



The World Bank

Agriculture Resilience, Valuechain Development and Innovation (ARDI) Program (P167946)

Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 17-May-2022 | Report No:

**BASIC INFORMATION****A. Basic Program Data**

Country Jordan	Project ID P167946	Program Name Agriculture Resilience, Valuechain Development and Innovation (ARDI) Program	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 18-May-2022	Estimated Board Date 23-Jun-2022	Practice Area (Lead) Agriculture and Food
Financing Instrument Program-for-Results Financing	Borrower(s) Hashemite Kingdom of Jordan	Implementing Agency Ministry of Planning and International Cooperation	

Proposed Program Development Objective(s)

To strengthen the climate resilience and enabling environment for agriculture development in selected value chains in Jordan.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	595.00
Total Operation Cost	166.00
Total Program Cost	162.00
IPF Component	4.00
Total Financing	166.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	95.60
World Bank Lending	95.60
Total Government Contribution	41.00



Total Non-World Bank Group and Non-Client Government Financing	29.40
Trust Funds	29.40

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Jordan's economy is showing a healthy recovery following a moderate economic contraction in 2020, however unemployment rates remain high.** Jordan's GDP registered a solid rebound in the second and third quarter of 2021. Still, the pandemic has resulted in an increase of Jordan's already high unemployment rate. Youth and female unemployment are particularly high, reflecting structural issues of Jordan's labor market, including large gender gaps.
2. **Jordan is characterized by a rural-urban economic divide.** Average household incomes in urban areas are higher than average incomes for rural households. More than half of rural workers are informal compared to under half of urban workers. While the majority of Jordan's population is concentrated in and around cities, the rural economy serves as a major source of food security and livelihoods for the entire country.

Sectoral and Institutional Context

3. **Jordan's agri-food sector is an important source of income, employment, exports and holds much untapped potential.** Around a quarter of Jordan's poor rely on agriculture for their income. Although primary agriculture contributes only a small share of GDP, the broader agri-food sector contributes a much larger share when related value chain activities are counted. Increased investments in the agri-food sector can drive rural job creation both on-farm and all along the value chain. Agricultural production and value chains have the opportunity to serve a growing local market and contribute to food security.
4. **The inflow of Syrian refugees has presented challenges and opportunities for the agri-food sector development.** The refugee influx has put additional pressure on food security and natural resources. A large share of Syrian refugees are employed in the agriculture sector.



5. **Climate change is strongly impacting agriculture in Jordan through higher temperatures, decreased average and increased variability in precipitation.** Droughts will occur more frequently and crop-water requirements will increase. Jordan is among the most water-scarce countries in the world and climate change will lead to a further decline in water availability. Improving the efficiency of water use in irrigated agriculture can build resilience to water scarcity and climate change impacts.

6. **The potential of Jordan's agrifood sector can be leveraged by improving its competitiveness for the local market and exports alike.** Fresh fruit and vegetables offer major export opportunities for Jordan. However, the loss of access to key markets due to the Syrian and Iraqi civil wars and lack of investment in these value chains has eroded Jordan's competitiveness. Improving the enabling environment by ensuring that domestic- and export-oriented products offer adequate traceability and fulfil national food safety and specific export market requirements (e.g., EU market) has the potential to boost exports and investment.

7. **Jordanian farmers have limited access to finance and there is a shortage of skilled labor in the Jordanian agri-food sector.** These gaps also constitute bottlenecks to the competitiveness of the sectors' value chains.

PforR Program Scope

8. **The Program is anchored in the Jordan National Sustainable Agriculture Plan (JAP) (2022-2025), both in terms of its development objectives as well as its priority activities and main results.** The JAP recognizes the most significant strategic challenges Jordan's agriculture sector is facing and identifies a comprehensive set of costed interventions across public, private sectors and international partners with the potential to lay the foundations to significantly shift the sector's performance.

9. **This PforR includes a subset of JAP's six priority areas** selected based on urgency, potential to enable future investment and implementing agencies' track record. This subset of priority areas is reflected by the program in two Results Areas: (i) climate resilience and sustainability; and (ii) competitiveness and exports.

10. **Results Area 1 – Climate Resilience and Sustainability.** The objective of Results Area 1 is to strengthen the resilience of the agricultural production system to climate change and to shift the sector towards a more sustainable growth path.

11. **Results Area 2 – Competitiveness and Export.** The objective of Results Area 2 is to contribute to improved competitiveness of the agri-food sector by strengthening the enabling environment for agribusiness and making the sector more attractive for investment. Focusing on the value chains strengthened under RA1, RA2 will address structural on and off-farm constraints, including enabling services for value chain development and export promotion and matching skills supply with demand in the agri-food sector.

**C. Proposed Program Development Objective(s)****Program Development Objective(s)**

To strengthen the climate resilience and enabling environment for agriculture development in selected value chains in Jordan.

D. Environmental and Social Effects**Legal Operational Policies****Triggered?**

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

Summary of Assessment of Environmental and Social Risks and Impacts (With IPF Component for PforR)

The implementation of interventions under ARDI Program will rely on the existing national legal framework and institutional systems to manage environmental and social risks. An Environment and Social Systems Assessment (ESSA) was prepared to assess Jordan's authority and organizational capacity to achieve environmental and social objectives against the range of environmental and social impacts that may be associated with the proposed Program. This assessment was undertaken against a set of core principles set out in the Operational Policy on Program for Results Financing (OP/BP 9.00). The ESSA highlights areas where the management system lacks the regulatory authority or organizational capacity to effectively manage environmental or social effects; and proposes several actions for inclusion in the Program Action Plan to enhance environmental and social management and increase sustainability and impact.

E. Financing

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Borrower/Client/Recipient

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