

**ECONOMIC OPPORTUNITIES FOR JORDANIANS AND  
SYRIAN REFUGEES PROGRAM FOR RESULTS:  
ADDITIONAL FINANCING  
(P171172)**

**ADDENDUM TO THE ENVIRONMENTAL AND SOCIAL  
SYSTEMS ASSESSMENT**

**DRAFT REPORT**

**APRIL 16, 2020**

## Abbreviations and Acronyms

<b>AF</b>	Additional Financing
<b>BWJ</b>	Better Work Jordan
<b>CBJ</b>	Central Bank of Jordan
<b>DLI</b>	Disbursement Linked Indicators
<b>DLR</b>	Disbursement Linked Result
<b>EIA</b>	Environmental Impact Assessment
<b>ESSA</b>	Environmental and Social Systems Assessment
<b>EU</b>	European Union
<b>GAM</b>	Greater Amman Municipality
<b>GoJ</b>	Government of Jordan
<b>GRM</b>	Grievance Redress Mechanism
<b>HBB</b>	Home-Based Businesses
<b>HCFC</b>	Hydroflourochlorocarbons
<b>IT</b>	Information Technology
<b>IDA</b>	International Development Association
<b>ILO</b>	International Labor Organization
<b>JIC</b>	Jordan Investment Corporation
<b>JNCW</b>	Jordan National Commission for Women
<b>JoMoPay</b>	Jordan Mobile Payments
<b>JoPACC</b>	Jordan Payments & Clearing Company
<b>MoA</b>	Ministry of Agriculture
<b>MOL</b>	Ministry of Labor
<b>MOLA</b>	Ministry of Local Affairs
<b>MOPIC</b>	Ministry of Planning and International Cooperation
<b>MOSD</b>	Ministry of Social Development
<b>MoU</b>	Memorandum of Understanding
<b>MPSP</b>	Mobile Payments Services Provider
<b>OHS</b>	Occupational Health and Safety
<b>PAP</b>	Program Action Plan
<b>PDO</b>	Program Development Objective
<b>PforR</b>	Program-for-Result
<b>POM</b>	Project Operations Manual
<b>SME</b>	Small and medium Entreprises
<b>SSC</b>	Social Security Corporation
<b>UAE</b>	United Arab Emirates
<b>UNDP</b>	United Nations Development Program
<b>UNHCR</b>	United Nations High Commissioner for Refugees

## Executive Summary

**Background:** Since 2016, the Program-for-Result (PforR), (P159522) has been supporting - in a satisfactory manner- the implementation of the economic opportunities component of the Jordan Compact, which objective is to improve job and entrepreneurship opportunities for Jordanians and Syrian refugees. The PforR supports the implementation of labor market reforms to enable more formal and legal participation of Syrian refugees in the labor force. The PforR also aims to improve Jordan's competitiveness and attractiveness for investment through the following investment climate and investment promotion reforms: i) Improving the legal framework for home-based businesses (achieved in October 2017), ii) improving the predictability of business regulations (achieved in April 2018), iii) Streamlining the business licensing process (the licensing law is being discussed in Parliament), iv) Trade facilitation: expanding the Customs Golden List (ongoing since 2017), v) Investment promotion and retention: setting quantitative targets for Jordan Investment Commission (ongoing since 2017).

Given the good progress of reforms implemented under the parent PforR, the Additional Finance will expand its scope to continue supporting Government of Jordan's (GoJ) commitments to the Jordan Compact as well as new reform areas that have emerged over time as priorities. These include: i) decent work, ii) financial inclusion of Jordanians and Syrian refugees, with a focus on women and the poor, as stated in the 2018 National Financial Inclusion Strategy; ii) entrepreneurship with a focus on women and Syrians, iv) women economic empowerment; and iii) export competitiveness with a focus on fresh agricultural produce.

An Environmental and Social Systems Assessment (ESSA) for the Jordan Economic Opportunities for Jordanians and Syrian Refugees Program for Results (PforR) was prepared for the parent program and disclosed in September 2016. The purpose of the ESSA was to provide (a) a summary of environmental and social risks and benefits associated with proposed activities required to achieve the Program Development Objective (PDO) and the Disbursement Linked Indicators (DLIs) for each results area; (b) an assessment of the borrower's environmental and social management systems which apply to these activities, their risks and benefits; (c) an evaluation of the borrower's performance and track record in implementing its environmental and social management systems; (d) an assessment of the extent to which the borrower's environmental and social management systems are consistent with the Bank's core environmental and social principles spelled out in Bank policy and associated guidance materials; and (e) a set of recommendations and actions which the borrower has agreed to undertake to improve the implementation of applicable systems.

This Addendum comprises 1) an assessment of the ongoing relevance of the parent ESSA, including any changes to the activities, risks or benefits under the parent program 2) any new risks or benefits associated with new activities under the Additional Financing (AF) 3) changes to borrower environmental and social systems 3) assessment of capacity of new implementing agencies responsible for activities under the AF 4) evaluation of the borrower's environmental and social performance and track record to date in delivering the program.

**1)The PDO and nature of the program remains unchanged.** The program continues to support high level policy reforms to improve the overall business environment for Jordanians and Syrians. There are no direct employment activities or infrastructure investments supported under the program, except for some investments to improve the value chains and efficient use of irrigation water at the farm level under a new DLI. The labor reforms under the restructuring and additional financing will result in formalization of jobs for Syrians and an improved regulatory and enforcement framework for working conditions in the agricultural sector. The additional financing also introduces policy and regulatory reforms to enhance financial inclusion and the care economy that can benefit women, Syrians and migrant workers. There are no anticipated land acquisition activities, risks or impacts on natural habitats or physical cultural resources associated with the program.

Some of the DLIs under the parent program are being discontinued, having fully met their objectives. These include DLI#3 (investment climate for Small and Medium Enterprises [SME], except home-based businesses), DLI#4 (Customs), and DLI#5 (Investment Promotion by Jordan Investment Corporation). Accordingly, the risk and system assessments in the parent ESSA related to these DLIs, including environmental and social risks associated with Special Economic Zones, are not longer considered relevant. Note that DLI#2 (Disclosure of labor compliance), was also successfully met and is being discontinued. Other measures to strengthen the labor regulatory framework and practices are now included under DLI#6.

**2) The changes proposed under the additional financing are not expected to have additional significant adverse social and environmental impacts.** The following analysis indicates that the changes to the program will not introduce significant adverse social or environmental risks, and further are considered risk mitigants, built into the program design:

- a. **DLI#1:** The program will continue to incentivize issuance of work permits for Syrian Refugees. Formalization of employment through work permits is considered to have a social benefit such as reduced fear of deportation, perceptions of enabling more bargaining power. While Work Permits alone are not necessarily connected to improved working conditions for Syrian refugees, as low rates of Syrians with contracts or social security coverage persist, there is no disadvantage to having them. Publicizing clear information on the new instructions is also recommended. During implementation, the Ministry of Labor will conduct annual surveys targeted at work permit holders to identify trends and issues associated with the accessibility, benefits, etc of work permits. The program should also include specific measures to optimize the uptake of work permits for Syrian women, who are currently predominantly employed informally.
- b. **DLI#6:** **The labor reforms proposed under new DLI#6 addresses a gap in the regulatory framework.** As per the original ESSA, agricultural workers are not covered by the Labor Law nor any other legal instrument. The labor law stated that this regulatory framework

should be developed, but it has not been issued yet<sup>1</sup>. This regulatory framework for agriculture workers is required to specify working conditions including hours of work, remuneration, Occupational Safety and Health standards and enforcement mechanisms<sup>2</sup>. Social security contributions and benefits for agriculture will also need to be specified for agricultural workers<sup>3</sup>. The PforR additional financing will address this gap in the regulatory framework through a new DLI#6, requiring the issuance of a by-law specifying the agriculture sector, in line with the recommendations of the International Labor Organization. DLI#6 also incentivizes increased social security coverage.

- c. **DLI#7,8,9 and 10:** The new DLI's (DLI#7,8,9 and 10) are not expected to have adverse environmental nor social negative impact. The new DLIs on access to digital finance; regulating the care economy (i.e. child care); and communications campaign to improve perceptions associated with women in the workforce, are not expected to have adverse environmental nor social negative impact. Further, these DLIs are expected to have a number of benefits, in terms of financial inclusion and women's economic empowerment, for Jordanians as well as Syrians and other migrant populations. These DLI's will be supported by technical assistance to ensure adequate capacity are in place for new implementing agencies (i.e. Ministry of Social Development).
- d. **DLI#11:** The activities under the new DLI#11 will have overall positive environmental impacts as more effective value chains will lead to less CO<sub>2</sub> emissions for transportation and less damaged/wasted agriculture products. The activities will also lead to more efficient water use and less stress on the existing water resources. Those activities may have little environmental risks/impacts during construction (noise, air emissions, handling of construction waste) and operation (leakages of refrigerants and handling maintenance waste)

**The social risks of the program are considered moderate.** This rating takes into consideration the performance of the parent project, and the design of the new activities and restructuring proposed under the AF. The program consists of a diverse set of activities to promote economic opportunities for Jordanians and Syrians. The key program risk is that economic opportunities indirectly generated by the program are associated with poor working conditions. In Jordan, poor labor practices are present in a number of sectors including construction, manufacturing and agriculture, such as low wages, overtime, lack of social security, child labor, Occupational Health and Safety (OHS), particularly for vulnerable groups, including Syrian refugees. The program is designed to strengthen the labor regulatory and inspection regime, and social security coverage. Other social risks associated under the program are related to the potential for quality concerns associated with child care delivered under the program,

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<sup>1</sup> Article 3-B of the Labor Law Number 8 for the year 1996 states that employment in agriculture will be regulated through a bylaw specifying workers contractual arrangements, work hours and relevant labor inspection among others

<sup>2</sup> A Challenging Market becomes More Challenging Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market. International Labour Organization. 2017

<sup>3</sup> Ibid

and the potential for inequitable access to program benefits such as digital financial services or entrepreneurship opportunities. These risks are mitigated through program design and required actions. The program is not expected to exacerbate social conflict and is likely to improve the situation by reducing the stressors that contribute to conflict such as access to livelihoods and decent work conditions. The program is not expected to result in any direct or indirect involuntary land acquisition – activities to promote agricultural exports are aimed at small scale improvements to irrigation systems or cold storage facilities of private farmers, and any land requirements would be fulfilled through of a willing buyer-willing seller purchase.

**The environmental risks under the proposed additional financing will remain ‘Moderate’,** with risks including worker health and safety and waste management aspects related to DLI#11 as indicated above.

