It will finance a fully staffed and equipped Project Management Unit (PMU) under MOL. The PMU will be responsible for fiduciary oversight of the project, the daily management of project activities, M&E of project interventions against results indicators, as well as internal coordination within the GOJ, including with the Ministry of Planning and International Cooperation (MOPIC), SSC and TVSDC. This component will finance the costs of: (a) staffing (non-civil servant staff only, see implementation arrangements section for details); (b) other project operating costs;



(c) data collection and analysis for the purpose of periodic reporting on the Project's implementation progress as well as the evaluation of the Project; (d) beneficiary surveys targeting both jobseekers and hiring firms; (e) audit costs, including independent verification of payments to awarded companies as well as monitoring and compliance with Environmental and Social Framework (ESF) instruments; (f) communication and outreach; and (g) required upgrades to and maintenance of *Sajjil* and Grievance and Redress Mechanisms. The beneficiary surveys will be conducted on a quarterly basis, inquiring about the jobseekers' and firms' opinion of provided support as well as the process for receiving it. These surveys will serve to make any necessary adjustments to the NEP's benefits provided as well as to its processes and procedures.

34. **This component also includes an impact evaluation of the Project, which is critical to improving the design of future employment support programs.** The impact evaluation design will encompass two treatment groups -- jobseekers who receive only on the job training support (sub-component 1.1) and jobseekers who receive on the job training combined with classroom training (sub-component 1.2) -- and one control group (jobseekers who do not receive any support but have similar characteristics to beneficiaries). The main outcome of the evaluation is the formal employment rate of each group 6 months after the support ends. The evaluation will apply the propensity score matching techniques to the data from *Sajjil*, which includes information on all job seekers and is connected to the National Unified Registry (NUR), enabling the tracing of individuals' employment status after the support ends.

C. Project Beneficiaries

35. **The primary beneficiaries of the Project are unemployed Jordanians between the ages of 18 and 40 years who are most in need of employment support.** The unemployment status will be verified against SSC records. The assessment of needs will be based on a statistical profiling tool built in *Sajjil* that uses the information provided by jobseekers to categorize them into three groups, according to their readiness for the labor market: (a) "market ready;" (b) "near market ready;" and (c) "hard to place." Jobseekers must be classified as either "near market ready" or "hard to place" to be considered for support under NEP. Their profile can also be changed to "near market ready" if they have been originally identified as "market ready" but cannot find employment after three months. All Jordanian jobseekers who meet the age, unemployment, and needs filters are eligible for support under NEP, regardless of where they live and their education levels. Women, NAF beneficiaries, and youth aged 18-24 years will be encouraged to seek support. Women are under-represented in the labor force and the formal private sector (only 29 percent of workers are women), and boosting female employment is a GOJ priority. Eligible NAF beneficiaries living in households close to the poverty line will be targeted for employment support to help them move out of poverty through the labor market, in alignment with the GOJ's Economic Empowerment Strategy.

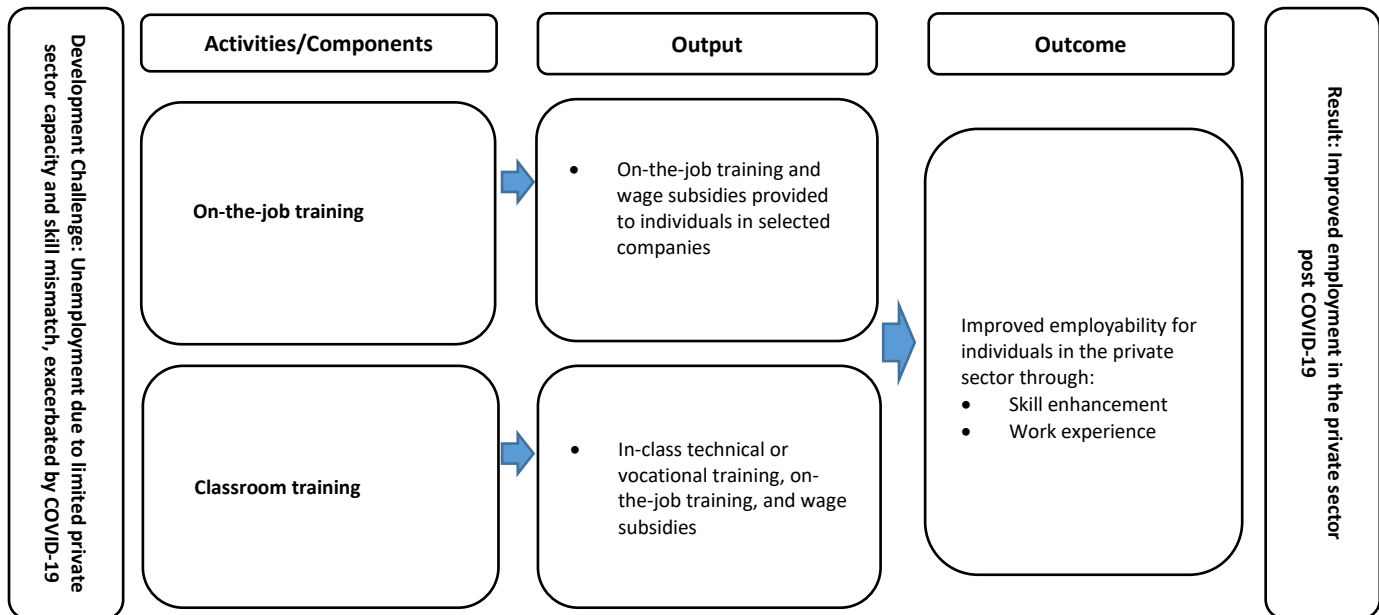
36. **The Project is expected to benefit about 63,600 jobseekers in total.** The estimated breakdown of beneficiaries by employment support window is as follows: about 62,000 jobseekers will benefit from on-the-job training and wage subsidies (sub-component 1.1); and about 1,600 jobseekers will benefit from a combination of on-the-job training and in-class vocational/technical skills training and wage subsidies. The Project is aiming to have at least 35 percent of beneficiaries be females, 7 percent be NAF beneficiaries, and 50 percent youth aged 18-24 years old.

37. **The private sector will also be a beneficiary.** In the short term, the Project supports firms to realize their demand for workers and strengthen their recovery from the COVID-19 crisis. In the medium and long term, it will



increase the availability of a larger and better pool of skilled workers due to the training programs offered as part of the subsidized package. Companies need to be legally licensed and registered in SSC to be considered for support and there will be no restrictions on the age of the company. Firms from all sectors and geographic locations are eligible to apply for support. However, companies in disadvantaged regions and sectors employing women disproportionately will be encouraged to seek support, as well as women-owned/led businesses.

D. Results Chain



38. **The Project will contribute to increasing female employment in the private sector.** The female labor force participation rate in Jordan is among the lowest in the world (14 percent). The female unemployment rate is 10 percentage points higher than for men (32.8 percent versus 22.6 percent). There are several constraints to female employment in Jordan, ranging from social norms, disproportionate time spent on domestic responsibilities and care of children, transport challenges, unfavorable workplace policies and conditions, lack of childcare, and a mismatch between women's education and skills as compared with skills needed by employers. This Project will contribute to increasing female employment in the private sector by providing temporary subsidies to and upskilling new hires. The Project is targeting a minimum of 35 percent women beneficiaries, which is higher than the current proportion of female employees in the private sector (29 percent). To achieve this target, the Project has been designed to address several of the constraints keeping women out of the workforce: (a) the NEP communications campaign will specifically target women and sectors employing women; (b) transportation subsidies will be provided; and (c) companies supported under the Project must comply with all labor regulations and standards (subject to labor inspections), including (i) the requirement to provide childcare (on or off premises) in firms with workers who have a total of 15 or more children below age 5 years; (ii) ensuring a gender-sensitive and safe work environment; and (iii) providing flexwork arrangements where applicable. A Grievance Mechanism (GM) will be established to ensure, among other things, that women feel safe and supported throughout their employment. In addition, the GOJ is working to expand the NEP to provide support to



self-employment through home-based businesses and online freelancing, which will disproportionately benefit women.

E. Rationale for Bank Involvement and Role of Partners

39. **The World Bank is uniquely positioned to support the NEP and respond to the youth unemployment crisis in Jordan.** Through ongoing operations, the World Bank has worked with the GOJ to address both demand- and supply-side constraints to unemployment, working with a range of intermediary institutions, including the SSC, NAF, TVSDCs, as well as the SCs, in addition to the key line ministries.

40. **The proposed Project is fully aligned with Pillar 1 of Jordan's CPF: Fostering the conditions for stronger private-sector-led growth and better employment opportunities for all.** By supporting sustainable job opportunities in the private sector through demand-driven skills training, the Project directly support objective 1.1—improve economic opportunities, and objective 1.3—facilitate access to finance and skills development.

41. **The Project also supports the new Pillar 3 of the CPF: COVID-19 pandemic—supporting an effective response and resilient recovery.** In the current situation where firms have not yet recovered from the severe losses incurred during COVID-19, access to finance is still limited, and uncertainty about the future abounds, this operation is helping firms realize the potential demand for labor and strengthen their recovery. By targeting youth and providing support to enable them to access job opportunities, the proposed Project will also contribute to lowering youth unemployment.

42. **The Project is aligned with the WBG corporate focus on gender.** Through the focus on women's employment, the Project is specifically addressing the WBG Gender Strategy priority area "Removing Constraints for More & Better Jobs." It is also aligned with the MENA Regional Gender Action Plan that specifically identifies Women's Economic Opportunities as one of the main pillars where the World Bank is well placed to support countries in the region. Close coordination with the Mashreq Gender Facility will contribute to informing and supporting Project activities with targeted technical assistance.

43. **The NEP has been developed with support from the World Bank.** This support builds on analytical and operational expertise in the country as well as globally on how to support private sector employment during recovery and how to connect youth to job opportunities in the private sector. Also, the NEP will be mostly delivered through the national employment platform (*Sajjil*), which has been developed and is being upgraded to support the implementation of NEP with technical assistance from the World Bank.

44. **The NEP has been developed in consultation with other key development partners providing complementary employment support.** These partners include ILO and GIZ. ILO support includes cash for work, employment services through regional employment offices, and formalization of informal jobs. GIZ has been mainly supporting skills training. Both ILO and GIZ have been actively supporting the institutionalization of the TVSDC.



F. Lessons Learned and Reflected in the Project Design

45. **Temporary subsidies can help youth gain work experience and, in the process, build their skills and improve their employability.**¹¹ The international evidence shows that wage subsidies do not create jobs but can help first-time job seekers, or those who have gone through long periods of unemployment or inactivity, gain work experience and, in the process, build their skills and improve their employability. If these “learning” effects are large enough, the social benefits of wage subsidies can outweigh their cost. Thus, the main rationale for wage subsidies is to give job opportunities to workers who would otherwise remain unemployed or take jobs that do not exploit their potential productivity. Wage subsidies, in this case, have the potential to increase workers’ employability through “learning by doing” and by training opportunities associated with having a job. Workers could acquire both “hard” (occupational) skills and “soft” skills, such as motivation and appropriate workplace behavior. These dynamic effects can cause a temporary subsidy to have a permanent effect on workers’ productivity. The evidence also points to the augmenting learning effect of wage subsidies when combined with demand-driven skills training. Finally, wage subsidies can be particularly effective when companies are struggling to recover from a shock. The literature also points to the need to ensure firms do not just replace existing workers with new “subsidized” workers.

