

Concept Note

Jordan

Reform of the Legal and regulatory environment governing economic activity in Jordan (P157739)

Created by Mohamed Hamoud Baider on 15-Oct-2015

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Form Status: ARCHIVED

Basic Information

Product Line	Title	Country, Region or Global	Task Team Leader(s)
Technical Assistance (Non-lending)	Jordan Business Legislation Reform	Jordan	Mohamed Hamoud Baider
Legal Name		Report/Output Types	Practice Manager/Manager
Reform of the Legal and regulatory environment governing economic activity in Jordan		Advisory Services Document	Najy Benhassine
Responsible Cost Center	Requesting Cost Center	Completion Fiscal Year	Status
GTC05 (9372)	MNC02 (399)	2019	Active
Parent GPP	Associate Activity/ Task	Reimbursable Advisory Services	
		No	

Development Objective

What is the development objective that this activity is seeking to achieve? What are the expected intermediate outcomes?

The project will help the Government of Jordan to modernize critical laws and regulations governing business activities in line with international best practices and help introduce a sustainable mechanism for the quality of regulatory delivery. It is expected that the reformed regulatory environment for businesses would enable more private sector investments and jobs.

The project builds on findings and reform recommendations of previous WB technical assistance activities: Jordan Competitiveness and Investment Partnership (P150415), Jordan DB2015 reform memo, and Jordan Investment Climate Assessment.

Choose at least one intermediate outcome and at least one indicator from the list below that reflects the development objective and is expected to be achieved by the completion of the activity.

Intermediate Outcome(s)	Indicator(s)
Policy/strategy informed	Government policy/strategy informed, Contributed to stakeholder involvement, Dev't community/partner policy/strategy informed, Bank country strategy informed, Bank sector strategy informed
Client capacity increased	Design capacity strengthened, Implementation capacity strengthened, Monitoring & Evaluation capacity increased

Knowledge deepened	Facilitated exchange of best practice w/ clients, Facilitated exchange of best practice w/ partners, Disseminated best practices
Innovative approaches & solutions generated	New innovative approach fostered, New innovative approach developed

Risks to Achieve Objective

Please rate and describe the principal risks to achieve the development objective within the time period envisaged and how they can be mitigated. Does the team seek any specific guidance?	Risk Rating	Explanation
	Substantial	<p>1. Inadequate capacity of implementing entities and the bureaucratic hurdles may affect the pace and quality of implementation: Risk: Substantial risk</p> <p>Mitigation: The project is designed as an ISA-executed technical assistance that will be implemented by the WBG Staff and a roster of experts to introduce best international practice and analytical tools. The implementation arrangement will ensure active and consistent team presence in Jordan during project execution. The project will also build the capacity of the reform unit in the PM office to help the government sustain implemented reforms.</p> <p>2. Overlap with other international agencies in implementing finance and private sector projects: Risk: Moderate</p> <p>Mitigation: Ministry of Planning and International Cooperation is coordinating the reform activities and has requested the WBG support in reforming the legal and regulatory framework that governs the economic activities in Jordan. The project will coordinate with relevant development agencies, so as to identify areas of complementarities. The projects will also liaise with the donor coordination mechanism at the Ministry of Planning and International Cooperation.</p>

	<p>The project will be leveraging other donor’s programs to drive the reform process and put pressure on the government to take actions.</p> <p>3. Limited progress of Investment Climate reforms Risk: Substantial</p> <p>Mitigation: The project proposes establishing a regulatory reform /delivery unit at the PM office. This unit should have the proper authority and resources to lead the monitor the implementation of proposed reforms.</p> <p>The TA project proposes a set of technical activities that inform the reform process, including preparation of both laws and bylaws. It will provide the authorities with international best practice examples.</p> <p>The project will also provide a plan with timeline for actions and relevant training. As such the activities support the reform process progress as much as possible but are not directly dependent on reform progress.</p> <p>The EU development program for Jordan has assigned about 30 million Euro as budget support for Jordan and will use this project and the implementation of proposed reforms as triggers to expedite the release of the funds.</p> <p>The project will be develop a comprehensive PPD and communication framework to ensure transparency of the reform process and to add more pressure by engaging the media in tracking reform progress and communicating private sector voices</p>
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Please describe the primary audience to be reached. Are there any secondary or indirect audiences? If yes, please explain.	Primary Audience Government	Explanation The Project aims to provide implementation-oriented technical assistance to the Government of Jordan to support legal, regulatory and institutional reforms and capacity-building measures. (1) Ministry of Planning and International Cooperation (2) Ministry of Industry and Trade (3) Jordan Investment Commission (4) Jordan Council on Competitiveness and Innovation (5) other relevant agencies.
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Dissemination / Outreach Strategy