**3) The ESSA’s assessment of Borrower’s E&S systems against the Bank’s core E&S principles, is still relevant:**

- a. Environment: Applicable Jordanian federal environmental legislations have been enhanced after passing the Environmental Protection Law No. 6 of 2017. Other applicable federal and governorate environmental legal, regulatory and institutional frameworks remain unchanged. The environmental system related to the agriculture sector has been assessed, especially regarding the use of pesticides and environmental licensing of new investments for improving the value chains. Although the laws, regulations and procedures are adequate, the institutions capacity at the governorate level are not supported by adequate human and/or financial capacity to operate as designed. However, the Program interventions, through the DLIs and PAP actions, are introducing improvements to the above baseline weaknesses of the system. The recommendations of the ESSA include measures to address the gaps in the national environmental system that commensurate with correspondent environmental risks and, accordingly, the system is aligned with the Core Principals of the PforR Policy.
- b. Social: The applicable federal and governorate social regulatory and institutional frameworks remain unchanged. As noted above, there are still gaps in the regulatory framework for protection of agricultural workers. This gap is being addressed through the proposed changes to the program under this additional financing (DLI#6). The institutional capacity to monitor and enforce labor regulations is also still considered weak. In particular, labor inspections in the agricultural sector are virtually non-existent. According to an International Labor Organization (ILO) qualitative study using focus groups, 75% of employers in the agricultural sector reported never being visited by a labor inspector. This could be due to the distance of work sites, and the lack of regulatory framework. Labor inspection has a clear role to play in enforcement of decent working conditions and health and safety and additional capacity building, as well as resources for the Ministry of Labor (MOL) are needed. The Program Action Plan

proposes measures to strengthen labor inspections (i.e. manuals, training and IT systems, and measure increased number of risk-based inspections. These DLIs reinforce donor-funded capacity building programs being provided to the Ministry of Labor by the ILO (i.e. Advancing Decent Work in Jordan's Agriculture Sector: A compliance model, and ILO Developing Labor Inspections).

**4) Borrower Performance and Track record: The borrower has met all assigned environmental and social tasks and obligations.** The ESSA's recommendations for managing environmental and social risks were distilled into DLI#2 related to roll-out of the Better Work Jordan for the garment sector. The program entails inspections at all exporting garment factories against labor and health and safety standards and the publication of the compliance dashboards. In 2019, compliance rates had improved from 2 factories being fully compliant to 22 factories. Besides, there are overall benefits of the program related to its demonstration effect, and approach to progressive compliance. Ministry of Labor inspectors also accompanies BWJ on the inspections, so some capacity building of MOL is achieved through this program. The program has fully met the requirements of DLI#2.

Also, as recommended in the ESSA (and included in the Program Action Plan #14), a technical assessment of the MOL's Grievance Redress Mechanism (GRM) was conducted in April 2017. The assessment concluded that there is a GRM in place which is available to all types of workers in Jordan including foreign and Jordanian. Based on the 2017 assessment, the system is operational, with dedicated staff, has all elements of a full-fledged system, including coordination with other departments. In 2019, through all of the various uptake channels, the system received about 6500 complaints. There are many areas of the system that need improvement and MOL should continue to evaluate performance and make system enhancements. The AF will include actions related to the modernization of the inspection system of the Ministry of Labor as described above, as well as strengthening the GRM.

**Stakeholder Consultations:** The risks and benefits of the program restructuring and scale up have been widely consulted with development partners, implementing agencies, UN agencies including the ILO and UNHCR, as well as international NGO's such as the international refugee council through several bi-lateral meetings throughout program preparation. The discussion was focused on evaluating policy options and targets for issuance of work permits. The program was widely viewed as positive amongst external stakeholders consulted. All legal reforms proposed under the program will be undertaken under public-private dialogue requirements. Mechanisms such as beneficiary surveys and focus groups have also been incorporated into the Program Action Plan to track performance, identify issues and trends in accessibility for specific DLIs such as child care, Syrian refugees and users of e-wallets.

**Conclusion and recommendations:** The overall combined social and environmental risks of the program are currently considered moderate. However, these risks are adequately mitigated considering the changes under the proposed restructuring and additional financing which further strengthen the mitigating measures under the original PforR. These risks are considered to be adequately mitigated,

mainly through program design (i.e. included as DLIs), through committed actions in the Program Action Plan (PAP), or through the actions that would be part of the Program Operation Manual (POM):

#### **DLI#1 Work Permits for Syrians**

- Publicizing clear information and communications on the new instructions for work permits for Syrians (PAP).
- The Ministry of Labor shall extend the period of free work permits and relaxed inspections targeting Syrian refugees until the project closure (PAP).
- Develop specific measures to optimize the uptake of work permits for Syrian women, who are currently predominantly employed informally (during implementation, collaborate with ILO on mobile units).
- The Ministry of Interior shall maintain the system granting leave permits and allowing residents of refugee camps to enjoy mobility to search for and attend work (PAP).
- MOL to conduct rapid mini-survey of Syrian refugees obtaining work permits to identify trends and issues associated with accessibility and benefits (frequency: baseline and every six months) (PAP)

#### **DLI#6: Decent Work**

- Ministry of Labor issues a bylaw specifying acceptable working conditions in the agriculture sector and issues instructions detailing the implementation modalities of the bylaw regulating work in agriculture and publish them in the official Gazette (DLR and PAP).
- The Ministry of Labor shall maintain an IT-based grievance and redress mechanisms (GRM) system for handling, tracking, and reporting on all public grievances and train the responsible staff to operate the system (PAP)
- The Ministry of Labor implements the national Integrated Inspection Management System that has been developed in accordance with the Inspection and Monitoring Law of 2017 (PAP).
- The Ministry conducts risk-based inspections (enabled by enhanced by an IT system (DLR)
- The Ministry of Labor shall produce an annual report grievance and redress mechanisms, according to the content to be specified in the Project Operation Manual (POM) including but not limited to nature and origin of workers complaints, actions taken, and status of resolution (PAP).
- The Ministry of Labor shall issue inspection manuals providing inspection guidelines for labor inspectors in all sectors, including agriculture and train inspectors on use (PAP).

#### **DLI#9 Child Care:**

- Address gaps in the regulatory framework to allow licensing for home- based child care (DLR)

- MOSD prepare and deliver training plan for care givers on the ~~MoSD issues produces and delivers a training plan for home-based~~ for childcare givers that includes informational materials on the by-law, and also ~~covers all aspects of the new by law, and a specific module covering first aid, child wellbeing, for babies and toddlers,~~ identification of development delays and child abuse (PAP).MOSD shall commission satisfaction surveys towards parents using licensed childcare entities (frequency: baseline focus group, then tracer study at midterm, and completion) (PAP)

**DLI#11 Agriculture competitiveness:**

- MoA prepares guidelines for the safe application of pesticides for different agriculture products and makes those guidelines available online on the MoA website and include them in the extension services. (PAP)
- MoA ensures that new investments made to improve value chains have the required environmental licensing from MoE. (POM)

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# 1 Introduction

## 1.1 Background

1. Since 2016, the PforR, (P159522) has been supporting - in a satisfactory manner- the implementation of the economic opportunities component of the Jordan Compact, which objective is to improve job and entrepreneurship opportunities for Jordanians and Syrian refugees. The PforR supports the implementation of labor market reforms to enable more formal and legal participation of Syrian refugees in the labor force. The PforR also aims to improve Jordan's competitiveness and attractiveness for investment through the following investment climate and investment promotion reforms: i) Improving the legal framework for home-based businesses (achieved in October 2017), ii) improving the predictability of business regulations (achieved in April 2018), iii) Streamlining the business licensing process (the licensing law is being discussed in Parliament), iv) Trade facilitation: expanding the Customs Golden List (ongoing since 2017), v) Investment promotion and retention: setting quantitative targets for Jordan Investment Commission (ongoing since 2017).

2. The parent PforR is rated satisfactory and reached a disbursement rate of 96 percent in August 2019 (including a 25% advance provided at project effectiveness). This reflects a results achievement ratio of 72% after three years of implementation. The project rating is satisfactory as most DLIs are progressing very well. DLIs related to decent work (DLI#2), investment climate (DLI#3), trade facilitation (DLI#4) and investment promotion (DLI#5) are on track.

3. Given the good progress of reforms implemented under the parent PforR, the Additional Finance will expand its scope to continue supporting support GoJ's commitments to the Jordan Compact as well as new reform areas that have emerged over time as priorities. These include: i) decent work, ii) financial inclusion of Jordanians and Syrian refugees, with a focus on women and the poor, as stated in the 2018 National Financial Inclusion Strategy; ii) entrepreneurship with a focus on women and Syrians, iv) women economic empowerment; and iii) export competitiveness with a focus on fresh agricultural produce.

## 1.2 Purpose of the ESSA Addendum

4. An Environmental and Social Systems Assessment (ESSA) for the Jordan Economic Opportunities for Jordanians and Syrian Refugees Program for Results (PforR) was prepared for the parent program and disclosed in September 2016. The purpose of the ESSA was to provide

- (a) a summary of environmental and social risks and benefits associated with proposed activities required to achieve the Program Development Objective (PDO) and the Disbursement Linked Indicators (DLIs) for each results area;
- (b) an assessment of the borrower's environmental and social management systems which apply to these activities, their risks and benefits;
- (c) an evaluation of the borrower's performance and track record in implementing its environmental and social management systems;

- (d) an assessment of the extent to which the borrower's environmental and social management systems are consistent with the Bank's core environmental and social principles spelled out in Bank policy and associated guidance materials; and
- (e) a set of recommendations and actions which the borrower has agreed to undertake to improve the implementation of applicable systems.

5. This Addendum comprises an assessment of the ongoing relevance of the ESSA, including 1) any changes to the risks or benefits identified 2) any new risks or benefits associated with new activities under the Additional Financing (AF) 2) changes to borrower environmental and social systems 3) assessment of capacity of new implementing agencies responsible for activities under the AF 4) evaluation of the borrower's environmental and social performance and track record to date in delivering the program.

## 2 Program Description

6. **The additional financing of US\$ 100 million, which is equivalent to International Development Association (IDA) credits on IDA regular terms, aims to support the GoJ ambitious reform agenda to grow the Jordanian economy** through investment climate and sectoral reforms. It also continues to support Jordan in honoring its commitments to the Jordan Compact by granting Syrians refugees access to economic opportunities.

7. **The project will continue to directly benefit Syrian refugees through access to the three pillars of economic opportunities:**

a) Access to the labor market, through the extension of GoJ commitment to allow Syrians to access the labor market at no cost and issue them work permits beyond the original closing date up to end of 2022. The work permit regime will be made more efficient and more flexible.

b) Access to entrepreneurship opportunities, through home based-businesses and the opening of closed sectors such as food, handicraft and hairdressing to Syrian SMEs below 10 employees (since November 2018). This will particularly benefit women.

c) Access to finance through digital financial services, as allowed by the new Financial Inclusion Strategy. It is also the only way for Syrians to be financially included.