46. **Well-designed skills training can help improve the employability of youth and women.** Meta evaluations of active labor market programs on employment and youth employment, in particular, show modest results overall but impacts are larger and more sustainable when programs combine skills training with subsidized private sector employment¹² (see also Box 1 on OTJT and its four building blocks). Skills training programs tend to have small impacts on employment. Training appears to be only beneficial when content is driven by firm needs and is competency-based. Related to this, the effects of training are significantly larger when training is offered by private providers and there is competition.¹³ In addition, programs that combine classroom training and on-the-job training produce better results, as do training programs that combine technical skills and socio-emotional skills.¹⁴ The literature also shows that good targeting and profiling matter, with skills programs (with or without wage subsidies) only having an impact among jobseekers for whom skills training makes a difference in terms of their employability -- i.e., jobseekers who are not market ready because they have a skills deficit that can be addressed through short-term training. High quality skills training and employment placement programs have been shown to have durable results for women,¹⁵ as have programs that nudge women to more profitable

¹¹ For a review of the evidence in developed and developing countries, see, for example, Rita Almeida, Larry Orr and David Robalino. 2014. “Wage subsidies in developing countries as a tool to build human capital: design and implementation issues,” IZA Journal of Labor Policy volume 3.

¹² See, for example, David Card, Jochen Kluve, and Andrea Weber. 2017. “A Meta- Analysis of Recent Active Labor Market Program Evaluations,” National Bureau of Economic Research (NBER) Working Paper.

¹³ David McKenzie, Rita Almeida, and Levent Yener. 2013. *Turkey: Evaluating the impact of vocational training provided by ISKUR*, World Bank.

¹⁴ Marguerite Clarke, Meghna Sharma, and Pradyumna Bhattacharjee. 2021. *Review of the Evidence on Short-Term Education and Skills Training Programs for Out-of-School Youth with a Focus on the Use of Incentives*, World Bank.

¹⁵ Shubha Chakravarty, Mattias Lundberg, Plamen Nikolov, and Juliane Zenker. 2016. *The Role of Training Programs for Youth Employment in Nepal: Impact Evaluation Report on the Employment Fund*, Policy Research Working Paper 7656, World Bank.



sectors¹⁶ as well as programs that teach employment/entrepreneurship-related soft skills in combination with technical training.¹⁷

47. **Evidence from Jordan also suggests that demand-driven training and skills development programs can lead to better and sustainable employment opportunities for youth.** An example is Al Hussein Technical University's (HTU) ICT upskilling program which was introduced in 2019 in collaboration with the Ministry of Digital Economy and Entrepreneurship (MODEE). The program aims to equip job-seeking ICT graduates with the skills needed to improve their chances of finding employment opportunities in advanced technologies such as cyber security, coding and data science. HTU follows a three-pronged approach to skills development, where an intensive applied technical component is combined with English language and soft skills components – a total of 340 training hours provided over three months. The program's technical components are driven by changing demand and aligned with the country's leading industrial partners in the IT sector such as Oracle University, CISCO, Huawei, and SITA. The employment outcomes of the upskilling program were significant: out of the 795 participants completing the program so far (6 cohorts), 68 percent were successful at finding jobs post-training, and the employment rate for some cohorts has even reached 76 percent.

¹⁶ Gender Innovation Lab. 2016. *Top Policy Lessons on Increasing Women's Youth Employment*, World Bank.

¹⁷ Shubha Chakravarty, Smita Das, and Julia Vaillant. 2017. *Gender and Youth Employment in Sub-Saharan Africa: A Review of Constraints and Effective Interventions*, Policy Research Working Paper 8245, World Bank.



Box 1: What is On-the-Job Training (OTJT)?

On-the-job training is practical training that is delivered while an individual is performing tasks or processes related to their occupation. The employee typically performs tasks that are essential to their job function in the workplace, with guidance from a supervisor, manager, or a coach/mentor. This type of training is typically used to broaden an employee's skill set and to increase productivity.

What does OTJT require?

Ensuring that work-based learning is meaningful requires substantial preparation on the part of employers as the overall learning process should be just as planned for and intentional as formal training. The OTJT program needs to be firmly grounded in objectives based on the organization's business needs. In most cases the employers lack the in-house resources (such as a dedicated training department) to develop a well-structured OTJT and require the support of a training provider to ensure creating a workplace infrastructure that supports meaningful work-based learning experiences.

Four building blocks to ensure quality OTJT and the respective roles of the employer and training provider:

Building block	Employer	Training Provider
(1) Design	<ul style="list-style-type: none"> i. Identify <u>training providers/partners</u> to work with ii. Develop specific <u>job description</u> (based on business needs) that reflects the tasks that involve learning opportunities 	<ul style="list-style-type: none"> i. Perform task analysis to identify the specific <u>knowledge, skills and competencies</u> the learner will acquire ii. Determine what the OTJT training <u>program</u> will look like
(2) Preparation and development	<ul style="list-style-type: none"> i. Identify the <u>OTJT trainers</u> (not all top performers will make good trainers) ii. <u>Preparing and engaging</u> staff (trainers) in work-based learning program together with the training provider iii. Set a <u>schedule</u> for the OTJT. It can be as simple as an agenda with the topics/tasks and when the trainer will conduct the training. 	<ul style="list-style-type: none"> i. Gather or create <u>documentation</u> such as a procedure manual or a simple job aid for the trainee. ii. Identify/establish <u>resources and materials</u> that will be used in the training program (An important document to create with the trainer is an assessment or competency checklist. The trainer can use this to determine when the learner is ready to work independently).
(3) Implementation and monitoring	<ul style="list-style-type: none"> i. Use the OTJT schedule to <u>conduct</u> the training. Following a schedule keeps the training on task and sets a timeline for the training. ii. Agree with partners <u>when</u> the quality of training will be monitored and <u>how</u> - what are the assessment tools (the quality of training is improved when it is monitored and reviewed on an on-going basis and not only when the learners have finished the program) 	<ul style="list-style-type: none"> i. Carry out <u>quality assurance</u> through visits and routine follow-ups. ii. Prepare monthly <u>monitoring reports</u> with details on progress (based on the assessment tools) and define <u>how</u> improvements can be made
(4) Evaluation	<ul style="list-style-type: none"> i. Identify what <u>type of assessment</u> will be completed by the learner and what does a learner have to demonstrate to 'pass' or complete the training. 	<ul style="list-style-type: none"> i. Work with the employer to <u>review</u> the work-based training program and to <u>assess and certify</u> individual learner achievements.



c. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

48. **The MOL will be the implementing agency for the project, with the SSC as the implementing partner.** MOL is GOJ's leading agency for labor regulations and employment support. The Project Management Unit (PMU) will be established under MOL no later than one month after loan effectiveness. The PMU will be responsible for all aspects of project implementation including fiduciary oversight, daily management of project activities to ensure they are implemented in accordance with project documents and ensure compliance with legal documents, M&E of project interventions against PDO-level and intermediate level indicators, and overall internal coordination within the GOJ. The PMU will submit regular project progress reports to the World Bank. The PMU will be headed by a Project Manager reporting to the Secretary General of MOL and will include the following staff: financial manager; social, gender, and communications officer; M&E officer; procurement officer; IT officer; technical assessment officer (for the evaluation of proposals); a skills training expert (liaising with TVSDC); occupational health and safety (OHS) focal point to coordinate with the Inspection Directorate at MOL; and an officer to liaise with SSC. PMU staff will either be civil servants or consultants hired through a competitive selection process. The Project will cover the salaries of non-civil service staff only. All payments to companies and jobseekers supported under NEP will be channeled through the SSC, and all procurement for the project management component will be conducted by MOPIC, in close coordination with the PMU.

49. **The launch of NEP will be accompanied by a communications campaign.** The campaign will inform the public in general about the program, including who benefits from it, the types of support provided, and how the support will be delivered. It will also provide targeted information to interested job seekers and companies. Women will be particularly encouraged to apply for support. Specific approaches will be used to reach women, such as via engagement with specialized non-governmental and community-based organizations. Firms in sectors with high growth potential (as per the GOJ classification), sectors employing women disproportionately (e.g., BPO, food processing) and firms located in disadvantaged areas (as per GOJ classification) will be targeted for communication to encourage them to apply for support. Existing platforms and portals that reach out to priority groups of jobseekers and firms will be used to inform them about NEP and direct them to *Sajjil*. The campaign will inform companies about the relative size of the two sub-components and the priority sectors for classroom training.

50. **Interested jobseekers and firms will need to register in *Sajjil* to be considered for support.** *Sajjil* is a digital platform managed by MOL that provides job-matching services to registered jobseekers based on job opportunities posted by private companies. It currently includes about 97,000 registered jobseekers, and 736 registered firms. *Sajjil* is being enhanced to support the implementation of NEP. It will be used to process the selection of supported job opportunities as well as the matching of these opportunities to jobseekers. Key information provided by interested jobseekers (e.g., age, SSC contribution status) and firms (e.g., registration status) will be automatically verified against relevant administrative databases through a data exchange platform. Both jobseekers and companies will have to provide their bank account or e-wallet information.

51. **Identification of target jobseekers and priority groups.** The target population of jobseekers will include jobseekers who are (a) between the ages of 18 and 40 years; (b) not active contributors to SSC (i.e. they are not formally employed); and (c) assessed to be either "near market ready" or "hard to place" according to the statistical profiling tool built in *Sajjil*. Jobseekers who are deemed market ready will be considered for support if



they have not found employment after 3 months. All registered job seekers will be offered job-matching services as well as online job counseling resources, but NEP support will focus on the target population only. This target population will be invited to apply to job opportunities supported by NEP. The target population will include priority groups, women and targeted *Takaful* beneficiaries, who will be flagged in *Sajjil*. Targeted *Takaful* beneficiaries will be automatically included in the NEP target population. These *Takaful* beneficiaries will be selected by NAF based on the criteria set in the Economic Empowerment Program, which targets jobseekers 18-40 years old in households that are close to the poverty line in an effort to help them move out of poverty (and thus the *Takaful* caseload). NAF will require targeted *Takaful* beneficiaries to apply for and take on job opportunities offered in order to receive the *Takaful* cash transfer. The information on targeted *Takaful* beneficiaries will be shared by NAF using NUR, a data exchange platform.

52. **Interested companies will apply for funding under the different NEP windows through *Sajjil*.** Interested companies will need to indicate the NEP window they are seeking support under. After selecting the window, applicants will be directed to a proposal form. All proposals must include the number of job opportunities to be supported as well as a description of the nature of these opportunities. Likewise, all proposals must include information on the total costs of providing the proposed job opportunities and the amounts sought to be supported by the NEP (based on the unit costs set by the Project). Proposals must include environmental and social (E&S) commitments, justifying how ESF instruments and their provisions will be implemented¹⁸. Proposals will also include information on the training to be provided and indicate the training provider the company proposes to work with. The training providers shall be identified by the companies following commercial practices and shall be selected from a list of qualified training providers available in *Sajjil* (see below for details). The list will be based on an open-ended call for expressions of interest from qualified local and regional training providers to be considered for NEP. The list of qualified providers will be based on objective qualification criteria and TVSDC expert advice. Sector Skills Councils (SCs) under TVSDC will be given the choice to either have member firms submit proposals by themselves or aggregate individual proposals at the sector level. More generally, SCs are expected to provide advice and quality assurance to member companies.

53. **Review and selection of proposals.** Proposals will be reviewed by a selection committee of experts from TVSDC, the private sector, and MOL. The selection committee will be appointed by the PMU project coordinator. Proposals will be reviewed separately for each window against the budget allocated to each window. However, the budget allocations will be flexible to be able to respond to demand. Proposals will be reviewed and approved on a first-come, first-serve basis, against pre-set criteria that all approved proposals must meet. These criteria will be specified in the Project Operations Manual (POM), but at the minimum proposals must provide all the required information, and companies must be legally licensed, registered in SSC, and in compliance with tax obligations. The criteria for windows 1 and 2 will differ. This is because classroom training will be the exception rather than the rule, and certain sectors/activities deemed to be most in need of such training (based on consultation with SCs) will be prioritized. In reviewing proposals, MOL will try to respect the firm's priorities but will also look at other objective considerations, such as the available training capacity of providers (given the training that providers have already committed to providing under NEP at the time the proposal is reviewed). Companies can either accept or reject the provider offered by MOL, but they can only sign the grant agreement with MOL (see below) if they accept the offer.

54. **Grant agreements.** Grant agreements will be signed between awarded companies and MOL. These

¹⁸ Proposal templates will assist companies in providing this information in a user-friendly manner.