Describe the dissemination strategy and other outreach activities to engage the principal audience.

(e.g.: Will the product be: made available in the local language? made available on a website? discussed with senior policy-makers? presented at a workshop, conference, seminar or on-line discussion? covered in the general or specialized media?)

The project will share best practices through:

- Workshops, seminars and on-site visits for the participating officials;
- Public-private dialogue process, which comprises of representatives of the key Jordan authorities and the National Council on Competitiveness and Innovation that includes key business leaders and is chaired by the Prime Minister. The project will formalize the consultation process with businesses on proposed laws and regulations and will engage the local media to publicly summarize comments received and describe the extent to which these have been incorporated by government.

Is translation of some or all of the activity planned? Yes

Client Ownership

Has the client asked for this activity?

Yes

Has the client agreed to the concept/scope/design?

Yes

Will the client be substantially involved in carrying out the activity?

Yes

Will the client help finance the activity?

No

Comments

This activity will be financed by the MENA Transition Fund.

Activity and Client Contact Information

Activity title (Edit if needed to make the title recognizable to any clients identified below.)

Reform of the Legal and regulatory environment governing economic activity in Jordan

Organization Name

Ministry of Planning and International Cooperation

Organization Role	Organization Type	Country
Activity Leadership/Oversight	Central Ministry	Jordan
First Name	Last Name	Title
Mukhallad	Omari	Director of Policies at Ministry of Planning
Preferred Language	Phone	Primary Email
English	0096264644466	Mukhallad.Omari@mop.gov.jo
Include in Client Feedback Survey?		
Yes		

If the activity title provided above (just under the "Activity and Client Contact Information" bar) would be recognized by this client, please leave blank. Otherwise, provide an activity/output title recognizable to this client.

Partners/Others' Activities

Are other partners doing similar activities? If yes, have you ensured this activity is not duplicative and/or has value-added?

Are there one or more partners who are either funding this activity or contributing expertise?

No

Partners

Organization Name	Type	Contact	Title	Office Phone	Email
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Is this a joint work with IFC? **Yes**

Why is this activity type (ESW or TA) being used to address the objective? Is it linked to other Bank

activities or tasks? Explain

The proposal is consistent with the World Bank MNA Regional Strategy, Jordan Systematic Country Diagnostic (SCD) and Jordan National Vision and Strategy 2025. The Government of Jordan requested WBG assistance to review the legal and regulatory framework that governing economic activities. Official letter was received from Minister of Planning and International Development dated 22 September 2015.

The TA's relevance is as follows:

- Building on existing Technical Assistance projects: The WBG have extensive experience in supporting developed and emerging economies in identifying barriers to investments and improving their investment climates. The organization has undertaken a number of reform activities and reviews of the legal and institutional investment frameworks in the MENA region, and notably the Jordan Investment Climate Assessment, Jordan Competitiveness Partnership, and Jordan Competitiveness and Investment Project (JCIP).
- The project complement the thematic pillars of the MNA regional strategy. The project will focus on modernizing economic legalizations in Jordan which should accelerate private sector led growth, improve Jordan IC to attract investments leading to job creation, and strengthen governance through improving transparency, participation and accountability. The project will have an active PPD and communication framework that should strengthen social and economic inclusion by ensuring that all stakeholders are effectively engaged in the reform process so they can enjoy equal access to market and related services.
- The recently concluded IMF SBA welcomed the new DB roadmap to enhance Jordan investment climate and the launch of the investment window/one-stop-shop in April (supported by World Bank-OECD transition fund project). It stressed the need to move aggressively on structural reforms geared to job creation, and focused on labor market reform as well as improvements in the business climate and the quality of public institution. This project will contribute to achieving the mentioned recommendations.
- Introducing international best practice: The implementation of this TA by the WBG will be used to provide capacity building and to introduce and share international best practices on modernizing legal and regulatory framework. WBG analytical tools and approaches are central to the provision of best practices.
- Public Private Dialogue: The project will introduce best practices on public private dialogue and promote active participation of private sector in the reform process.