8. **Besides, the project will also indirectly benefit Syrian Refugees through an improved hosting environment** and reforms aiming at fostering economic growth and job creation and promoting decent working conditions, in particular in agriculture, an important sector for Syrian livelihoods.

9. The project has a special focus on women's economic empowerment and aims at contributing to the:

a) Increase in female labor force participation by addressing the issue of social norms.

b) Increase in women's employment through improving the investment climate in the childcare sector.

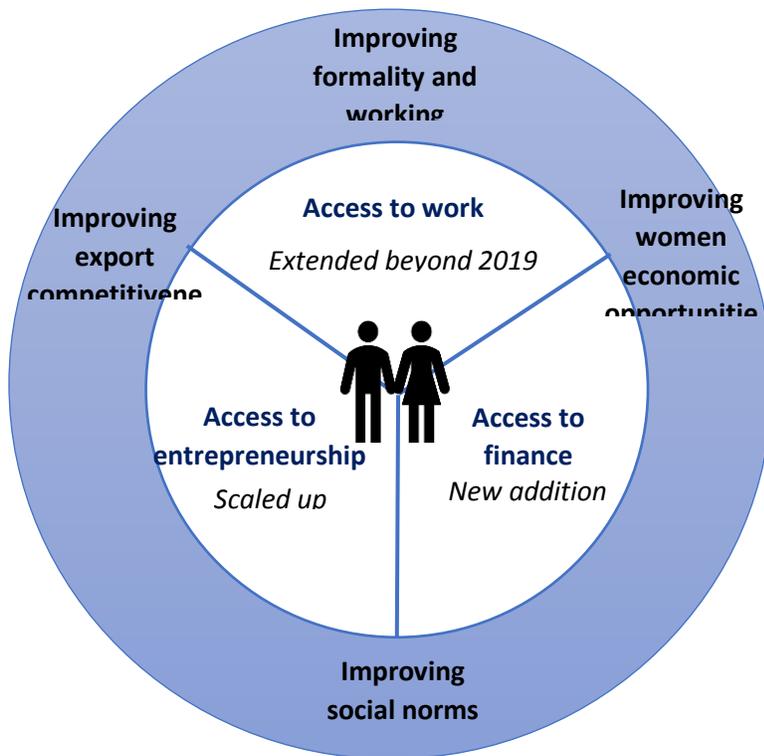
c) Expansion of women's entrepreneurial activity through improving the investment climate for home-based businesses.

10. **The program will be extended by two years up to January 2023.** It will include amendments to DLI #1 to adjust for the fact that the current indicator is unable to capture the reality of Syrian employment in Jordan, as well as new DLIs supporting: i) decent work and labor formalization; ii) access to digital finance, and iii) business licensing in the care economy to improve women economic opportunities, and iv) tackling the issue of social norms impeding women employment.

11. **It is proposed to restructure its labor market reform component in order to deal with the implementation challenges related to the issuance of work permits.** The number of issued work permits in 2019 did not meet the target (47,677 work permits versus a target of 1300,000 by December 31, 2019) due to administrative obstacles, the pervasive informality in the labor market. On the other hand, the number of Syrians actually employed is much higher than the number of Syrians holding a work permit, as shown by the FAFO and ERF studies as well as by the Bank's processing of Department of Statistics (DoS) Labor Force Surveys (LFS) of 2017 and 2018. The LFS shows that 22.6% of Syrian adults

were employed -i.e. 150,000 Syrians- in 2018, of which 81k are registered with UNHCR (see Annex 2 for details).

**Figure 1. the PforR fosters Syrian refugees' access to the three pillars of economic opportunities and an improved hosting environment**



**12. The PDO of the project remains unchanged: Improve economic opportunities for Jordanians and Syrian refugees in Jordan.** This can be further explained as follows:

- 'Improve' involves both creating economic opportunities for Jordanians and Syrians and legalizing the status of Syrians currently working in Jordan.
- 'Economic opportunities' involve entrepreneurship, self-employment, formal employment, and improved investment climate and access to finance.
- 'Jordanians and Syrian refugees' imply that the program beneficiaries are Jordanians and Syrian refugees living in Jordan regardless of their status. All Syrians in Jordan are considered as refugees as conditions for return have not materialized.

## PROPOSED CHANGES

### 2.1 Improving labor market: Restructuring of DLI#1

13. **Despite the large number of employed Syrians, the number of work permits issued to Syrians has plateaued between 45,000 and 47,000 in the last 3 years**, of which less than 6 percent were issued to women. About 150,000 Syrians are employed in Jordan but the DLI is unable to capture this positive reality due to administrative obstacles.

14. **It is proposed to reduce the targets and extend the timeline to achieve them while continuing to waive work permits' fees and introducing flexible work permits to Syrians in all open occupations.** This will respond to a need for Syrians to move from a sector to another and switch employer. It will provide them and the labor market with much needed flexibility given that the jobs they tend to occupy tend to be seasonal and/or part time. This option will require proactive actions from MoL in terms of work permits issuance in order to reach the targets.

**Table 1. Status of implementation and proposed restructuring of DLI#1**

Status of implementation for DLI#1								
Original DLI#1	Baseline (April 8, 2016)	2016	2017	2018	2019			
Number of Work Permits *	5,300	25,000	55,000	90,000	130,000			
Results achieved		36,790	46,717	45,649	47,766			
Restructuring of DLI#1								
New DLI#1					2019	2020	2021	2022
1.1. Number of Work Permits* issued to Syrian Refugees					47,766	50,000	70,000	90,000
1.2. Flexible and free work permits in all open occupations issued to Syrians					No	Yes	Yes	Yes

\* Work permits are counted as issued from January 1 to December 31 of each calendar year.

**Table 2: Proposed new program boundaries**

Government program		Original PforR		With AF (& restructuring)	
	\$	Area, note exclusions	\$	Area, note exclusions	\$
<b>Theme 1: Improving Labor Market</b>					<b>15m</b>
1	130m	Number of work permits issued to Syrian refugees	31.8 m	Number of work permits issued to Syrian refugees each calendar year from 2020 to 2022	*
1.1				Syrians are eligible to flexible work permits issued directly to Syrian individuals and valid across all occupations open to foreigners, per an issued a gazetted legal regulation.	15m
2	20m	Annual public disclosure by Better Work Jordan of report on factory-level compliance with a list of at least 29 social and environmental-related items		Annual public disclosure by Better Work Jordan of report on factory-level compliance with a list of at least 29 social and environmental-related items	
<b>Theme 2: Improving Investment Climate</b>					
3	70m	Establishment and implementation of selected simplified and predictable regulations for the private sector, including household businesses		Annual public disclosure by Better Work Jordan of report on factory-level compliance with a list of at least 29 social and environmental-related items	
3.1				A reform establishing a predictability process for issuance of business regulations has been identified and adopted following an inclusive public-private dialogue and a measurement system	
3.2				One key business regulatory reform has been identified following an inclusive public-private dialogue, and a measurement system covering the time, cost, and complexity of the compliance process	
3.3				1000 officially established household enterprises, of which 100 are Syrian refugee owned and 100 female owned.	
3.4				70 percent of business regulations mandatory to the private sector have been issued following the predictability process adopted under DLR 3.1.	
3.5				Regulatory burden on businesses has decreased by 30 percent following implementation of business regulatory reform adopted under DLR 3.2.	
4	20m	Increase in number of enterprises on the Customs Golden List		Increase in number of enterprises on the Customs Golden List	

<b>Theme 3: Improving Investment Promotion</b>					
5	60m	Number of investments benefitting from investment facilitation by JIC		Number of investments benefitting from investment facilitation by JIC	
<b>Theme 4: Improving formality and working conditions</b>					<b>20m</b>
6				Share of private sector workers registered in social security	6m
6.1				Share of female private sector workers registered in social security	2m
6.2				Share of Syrian private sector workers registered in social security	2m
6.3				Ministry of Labor issues a bylaw specifying acceptable working conditions in the agriculture sector consistent with the ILO Recommendations R204 and C129 and publishes it in the Official Gazette	5m
6.4				Number of inspections recorded in the national Integrated Inspection Management System, developed by the Ministry of Industry Trade and Supply	5m
<b>Theme 5: Improving entrepreneurship</b>					<b>15m</b>
7				Number of officially established home-based businesses	15m
7.1				Of which are owned by women	
7.2				Of which are owned by Syrians	
<b>Theme 6: Improving digital financial inclusion</b>					<b>15m</b>
8				Number of individuals holding e-wallets or Basic Bank Accounts	15m
8.1				Of which are women	
8.2				Of which are Syrians	
<b>Theme 7: Improving women economic opportunities</b>					<b>15m</b>
9				Number of active childcare Facilities e-licensed by the Ministry of Social Development	10m
9.1				Ministry of Social Development engages in public-private dialogue to issue an instruction governing the licensing of home-based childcare and enacts it through its publication in the Official Gazette	2.5m
9.2				Ministry of Labor engages in a public-private dialogue to seek views on a new instruction implementing Article 72B of the Labor Law and enacts it through its publication in the Official Gazette	2.5m
<b>Theme 8: Improving social norms for women economic opportunities</b>					<b>2m</b>
10				Jordan National Commission for Women (JNCW) issues a multimedia campaign addressing social norms and gender roles	

				related to women at work	
10.1				A multimedia campaign covering childcare, digital financial services, entrepreneurship and waged employment is conducted	0.5m
10.2				A communication campaign of educational content addressing social norms related to women at work and targeting children is conducted	0.5m
10.3				A multimedia campaign addressing social norms related to women at work and targeting Syrian women is conducted	0.5m
10.4				An assessment of the outreach and impact of the five communication campaigns is conducted	0.5m
<b>Theme 9: Improving Exports Competitiveness</b>					<b>18m</b>
11				A reform is identified and enacted following a structured public-private dialog to reduction in time to export agricultural fresh produce and put in place cold-chain logistics	10m
11.1				The Ministry of Agriculture produces an assessment of agricultural subsidies, support schemes and import tariffs related to agricultural products.	3m
11.2				The Ministry of Agriculture adopts a strategy rationalizing agricultural subsidies towards the most water-efficient crops.	5m
<b>Total</b>			<b>300 m</b>		<b>100m</b>

\* The undisbursed amount of 31.8 million will be reallocated to the DLRs from 2020 to 2022.

## **Improving formality and working conditions**

**15. Currently labor in agriculture is not regulated by the Labor Law and is not enforced by labor inspections**, which is an issue in terms of decency of working condition – mainly for poor Jordanians, Syrians and foreign workers- and credibility of the sector in terms of export to high value and demanding markets such as the European Union (EU), where compliance with international labor standards are part of the offering. Improving working conditions in agriculture will be key to attracting Jordanians in this sector. It will also improve working conditions for Syrians currently employed in agriculture.