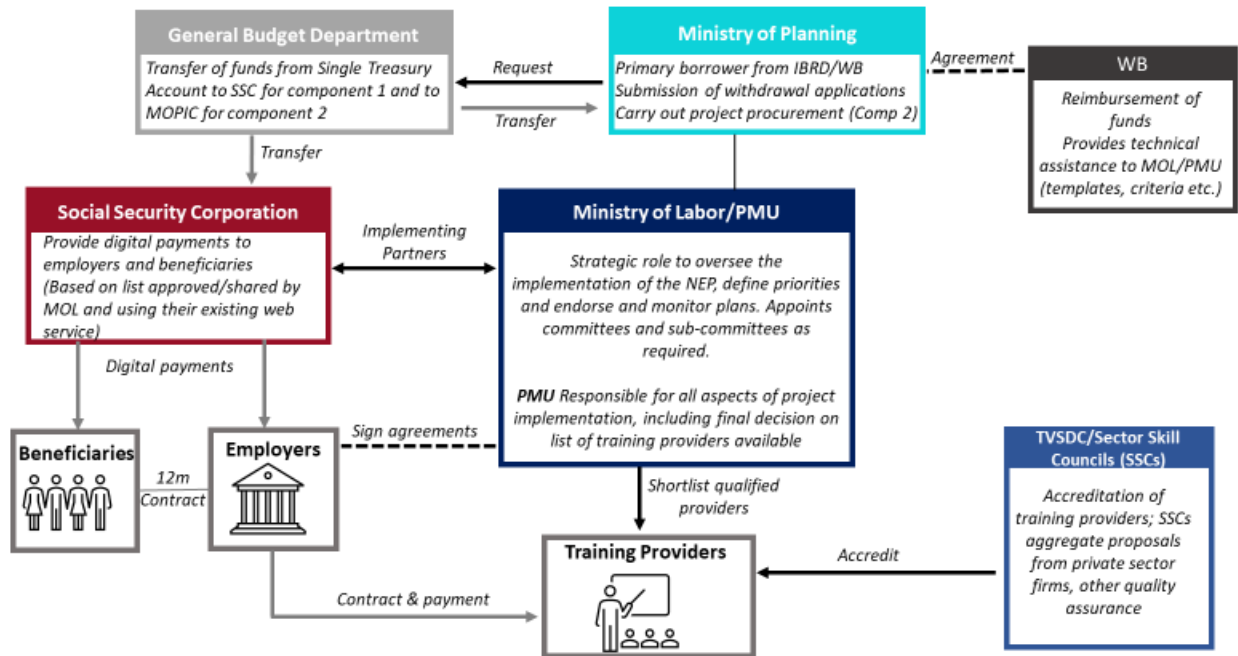
agreements will include the following commitments on the company side: (a) execute the proposals in full; (b) comply with all labor and environmental laws, standards and regulations, and the requirement to provide childcare for firms whose workers have 15 or more children below the age of 5 years, and agree to be subject to labor inspections at any point – this will be integrated into the Labor Management Procedure (LMP) prepared as part of the project’s ESF instruments; (c) not to replace existing workers with new hires supported by NEP—the awarded companies will be automatically flagged by SSC to detect any such replacement; (d) select jobseekers from the target population using a fair and transparent process and hire them in compliance with labor regulations; (e) hire training providers, under the PMU’s oversight, following Commercial Practices satisfying the World Bank Core Procurement Principles, as outlined in the POM; (f) comply with the World Bank’s ESF (including its associated standards) and ESF instruments applicable to the Project including OHS measures for the relevant sectors and ensuring a gender-sensitive and safe workplace, and meeting the national regulations related to the buildings fire safety codes and standards where relevant; (g) carry out its respective activities with due diligence and efficiency including in accordance with the provisions of the World Bank Anti-Corruption Guidelines; and (h) be subject to supervision of training by TVSDC or the VTC (only if VTC is not providing the training). The MOL will commit, on behalf of the GOJ, to financing the approved proposals under the terms and conditions specified in the agreement. All the relevant information about the awarded companies and the approved proposals will be shared digitally with SSC for the purpose of making payments.

55. **Contracting of jobseekers and training providers.** Beneficiary firms will use *Sajjil* to advertise the supported job opportunities among target jobseekers. Target jobseekers will be notified electronically that job opportunities have been posted and will use *Sajjil* to apply. Beneficiary companies will be responsible for selecting job seekers using a fair and transparent process and avoiding situations of conflict of interest. Beneficiary firms will record the selected workers through *Sajjil*, issue contracts with them for at least 12 months, and register them immediately with SSC. No payments will be made under the Project unless all supported workers are hired for at least 12 months and registered in SSC. Beneficiary companies will be responsible for contracting the training providers approved by MOL and accepted by the companies as per the grant agreement. Contracting the training providers will follow Commercial Practices satisfying the World Bank’s Core Procurement Principles and will be subject to the oversight of PMU. Copies of the signed contracts will be shared with the MOL PMU. No payment will be made to beneficiary companies until there is evidence of such signed contracts.

56. **Funding flows and payments to awarded companies.** Payments to beneficiary companies will be made by the GOJ and then reimbursed by the Project. Funds will be transferred from the Single Treasury Account to SSC, which will then make separate payments to beneficiary workers (for wage subsidies and transportation allowances) and companies (for training cost subsidies). To make these payments, SSC will use separate intermediary bank accounts (or e-wallets in the case of workers) for beneficiary workers and companies. SSC will only transfer funds into this account after the companies transfer their share of the cost of providing the proposed job opportunities, i.e., their share of wages and social security contributions as well as training costs (if those are above the amount provided by NEP for that purpose) for the agreed training period. These payments will be made monthly. Beneficiary companies must inform MOL immediately of any changes affecting payments that may occur during the implementation of the support period -- for example, some workers may quit before the support period ends. Figure 1 summarizes the implementation and funds flow arrangements.



Figure1: PSES Implementation and Funds Flow Arrangements



57. **Reimbursement of payments by the Project.** The Project will reimburse to the Single Treasury Account the payments made by SSC to beneficiary companies and jobseekers based on the evidence and proof of payments submitted with the Withdrawal Application request. Those payments will be subject to quarterly ex-post verification by a specialized consultancy firm in order to confirm the accuracy of payments, eligibility, and confirmation of receipt of funds by beneficiaries. A consultancy firm will be appointed by the MOL PMU, under terms satisfactory to the World Bank, to carry out the ex-post verification review of project implementation not later than 3 months days after the Project effectiveness date.

58. **Implementation of selected proposals.** Awarded companies will implement the proposals in full under the terms and conditions set forth in the grant agreements. Queries and grievances from selected jobseekers and companies will be processed through the existing Grievance Mechanism (GM) in MOL (see below). As per the grant agreements, companies will be subject to labor inspections and other forms of verification, as well as quality assurance by TVSDC or VTC of the training provided.

59. **Grievance Mechanism (GM).** Queries and grievances from individual job seekers—related to *Sajjil* processes, the selection of candidates by awarded companies, payments by and working conditions in awarded institutions, relevance and quality of training provided, timeliness and receipt of correct wages, etc. -- as well as queries and grievances from companies— related to *Sajjil* processes, the selection of companies, grant agreements, implementation of proposals, etc.—will be processed through the existing GM of MOL. This will include a specific channel for sexual harassment complaints. Jobseekers and companies will be provided with a link to MOL’s GM through *Sajjil* and will be able to provide any type of feedback they desire, including compliments and suggestions for improvement. The GM will be further described in Project’s Labor Management Procedure



(LMP) and Stakeholder Engagement Plan (SEP).

60. **Implementation readiness: supporting tools and systems.** *Sajjil* is being upgraded by MOL with assistance from the World Bank. The upgrades will allow *Sajjil* to expand to a broader system which will include matching job seekers not only with jobs, but also with training and other employment support services and programs. The status of *Sajjil* modules that are key to the implementation of NEP is as follows: (a) the modules for registration of jobseekers and for matching jobseekers to job opportunities are already functional; (b) the profiling algorithm is already developed and will be embedded in *Sajjil*;¹⁹ and (c) the module where MOL can post the Program's criteria and through which companies apply is designed and currently being programmed in *Sajjil*.²⁰ With assistance from the World Bank, MOL will work on developing all the necessary forms (e.g., for proposals), documents, and criteria to ensure those are ready for project implementation. All these tools will be part of the POM, which will need to be completed within 2 months of Project effectiveness. MOL will make a call for expressions of interest from local and regional training providers to be considered for NEP, based on which a list of pre-qualified providers will be developed (following objective criteria and TVSDC advice). The NUR platform, which is used for automatic verification of data against administrative databases (e.g., SSC records) is already operational, and so is MOL's GM to handle queries and grievances. The SSC platforms to make digital payments to workers and companies are already in place (the one for workers is being used for *Istidama*).

61. **Implementation readiness: PMU staffing.** The MOL team that has been preparing the NEP will be further strengthened and expanded to include SSC and MOPIC, and assisted by the World Bank to work before Project effectiveness on (a) supporting tools and systems; and (b) identifying PMU staff, including staff who will fulfill roles on an interim basis until final staff are on board. To this end, support from staff in other World Bank-funded or other donor-funded PMUs will also be considered in the interim. Civil servants can also be mobilized from other departments. For positions that require consultants, MOPIC, in close coordination with MOL, can conduct the selection process and identify candidates but not pay them until the Project is effective.

B. Results Monitoring and Evaluation Arrangements

62. **M&E of Project activities will be the responsibility of MOL and will be conducted by the PMU.** Project activities will be monitored on an ongoing basis to support the achievement of the PDO. Monitoring reports covering key project indicators will be prepared according to the Project results and monitoring framework. Narrative progress reports will be submitted to the World Bank on a quarterly basis. The PMU will monitor the implementation of approved proposals, compliance of beneficiary companies with terms and conditions set forth in the grant agreements, and grievances. The PMU will be assisted by TVSDC and a team from VTC for the monitoring of skills training activities, and by SSC for the monitoring of beneficiary jobseekers and payments to companies. Beneficiary companies must inform MOL immediately of any changes affecting payments that may occur during the implementation of the support period. For example, some workers may quit before the support period ends.

63. **Collection and analysis of data for M&E.** Most of the data required for the monitoring and evaluation of project activities will be generated as part of the Project, including gender-disaggregated profiles of beneficiary

¹⁹ In case of unexpected delays, the profiling of job seekers registered in *Sajjil* can be conducted offline and then eligible beneficiaries can be flagged manually on the *Sajjil* system.

²⁰ In case of delays, application of firms will be conducted offline. Awarded firms will then be notified to register the NEP opportunity in *Sajjil*.



jobseekers, information on the job opportunities and training they benefit from, and their “journeys” through the support period and beyond (e.g., employment status and pay after the support period ends). Additional information on beneficiary feedback will be collected through SMS and phone surveys. Any consultancy services that will be required to monitor and evaluate project interventions will be financed by Component 2 of the Project. The collection and analysis of data will be disaggregated by gender. The gender-disaggregated analysis will help improve understanding of the benefit incidence between men and women, as well as the incidence rates among certain categories of men and women. Similarly, details on the private sector companies participating in the program will be analyzed along several dimensions, including on whether ownership is majority male or female. This gender-differentiated analysis of the program’s uptake will allow the Project to fill an important gap in understanding how training and employment programs can serve women in Jordan.

C. Sustainability

64. **Although the proposed Project is designed to address the specific constraints that private sector firms are currently facing to hire workers, it aims to have sustainable impacts on employment and beyond.** The Project provides temporary assistance to recovering firms to help them hire workers at a time when many are still reluctant to hire. However, firms interested in receiving support must commit to keeping new hires for at least one year. Also, by supporting the upskilling of new workers according to the needs of firms, the Project is strengthening the recovery of firms, thus making the newly created jobs more sustainable. The increased work experience and skills of supported jobseekers will make them more employable over the long term. By targeting sectors with high growth potential, the Project is also more likely to make newly created jobs more sustainable. By utilizing private training providers, the Project will have an indirect impact on private sector employment. Some of these job gains are likely to be sustained and increased as the Project demonstrates the value to the firm of demand-driven and competency-based skills training and new qualified training providers enter the market. Including workers in the SSC system also makes them part of the formal job market and affords them minimum protections in the future. Finally, payments to workers will be made digitally (through e-wallets or bank accounts), which will increase financial inclusion.