Country Context

Jordan's growth during the next 5 years is projected to be in the 3-4 percent range i.e. a slowdown relative to the pre-2011 average, and barely enough to generate per capita growth, urgent structural economic reforms are needed in Jordan to solve problems such as persistent high unemployment, especially among youth and graduates which is about 12% in 2014, the large share of population, just above the poverty line, and fiscal and external vulnerability.

Jordan's legal investment regime is governed by a series of mostly outdated laws and regulations. The

Strategic Relevance

Does the activity support (select all that apply):

A Country Strategy (e.g. CAS, CPS, ISN)

A Regional Strategy

A Global Strategy (e.g. Sector Strategy)

None of the Above

current legal and regulatory framework suffers from many issues including: (1) numerous restrictions on market access; (2) emphasis on provision of fiscal and financial incentives which have failed to achieve Jordan's national priorities in terms of human development, job creation, regional development and development of value added industries; and (3) complex and time-consuming procedures governed by multiple entities which retained broad discretionary powers. This results in missed opportunities. For example, According to JIC, there are more than 10 multimillion investment project waiting for approvals to invest in renewable energy sector. The project are put on hold because of lack of clarity of the governing regulations. The country has been outperformed by other economies in the region.

Summary Task Description

Provide a brief description of the activity and briefly outline key issues expected to be addressed to meet the Development Objective.

The project can have a transformational impact upon the Jordanian economy by modernizing the legal and regulatory frame work governing economic activities. Arbitrary and uncertain regulations are major constrains that investors are facing in Jordan. The Government has articulated a clear need to have a holistic and systematic approach to the business law reform rather than a case-by-case approach of fixing certain areas while others continue deteriorating. Additionally, there is a need to develop a sustainable mechanism for ensuring the quality of regulatory environment and regulatory delivery in the long run. An appropriate lesson can be learned from the current Jordan Investment and Competitiveness Project (JCIP). It is focusing on improving investment policy and promotion in Jordan and is supporting Jordan Investment Commission (JIC) to build its new OSS. Despite the unprecedented authority given to JIC, most licenses and approvals are still being delayed due to complex approval process that is governed by different laws and regulations and managed by several committees and different authorities. This new project will use a holistic approach analyzing all major legislation and regulations affecting the private sector that were often drafted in isolation of one another and have contradicting articles that opens doors for wrong or biased interpretation by relevant agencies.

This project proposes a phased approach:

Phase 1: Prioritization and Preparation:

Component 1.1 Prioritize business laws for modernization

-Analyze the list of laws and regulations proposed by the Government for modernization (currently 10 laws). The project will be selecting laws and regulations for this reform based on the priorities stated by the Jordan 2025, SCD, MNA regional strategy, and relevant priorities.

- Define Public Private Dialogue (PPD) scope and engagement framework. Undertake a comprehensive and structured PPD campaign to identify critical legislative and regulatory obstacles impacting private sector growth

- Analyze implementation challenges to identify reform priorities

Component 1.2 Utilizing the Delivery Unit (DU) at the PM office

The project will work with the PM office to utilize the current unit to supervise the reform activities of this project. MOPIC is supporting this Idea

Component 1.3: Communication strategy, M&E, and PPD framework

-Develop effective Strategies that include media partners. The project will take an open consultation approach to increase transparency and avoid previous issues related to weak implementation due to lack of accountability.