**16. Workers' social security coverage remains low in Jordan, especially in the private sector where 59 percent of Jordanians (47.7 percent of women and 61.7 percent of men) and almost all foreigners work.** Only 47 percent of Jordanian workers in the private sector and 8 percent of Syrian workers enjoy social security coverage. The main identified issue relates to inspections and enforcement, an area where the Ministry of Labor and the Social Security Corporation will have to cooperate to improve employers' compliance. According to the 2018 Labor Force Survey data, 42.9 percent of Jordanians employed in the private sector are working informally (i.e report that the employer does not contribute to the social security fund on their behalf. An additional 2 percent report not knowing if their employer does contribute). This share stands at 68.2 percent when we include non-Jordanians. Foreigners report low employer contribution to social security - only 3 percent of employed Syrians and 7.5 percent for other nationalities (6.16 percent on average). Women have better social security coverage than men and as 76.7 percent of Jordanian women employed in the private sector report having social security coverage compared to 50.3 percent for Jordanian men.

**17. Therefore, a new DLI#6 is proposed to foster formality and decent jobs for both Jordanians and non-Jordanians in a set of sectors.** This DLI includes major policy measures considered as stepping stones to improve working conditions in agriculture, a sector with employment potential for both Jordanians and Syrians. The Ministry of Labor will issue a bylaw regulating working conditions in agriculture, including under extreme temperatures, a climate vulnerability Jordan is subject to. It also includes a numerical target on social security coverage, which will require a better enforcement of employers' compliance with the Social Security Law.

## **Improving entrepreneurship**

**18. The additional financing will scale up the implementation and the target of DLI#3.3 related to home-based businesses (HBBs) with a target for women and Syrians.** The implementation of this component through the parent program confirmed that allowing microenterprises to formally operate from home is a good vehicle for female and youth entrepreneurship. About 60 percent of licensed home-based businesses are owned by women.

**19. So far, close to 1000 HBBs started or formalized their activity with a predominance of women owners in the food sector** outside of Amman and male owners in professional services in Amman. In greater Amman Municipality, women own about 34 percent of HBBs are owned by women and 68 percent operate in professional services while 12 percent are in the food sector. Outside Amman, about 76 percent of HBBs are owned by women, mostly in the food sector.

**20. Although the number of formalized Syrian HBBs is still very small at 22, by end of 2019, data showed that 68 percent of them were owned by women and almost all of them were operating in the**

**food sector.** HBBs could be an alternative to waged employment that enables Syrian women to access alternative economic opportunities through self-employment. Currently, Syrian women labor force participation, stands at only 3 percent and they hold less than 6 percent of issued work permits issued in 2019.

**21. The GoJ has opened closed sectors such as food, handicraft and hairdressing to Syrian HBBs (and SMEs of less than 10 employees) in November 2018.** However, implementation revealed administrative obstacles to Syrian HBBs formalization. The Ministry of Industry and Trade and the Company Control Department continued to request Syrian passports as a proof of identity, which prevented most Syrians from formalizing their businesses. The additional financing includes an action (legal covenant) reasserting the fact that the Mol card can be used as a proof of identity to register a business.

**22. This type of entrepreneurship is a good way for women to circumvent current social norms impeding work outside of the house** as well as structural constraints related to the lack of childcare services and transport options. Therefore, by supporting a strong regulatory framework for home-based businesses, the project supports the creation of higher quality, better protected employment and entrepreneurship opportunities for women.

### **Improving digital financial inclusion**

**23. Jordan has made progress on its financial inclusion level, with the Central Bank of Jordan's diagnostic survey indicating that 33% of adults had a formal financial services account in 2017, compared to only 25% in 2014.** Further, the GOJ have taken steps to advance financial inclusion by leveraging digital financial services. This includes implementing overarching digital infrastructure projects that form an enabler for digitization of government payments, including Jordan Mobile Payments (JoMoPay) and e-Fawateercom, as well as the establishment of Jordan Payments & Clearing Company (JoPACC), the Central Bank of Jordan (CBJ) efforts in creating an enabling environment, Jordan's comprehensive National Financial Inclusion Strategy (2018-2020). In addition to Government commitment under the Amman Communique, which was announced during the First Digital Mashreq Forum in Amman, June 2019, to increasing the percentage of the population making or receiving digital payments from 33 to 50% by 2020, and to digitize 80% of government payments by 2021.

**24. However, Jordan has yet to see digital financial services taking off substantially. Slow customer uptake and low usage of digital financial services remains a key challenge.** While there are six mobile payments services providers (MPSPs) offering mobile wallets, there were only 504,206 registered wallets at the end of 2019. Moreover, only 11% of these wallets were actively used within the past 30 days. Main reasons include among others: (i) insufficient expansion of agents to expand access points for cash-in-cash-out and delivery of digital financial services. There are only 1, 044 registered mobile money agent outlets at the end of 2019 ; (ii) The current ecosystem lacks interoperability through available Point-Of-Sale (POS) devices, making it costly and less attractive for merchants to accept mobile payments.; (iii) Mobile payment service providers (MPSPs) lower level of investments to expand the business as they are struggling to make a compelling business case out of the Jordanian market ; (iv) Low level of digital financial literacy, especially among women, low-income Jordanians, and refugees; and (v) the need to leverage large-volume payment streams to catalyze the uptake.

**25. Syrian refugees are currently financially excluded.** Financial inclusion is an important entry point to promoting resilience of host communities and refugees in Jordan. Today the financial inclusion of Syrian refugees in Jordan is extremely low, largely deterred by the reticence of financial services providers to

serve the market in addition to the vulnerable socio-economic position of Syrian refugees in Jordan. Only 7% of Syrian refugees had an account at a financial institution and only 1.4% had access to credit in 2017.

**26. E-wallets are the only way for Syrians to be financially included. In 2016, the Central Bank of Jordan made a public commitment under the Maya Declaration to provide refugees access to digital financial services.** Since then, UNHCR cards were legally recognized, in conjunction with the Ministry of Interior's identification cards, to open mobile wallets – the first time across the globe. There is thus an amenable enabling regulatory environment for the financial inclusion of refugees in Jordan, in contrast to other emerging economies in the region.

**27. A new DLI#7 related to access to digital finance has been introduced with targets for Jordanians, Syrians and women.** This DLI builds on the national financial inclusion strategy, the government's efforts to develop digital finance and the promising private sector investments in the area of mobile payment service provision. The basic bank accounts have been introduced in April 2018. This indicator will feature sub-indicators for women and Syrian refugees.

### **Improving women economic opportunities: the care economy**

**28. The reforms of business licensing in the child care sector aim to free time for women to attend work while creating job opportunities for other women** (a double win). Female labor force participation in Jordan is very low by international and regional standards (15 percent) and the development of the care economy has been identified as a strong potential driver of women labor force participation<sup>4</sup>. The bylaw governing the

**29. Recent amendments to the labor law<sup>5</sup> are likely to increase the demand for childcare services.** Article 72 states that employers whose employees, men and women, have 15 or more children below the age of five are required to provide childcare services either in the workplace or by utilizing services of childcare providers. The amendments -supported by the World Bank in the context of the second Development Policy Loan of June 2019- removed the gendered language putting a condition on the number of women, which should remove disincentives to hire women. Until recently, employers with at least 20 female employees who have 10 children under the age of four were required to provide child care services. Regulations should be issued in the near future to clarify the modalities of employer-supported child care provision outside the workplace. Mandating businesses of a certain size to provide child care to employees imposes a cost but also comes with business benefits including: improved recruitment, retention, productivity, diversity, and access to markets<sup>6</sup>. Besides, the World Bank supported the streamlining of Ministry of Social Development (MOSD) bylaws regulating the licensing of child care facilities, with the exception of home-based micro day cares or nurseries.

**30. Recent amendment to the social security law opens the door to subsidizing childcare services.<sup>7</sup>** Article 42 of the law was amended allowing the Social Security Corporation (SSC) to use 25% of the maternity fund resources to maternity related social protection programs.<sup>8</sup> The Ministry of Labor, and as

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<sup>4</sup> World Bank 2019. Improving Women Economic Opportunities. Select Entry Points for Policy Dialogue and Operational interventions.

<sup>5</sup> Labor law number 14 for the year 2019.

<sup>6</sup> International Finance Corporation: "Tackling Childcare, The Business Case for Employer-Supported Childcare", (2017).

<sup>7</sup> Social security law number 24 for the year 2019.

<sup>8</sup> Ibid.

part of its ambitious employment charter, is also planning to support employer-provided childcare through a grant covering capital expenditures and operational expenses.<sup>9</sup>

**31. A new DLIs#8 supporting the business licensing reform in the child care sector is proposed.** It builds on the government's recent acceleration of reforms and the recently Cabinet-approved Licensing Reform Policy Paper (January 2019)<sup>10</sup>. In addition to reforming the regulatory framework for childcare, it is proposed to move away from paper-based licensing to e-licensing. The Ministry of Social Development will lead this effort as the ultimate agency licensing childcare facilities. It is also proposed to support the Ministry of Labor in issuing an instruction clarifying the implementation modalities of article 72B of the Labor Law mandating firms with 15 children or more below the age of 5 to provide childcare services.

### **Improving women economic opportunities: social norms**

**32. The World Bank's social norms survey in Jordan suggests that binding constraints for women's low labor force participation and unemployment are related to stringent social norms,** lack of child care, limited work flexibility and/or part-time work, hiring and wage discrimination, limited job growth, lack of adequate public transportation particularly in rural areas, and scarcity of attractive job.<sup>11</sup> There is evidence that media campaigns, entertainment education, and aspirational interventions can, under the right circumstances, change behavior.<sup>12</sup>

**33. In addition to stimulating the demand for female labor through DLIs#8, it is proposed to support the supply of female labor by starting to address the issue of social norms impeding women employment.** It is proposed to conduct a multimedia communication campaign addressing society's perception of women working and disseminating information about the anti-harassment regulations and the flexibility offered by the law in terms of part-time work. These campaigns will be designed using behavioral science technics.

**34. A special campaign will be targeting Syrian women whose labor force participation is extremely low, at 3.2 percent,** of which 1.8 percent are employed and 1.4 percent are unemployed. About 27 percent of employed Syrian women work for international NGOs, 16.6 percent work in the education sector and another 16 percent in manufacturing. The rest is spread across low skills occupations. This campaign will be channeled towards refugee women with the support of NHCR and other development partners in contact with refugees.

### **Improving export competitiveness**

**35. Exports of fresh agricultural produce have a high growth potential as Jordan is currently exporting agricultural produce below its potential value.** They stand at USD 550 million representing 6.5 percent

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<sup>9</sup> Ministry of Labor (2019), The Employment Charter.

<sup>10</sup> The GoJ plans to streamline sectoral licenses in a number of sectors starting by operationalizing the Licensing Reform Policy Paper (approved by Cabinet on January 2019) and assigning a qualified and empowered core team with clear mandate and responsibilities to lead the implementation of this reform. Bank teams have started to carry out capacity building and awareness raising activities on the Licensing Reform Policy Paper to ministries and agencies that issue licenses, as part of the consultations with the sectoral regulators on the findings of the Licensing Assessment report.