65. **The project will support the institutionalization of TVSDC and SCs.** The TVSDC and SCs were established by law in 2019, but their capacity to undertake the functions assigned by the law is still weak. Several development partners are helping to build their capacity on a selected basis. As a result, some TVSDC functions are more developed than others, and some SCs have good capacity while others are still coming to grips with their roles and mandates. The Project will strengthen these institutions by giving them specific roles in implementation. In particular, the Project will give TVSDC a prominent role in the quality assurance of training supported under NEP, both in terms of accreditation and pre-qualification of training providers as well as quality assurance of the training being provided. The Project will also work with SCs to help companies put together proposals for NEP support and even aggregate them, as well as to develop the occupational standards for training. Thus, through this Project, SCs will gain experience in contributing to improved skills development and provide proof of concept of their value added to both private sector firms as well as training providers.

66. **The Project is developing further the national employment platform (*Sajjil*).** *Sajjil* is a digital platform that provides job-matching services to registered jobseekers based on job opportunities posted by private companies. *Sajjil* is being enhanced to support the implementation of NEP. It will be used to process the selection of supported job opportunities as well as the matching of these opportunities to jobseekers.



d. PROJECT APPRAISAL SUMMARY

A. Technical and Economic Analysis

67. **The modest level and low-productivity nature of economic growth pre-COVID-19 generated persistently high unemployment, where many individuals became long-term unemployed and first-time job seekers.** Pre-COVID-19 unemployment rates in 2019 were 19.1 percent, with women and youth having structurally higher unemployment rates. Around 57 percent were unemployed for more than a year and 56 percent were first-time job seekers. Among the unemployed women, the shares are significantly higher, with 68 percent being long-term unemployed and 76 percent first-time jobseekers, pointing to the additional challenges female jobseekers face as they lack the relevant work experience and skills. The Project's focus on women presents an opportunity to move the needle on female labor force participation, especially among youth. A government-led intervention of this scale can potentially create a mind shift amongst families, workers, and employers on the need for and importance of (young) women to enter the labor market in order to build back better and help create a pipeline of skilled female workers in the formal sector.

68. **Even as Jordan's economy recovered slightly from the COVID-19 crisis, unemployment remained persistently high.** Despite the economic rebound in the first two quarters of 2021, the unemployment rate remained high at 24.8 percent in Q2-2021. Women and youth, who already have structurally higher unemployment rates, were hit the hardest by the crisis. Female unemployment, which had been declining from 27.6 percent in Q4-2017 to 24.1 percent in Q4-2019, rose to 32.8 percent in Q4-2020, a much larger increase than for men (from 17.7 percent in Q4-2019 to 22.6 percent in Q4-2020). Youth unemployment jumped significantly from 40.6 percent in 2019 to an unprecedented 50 percent in Q4-2020.

69. **The Project will help address the COVID-induced increases in unemployment rates.** The Project builds on the existing evidence that shows that active labor market programs²¹ (ALMPs) have been effective in addressing labor market issues, especially during a recession. A meta-analysis of over 200 countries shows that ALMPs have positive effects on employment of the unemployed, with larger impacts for females and higher probability of success in a recessionary environment characterized by periods of slow growth and higher unemployment, such as the one induced by the COVID-19 pandemic.²²

70. **The Project may also help in the reduction of unemployment duration as it benefits first-time job seekers or those who have long periods of unemployment, allowing them to gain work experience, build skills, and improve their employability.** The number of long-term unemployed usually rises as a crisis persists, risking permanent losses in the productive capacity of the economy. The Project helps mitigate this impact as it addresses the job-relevant skills and job search constraints facing those who are at risk of prolonged unemployment. The Project targets the two groups who have been classified in *Sajjil* as "near market ready" or "hard to place", directing them to jobs where there is more demand and adapting their training to the labor market needs through the Project's demand-driven approach. Research shows that job training programs and private employment

²¹ ALMPs are implemented to enhance labor supply (through training), promote labor demand and job creation (through public works, wage subsidies, and self-employment assistance), and improve the operation of labor markets (through employment services and labor market information).

²² David Card, Jochen Kluve, and Andrea Weber. 2017. "A Meta- Analysis of Recent Active Labor Market Program Evaluations," National Bureau of Economic Research (NBER) Working Paper.



subsidies are particularly effective for the longer term unemployed, especially during a recession. In addition, the most effective training programs are those that involve the private sector in defining the competencies to be taught and the opportunities to learn on the job as evidenced from programs in OECD countries and increasingly in developing countries.²³ The Project includes all these elements in sub-components 1.1 and 1.2.

71. Another main benefit of the Project is in terms of increased earning capacity of the trained beneficiaries, potentially decreasing poverty at the household level. A reduction in unemployment duration may also improve earning capacity, especially that of youth. Unemployment can have detrimental effects on human capital, lowering earning potential. Bell and Blanchflower (2011)²⁴ estimated that a six-month spell of unemployment at the age of 22 results in an 8 percent lower wage at 23. On-the-job training and wage subsidies provided by the Project can mitigate the depreciation of skills of unemployed individuals,²⁵ thereby improving their future labor market earnings potential.

72. In addition to the benefits directed to workers and households in terms of improved employability and increased earnings potential, this Project will also result in substantial social benefits. Unemployment can have negative social externalities, adversely affecting an individual's mental and physical well-being as their income is reduced. Empirical evidence finds that job loss may cause higher rates of depression and mental health suffering. Long-term unemployment can lead individuals, and especially women, to exit the labor force due to discouragement. Unemployment at a young age can also influence health status later in life, which to a society means increased sickness absence, disability pension, and overall burden to the welfare system.²⁶

73. The Project will benefit employers as well since it will lead to faster economic recovery and reduce the skills constraints they face. Without the Project, recovery may also be slower post-COVID-19 since businesses that need to realize their potential demand for workers as they emerge from the crisis are not able to due to a reduction in their resources. Many firms do not have enough revenue to hire, and access to finance is still limited. This is especially true for women-owned businesses that have been struggling. Uncertainty about the continuity of the rebound also makes firms reluctant to hire. The skills mismatch is also becoming more binding as firms are putting more premium on experience. The Project can thus support employers invest in upskilling workers according to their needs and at the same time temporarily reduce labor costs of new hires.

74. Finally, in terms of program efficiency, the profiling tool embedded in the design of the Project ensures that “deadweight” and “lock-in” effects are minimized. The literature on ALMPs often points to “deadweight” and “lock-in” effects as potential risks to the cost effectiveness of programs. “Deadweight” effects occur when the hiring of subsidized workers would have occurred in the absence of the subsidy. “Lock-in” effects occur when

²³ Gordon Betcherman, Karina Olivas, and Amit Dar. 2004. “Impacts of Active Labor Market Programs: New Evidence from Evaluations with Particular Attention to Developing and Transition Countries,” Social Protection Discussion Paper 0402. World Bank, Washington, DC.

²⁴ David Bell, and David Blanchflower. 2011. “Young people and the Great Recession,” Oxford Review of Economic Policy, 27(2), 241–267.

²⁵ Rita Almeida, Larry Orr, and David Robalino. 2014. “Wage subsidies in developing countries as a tool to build human capital: design and implementation issues,” IZA Journal of Labor Policy, 3:12.

²⁶ Magnus Helgesson, Bo Johansson, Tobias Nordqvist, Ingvar Lundberg, and Eva Vingård. 2013. “Unemployment at a young age and later sickness absence, disability pension and death in native Swedes and immigrants,” European Journal Public Health. 2013 Aug;23(4):606-10.



program participants spend less time and effort on job search activities than non-participants. For the program to be cost effective, it is then prudent that participation in ALMPs does not start early in the unemployment spell. The Project accounts for that through the profiling of beneficiaries in *Sajjil*. Unemployed who are profiled as market ready cannot be targeted unless they have been unemployed for three months. In that way, the Project is not supporting job seekers who may find jobs in the absence of the subsidies. Further, as the Project is targeting those who are at risk of long-term unemployment, i.e., the “near market ready” and “hard to place”, “lock-in” effects are minimized.

B. Fiduciary

(i) Financial Management

75. The World Bank conducted an assessment of SSC’s financial management (FM) systems remotely. The assessment concluded that with the implementation of agreed-upon actions, the proposed FM arrangements will satisfy the minimum requirements of the World Bank Policy on Investment Project Financing (IPF) and be in accordance with World Bank FM guidance on Rapid Response to Crises and Emergencies. Due to the urgency of the Project to support the GOJ’s NEP in providing financial support to selected jobseekers and firms to help increase wage employment in the private sector, the FM approach was streamlined and based on simplified ex-ante requirements while relying more heavily on ex-post requirements as additional fiduciary controls. A detailed description of the FM arrangements is presented in Annex 1 of this document.

76. Based on the FM assessment, the overall FM risk is **Substantial**. With mitigation measures in place, the Project will have acceptable FM arrangements. The main FM risks identified under the proposed Project relate to: (a) the large number of stakeholders involved in the Project and high level of coordination amongst them; (b) reliability of the management information systems (MIS) used, including the accuracy of the maintained databases and efficiency of applicable controls; (c) verification of payment processes and the high volume of beneficiaries; and (d) potential inclusion and exclusion errors in beneficiaries’ selection and management process. Risks will be mitigated through a number of actions as follows (as a summary, for more detail refer to Annex 1):

- a. A full-time qualified and experienced Finance Manager will be hired to handle the FM and disbursement responsibilities at the MOL PMU and will work closely with SSC and MOPIC;
- b. A budget line item for the Project’s estimated annual disbursements will be added to the 2022 Ministry of Finance (MOF) national budget and onwards to ensure quick disbursements;
- c. Project reimbursement will be credited to MOF Treasury account;
- d. A technical IT assessment audit will be performed of the MIS systems and related internal controls to obtain comfort and reasonable assurance;
- e. Beneficiary cash transfers will only be paid through bank transfers and e-wallets;
- f. Beneficiary cash transfers will be subject to an ex-post spot check (Agreed Upon Procedures [AUP]) on a quarterly basis by a third-party consultancy firm;
- g. Simplified and streamlined Interim Un-audited Financial Reports (IFRs) in Excel sheet format with an extended coverage period of six months;
- h. The Project’s financial statements will be audited by a qualified and reputable audit firm that is registered with the Jordanian Association of Certified Public Accountants (JACPA) and experienced and knowledgeable with the public sector in Jordan; and
- i. Grievances, redress and fraud and corruption reports will be received through multiple channels that



include the official complaints platform of the GOJ, MOL, SSC, and other.

77. The Project will include the following verification and review arrangements:

- a. The MIT system (*Sajjil* IT platform) will be subject to a technical IT assessment by a qualified consultancy firm. The IT assessment will be added to the Loan Agreement as a dated covenant due within six months from the date of Project effectiveness.
- b. Funds disbursed under Component 1 of the Project will be subject to an ex-post AUP engagement/spot check. The engagement will be performed by a qualified consultancy firm and will be performed on a quarterly basis starting when the first payment is made, and the report due within 45 days of the end of the quarter

78. IFRs should be submitted to the World Bank within 30 days after the end of each semi-annual period. The Loan Agreement will require the submission of annual audited project financial statements within six months after year-end. The Project's audited financial statements will be audited by a qualified private sector audit firm licensed by the JACPA, which will perform the audit in accordance with the International Standards on Auditing (ISA), recruited on a competitive basis based on terms of reference acceptable to the World Bank. The cost of the audit will be financed from the Loan proceeds. The audited annual project financial statements will be publicly disclosed according to the World Bank disclosure policy.

