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Q1: Respondent details

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Q2: Country or Customs territory

JORDAN

Q3: Organization

Other (please specify)
 The World Bank Group (WBG) consists of five international organizations: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA) and the International Centre for Settlement of Investment Disputes (ICSID).

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Q4: Title of case story

Economic Opportunities for Jordanians and Syrian Refugees Program for Results

Q5: Case story focus

Infrastructure upgrading and the development of related services markets, including through support for investment climate reforms.

Q6: Case story abstract

The crisis in Syria has led to a massive influx of Syrian refugees into Jordan. The Government of Jordan and the international community requested World Bank Group (WBG) support for a holistic approach to the Syrian crisis, targeting both Jordanian host communities and the refugees. WBG's multifaceted response aims to help Jordan cope with economic and social impacts and turn crisis into opportunity. The project seeks to alleviate refugee suffering while supporting Jordan's growth agenda and maintaining resilience and economic stability. Three interlinked pillars support the approach: (a) attract new investment; create jobs for Jordanians and Syrian refugees; open up EU markets to trade with Jordan via simplified rules of origin (b) strengthen Jordan's resilience to the refugee crisis by adequately financing public services through grants; and (c) mobilize sufficient grants and concessional financing to support the macroeconomic framework and address investment climate reform issues in Jordan.

Q7: Who provided funding?

Bilateral donor, Multilateral organization,

South-South partner, NGO,

Other (please specify)

The effort has combined Bank Group resources and expertise, including the Office of the Chief Economist, the Trade & Competitiveness Global Practice and other WBG Global Practices, IFC, the World Bank, the International Development Association (IDA), MIGA, and the Middle East North Africa (MENA) region, as well as external partners, including Better Work Jordan, the European Union, the International Labour Organization, IMF, the UN Refugee Agency, the UN Development Programme, UKAID, and USAID.

Q8: Project/Programme type

Regional

Q9: Your text case story**- The origin of the project**

The project traces its origins to a conversation around a coffee table at Amman airport last year between Shanta Devarajan, the Bank's Middle East and North Africa (MENA) chief economist, DFID's Chief Economist Stefan Dercon, and Oxford Professor Sir Paul Collier. They brainstormed the challenging problem of generating new jobs for Jordanians and for the large numbers of Syrian refugees living in Jordan. As a result of the civil war in neighboring Syria, Jordan, a country of 9.5 million people, has become home to more than 1 million refugees, according to a December 2015 census. These initial conversations evolved into a collaborative effort involving multiple branches of the World Bank Group, Jordan, the European Union, and other partners in support of an initiative to boost the Jordanian economy and provide economic opportunity for both Jordanian nationals and the refugee population. The project involves implementing the economic opportunities aspect of a Compact agreed on at the London conference of February 4, 2016, which involves, in particular, attracting investments and creating jobs for Jordanians and Syrian refugees. The project went before the World Bank Board in September 2016 and was enthusiastically approved.

- How the project was designed

The overall program is structured as a Program for Results Operation in which disbursement of some development funds is contingent on Jordan implementing certain investment climate reforms. It consists of a loan and credit totaling \$300 million, to be released based on terms and conditions set out in a World Bank Group President's Memorandum. Release of some of these funds is contingent on implementation of investment climate reform. Advisory work, funded jointly by the Facility for Investment Climate Advisory Services (FIAS) and other sources, focuses helping Jordan implement investment climate, investment promotion, and related reforms to promote and accelerate domestic and foreign investment. It consists of three major prongs: first, to afford easier market access for Jordanian exports in the European Union; second, the imperative to reform the country's investment climate; and third, agreement by the government to provide work permits to refugees.

- How the project has been managed and who has participated

The \$300 million loan and credit is being provided on concessional terms through two sources: the Global Concessional Financing Facility, a new initiative supported by Canada, the European Commission, Germany, Japan, Netherlands, Norway, United Kingdom and United States designed to address refugee-related challenges in middle-income countries; and from IDA via an exceptional allocation at rates usually reserved for the poorest countries. FIAS is contributing support for advisory services geared toward helping Jordan approve and implement reforms relating to investment entry, promotion, and aftercare.