<sup>11</sup> Felicio, Mariana T. and Varun Gauri "Jordan: Understanding How Social Norms Impact Gender Employment". (2018).

<sup>12</sup> World Bank Group: "Mind, Society, and Behavior: The World Development Report". (2015)

of Jordan exports. Beyond their gross value, these exports have a high net export value i.e. a high domestic value added as they do not require a large share of imported inputs. They have a growth potential in terms of their value if sorted, handled, packaged and transported properly to export markets. This will require to address the private sector's coordination failure and working with farmers and third-party logistics providers.

**36. A World Bank study revealed that integrating Jordan into a modern, fresh, logistical, regional and global value chain could help expand the economic pie and create job opportunities for Jordanians and Syrian refugees in farms and in advanced services sectors supporting them.** But more importantly, the Connectedness (improved logistics, reduced trade restrictions and trade in logistics services), the Capabilities (new skills, new technologies, increased digital readiness) and Competitiveness (new business models and increased productivity), are the three pillars that can help Jordan prepare for the 4th Industrial Revolution<sup>13</sup>.

**37. The GoJ committed to develop the competitiveness of fresh agricultural produce through a Competitiveness Reinforcement Initiative,** a multisectoral initiative initiated by the Ministry of Planning and International Cooperation, in January 2020, supported by a World Bank technical assistance funded by the Dutch-funded PROSPECT initiative.

**38. A new DLI is proposed to improve the competitiveness and sustainability of fresh agricultural produce.** This DLI# will support policy measures aiming at:

- a) increasing the value of exports of fresh agricultural produce by introducing the missing link related to post-harvest and cold chain logistics. The increase in value does not in the short term an increase in production not use of water.
- b) Creating jobs in all node of the value chains for Jordanians and Syrian refugees, with a focus on women in sorting, grading and packaging jobs.
- c) preserving Jordan scarce water resources by reorienting public subsidies and support mechanisms towards the most water-efficient crops and the highest valued exports.

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<sup>13</sup> Jordan Economic Monitor Note Fall 2017. Special focus: Quantifying Diversification Strategies for Jordan.

**Table 3. Scope and components of the PforR additional financing**

<b>DLI#</b>	<b>Implementer</b>	<b>Beneficiary</b>	<b>Rationale</b>	<b>Technical assistance in place</b>
DLI#1 Improving labor markets (restructuring)	MoL	Syrians	Maintain Syrian access to labor market and continue formalization efforts	ILO's Support to mobile work permits stations.
DLI#6 Improving formality and working conditions	MoL	Jordanians Syrians	Attract Jordanians and more Syrians in this sector by improving working conditions	ILO Advancing Decent Work in Jordan's Agriculture Sector: A compliance model.  ILO Developing Labor Inspections.
DLI#3.3 Improving entrepreneurship (scale up)	MITA, MOLA, GAM, JFDA	Jordanians Syrians Women	Home-based businesses are a good vehicle for women entrepreneurship and self-employment	IFC's Investor's Journey project (licensing reform)
DLI#7 Improving digital financial inclusion	CBJ	Jordanians Syrians Women	Broadens financial inclusion of Jordanians, especially women. It is also the only way for Syrians to be financially included. Benefits: enable savings, wage protection and access to credit	WB technical assistance to CBJ (clarify)  Gates Foundation Mobile Money for Resilience.
DLI#8 Improving women economic opportunities	MOSD	Women	Boost job creation for women by easing private sector provision	IFC's Investor's Journey project (licensing reform).  Mashreq Gender Facility- childcare Supply and Demand Study.  UNICEF support to quality standards.
DLI#9 Improving social norms for women economic opportunities	JNCW	Women Syrians	Make a dent in a key obstacle to women economic empowerment affecting both supply of and demand for	WB Mashreq Gender Facility, with support from the WB behavioral lab.

			labor	
Improving Competitiveness	Exports	MOA, JIC, MITS, MOPIC	Jordanians Syrians Women	<p>Create jobs for Jordanians, Syrians and women</p> <p>Correct trade imbalances and current account deficits (macro)</p> <p>WB Competitiveness Reinforcement Initiative (FCI).</p> <p>WB Climate Smart Agriculture Assessment (Agriculture GP)</p> <p>Exploring High Value, Socially-Inclusive and Water Efficient (Agriculture GP)</p>

Figure 2. Theory of change of the additional financing

Component	Market Failure Causes	Activities	Outputs	Outcomes
Improving Labor Market, Formality and Working Conditions	<u>Syrians</u> working informally or unemployed	Create a new type of work permit for <u>Syrians</u>	New type of flexible work permit created for <u>Syrians</u>	More <u>Syrians working formally</u> in Jordan
	Non regulated working conditions in agriculture sector Low social security coverage	Regulate and enforce decent working conditions in agriculture for <u>Jordanians</u> and <u>Syrians</u> Enforce compliance with social Security Law	A regulatory framework created Inspection manuals created Better inspections and enforcement	<u>Better working conditions</u> Attractive work in agriculture for <u>Jordanians</u> and <u>Syrians</u> Better <u>social security</u> coverage
Improving digital Financial Inclusion	Lack of access to digital finance for <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u>	Improve financial inclusion for <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u>	Stakeholders identified, consulted and reform recommendations on improving financial inclusion drafted	Reforms enacted and <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u> have <u>basic bank accounts and/or e-wallets</u>
Improving entrepreneurship	Cumbersome licensing requirements affecting <u>homebased</u> businesses for <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u>	Streamline legal and regulatory licensing process and requirements for <u>homebased</u> businesses for <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u>	Streamlined regulations for <u>homebased</u> businesses for <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u> drafted	More <u>homebased businesses</u> for <u>Jordanian</u> and <u>Syrian</u> individuals out of which are <u>women</u> formalize
Improving Women Economic empowerment	Cumbersome licensing requirements affecting <u>Child Care</u> businesses for <u>women</u>	Streamline legal and regulatory licensing process and requirements for <u>Child Care</u> businesses for <u>women</u>	A new licensing regulatory framework drafted for <u>Child Care</u> businesses for <u>women</u>	More <u>Child Care</u> businesses <u>Jobs created</u> for <u>women</u> and time freed for other women to attend work
Awareness and Perception Improvement	Negative/low society awareness and perception of <u>working women</u> and <u>entrepreneurship</u>	Improve society's awareness and perception of working women and entrepreneurship	Targeted communication campaigns, including to <u>Syrian women</u>	Society showing <u>improved perception</u> of working <u>women</u> , including <u>Syrian women</u>
Improving Export Competitiveness	Coordination failure in the value chain for agriculture fresh produce	Mobilize farmers for pooled provision of post-harvest and cold chain logistics services to export to GCC and EU	Investment increased in post-harvest and cold chain logistics to export fresh produce to GCC and EU	<u>Jobs created</u> in post-harvest and logistics activities for <u>Jordanians</u> , out of which <u>women</u> and <u>Syrians</u>
	Overconsumption of water resources in agriculture	optimize public subsidies to agriculture in a water-efficient way	Agricultural output mix reoriented towards the most-water-efficient crops	<u>Exports increased</u> (gross and net value and water-productivity)

### 3 Impacts, Risks and Benefits of the AF

40. The following section highlights impacts, risks and benefits of the new activities under the additional financing, as well as provide an update any risks that have changed in the parent program.

41. Firstly, it's important to note that the PDO and nature of the program remains unchanged. The program continues to support high level policy reforms to improve the overall business environment for Jordanians and Syrians. The AF activities would not cause any adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people.

**42. There are no direct employment activities or infrastructure investments supported under the program,** except for some investments to improve the value chains and efficient use of irrigation water at the farm level.

**43. There are no anticipated land acquisition activities, risks or impacts on natural habitats or physical cultural resources associated with the program.** The risks, impacts and benefits will be presented along the three main pillars of the program. The Pillars in relation to the DLIs and the six (6) Core Environmental and Social Principles of the Bank's Policy on PforR Financing, are presented in the table below.

**44. Note that Core Principle #4, relating to land acquisition is not considered relevant to the program as there are no direct or indirect land acquisition risks.** It is worth noting that some of the DLIs under the parent program are being discontinued, having fully met their objectives. These include DLI#3 (investment climate for SME's, except home-based businesses), DLI#4 (Customs), and DLI#5 (Investment Promotion by Jordan Investment Corporation). Accordingly, the risk and system assessments in the parent ESSA related to these DLIs, including environmental and social risks associated with Special Economic Zones, are no longer considered relevant. Note that DLI#2 (Disclosure of labor compliance), was also successfully met and is being discontinued. Other measures to strengthen the labor regulatory framework and practices are now included under DLI#6

**Table 4. PforR Program in relation to the Core Environmental and Social Principles**

<b>Pillar</b>	<b>DLI#</b>	<b>ESSA Core Principle</b>
a) <b>Access to the labor market</b> , through the extension of GoJ commitment to allow Syrians to access the labor market at no cost and issue them work permits beyond the original closing date up to end of 2022. The work permit regime will be made more efficient and more flexible.	DLI#1 Work Permits for Syrian Refugees DL#6 Improved formality and working conditions DLI#9 Child Care DLI #10 Social Norms DLI #11 Improving Agriculture Exports	Core Principle 1: E&S Sustainability and Risk Avoidance, Minimization and Mitigation Core Principle 2: Avoid, minimize, or mitigate adverse impacts on natural habitats and physical cultural resources Core Principle #3: Protect public and worker safety Core Principle #5: Due consideration for equitable access to Program benefits, giving special attention to vulnerable groups Core Principle #6: Avoid exacerbating social conflict,
b) <b>Access to entrepreneurship opportunities</b> , through home based-businesses and the opening of closed sectors such as food, handicraft and hairdressing to Syrian SMEs below 10 employees (since November 2018).	DLI #7 Home-based businesses DLI #9 Child Care DLI # 10 Social Norms DLI #11 Improving Exports	Core Principle #5: Due consideration for equitable access to Program benefits, giving special attention to vulnerable groups Core Principle #6: Avoid exacerbating social conflict
c) <b>Access to finance</b> through digital financial services, as allowed by the new Financial Inclusion Strategy. It is also the only way for Syrians to be financially included.	DLI #8 Digital Financial Inclusion DLI #10 Social Norms	Core Principle #5: Due consideration for equitable access to Program benefits, giving special attention to vulnerable groups Core Principle #6: Avoid exacerbating social conflict

### 3.1 Environmental

#### 3.1.1 Access to Labor Markets

45. Increasing access to labor market will be measured through, as indicated above, DLI#s 1, 6, 9, 10 and 11. The overall environmental impacts of the Program activities to achieve the DLI#s are positive requirements which will motivate employers to improve the OHS conditions in the workplace. This would particularly benefit workers in the agriculture sector in which the enforcement of Labor Law was ineffective. Other benefits of the AF include reducing the pressure on the scarce water resources through encouraging more water-efficient agriculture, and that more effective means value chains

would lead to less wasted agriculture products. All of the AF interventions are high level policy interventions to improve access to labor markets, however, there would be some investments that might be needed to achieve the desired results. The main investments/activities that might have limited environmental impacts are those investments related to DLI#11, such establishment of cold storage areas and replacement of irrigation networks at the farm level to achieve better water efficiency. The associated environmental impacts to those activities are considered moderate. The following table illustrates the different environmental impacts associated with the Pilar 1 DLI#s and activities.