79. The proceeds of the Loan will be disbursed in accordance with the World Bank's disbursements guidelines, as outlined in the disbursement and financial information letter (DFIL). The Project will follow "Report-Based Disbursements" for both components 1 & 2 with disbursements reimbursed to the Government/MOF Treasury Account. Requests for payments from the Loan will be initiated through the use of Withdrawal Applications (WAs). The documentation supporting expenditures will be retained at SSC or MOL PMU and readily accessible for review by the external auditors and World Bank implementation support missions. All disbursements will be subject to the conditions of the Loan Agreement and disbursement procedures as defined in the DFIL.

80. Annex 1 provides the details of the FM assessment, risks, and associated mitigation measures, and proposed FM and disbursement arrangements.

(ii) Procurement

81. Procurement will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers, dated November 2020. The "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006, and revised in January 2011 and as of July 1, 2016, shall apply to the Project. The Project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions.

82. The simplified procurement procedures for Situations in Urgent Need of Assistance or Capacity Constraints described under paragraph 12 of Section III of the IPF Policy will be applicable to fast track project procurement which include: (a) use of Borrower's national procurement arrangements provided they are consistent with the World Bank's Core Procurement Principles in accordance with para 5.3-5.6 of the Procurement Regulations; (b) direct selection, as appropriate; (c) increased thresholds for requests for quotations; and (d) selection of consulting firms using Consultant's Qualification-based Selection (CQS). No contract will be subject to



prior review.

83. MOPIC, in close coordination with the PMU, will hold the responsibility for procurement under Component 2 of the Project. Awarded private sector companies under Component 1 will be responsible for hiring training providers following Commercial Practices, in accordance with para 6.46 of the Procurement Regulations, under the PMU oversight. The guiding principles for the selection of training providers and procedures acceptable to the World Bank shall be outlined in the POM. These principles shall, inter alia, include:

- a. Compliance with the World Bank eligibility requirements in accordance with para 3.21-3.24 of the Procurement Regulations;
- b. Public training providers may be eligible to compete and be awarded contracts under the Project, if they can establish, in a manner acceptable to the Bank, that they meet the conditions outlined in para 3.23 (b) of the Procurement Regulations;
- c. Avoiding situations of conflict of interest, in accordance with para 3.14-3.17 of the Procurement Regulations, in the award of contracts (e.g., hiring of affiliated companies or companies owned by family members);
- d. Compliance with the World Bank Anti-Corruption Guidelines in the procurement process and contract execution;
- e. Agreement by the companies to the supervision and oversight by the PMU over the hiring process to ensure compliance with the accepted private sector procurement practices and procedures;
- f. MOL, through the PMU shall satisfy itself with the reasonableness of the price of contracts awarded, through the hiring of independent auditors, based on terms of reference acceptable to the World Bank; and
- g. Maintaining all relevant records for the World Bank's post review and audits, when requested.

84. In addition to hiring training providers under Component 1, the Project will finance few procurement activities under Component 2, including hiring of individual consultants for various PMU positions; procurement of IT and office equipment and consulting services for communication and outreach, M&E, audit, including verification of implementation and payments; IT audit, upgrades to relevant platforms; and impact evaluation. A procurement risk and capacity assessment was carried out by the World Bank. It concluded that the enactment of the public procurement bylaw has brought significant improvement to the legal and institutional framework as well as to procedural aspects for public procurement; however, several of the implementation tools are under development (e.g., standard procurement documents for different types of procurement, procurement planning template and associated training). MOL has limited procurement capacity, especially for consulting services, and it does not have experience in implementing projects following World Bank Procurement Regulations. Therefore, MOPIC will carry out procurement for Component 2 of the Project, in close coordination with the PMU. MOPIC has qualified procurement staff with experience implementing projects in accordance with the Bank Procurement Regulations. To ensure proper coordination, the PMU will include a qualified procurement officer to liaise with MOPIC and provide the necessary input (ToRs, technical specifications, etc.) throughout procurement and contract implementation. The World Bank team will provide close implementation support to designated MOPIC and PMU staff during the initial stages of implementation. All terms of reference will be subject to the World Bank's technical review and clearance. Local suppliers and consultants have the capacity and capability to deliver the Project requirements. To avoid delays in launching procurement activities, MOL shall coordinate with MOF to



ensure timely listing of proposed procurement activities on the annual general budget. Procurement risk is rated **Moderate**.

85. Given the urgent need for assistance, MOPIC, in close coordination with the MOL, will prepare a streamlined project procurement strategy for development (PPSD). The details of procurement activities under Component 2 of the Project are yet to be worked out by MOL. Therefore, the PPSP and the Procurement Plan will be finalized during the initial stages of Project implementation.

C. Legal Operational Policies

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

D. Environmental and Social

86. The environmental and social risks associated with the Project are considered **Moderate**. The Project activities will greatly contribute to the post-COVID-19 recovery of the Jordanian economy through an increased access to decent jobs for young Jordanians (especially female adults and those living in disadvantaged areas). It will contribute to reducing unemployment.

87. The funds will not support the operational budget of the companies, except paying the wages and paying subsidies to social security contributions and transportation stipends. The Project will not support the procurement of any materials or equipment or include civil works. The Project is expected to have potential indirect risks and impacts that will result from the hiring of 63,300 workers in several sectors, where the increased number of workers in certain sectors may indirectly increase the use of water, energy, and other resources which in addition will potentially cause more air, water, and soil pollution. The occupational health and safety of workers in different sectors, including but not limited to industrial (i.e., chemical, plastic, food processing), services, construction, and agricultural sectors is identified where the risks may also be increased as more workers will be engaged in hazardous activities in certain sectors (e.g., construction, chemicals industries). The health risks related to the exposure to COVID-19 and life and fire safety have been identified. Moreover, the MOL has limited experience preparing and implementing the Bank ESF documents and complying with potential ESF requirements. Therefore, MOPIC is supporting the ESF documents' preparation, and an OHS focal point will be assigned to coordinate with the Inspection Department at MOL and will be responsible for monitoring companies' compliance with the labor and OHS regulations and the conditions stipulated under the grant agreements.

88. Since the Project mostly supports soft activities in the NEP and no civil works are expected, its implementation would cause limited direct adverse social impacts. They are limited in nature and scale and can be summarized as follows: (a) the unequal access to Project benefits of unemployed people who live in remote/disadvantaged areas; (b) the failure of participating private firms and training centers in complying with national labor-related regulations and ESS2; (c) the sexual and physical harassment toward women and youth in Jordan; and (d) the limited ESF experience of implementing agencies.



89. The Project will apply the Bank's Environmental and Social Framework (ESF). There are 5 Environmental and Social Standards (ESS) -- ESS1, ESS10, ESS2, ESS3, and ESS4 -- that have been assessed relevant to the Project. The Client has prepared an Environmental and Social Commitment Plan (ESCP) and a Stakeholder Engagement Plan (SEP). Preliminary engagement activities have been conducted with stakeholders who have immediate responsibility for the Program conception and development. ESCP and SEP will be reviewed, cleared, and disclosed before the Project appraisal completion following the Bank's review and clearance. Per ESS2 requirements, MOL will also prepare the Project Labor Management Procedure (LMP) to set out the way in which Project workers will be managed. It will define the application of ESS2 to different categories of Project workers. The LMP, along with other ESF instruments, constitute key documents that Project beneficiaries (firms, training centers, workers) must comply with during Project implementation. The LMP will include OHS measures relevant to the identified sectors, and provisions for OHS training and/or the on-the-job requirements. The LMP will be prepared and disclosed by the Project effectiveness date. As this Project is being prepared under paragraph 12 of Section III of the IPF Policy and paragraph 56 of Section III of the IPF Directive, this timeline will allow an immediate application of LMP following the Project effectiveness and grants MOL sufficient time for the instrument preparation and resources (e.g., staff, budget) allocation.

90. Additionally, the Project implementing agencies will need to ensure that E&S aspects will be properly integrated into the companies' proposal, and implemented throughout the Project lifetime, including the LMP provisions; compliance with OHS measures relevant to the sector and requesting all companies submitting proposals to provide registration and license that verify the company's adherence to the relevant Jordanian environmental and health and safety laws and regulations including building fire safety standards where relevant. Only firms that can demonstrate compliance with national environmental and social regulations and ESS2 requirements (including those related to working conditions and management of worker relationships, child labor, grievance mechanisms, OHS, and sexual exploitation and abuse and sexual harassment) will be eligible. Additionally, the Project implementing agencies will ensure that the training will cover efficient use of resources and national environmental regulations where relevant.

91. The primary beneficiaries of the Project are unemployed Jordanians between the ages of 18 and 40 who are most in need of employment support. Another layer of project beneficiary consists of private firms and training centers that receive project support in training, wage, and social security payments. The MOL will be the implementing agency for the Project, with the SSC as the implementing partner. Other interested parties include (a) public sector – Ministry of Industry and Trade, Ministry of Agriculture, MOF, VTC, TVSDC; (b) private sector – Jordan Chamber International /Amman + Irbid, Jordan Chamber of Commerce/Amman, tourism sector, agricultural sector, Jordan Construction Contractor Association, National Fund for Employment and Training, Association of Banks in Jordan; and (c) international organizations and civil society – GIZ, Credit Institute for Reconstruction (KFW), and ILO. The process of stakeholder engagement has begun during preparation and identification mission with a number of consultations between the World Bank team and relevant government agencies. The MOL commits to expand consultation efforts to other stakeholders during the Project preparation (until Board approval and Project effectiveness). The overall consultation and stakeholder engagement plan during the project implementation will also be developed and included in the final SEP. The final version of SEP (with updated inclusive consultations plan and clear timeline) will be submitted and disclosed prior to the Project effectiveness.



e. GRIEVANCE REDRESS SERVICES

92. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

f. KEY RISKS

93. **The Project overall risk is rated as Moderate.**

94. **The risk rating for the technical design of the Project is Substantial.** One key risk is that provided on-the-job training will not be as skill-enhancing as foreseen, so that trainees may not last for long in their jobs once the training is over. The need to provide on-the-job training in a different manner than has occurred in the past in Jordan, with structured, monitored, and mentored instruction, may not be achievable with foreseen funds or given the prevailing practices with regard to on-the-job training. To mitigate this risk, regular spot checks or inspections by the TVSDC or VTC (only if VTC is not providing the training) in order to ensure the quality of the on-the-job training will be necessary. Another technical risk relates to the availability of sufficient private training providers in the country to partner with private sector firms and provide both the classroom-based and on-the-job training. Available information indicates that there are less than a handful of training providers who already have the knowledge and capacity to respond to new demand quickly. At the same time, several public and private tertiary education institutions have expressed interest in providing tailored courses if demanded by the private sector, so that this risk can be mitigated by exploring options in the tertiary education sector in addition to the training sector.

95. **The risk rating for the institutional capacity for implementation and sustainability is also Substantial, given the fact that the MOL has limited experience with implementing World Bank-financed operations.** There will be a need to hire several consultants to form the PMU, and delays with this hiring will delay the implementation of the NEP and the PSES in support of it. This risk can be mitigated by ensuring that the MOL technical team that has been designing the NEP remains engaged on a transitional basis in the early stages of implementation at least. Similarly, institutional capacity at the SSC has to be strengthened in order for it to take on the additional tasks entailed in implementing the Project. Here, it will be important to begin work on any necessary information systems adaptation as early as possible and well before the launch of the NEP, so that the capacity is there from the beginning.