- What the project sought to achieve and short and medium-term outputs and outcomes

The Jordan project seeks to achieve improvements in the country's investment climate at the front end, so as to support the development goals of the project while also creating economy-wide benefits. Investment and job creation are supported at the front end by the EU's agreement to provide increased access to its markets through existing special economic zones in Jordan.

economic zones in Jordan.

Release of the \$300 million loan and credit will support logistical, administrative, and other improvements designed to promote increased investment, exports, and job creation. Among these will include strengthening the Jordan Investment Corporation's one-stop shop to include proactive information sharing of environmental and labor standards to investors as well as information about land acquisition, compensation, and resettlement laws and regulations; establish worker centers in the SEZs to bundle services for workers on such things as social and environmental standards, preventive medical check-ups, legal advice, and redress of grievances; strengthen the Ministry of Labor's inspectorate unit through database and software improvements, upgrading of the grievance redress mechanisms, support for a single integrated inspections database, building a monitoring and evaluation system, and support for legal advisers with diverse language skills; provide for a women-friendly enabling environment, including safe transportation to SEZs in a way that is culturally sensitive to women; develop a communications and roll-out plan; strengthen case management of child labor; and pilot efforts to accelerate improvement in air monitoring systems and other environmental protection measures. The introduced improvements will, by default, enhance the effectiveness, efficiency, and transparency of governance of the Jordanian business climate.

- Expected medium- and long-term impacts

Improving Jordan's investment climate will reduce red tape and support small businesses and trade facilitation. Attracting and retaining investments—both domestic and foreign— will be key, especially in manufacturing and in SEZs that will benefit from preferential access to the EU. The foreign investments will most likely come from the Syrian business diaspora; regional investors; and investors targeting the EU market.

Success in this project is defined as getting both Jordanians and Syrians jobs manufacturing goods that were being exported to the EU market. Thus, attracting investments into expanding or developing new manufacturing capacity quickly became a core challenge.

Q10: Lessons learnt

The Jordan project marks a number of firsts and significant milestones. It is the first Bank Group loan to a host country focused on refugees in decades, going back to the post-World War II era. It is one of only two projects using a special International Development Association (IDA) window for middle-income countries under stress from the refugee crisis. And it is the first Program for Results Operation in Jordan.

Collaboration across the World Bank Group was truly remarkable, and a key to project success. For example: to meet one of our deadlines, the team needed four vice presidents to sign-off. It was initially expected to take a few days; it was done in a few short hours.

The project team has sought to apply lessons from previous economic development initiatives in Jordan.

The project design team had many years of experience with a similar trade deal Jordan had struck with the United States in 1997. This now generates \$1.6 billion a year in exports (mainly garments) and employs about 60,000 people. The WBG team saw that very few of the people running these exporting firms originated in the United States. Some of their owners were Jordanian; some came from the Gulf Cooperation Council and other Arab countries; some came from Asia. Experience showed that most new investment involved the expansion of existing investment. Often as much as 80 percent of new investment takes this form.

Putting all this together led the team toward creating a strategy for investment promotion that targeted: (i) firms in Europe willing to outsource to Jordan; (ii) existing firms in Jordan that wished to expand into this new market; and (iii) new firms from anywhere in the world that wanted to take advantage of the preferential trade deal.

Experience shows that progress in improving the climate for domestic and foreign investment in Jordan has been very slow. The idea of using the Program for Results structure for this project was to create a more direct economic incentive for Jordan to undertake investment climate reform by tying the release of certain development funds from supporting institutions to the implementation of reform (with the help of World Bank Group advisory services) by Jordan.

In terms of challenges, it is clear in the early stages of the project that the relatively “easy” part is obtaining EU support for preferential trade benefits to Jordan and securing financial backing from partner nations and international institutions the project. The challenge lies in attaining investment climate reform in Jordan and negotiating with the government to obtain a sufficient number of work permits for Syrian refugees to have a substantial economic benefit in their lives. Steps are being implemented to avoid either the perception or reality that job creation for Syrian refugees is in any way cutting into job opportunities for Jordanians.