**Table 5. Environmental Impacts of Pilar 1**

DLI#	Activity	Environmental effects (Core Principle 1)	Impacts on PCR or NH (Core Principle 2)	OHS and public health impacts (Core principle 3)	Any contextual, strategical, institutional, or reputational environmental risks
DLI#1	Issuance of work permits for Syrian Refugees	No associated environmental impacts, risks or benefits.	None	The impacts will be positive, as formalizing the workers provide them with protection of Labor law	None
DLI#6	Enforcing decent work conditions for workers	No associated environmental impacts, risks or benefits.	None	The impacts will be positive, as formalizing the workers provide them with protection of Labor law	None
	Enforcing the implementation of the Labor Law in the agriculture sector	The impacts will be positive, as covering agriculture workers with	Positive, but little, impacts if any. If the Law enforcement will discourage	The impacts will be positive, as formalizing the workers provide them	None

		OHS aspects of the Labor Law will discourage the usage of unsafe agrochemicals.	the use of unsafe pesticides, there will be overall benefits to biodiversity	with protection under the Labor law	
DLI#9	Child care businesses are licensed process, s	Child care businesses are associated with minor or negligible impacts, if any.	None	None	None
DLI#10	Awareness campaigns are initiated to improve perception of working women	In case those campaigns used printable materials, there might be little increase in the domestic solid waste	None	None	None
DLI#11	Investments are made to improve the post-harvest handling of fresh agriculture products including cold chain logistics.	The overall impacts are expected to be positive as more effective means of transportation will be used (less CO <sub>2</sub> emissions) and less wasted agriculture products. Those investments may have little environmental risks/impacts	No such investments are expected to take place in locations of natural habitats or near physical cultural resources	Moderate risks on workers' health and safety during construction and maintenance	Possible need for HCFC may have a minor impact on Jordan's commitments regarding phasing out of ODS. However, in terms of volumes, the contribution of this activity, compared to HCFC consumption in the country,

		during construction (noise, air emissions, handling of construction waste) and operation (leakages of refrigerants and handling maintenance waste)			would make this risk negligible
	Subsidies provided to farmers based on their water-efficiency, and, accordingly, farming and irrigation methods are modified towards less consumption of water.	Possible replacement of irrigation tools would be associated with minor increase of wasted irrigation pipes and faucets	None	Moderate risks on workers while installing new irrigation tools	The impact is positive as it would contribute to maintaining the highly stressed water resources in the country.

### 3.1.2 Access to Entrepreneurship

46. DLI#7, under this pillar, will directly lead to growth on home-based businesses. However, such businesses, by definition, are micro level and would not cause any considerable environmental impacts. The Table below illustrates this.

**Table 6. Environmental Impacts of Pillar 2**

DLI#	Activity	Environmental effects (Core Principle 1)	Impacts on PCR or NH (Core Principle 2)	OHS and public health impacts (Core principle 3)	Any contextual, strategic, institutional, or reputational environmental risks
DLI#7	Home based businesses are legalized with streamlined licensing process, and, accordingly, they grow and cover different sectors	Homebase businesses are associated with minor or negligible impacts, if any.	None	None	None

### 3.1.3 Access to Finance

47. DLI #7, under this pillar, is addressing improving access to finance through e-wallets. No direct environmental impacts are associated with this DLI#.

**Table 7. Environmental Impacts of Pillar 3**

DLI#	Activity	Environmental effects (Core Principle 1)	Impacts on PCR or NH (Core Principle 2)	OHS and public health impacts (Core principle 3)	Any contextual, strategic, institutional, or reputational environmental risks
DLI#8	Jordanian and Syrian individuals and	None	None	None	None

	entrepreneurs are provided with access to digital finance				
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### 3.2 Social

#### 3.2.1 Access to the labor market

48. The program will promote access to the labor market. DLI#1 focuses on issuance of work permits for Syrian refugees. The Additional Finance will extend the GoJ commitment to allow Syrians to access the labor market at no cost and issue them work permits beyond the original closing date of the program up to end of 2022. The work permit regime will be made more efficient and more flexible.

**Labor and Working conditions**

49. There are no direct employment opportunities under the program. As highlighted in the parent ESSA, there is a risk that economic opportunities generated by the program are *indirectly* associated with poor working conditions, lack of health and safety, or child labor risks.

50. The PforR aims to continue to increase the uptake of work permits for Syrians. In the parent PforR, DLI#1 measured the number of work permits issued as a proxy for employment generation. Work permits do formalize labor and it was assumed that work permits would also improve worker protections because informal workers are typically more vulnerable to low wages and poor working conditions. The Technical Assessment<sup>14</sup> calls into question the extent to which Work Permits alone are connected to improved working conditions for Syrian refugees, as it was found that low rates of Syrians have contracts or social security coverage. However, the Technical Assessment further concludes that there is no disadvantage to having them and highlights ILO qualitative studies suggesting those with work permits earn more, than those without. In addition, an ILO study<sup>15</sup> suggest Work Permits have some intangible benefits that go beyond their intended purpose (e.g. reduces fear of deportation, perceptions of enabling more bargaining power).

51. Publicizing clear information on the new instructions is also recommended. The Ministry of Labor will conduct annual surveys targeted at work permit holders to identify trends and issues associated with the accessibility, benefits, etc of work permits. The program should also include specific measures to optimize the uptake of work permits for Syrian women, who are currently predominantly employed informally.

<sup>14</sup> See World Bank Program Appraisal Document, Annex 2

<sup>15</sup> A Challenging Market becomes More Challenging Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market. International Labour Organization. 2017

52. The regulatory regime and borrower capacity connected to labor and working conditions is further assessed in Section 4.

### **Social Conflict**

53. Jordan has experienced some forms of social conflict over the past few years, mainly in the form of street protests reflecting discontent of citizens over the new Income Tax Law, which increased income tax percentage and lowered exempted income, at a time where economic growth is low. In May 2018, major demonstrations broke over tax hikes and increase in fuel and electricity prices that were perceived as inequitable by diverse crowds from the middle and poor classes. The demonstrations were peaceful.

54. Protracted displacement of Syrian refugees has put an additional strain on Jordan's economy and infrastructure. All sectors including water, sanitation, electricity, solid waste management, health, education and municipal services have been significantly impacted, exacerbating pre-existing vulnerabilities.<sup>16</sup> Additionally, competition over jobs and downward pressure on wages as well as tensions over resources and access to services are considered to have had a negative effect on social cohesion.<sup>17</sup>

55. One of the risks identified in the parent ESSA was the perception of host communities and other migrant communities that Syrian refugees may be disproportionately benefitting from job opportunities and donor resources and crowding out of the labor market. Further reevaluation of this risk don't show any serious conflict between host communities and Syrian refugees (i.e. physical violence). There are limited qualitative studies that show that host populations of Jordanians may still be prone to negative perceptions of the presence of Syrian workers, mainly resentment that they are receiving favorable assistance packages, are working for lower wages and exacerbating unemployment. It should be further noted that Syrian refugee populations in Jordan have remained unchanged since 2015. The Technical Assessment also highlights that Syrians have not displaced Jordanians in the labor market, particularly as many sectors that are attractive to Jordanians, remain closed to Syrians. The government should continue to explore ways to monitor social cohesion and levels of conflict related to the program.

56. Economic migrants may also be prone to negative perceptions of Syrians competing for jobs. There are 1.2 million economic migrants in Jordan, compared to about 200,000 employed Syrians. They are predominantly male, and are likely to be present in Jordan without their families. Two thirds are Egyptian and the remainder are from South Asian countries, China, Indonesia and Philippines<sup>18</sup>. To date there is no evidence of significant conflict between migrants and refugees. Migrant workers are outside the scope of the PforR and actions supported by it do not affect migrant workers. The GoJ has recently increased the cost of work permits for migrant workers in an effort to make more space in the labor market for Jordanians. This action is not supported by the project.

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<sup>16</sup> UNHCR (2017). Jordan Response Plan 2018-2020. Available at: <http://www.jrp.gov.jo/>, p. 7.

<sup>17</sup> World Bank Group (2016). Country Partnership Framework, p. 4

<sup>18</sup> A Challenging Market becomes more challenging, ILO 2017

57. The program has a number of measures to increase economic opportunities for Jordanians, migrants and refugees. Measures to improve decent work conditions under DLI#6 will benefit economic migrants as well as Jordanians and Syrians.

58. Overall, the program is not expected to exacerbate social conflict and is likely to improve the situation by reducing the stressors that contribute to conflict. According to the analytical framework developed in 2016 by the ILO and the UN Peace Building Support Office (PBSO) jointly with the World Bank and the UN Development Program (UNDP), unemployment, decent work deficits and lack of access to livelihoods can be key contributing factors to conflict through three main drivers: lack of contact and social cohesion, lack of economic opportunities and existence of grievances and sense of injustice. The program:

- strengthens economic relationships and contact by enhancing inclusive labor market governance (through access to labor market for Syrians) and inclusive access to entrepreneurship (through HBBs) and markets (through HBBs, competitiveness, access to finance).
- It enhances gender-sensitive economic opportunities for both Syrian and Jordanian women, especially by addressing social norms, expanding access to jobs, entrepreneurship and markets, and to care services.
- It also promotes labor rights and access to decent jobs by improving decent work across the labor market (through improved inspection) and improving compliance with decent work conditions (through transparency measures).

59. Nevertheless, it will be important for the program to ensure that the benefits are well communicated, and continue to seek feedback from beneficiaries (and those potentially excluded) on the performance.

### 3.2.2 Access to entrepreneurship (DLI#7)

60. The program will improve access to entrepreneurship opportunities, through home based-businesses and the opening of closed sectors such as food, handicraft and tailoring to Syrian SMEs below 10 employees (since November 2018).

61. There are no significant changes to the parent program as part of the AF. The activities are scaled up, enhancing economic empowerment, particularly for women. There are no expected adverse social risks or impacts.