96. **Finally, the fiduciary risk is Substantial primarily as a result of the FM risk and taking into account**



required and expected risk mitigation measures. The substantial risk derives mainly from the relatively large number of stakeholders involved in the Project, including employers, jobseekers, and training providers, and with a high volume of monthly payments to be made. In addition, the high reliance on the MOL *Sajjil* and SSC *Istidama* IT platforms for registration and disbursement, while the effectiveness and reliability of the integration process between the two systems is yet untested, adds to the risk. Risk mitigation measures include the availability of the right level of FM expertise at both the SSC and MOL PMU, the requirement of a technical IT audit of *Sajjil*, and the stipulation that beneficiary payments (stipends and subsidies) either to individual job seekers or private sector employers will only be paid through bank transfers and e-wallets (see Annex 1 for further detail on FM arrangements).



g. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Jordan

Jordan Support to Private Sector Employment and Skills

Project Development Objectives(s)

To increase private sector employment post COVID-19 with emphasis on youth and women.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Support private sector employment post COVID-19			
Percentage of jobseekers supported by the project who continue to be employed 6 months after the support period ends (Percentage)		0.00	75.00
Percentage of female jobseekers supported by the project who continue to be employed 6 months after the support period ends (Percentage)		0.00	75.00
Percentage of youth jobseekers (18-24 years old) supported by the project who continue to be employed 6 months after the support period ends (Percentage)		0.00	75.00
Percentage of NAF beneficiary jobseekers supported by the project who continue to be employed 6 months after the support period ends (Percentage)		0.00	75.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Component 1: Support to the National Employment Program				
Number of jobseekers receiving on-the-job training and wage subsidies (Number)		0.00		62,000.00
Share of female jobseekers among jobseekers receiving on-the-job training and wage subsidies (Percentage)		0.00		35.00
Share of NAF beneficiaries in total jobseekers receiving on-the-job training and wage subsidies (Percentage)		0.00		7.00
Share of youth jobseekers (18-24 years old) receiving on-the-job training and wage subsidies (Percentage)		0.00		50.00
Number of jobseekers receiving combined classroom and on-the-job training and wage subsidies (Number)		0.00		1,600.00
Share of female jobseekers among jobseekers receiving combined classroom and on-the-job training and wage subsidies (Percentage)		0.00		35.00
Share of NAF beneficiaries among jobseekers receiving combined classroom and on-the-job training and wage subsidies. (Percentage)		0.00		7.00
Share of youth jobseekers (18-24 years old) receiving combined classroom and on-the-job training and wage subsidies (Percentage)		0.00		50.00
Number of jobseekers supported by the project who continue to be employed after the first 6 months of support ends (Number)		0.00		62,000.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
Share of female jobseekers among jobseekers who continue to be employed after the first 6 months of support ends (Percentage)		0.00		35.00
Share of NAF beneficiaries among jobseekers who continue to be employed after the first 6 months of support ends (Percentage)		0.00		7.00
Share of youth jobseekers (18-24 years old) supported by the project who continue to be employed after the first 6 months of support ends (Percentage)		0.00		50.00
Number of private companies supported by the project (Number)		0.00	800.00	2,100.00
Share of private companies hiring in disadvantaged regions (Percentage)		0.00		30.00
Number of jobseekers receiving support from the project (Number)		0.00		63,600.00
Of which female jobseekers (Percentage)		0.00		35.00
Of which NAF beneficiaries (Percentage)		0.00		7.00
Of which youth (18-24 years old) (Percentage)		0.00		50.00
Share of jobseekers employed in green jobs (e.g., water efficiency, waste management and recycling) (Percentage)		0.00		5.00
Component 2: Project Management, Monitoring, and Evaluation				
Share of feedback (complaints, queries, suggestions, compliments) that are addressed within a timeframe specified and publicly communicated by the project (Percentage)		0.00		90.00
Share of feedback from individual jobseekers (complaints, queries, suggestions, compliments) that are addressed within a		0.00		90.00



Indicator Name	PBC	Baseline	Intermediate Targets	End Target
			1	
timeframe specified and publicly communicated by the project (Percentage)				
Share of feedback from companies (complaints, queries, suggestions, compliments) that are addressed within a timeframe specified and publicly communicated by the project (Percentage)		0.00		90.00
Share of beneficiaries who express satisfaction with the support received (Percentage)		0.00		80.00
Share of individual jobseekers receiving on-the-job training and wage subsidies who express satisfaction (Percentage)		0.00		80.00
Share of individual jobseekers receiving combined classroom and on-the-job training and wage subsidies who express satisfaction (Percentage)		0.00		80.00
Share of male jobseekers who express satisfaction with the support received (Percentage)		0.00		80.00
Share of female jobseekers who express satisfaction with the support received (Percentage)		0.00		80.00
Share of companies receiving support who express satisfaction (Percentage)		0.00		80.00
Share of youth beneficiaries (18-24 years old) who express satisfaction with the support received (Percentage)		0.00		80.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of jobseekers supported by the project who continue to be employed 6 months after the support period ends	The support period includes the 6 months of training followed by the 6 months of employment, so a total of 1 year.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	SSC Systems/private sector firms/National Unified Registry (NUR)	Automated SSC systems	SSC and MOL PMU
Percentage of female jobseekers supported by the project who continue to be employed 6 months after the support period ends	The support period includes the 6 months of training followed by the 6 months of employment, so a total of 1 year.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	SSC Systems/private sector firms/National Unified Registry (NUR)	Automated SSC systems	SSC and MOL PMU
Percentage of youth jobseekers (18-24 years old) supported by the project who continue to be employed 6 months after the support period ends	The support period includes the 6 months of training followed by the 6 months of employment, so a total of 1 year.	Measured twice, once after 3 months and again after 6 months	SSC Systems/private sector firms/National Unified Registry	Automated SSC systems	SSC and MOL PMU



		following the conclusion of the period of support.	(NUR)		
Percentage of NAF beneficiary jobseekers supported by the project who continue to be employed 6 months after the support period ends	The support period includes the 6 months of training followed by the 6 months of employment, so a total of 1 year.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	SSC Systems/private sector firms/National Unified Registry (NUR)	Automated SSC systems	SSC and MOL PMU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of jobseekers receiving on-the-job training and wage subsidies	The number of jobseekers who benefit through the National Employment Program from on-the-job-training and wage subsidies for a total period of 1 year.	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Share of female jobseekers among jobseekers receiving on-the-job	Females constitute 29% of formal private sector	Monthly	Automated SSC	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU



training and wage subsidies	employment in Jordan, and this indicator tracks the share of females benefiting under the National Employment Program from the on-the-job-training combined with wage subsidies support.		systems/National Employment Platform 'Sajjil'		
Share of NAF beneficiaries in total jobseekers receiving on-the-job training and wage subsidies	NAF beneficiaries are one target population under the NEP, and this indicator tracks their share in the total number of jobseekers benefiting from on-the-job training combined with wage subsidies.	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'/National Unified Registry (NUR)	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Share of youth jobseekers (18-24 years old) receiving on-the-job training and wage subsidies	Youth (18-24 years old) are one target population under the NEP, and this indicator tracks their share in the total number of jobseekers benefiting from on-the-job training combined with wage subsidies.	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'/National Unified Registry (NUR)	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Number of jobseekers receiving combined classroom and on-the-job training and	This indicator tracks the total number of jobseekers	Monthly	Automated SSC	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU



wage subsidies	who benefit under the NEP from the combined classroom and on-the-job training and associated wage subsidies.		systems/National Employment Platform 'Sajjil'		
Share of female jobseekers among jobseekers receiving combined classroom and on-the-job training and wage subsidies	This indicator tracks the number of females benefiting under the NEP from the combined classroom and on-the-job training and associated wage subsidies.	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Share of NAF beneficiaries among jobseekers receiving combined classroom and on-the-job training and wage subsidies.	NAF beneficiaries are a target group under the NEP, and this indicator tracks their share in the number of jobseekers receiving combined classroom and on-the-job training and associated wage subsidies	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'/National Unified Registry (NUR)	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Share of youth jobseekers (18-24 years old) receiving combined classroom and on-the-job training and wage subsidies	Youth (18-24 years old) are a target group under the NEP, and this indicator tracks their share in the number of jobseekers receiving combined classroom and on-the-job	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'/Nation	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU



	training and associated wage subsidies		al Unified Registry (NUR)		
Number of jobseekers supported by the project who continue to be employed after the first 6 months of support ends	While the NEP foresees that all hired jobseekers are supported for a full year, this indicator measures the number of jobseekers who continue to be employed after the first 6 months, as some will likely drop out.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	Automated SSC systems/private sector firms	Reporting from SSC systems	SSC and MOL PMU
Share of female jobseekers among jobseekers who continue to be employed after the first 6 months of support ends	This indicator measures the share of females who remain committed to employment under the NEP after they complete the first 6 months.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	Automated SSC systems/private sector firms	Reporting from SSC systems	SSC and MOL PMU



Share of NAF beneficiaries among jobseekers who continue to be employed after the first 6 months of support ends	This indicator measures the share of NAF beneficiaries in the total number of jobseekers who remain committed to employment under the NEP after completing the first 6 months.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	Automated SSC systems/National Unified Registry (NUR)/private sector firms	Reporting from SSC systems	SSC and MOL PMU
Share of youth jobseekers (18-24 years old) supported by the project who continue to be employed after the first 6 months of support ends	This indicator measures the share of youth (18-24 years old) in the total number of jobseekers who remain committed to employment under the NEP after completing the first 6 months.	Measured twice, once after 3 months and again after 6 months following the conclusion of the period of support.	Automated SSC systems/private sector firms	Reporting from SSC systems	SSC and MOL PMU
Number of private companies supported by the project	This indicator measures the number of private sector firms that benefit under the NEP, and the target assumes	Monthly	Automated SSC systems/National	Reporting from SSC systems/ 'Sajjil'	SSC and MOL PMU



	an average size of 30 employees.		Employment Platform 'Sajjil'		
Share of private companies hiring in disadvantaged regions	This indicator measures the share of private sector firms supported under the NEP that are based in Jordan's disadvantaged regions, as defined by the Government.	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Number of jobseekers receiving support from the project	The indicator tracks the total number of jobseekers receiving support under Component 1 on supporting that National Employment Program	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Of which female jobseekers	The current share of females in formal private sector employment is 29%, so this indicator measures the share of females in the total number of jobseekers supported	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Of which NAF beneficiaries	The number of NAF beneficiaries who benefit from the National Employment Program as a	Monthly	Automated SSC systems/National	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU



	share of the total number of beneficiaries		Employment Platform 'Sajjil'/National Unified Registry (NUR)		
Of which youth (18-24 years old)	The number of youth (18-24 years old) who benefit from the National Employment Program as a share of the total number of beneficiaries	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'/National Unified Registry (NUR)	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU
Share of jobseekers employed in green jobs (e.g., water efficiency, waste management and recycling)	This indicator tracks the share of jobseekers who find employment under NEP in green jobs, including jobs in energy efficiency in buildings and technologies, water efficiency, waste minimization and management, wastewater management, renewable energy generation, sustainable transportation, and comprehensive scope of climate resilience measures	Monthly	Automated SSC systems/National Employment Platform 'Sajjil'	Reporting from SSC systems/'Sajjil'	SSC and MOL PMU



	including resilience measures in construction/buildings, transportation infrastructure, and in electric grid.				
Share of feedback (complaints, queries, suggestions, compliments) that are addressed within a timeframe specified and publicly communicated by the project	This indicator tracks the share of grievances received through the Grievance Redress Mechanism that are addressed within the timeframe stipulated by the Project Operations Manual.	Monthly	Grievance Redress Mechanism	Reporting from the GRM	MOL PMU
Share of feedback from individual jobseekers (complaints, queries, suggestions, compliments) that are addressed within a timeframe specified and publicly communicated by the project	This indicator tracks the share of grievances expressed by individual jobseekers that are addressed within the timeframe stipulated by the POM.	Monthly	GRM	Reporting from GRM	MOL PMU
Share of feedback from companies (complaints, queries, suggestions, compliments) that are addressed within a timeframe specified and publicly communicated by the project	This indicator tracks the share of grievances, complaints, and inquiries submitted by private firms that are addressed within the timeframe stipulated by the POM.	Monthly	GRM	GRM reporting	MOL PMU
Share of beneficiaries who express satisfaction with the support received	This indicator tracks the share of beneficiaries under the project who express satisfaction with the support received. The findings of the	Monthly	Beneficiary questionnaire	Beneficiary questionnaire administered	MOL PMU



	surveys will be published and the MOL PMU will prepare a semi-annual action plan to address beneficiary inputs received through the surveys.				
Share of individual jobseekers receiving on-the-job training and wage subsidies who express satisfaction	This indicator tracks the individual jobseekers' level of satisfaction with the on-the-job training and wage subsidies received.	Monthly	Beneficiary survey	Administered beneficiary survey	MOL PMU
Share of individual jobseekers receiving combined classroom and on-the-job training and wage subsidies who express satisfaction	This indicator tracks the satisfaction of jobseekers who receive combined classroom and on-the-job training and wage subsidies.	Monthly	Beneficiary survey	Administered beneficiary survey	MOL PMU
Share of male jobseekers who express satisfaction with the support received	This indicator tracks the share of males expressing satisfaction with the support received under the NEP.	Monthly	Beneficiary survey	Administered beneficiary survey	MOL PMU
Share of female jobseekers who express satisfaction with the support received	This indicator tracks the share of females receiving support under the NEP who express satisfaction.	Monthly	Beneficiary survey	Administered beneficiary survey	MOL PMU
Share of companies receiving support who express satisfaction	This indicator tracks the satisfaction of private sector firms with the support received under the NEP.	Monthly	Beneficiary survey	Administered beneficiary survey	MOL PMU
Share of youth beneficiaries (18-24 years old) who express satisfaction with the support received	This indicator tracks the share of youth (18-24 years old) receiving support under the NEP who express	Monthly	Beneficiary survey	Administered beneficiary survey	MOL PMU



	satisfaction.				