Phase 1 result:

- Selection of specific laws for review
- Enhancing DU
- Developing Communication, M&E, and PPD strategies

Phase 2: Comprehensive Assessment:

Component 2.1: legislation review and reform implementation plan

- Review the targeted legislation including the policy objective to find contradiction and overlaps
- Revisions of targeted legislation including new processes streamlining and detailed implementation plan

-Component 2.2: Building the implementation effectiveness and capacity

- Development of reform implementation frame work based on transparency and accountability linked the PM delivery unit
- Conduct capacity building assessment for selected agencies

Phase 2 result

- specific set of legal recommendations
- reform implementation framework based on International best practice
- Capacity building plan

Phase 3: Implementation and sustainability

Component 3.1: Reform implementation

- Conduct implementation consultations with stakeholders from related agencies including the parliament to explain the proposed legal changes and the expected benefit to the Jordanian economy

Component 3.2: Reform sustainability

Establish a regulatory impact assessment mechanism

Phase 3 will result on:

- Pilot implementation of selected law(s)
- Implementation of implementation framework
- Implementation of regulatory impact assessment mechanism

Practice Area Mapping

Practice Area (Lead)

Trade & Competitiveness

Contributing Practice Areas

Cross Cutting Topics

Cross Cutting Topics

- Climate Change
- Fragile, Conflict & Violence
- Gender
- Jobs
- Public Private Partnership

Sectors

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%
Public Administration, Law, and Justice	Law and justice	50
Industry and trade	Other industry	50
Total		100

Themes

Theme (Maximum 5 and total % must equal 100)

Major Theme	Theme	%
Financial and private sector development	Regulation and competition policy	60
Financial and private sector development	Other Private Sector Development	40
Total		100

Climate Change

Did the activity address adaptation, mitigation or both through:

	Adaptation	Mitigation	Explanation
Diagnostic and Policy Advice	No	No	
Tools and Data	No	No	
Knowledge Management	No	No	

Gender Tag

Does the activity support (select all that apply)

Analysis and/or consultation on gender related issues

No

Specific actions to address the distinct needs of women and girls, or men and boys, or positive impacts on gender gaps

No

Mechanisms to monitor gender impact to facilitate gender-disaggregated analysis

No

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit	Office Phone	Location
Mohamed Hamoud Baider	Team Leader <input checked="" type="checkbox"/> ADM Responsible	Operations Officer		GTCDR	5380 +3713	AMMAN, JORDAN
Abeer Kamal Shalan	Team Member	Associate Operations Officer		GTCDR	5380 +3721 /	AMMAN, JORDAN
Andrei Mikhnev	Program Manager	Head		GTCDR	5380 +3711	AMMAN, JORDAN
Carol Khouzami	Team Member	Operations Officer		GTCDR	5367 +2975 /	BEIRUT, LEBANON
Nesreen Suleiman Abu-Suleiman	Team Member	Operations Analyst		GTCDR	5380 +3714 /	AMMAN, JORDAN
Ruba Abdel Mun'em Mustafa Al Shawwa	Team Member	Program Assistant		CMEAS		AMMAN, JORDAN

Extended Team

Name	Title	Office Phone	Location

Budget & Funding (Amount in USD)

Note: Please make sure the budget includes estimated cost of dissemination/communication of final output as described in Objectives Section. Only include direct costs in this 'Budget and Funding' section.

Expenses to Date: 0.00

Funding

FY	Bank Budget		Bank-executed Trust Fund		Other		Total
	Total	Of which Variable	Total	Of which Variable	Total	Of which Variable	
2016	100,000.00		3,000,000.00				3,100,000.00
Total	100,000.00	0.00	3,000,000.00	0.00	0.00	0.00	3,100,000.00

Preparation Schedule

Milestone	Original	Forecast	Actual
AIS Sign-off			15-Oct-2015
Concept Review			
Management Approval of Concept *	21-Dec-2015		03-Nov-2015
Decision Review			
Management Endorsement of Deliverable *	30-Jun-2018		
Deliver Output to Client/Stakeholders			
Final Delivery/Completion Summary *	31-Oct-2018		