### 3.2.3 Access to finance (DLI#8)

62. The program will improve access to digital financial services. The key social risk associated with promoting financial access is related to inclusion of groups that currently experience barriers to access financial services that limit their economic empowerment. The Government of Jordan's Financial Inclusion Strategy (2018-2020)<sup>19</sup> reports high levels of financial exclusion: 67% of people in Jordan above the age of 15 years do not have access to the formal financial system in terms of account ownership; 38.0% of adults are excluded from any formal financial services and 24.8% of adults are completely excluded from any formal and informal financial services. Syrian refugees are currently not able to open bank accounts in Jordan.

63. In September 2016, CBJ committed to two national high-level goals for financial inclusion, namely: 1. To increase the level of financial inclusion from 24.6% in terms of account ownership by the adult population (Global Findex 2014) to 36.6% by 2020\* and, 2. Over the same time, to reduce the gender gap from 53% to 35%.

64. Further, the CBJ committed furthermore to several targets to achieve these goals, including:

- Provide the refugees and non-nationals with access to digital financial services.
- Ensure the provision of an enabling legislative and regulatory environment for digital financial services.
- Upgrade financial inclusion data collection and measurement to align with AFI's network to produce comparable indicators by 2018.
- Increase the financial inclusion access of Jordan's youth (15-22 years) by 25.000 annual

65. DLI#8 is specifically designed to improve access to digital financial services with specific targets set for Syrians and Women, consistent with the strategy document. Therefore there are no adverse social risks anticipated.

### 3.2.4 Childcare

66. The program is focused on developing a market for provision of private child care in Jordan. Limited childcare has been found to be one of the obstacles to women working in Jordan<sup>20</sup>

67. Social safeguard risks associated with childcare relate to:

- safety of the physical environment (e.g. facilities, ventilation, and fire safety)
- Accessibility for vulnerable groups such as physically disabled children

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<sup>19</sup> [The National Financial Inclusion Strategy 2018-2020](#), Central Bank of Jordan with support from GIZ

<sup>20</sup> Measuring Social Norms about Female Labor Force Participation in Jordan, World Bank Group, June 2019.

- Potential exposure of children to violence or abuse.

68. These safeguard risks will be addressed through development of a quality standard under the program.

### 3.2.5 Social Norms

69. DLI#10 consists of soft interventions such as communication and outreach programs to promote gender inclusion in the workforce. This is expected to have positive social benefits. There are no significant social risks anticipated.

## 4. Environmental and Social Management Systems

70. This section will cover any updates or changes in the Borrower's environmental and social management systems, regulatory regimes, capacity to manage risks and impacts resulting from the program, as well as performance of the systems to date. Systems associated with new activities under the AF will also be highlighted.

71. There have been no major changes to the regulatory frameworks governing environmental and social risks and impacts associated with the program since the parent ESSA was issued. Below are some recent developments and a baseline description of the regulatory framework associated with new activities and DLIs under the program.

### 4.1 Policy and Legal Framework

#### 4.1.1 Environmental Protection and Monitoring

72. The ESSA for the parent Program highlighted the requirements of the Environmental Protection Law 52/2006 and the related instructions of site selection, environmental monitoring and site inspection regulations, air quality and noise standards, wastewater, solid and hazardous waste guidelines. The only change to the system, since the finalization of the ESSA, is the issue of the update of the Law 52/2006 with the new Environmental Protection Law of 6/2017. The new Law has slightly modified the EIA system through strengthening the classification system of projects by adding more types of projects to the 3 categories of environmental risk (high, moderate and low), adding a fourth category (which needs only standard requirements). The final instructions regarding the changes in the EIA system is still to be approved by the Legislation and Opinion Bureau (expected in 2020). Furthermore, the instructions of

site selection have been changed in 2018, and new instructions were issued identifying certain setback distances for new projects from different receptors (e.g. residential areas).

73. The only activity under the AF that might be subject to the EIA requirement would be any investments in the post-harvest cold storage logistics. Such investments need to be screened through the new EIA screening instructions and pass through the environmental licensing as required.

#### 4.1.2 Labor and Working Conditions

74. The ESSA for the parent program provided an overview of the regulations in Jordan pertaining to labor and working conditions that is still considered relevant. As of January 2020, some amendments to the Labor Law No. 8 (1996) have been proposed, but are not yet enacted, and may be subject to change. These proposals are summarized based on publicly available information<sup>21</sup> as follows:

##### **Gender:**

- Introduction of articles addressing sexual harassment in employment and introduce criminal penalties or civil remedies for sexual harassment in employment (Article 29).
- Repeal Article 69 of the Labor Law. The article currently allows the Minister of Labor to restrict the professions and working hours for women.

##### **Work Permits**

- Stating that quotas for foreign workers will be issued in instructions – previously quotas were defined in several formats including MoUs with business associations.
- The work permit validity could be two years (previously one year or less)
- Increasing penalties for employers employing foreign workers without a permit and defining the penalties and work permit fees in a special bylaw (to be issued later)
- Elevating the legal basis for flexible work permits into the Labor Law (permits that not associated with a single employer), previously described in lower level instructions and by-laws

75. In addition, a new Ministerial decision was issued in Oct-2019 to address issues related to non-Jordanian workers which impacts, the workers and local or foreign employer that hires non-Jordanians to undertake work activities across all industries. The decision indicates professions that are closed or restricted for foreigners in addition to the criteria for issuing permits for high skilled workers. The closed professions are similar to the previous decision (only one added). The restricted professions were expanded, not necessarily in number of professions, but in the number or quota of workers allowed.

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<sup>21</sup> Jordan House of Representatives Website [http://representatives.jo/sites/default/files/K23\\_0.pdf](http://representatives.jo/sites/default/files/K23_0.pdf)

The Ministry decided to impose the new restrictions on many jobs in a gradual manner allowing employers to take required measures to comply. Note that the Technical Assessment<sup>22</sup> indicates that closed and restricted professions are not binding Syrians from participating in the labor market, the vast majority are working in open professions.

76. The work permit bylaw was also amended in Sep-2019 and it included a number of modifications:

- Increasing the fees of work permits.
- Introducing new work permit formats (flexible work permits for all nationalities). Fees are higher than regular work permits.
- Introduction work permits for high-skilled workers.
- Introducing penalties if work permit is not renewed within 3 months of expiry.

77. The penalties are applied on employers, and not workers, but foreign workers without work permits may be deported. Syrians will not face deportation as GoJ voluntarily waived work permit fees for Syrians until Dec-2020. Extension of the waiver is part of the additional financing, although GoJ's commitment to extend the waiver continues regardless of the PforR.

78. The labor reforms proposed under new DLI#6 addresses a well-known gap in the regulatory framework that was identified in the parent ESSA. As per the parent ESSA, agricultural workers are not , nor any other legal instrument. The labor law stated that this regulatory framework should be developed, but it has not been issued yet<sup>23</sup>. This regulatory framework for agriculture workers is required to specify working conditions including hours of work, remuneration, Occupational Safety and Health standards and enforcement mechanisms<sup>24</sup>. Social security contributions and benefits for agriculture will also need to be specified for agricultural workers<sup>25</sup>. MoL is in the final stages of developing a new bylaw that defines acceptable working conditions in the agriculture sector in consultation with the stakeholders and support from ILO. The PforR additional financing will further promote this regulatory framework through a new DLI#6, requiring the issuance of a by-law specifying the agriculture sector, in line with the recommendations of the International Labor Organization. Amendments will be consulted under public – private dialogue requirements

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<sup>22</sup> See World Bank Program Appraisal Document, Annex 2

<sup>23</sup> Article 3-B of the Labor Law Number 8 for the year 1996 states that employment in agriculture will be regulated through a bylaw specifying workers contractual arrangements, work hours and relevant labor inspection among others

<sup>24</sup> A Challenging Market becomes More Challenging Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market. International Labour Organization. 2017

<sup>25</sup> Ibid

### 4.1.3 Occupational Health and Safety

79. Occupational Health and Safety (OHS) requirements have not changed since the preparation of the ESSA in 2016. As indicated in the ESSA, Chapter IX covers the necessary precautions and measures to be taken to protect workers against OHS risks. While Chapter X, covers workplace injuries and occupational diseases. Following the issue of the Labor Law in 1996, several regulations have further detailed the requirements for different OHS aspects, including:

- Regulation 7/1998: which regulates forming of OHS supervisors and committees in establishments. The assignment of supervisors or committees is mandatory in establishments comprising 20 workers or more. The regulation further details the qualifications and the responsibilities of those supervisors/committees in managing OHS within the establishment.
- Regulation 42/1998: which regulates prevention and therapeutic medical care of workers. The regulation identifies the duties of employers for providing medical care for the workers to prevent and treat vocational diseases
- Regulation 43/1998: which includes the required measures to protect workers from mechanical, electrical and chemical risks at workplace.
- Regulation 56/1998: which regulates the work of Labor Inspectors. The Regulation identifies the qualifications, duties and procedures for OHS inspectors.

80. It worth noting that Regulations 7, 42 and 43 are currently under revision and would be updated/modified in the coming period.

81. As indicated above, the agriculture workers are not covered by the Agriculture Law, therefore the OHS aspects are not also monitored and inspected. The issue of the new Bylaws, as included in DLI#6, will bring OHS aspects of the Labor Law covering also agriculture workers.

82. The fire safety aspects in establishment are not covered under the Labor Law, but rather in the guidelines and standards of the General Directorate of Civil Defense (Ministry of Interior). Those standards are also inspected by the Directorate.

### 4.1.4 Childcare

83. The following table summarizes the regulatory framework for childcare in Jordan, as well as market data. As shown in the table, home-based day cares are not currently regulated. The program will address this regulatory gap through DLI#9.

**Table 8: Regulatory Framework for Childcare in Jordan**

Channel	Regulator	Legal backing	Market data
Employer provided child care services	MoL	Article 72 of the Labor Law The missing the instruction clarifying the modalities (upcoming) MoSD bylaw and instructions	Only applicable to 1,115 companies equivalent to 60k children.  Currently 136 licensed employer child care centers.
Domestic workers	MoL	Bylaw on domestic workers	47,118 households hire domestic helpers.
Private or NGO run child care centers	MoSD	Licensing bylaw (to be amended) 11 other regulations (GAM, MoMA, Civil Defense, Public Works...)	634 licensed child care centers
Home-based child care providers (formal)	MoSD	Not regulated. Requires the licensing bylaw + a missing instruction (upcoming)	Estimated to have 50k-60k children in informal home-based daycares.