h. INDICATIVE TERMS AND CONDITIONS FOR THE GUARANTEE (When Applicable)

Not applicable



Annex 1: Financial Management

1. **Implementation Arrangements and Staffing.** The FM and disbursement functions will be co-managed by the Social Security Corporation (SSC), the MOL PMU and the Ministry of Planning and International Cooperation (MOPIC). MOL PMU and MOPIC will take on full FM responsibility of the Project components including disbursements, this will also include submission of regular project progress reports to the Bank in coordination with the other implementing partners and donors of the Project. The responsibility for overseeing the Project financial management (FM) and disbursement arrangements will rest with MOL PMU, who will be supported by MOPIC when executing disbursement arrangements.
2. **Staffing.** Dedicated financial officers from the MOPIC and the MOL will work closely. A full-time qualified Finance Manager/Officer will be hired at the MOL PMU in accordance with terms of reference acceptable to the World Bank. The Finance Manager will oversee the performance of the Project's FM and disbursements arrangements supported by dedicated financial officers from MOPIC and SSC, who will provide the necessary support in areas such as Financial Management and disbursements procedures, when needed.
3. **Project FM risk:** Based on the FM assessment, the overall FM risk is "Substantial". With mitigation measures in place, the Project will have acceptable FM arrangements. The FM risk is assessed as "Substantial" mainly due to:
 - a. The relatively large number of stakeholders involved in the implementation of the Project (i.e., employers, beneficiaries, training venues, donors, implementing agencies) and the high-level coordination required between those stakeholders;
 - b. Potential inclusion and exclusion errors in the selection of project beneficiaries, jobseekers, implementing partners, and private company employers;
 - c. High reliance on the MOL *Sajjil* and SSC *Istidama* IT platforms for registration and disbursement with potential gaps in the administration, IT General Controls and access controls of the MIS. In addition to the high reliance on the effectiveness and reliability of the integration process between both systems;
 - d. High volume of beneficiaries, private sector employers, and payments to be made;
 - e. The Project is not included in the national budget law of 2022, which might hinder immediate disbursement; and
 - f. MOL PMU and MOPIC FM and accounting systems are not capable of generating the required transaction and accounting level details that are necessary to produce semiannual IFRs in accordance with the World Bank format and content and required documentation for WAs.
4. **The following measures will mitigate FM-related risks:** the FM arrangements were designed to mitigate the identified FM risks, which would suit the available capacity during implementation, including:
 - a. A full-time qualified and experienced Finance Manager will be hired to handle the FM and disbursement responsibilities at the MOL PMU and work closely with the dedicated officers from SSC and MOPIC;
 - b. A financial officer or liaison from the SSC and MOPIC will be assigned responsibilities to liaise between SSC and MOPIC and the FS at the MOL PMU for any FM and disbursement related matters or tasks;
 - c. A budget line item for the Project's estimated annual disbursements will be added to the 2022 MOF national budget and onwards to ensure quick disbursements;
 - d. Project Reimbursement will be credited to MOF Treasury account;



- e. *Sajjil* IT platform will be subject to a technical IT assessment to have comfort and reasonable assurance over the system's infrastructures, policies, and operations, IT General Controls and data integrity, as well as overall business and financial controls. The integration process between both platforms (*Sajjil* and *Istidama*) will be assessed as well to verify the accuracy and authenticity of the flow of information between both systems;
- f. Beneficiary payments (stipends and subsidies) either to individual job seekers or private sector employers will only be paid through bank transfers and e-wallets;
- g. Beneficiary cash payments under the *Istidama* IT platform (stipends and subsidies) will be subject to an ex-post AUP spot check by an outsourced specialized consultancy firm to confirm accuracy of payments made, eligibility of the beneficiaries based on the criteria established by Component 1 of the Project and confirmation of receipt of funds by beneficiaries;
- h. Simplified and streamlined IFRs in Excel sheet format with an extended coverage period of six months (or less, as needed) will be submitted to allow the World Bank to follow up on disbursement progress and address bottlenecks in timely manner;
- i. The Project's financial statements will be issued annually and will be audited by a qualified and reputable audit firm that is experienced and knowledgeable with the public sector in Jordan. The audit firm needs to be registered as a certified public accountant with the appropriate professional body in Jordan; and
- j. Grievances, redress and fraud and corruption reports will be received through multiple channels that include the official complaints platform of the GOJ, MOL, SSC, and other.

5. **Budgeting.** The MOL's budget is incorporated in the national budget law and the SSC is considered a semi-government entity with its own budget but is directly related and linked to the MOL through Board representation and other means. The Project's budget/cash forecast, based on the most updated procurement plan, will be prepared and updated annually. To ensure quick Project disbursement, the Project's annual estimated disbursements will be added to the MOF national budget law of 2022. A breakdown of the cost of each item by component and the expected cash payments is agreed upon during preparation and will be monitored by MOL during Project implementation. Variance analysis will be provided along with the semiannual IFRs to be submitted by MOL PMU/MOPIC. The annual work plans, budgets and cash forecasts may be revised during Project implementation subject to the Bank's prior written approval.

6. **Technical audit and cash payment verification.** The *Sajjil* IT platform will be subject to a technical IT assessment by a qualified consultancy firm to have reasonable assurance over the system's infrastructures, process, and operations, IT general controls and data integrity, as well as overall business and financial controls. The IT assessment will be added as a dated covenant to the Loan Agreement and will be due within six months from Project effectiveness. The terms of reference will be developed by the MOL PMU and will be submitted to the World Bank for no-objection.

7. The funds disbursed under Component 1 of the Project will be subject to an ex-post AUP engagement or sport check (International Standards on Related Services – ISRS 4400) to confirm accuracy of payments, eligibility of beneficiaries, and confirmation of receipt of funds by beneficiaries. The AUP engagement will be performed by a qualified consultancy firm and will be performed on a quarterly basis starting after the first payment is made. The report will be due within 45 days of quarter end. The terms of reference will be developed by the MOL PMU and will be submitted to the World Bank for no-objection.

8. **SSC and *Istidama* IT financial and IT systems assessment.** SSC uses an in-house Enterprise Resource



Planning (ERP) system which runs on the Linux operating system and has an Oracle 11g R2 database. The system has several modules for each of the SSC programs (including *Istidama* IT platform). The SSC ERP system was subject to an IT risk assessment which was conducted by an international audit firm financed by USAID in March 2021. The report concluded that the SSC ERP system complies with the International Social Security Association (ISSA) risk assessment framework. The assessment reported that the SSC's Information System and IT departments have sound controls in place.

9. **Accounting and Financial Reporting.** The Project will follow International Public Sector Accounting Standards (IPSAS) cash basis for accounting. The Government adopts a Chart of Accounts (COA) that is compatible with Government Finance Statistics Manual 2001 and later updated in 2014. MOF rolled out the Government Financial Management Information System (GFMIS) to all of Jordan's line ministries including MOL in November 2019. The current GFMIS implementation utilizes a subset of the functionalities of the underlying application software. The current core application software comprises: (a) Hyperion for budget preparation; (b) ORACLE financials for budget execution; and (c) software for interfacing with other software for Debt Management, Payroll, Bank Reconciliation, and Revenue Management. GFMIS is fully utilized for budget execution. For budget preparation, however, there are manual interventions with various ICT tools being used.

10. **The SSC is a state-owned entity with financial and administrative independence.** The SSC was established in accordance with the Social Security Law No. 1 for the year 1978. The SSC is currently implementing Social Security Law No. 1 for the year 2014. The SSC's operations are separated into two distinct activities which fall under the umbrella of the same legal entity. The insurance activity is the SSC's socioeconomic coverage program which safeguards the post-retirement needs of the Jordanian workforce after reaching old-age retirement, workplace injury or in the case of death. The Social Security Investment Fund (SSIF) is the investment arm of the SSC which utilizes the excess of participants' contributions over the entity's spending in strategic investments for the purpose of realizing a healthy return on the entity's assets while helping support the Jordanian economy.

11. **The accounting policies of the SSC are in accordance with the International Financial Reporting Standards (IFRS).** The SSC has a financial accounting and reporting directorate responsible for the accounting function, budgeting, and financial reporting of the entity. SSC has an accounting software package (SQL 2008 Database), an externally developed system which was customized for the purpose of the SSC. SQL 2008 Database incorporates general accounting functions of the SSC. The system is integrated for all but a few modules which do not represent a major function of the SSC. The entity has in place accounting and reporting policies and procedures for accounting processes including and not limited to social security activity receipts and disbursements.

12. **The internal audit function of SSC has identified certain weaknesses within the SSC's accounting systems, including segregation of duties, numerous manual entries posted to the general ledger, as well as differences between accumulated depreciation balance between the fixed assets register and the related general ledger.** SSC is required to solve all high and medium risks identified because of the internal audit assignment and other observations noted from the audit work performed by the Audit Bureau.

13. **The Financial Manager (FM) at MOL PMU in partnership and guidance of the finance team at MOPIC will be responsible for preparing the simplified semiannual IFRs, the disbursement reimbursement-based withdrawal applications as explained in the disbursements section, the annual financial statements and other related Project financial information necessary for execution and monitoring of the Project components.** The



simplified semiannual IFRs will be generated using Excel sheets or an acceptable accounting software since financial information will be collected from different sources (SSC, MOL, MOPIC) in accordance with the Bank FM guidelines. These reports should include: (a) a statement of funding sources and uses for the period covered and a cumulative figure, including a statement of the cash balances and movement; (b) a statement of use of funds by component and by expenditure category; (c) a reconciliation statement for the Designated Account (if any); (d) a reconciliation statement between the World Bank Client-Connection platform and the Project financial statements/information; (e) contracts listing; and (f) list of fixed assets, if any. The IFRs will be due for submission after 45 days from the end of each six months.

14. Internal Controls and Internal Audit. Budget execution controls are implemented and applied consistently by MOL and MOPIC in accordance with the applicable Financial By-law (1994) and its Amendment (2015) and the Financial Control By-law (2011) and its Amendment (2015). The budget execution systems at MOL and MOPIC implement prescribed controls, which include: (a) technical approval by the beneficiary department; (b) finance staff checking and approval; (c) periodic, ad hoc reviews by resident Internal Auditors; and (d) exercise of an expenditure controlling function by MOF's Financial Controllers assigned to respective spending units. MOF assigned Financial Controllers oversee transaction-based compliance controls over payments, recording of transactions, and production of periodic and final accounts by responsible entities. In practice, no payments will be authorized and processed before Financial Controllers verify and sign off on payment vouchers. In addition to resident Financial Controllers from MOF, MOL and MOPIC have Internal Auditors who mainly perform the function of internal/financial controllers. Internal Audit activities are primarily confined to ex-ante review of receipts, expenditure vouchers, and disbursements. Ex-ante controls are performed by Financial Controllers and Internal Auditors. The latter measures will be strengthened with additional centralized controls within the PMU that will be developed and stipulated in the FM chapter of the POM.

15. The SSC's Internal Audit function has three subdivisions as follows: (a) Social Security Internal Audit; (b) Finance and Administrative Internal Audit; and (c) Information Systems Internal Audit. The Internal Audit prepares an annual audit plan that is approved by the Oversight Committee. The plan is prepared based on the business risks and other conditions thought to affect the operations of the SSC. The findings of the internal audit are compiled in reports and sent to the Oversight Committee and the relevant branch/department. A copy of the annual Internal audit report will be shared with the Bank.

16. External Auditing. MOL and SSC are subject to audit by the Jordan Audit Bureau (AB), and a copy of the most recent annual audited financial statements by AB will be shared with the Bank. Meanwhile, the Bank reviewed the audited financial statements of SSC for the years 2018 and 2019, where AB reported several internal control observations, so that the SSC will provide the Bank with responses to these comments. In addition to the audit work performed by AB, SSC separate, and consolidated financial statements are prepared in accordance with the IFRS and are audited by a private sector multinational audit firm (big four) licensed by the Jordan Association of Certified Public Accounts (JACPA). The Bank has reviewed the most recent consolidated audited financial statements of SSC for the year ended December 31, 2020 audited by a multinational audit firm, which was published in August 2021, and the auditor has issued a clean audit report with no material observations.

17. The Project's audited financial statements will be audited by a qualified private sector audit firm licensed by the JACPA. The audited financial statements and related notes need to explicitly show sources and uses of funds relevant to the Bank. A copy of the Project's annual audited financial statements will be shared with the Bank team for review and comments. The audit firm will be asked to audit the Project's financial statements in



accordance with the International Standards on Auditing (ISA) based on ToR acceptable to the Bank. The MOL PMU team will be responsible for preparing the ToR for the audit assignment and submitting it to the Bank for no-objection. The Project's audited financial statements will be due for submission within six months after the end of each calendar year.

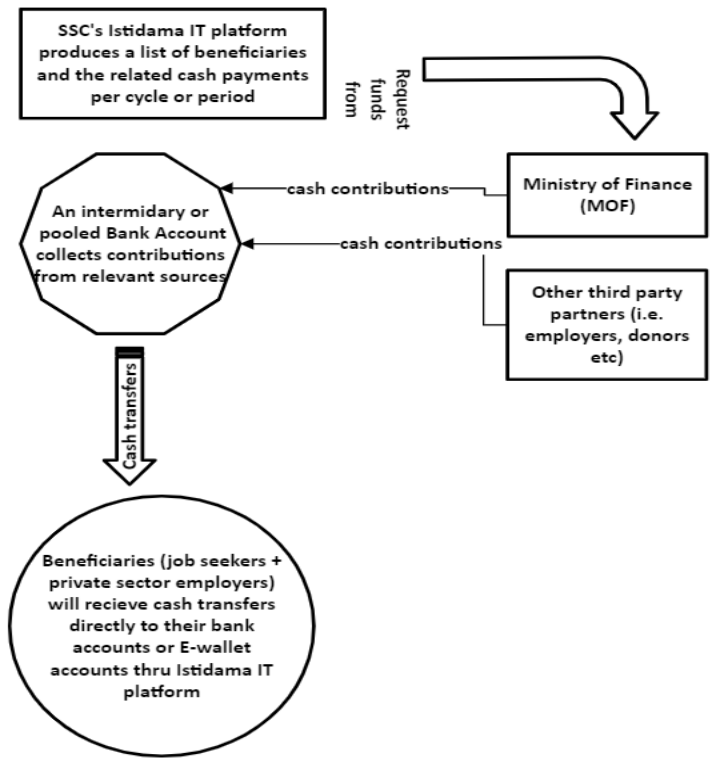
18. **Grievances Mechanism (GM) including reporting or whistleblowers mechanism for any fraud or corruption allegations.** Grievances and whistleblower (fraud and corruption) reports will be received through multiple channels that include the official complaints platform of the GOJ, MOL, and SSC's call center, websites, the national call center and MOL's and SSC's online complaints and grievances forms. All cases will be referred to the PMU/SSC/MOPIC and documented through the MIS system and resolved through the MOL PMU/MOPIC and SSC staff. The Bank team will review on a regular basis cases and reports of grievances, redress and reported fraud and corruption allegations (if any), and discussions, findings and action plans will be formally documented and shared with all stakeholders as deemed necessary.

19. **Funds Flow and Disbursement Arrangements.** The proceeds of the loan will be disbursed in accordance with the World Bank's disbursements guidelines. This will be outlined in the Disbursement and Financial Information Letter (DFIL) and in accordance with the Bank's Disbursement Guidelines for Projects (IPF). The Project will follow "Report Based Disbursements" for both components 1 & 2, noting that for Component 1: Support to the National Employment Program, disbursements will be only made through reimbursements and no advances will be envisaged, with report-based disbursements that show full details of total cash payments/expenditures made and covered by MOF as explained in the process below.

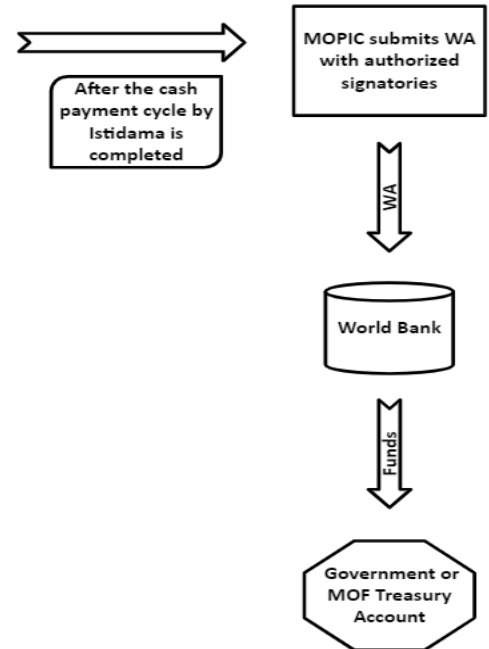


Component 1 – Disbursement mechanism

Step 1



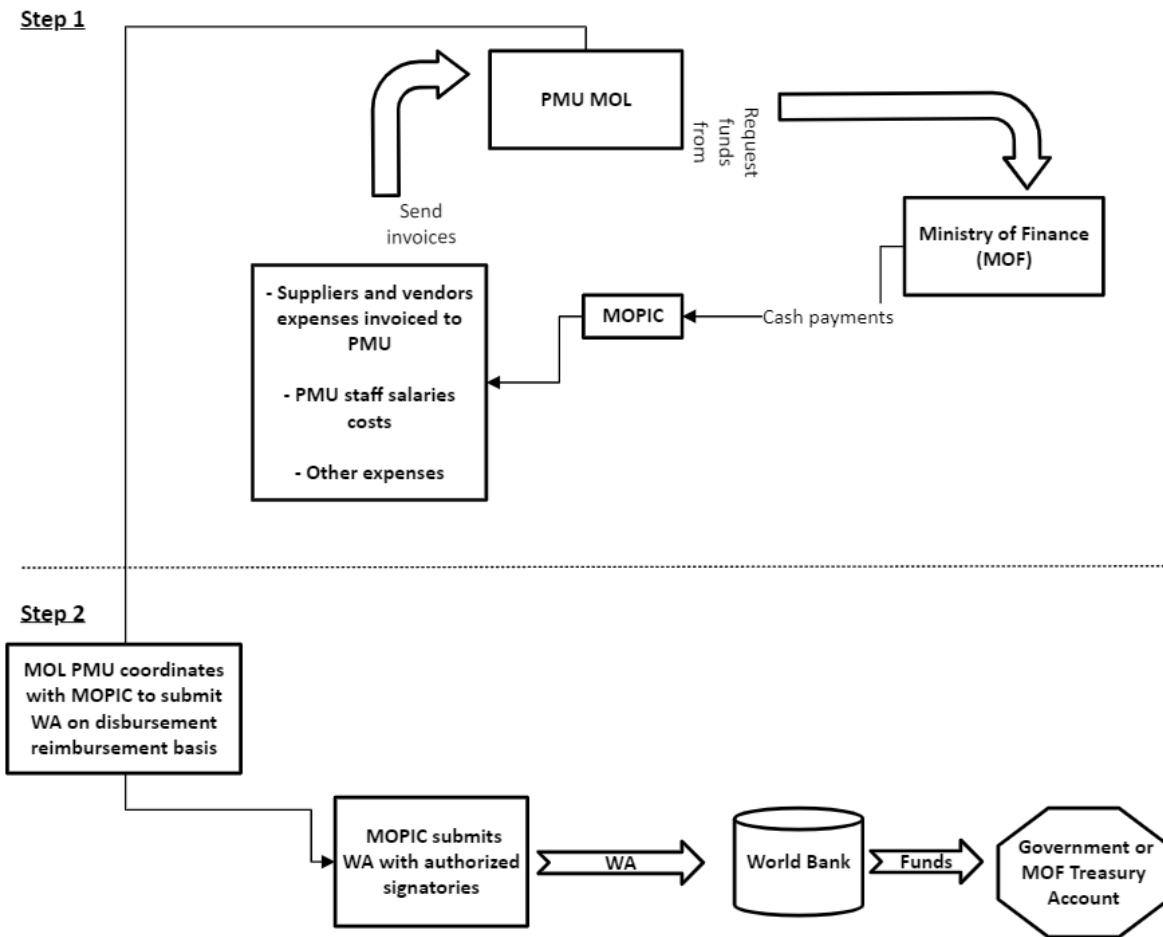
Step 2



20. **As for Component 2: Project Management, Monitoring, and Evaluation**, disbursements will also be made in the form of disbursement reimbursement to MOF Treasury Single Account based on submitted WA accompanied with relevant IFRs and other supporting documents showing expenditures made and paid by MOF relevant to Project Component 2 expenses.



Component 2 – Disbursement mechanism



21. **Disbursement process documentation.** Requests for payments from the loan will be initiated through the use of WAs using any of the disbursement methods stipulated in the DFIL. The documentation supporting expenditures will be retained at MOL PMU and readily accessible for review by the external auditors and Bank implementation support missions. All disbursements will be subject to the conditions of the Loan Agreement and disbursement procedures as defined in the DFIL.

22. **E-disbursement** will be used to submit WAs. Under e-disbursement, all transactions will be conducted and associated supporting documents and IFRs scanned and transmitted online using the World Bank's Client Connection system. The use of e-disbursement functionality will streamline online payment processing to: (a) avoid common mistakes in filling out WAs; (b) reduce the time and cost of sending WAs to the World Bank; and (c) expedite the World Bank processing of disbursement requests.

Implementation Support

23. **The FM implementation support will depend on the status of COVID-19 pandemic and the applied country's responses and restrictions:**



- a. *During the pandemic:* The World Bank team will conduct virtual FM implementation support activities to keep engaged with the PMU and counterpart (MOPIC, SSC, MOL) teams on issues impacting performance, compliance, and reporting. Bank FM supervision activities will include, but are not limited to, review of IFRs, annual audited financial statements and management letters as well as timely follow up on issues raised by the auditor. This will include providing continuous guidance and support as needed to the PMU, and application of virtual supervision mechanisms including application of ICT enabled monitoring as appropriate.
- b. *Post COVID-19 pandemic:* At least two implementation support missions will be carried out annually and will include field visits. Bank staff based in Amman will provide day-to-day support to PMU, MOPIC and SSC and follow-up visits or remote discussions depending on the status of the pandemic, will be conducted as needed. During the Bank's missions, the project's FM and disbursement arrangements will be reviewed to ensure compliance with the Bank's requirements.