### Licensing of nurseries

84. The process of licensing of nurseries is documented in relevant legislations (nurseries licensing bylaw number 77 for the year 2018 and nurseries instructions for the year 2019). The by-law contains several provisions related to health and safety, child protection and non-discrimination:

- Receive children without distinction as to race, sex, religion, language, color, origin or disability (Article 12).
- Equal access for children with disabilities (Article 5f) and requirement to have a qualified care provider with Special Education Certificate available for children with disabilities (Article 17)
- Background checks for caregivers (Article 9a)
- Prohibition of child's physical punishment or shaking, abuse a child morally or verbally or in any form (Article 17)
- Have "proper conduct and behavior" (Article 9)
- Children should not be left unattended (Article 15)
- General requirements to protect health and safety of children, and report accidents (Article 12)
- Food safety and hygiene
- Accrediting a doctor to provide periodic medical examinations (Article 5)
- Child /staff ratios (Article 12)
- Provide for basic needs of food, clothing, drink, personal care, sleep (Article 17)
- Facilities to meet Jordanian public safety requirements and Jordanian National Building Code, further specifications on emergency exits, water availability, etc in the accompanying Instructions

85. Under DLI#8, the program will require the issuance of an instruction to allow licensing of home-based day care centers. The content of the by-law is not determined although international development partners such as GIZ have provided draft text for consideration.

#### 4.1.5 Environmental Aspects of the Agriculture Sector

86. New investments in the agriculture sector are subject to the Environmental Protection Law modified by the Law 6/2017 as mentioned above. Furthermore, the Agriculture Law 13/2015 includes certain requirements for public health and sanitary plants (articles 2-5). The Ministry of Agriculture shall: issue importation and exportation licenses for agricultural products; in cooperation with other authorities, contribute in defining the National Standardization and Metrology standards for agricultural products; issue the directives required to organize plant production in a manner that secures efficiency of production and conservation of the agricultural resources and the environment.

87. Law 13/2015 also provides instructions for pesticides trading and registration and has several decrees to deal with the composition and viability of pesticides, which are consistent with instructions of the WHO and FAO. Ministry of Agriculture Decree (Z18/2016) includes detailed instructions for the registration, manufacture, preparation, importation, handling and trading of pesticides. The Decree also includes requirements for the safe application of the pesticides and the safe period for harvesting the product after applying the pesticides. The Decree also clarifies that storage and disposal of the empty containers should be according to the instructions of the Material Safety Data Sheet of the pesticide.

#### 4.1.6 Monitoring and Inspection Law 33/2017

88. The Inspection Law was endorsed by Parliament in September 2017 to streamline inspection mandates and processes of several inspectorates in Jordan, including inspection units at Ministry of Labor and Ministry of Environment. The law improves the business environment by reducing the burden on the private sector resulting from overlapping inspection mandates and unplanned inspection visits, and by reducing uncertainty by introducing risk-based targeting while raising business awareness on compliance requirements. The Law also emphasizes the role of the Higher Committee for Inspection Reform as the national umbrella for business inspections. The bylaws for the new Inspection Law were enacted October 2018. The number of inspections of MoL according to this Law will be measured as part of the DLI#6.

## 4.2 Borrower Environmental and Social Management Capacity

89. The program involves several implementing agencies, whose capacity to manage environmental and social risks is assessed as follows:

90. Regarding, borrower performance and track record: The borrower has met all assigned environmental and social tasks and obligations under the PAP. Further comments on specific actions and recommendations of the ESSA are provided below.

### 4.2.1 Ministry of Labor (DLI#1, DLI#6)

91. The Ministry of Labor (MOL) is the implementing agency for DLI#1 and 6 of the Program. Note that the Program does not create any direct employment opportunities, and moreover, its interventions are designed to improve labor protections, increased social security, and issuing a by-law in the agricultural sector. However the indirect risks of poor labor and working conditions for those who obtain work permits and workers recruited in childcare and agriculture value chains, can be linked to the regulatory enforcement capacity of MOL. The parent ESSA's description of the institutional set-up of the Ministry of Labor remains valid. Key responsibilities of MOL include: overseeing labor and laborers affairs; participating in organizing Jordanian labor market by providing instructions and guidance; providing employment plans for the people of Jordan inside and outside the country; registering labor associations. MOL has a dedicated Labor Inspectorate Unit. In addition to inspectorates of headquarters, MOL has provided localized labor inspections through its directorates in the governments of Jordan.

92. The Ministry currently conduct three different types of inspections: 1) primary inspections of new enterprises 2) "proactive" inspections 3) follow-up inspections based on major non-compliance 4) inspections based on complaints.

93. To build Mol's capacity, several organizations have trained Mol staff, including the ILO (including Better Work Jordan-BWJ), UNHCR, USAID, DFID, and IFC.

94. The parent ESSA's recommendations for managing environmental and social risks were distilled into DLI#2 related to roll-out of the Better Work Jordan for the garment sector. The program entailed inspections at all exporting garment factories against labour and health and safety standards and the publication of the compliance dashboards. In 2019, compliance rates had improved from 2 factories being fully compliant to 22 factories. Besides, there are overall benefits of the program related to its demonstration effect, and approach to progressive compliance. Ministry of Labor inspectors also accompanies BWJ on the inspections, so some capacity building of MOL is achieved through this program. The program has fully met the requirements of DLI #2.

95. Nonetheless, the need for further capacity building at MOL is still great. Key areas identified for capacity building include: (i) knowledge and professional competencies of labor inspectors on compliance criteria, using systems, compliance based inspections etc (ii) IT capacity to conduct risk-based inspections and improve documentation and follow-up. These capacity needs are being supported by ILO comprehensive technical assistance program. The Program Action Plan includes measures that are designed to align with ILO's support, and reinforce improved MOL performance results in these key areas (i.e. conducting risk-based inspections, inspection manuals and procedures, and an enhanced IT system. More details are in Section 6.

Some data suggests that the MOL could also use additional inspectors; however this is not considered to be a first priority in improving MOL capacity to undertake the activities under the program. In 2019, MOL indicated they conducted about 50,000 inspections across Jordan. In 2018, the number of inspectors was 135, down from 200 in 2017, and a number that may be insufficient for the size of Jordan's workforce, which includes more than 2.295 million workers<sup>26</sup> (ILO's technical advice is a ratio approaching 1 inspector for every 15,000 workers in developing economies, so Jordan would employ about 153 inspectors).

96. MoL includes OHS Division that is responsible of conducting related inspections. The Division includes only 18 OHS inspectors that cover the whole country; and the PAP includes measures, as indicated above and later in Section 6, to improve the quality and effectiveness of the inspection process.

97.

98. Considering that the program is designed to improve labor and working conditions for through DLI 6 and will not have significant adverse impacts, and the program action plan has requirements to further reinforce MOL performance, the system is considered adequate to perform program activities in accordance with the core PforR principles (Core Principle 3).

### **Grievance Mechanism**

99. Also, as recommended in the parent ESSA (and included in the Program Action Plan Item #14), a technical assessment of the MOL's Grievance Redress Mechanism (GRM) was conducted in April 2017. As follows, based on the report, is a description of the main elements of the system and an assessment of the key strengths and areas for improvement. Where there are updates provided by MOL since 2017, these are indicated.

100. **Resourcing and Accountability:** The Handling of Complaints at MOL is shared by various divisions and directorates. Under the Directorate of Inspections, the Divisions of Hotline and Complaints, Child Labor, Inspection and follow-up and Monitoring Divisions all have a role to play. The Complaints and Hotline Division has eight staff that receive complaints. The Hotline and Complaints Division staff have other responsibilities, which impedes them from responding to incoming complaints.

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<sup>26</sup> [2018 Findings on the Worst Forms of Child Labor](#), US State Department, 2018

For example, they are sometimes requested to carry out investigations or inspections themselves, or act as translators owing to their language capabilities).

101. **Uptake Channels:** The Ministry of Labor has various means for the public to file a complaint. It has a free hotline, which is operational on all the land and cellular networks in the country (Land line: 080 022 208, Zain network: 0796580666, Orange network: 0777580666, Umniah network: 0785602666). The hotline has an answering machine that registers complaints after 3:30 p.m. In addition, the MoL has created a WhatsApp number (0790955557). Complaints can also be filed anonymously via email at the following address: [hotline@mol.gov.jo](mailto:hotline@mol.gov.jo), or by sending a message on the MoL's webpage: <http://mol.gov.jo/Pages/complains.aspx>, which has a complaints and suggestions webpage. At the decentralized level, the directorates also receive complaints, albeit mostly walk-ins. These complaints are referred to the central level only if the complainant does not speak Arabic. Challenges associated with uptake channels include:

- Unanswered phone calls: Calls placed to the hotline are not always answered either because no one picks up the line or because it rings busy.
- Language issues: 34 percent of foreign workers are non-Arabic speaking, mainly from Bangladesh, Sri Lanka, the Philippines, and India. The Division of Hotline and Complaints has some capability to receive complaints in languages other than Arabic including English, Tagalog, Hindi, Sri Lankan, Bangladeshi, Chinese, and Indonesian. However, migrants who speak other languages or dialects are not able to use the hotline easily, or communicate well with MoL staff, particularly at decentralized level. While it's not possible to cover all languages, some translation of materials and additional capabilities could enhance accessibility.

102. **Registration and Tracking:** The MOL has six databases for registering complaints that are not interlinked. There is one database for each of the Division of Hotline, Inspection, Human Trafficking, Child Labor, and Foreign Workers. In addition there is little decentralization. The Complaints and Hotline Division has a database that records complaints that are received at the central (ministry level). Since 2017, it has connected the central database to two other directorates but there is insufficient budget to purchase the hardware for further upgrades and connections to other directorates. The Child Labor Unit receives reports manually, which are then entered in an Excel sheet by the IT staff to generate a report. As a result, a comprehensive register and tracking of all the complaints that the MoL receives at the central and decentralized levels requires extensive manual cross-checking.

103. Lack of information regarding complaints received at the directorate level: The complaints that are received directly at the directorate (decentralized) level are not registered in a central database. They are tallied at the end of the month and included in the monthly report that is sent to the MoL. However, no information is captured as to the complainant, type of complaint, etc. As such, the statistics currently provided by the Division of Hotline and Complaints are limited to those that are received at the central level.

In 2019, the MOL recorded over 6500 complaints through its various channels as shown in the table below.

**Table 9. MOL Complaints received 2019, classified by location**

	<b>Directorate</b>	<b>Number of Complaints</b>
1	Ministry Center	1319
2	Amman Inspection (First)	1371
3	Amman Inspection (Second)	533
4	Occupational safety and health	647
5	Domestic workers	621
6	Contractor Syndicate	3
7	Naur	76
8	Jizeh	91
9	Al Mafraq	83
10	Madaba	156
11	Zarqa	139
12	Rusayfa	56
13	Al-Delail	74
14	Zarqa Chamber of Industry	95
15	Al Balqa	209
16	Deir Ala	45
17	Ash-Shuna Ash-Shamaliyya	33
18	Ash-Shuna al-Janubiyya	11
19	Jarash	74
20	Ajloun	27
21	Irbid	191
22	Ramtha	14
23	Al Hasan Industrial	7
24	Al karak	118
25	Al Tafilah	23
26	Ma'an	8
27	Petra	14
28	Aqaba	298
20	Women	37
30	Human Trafficking Unit	218
	<b>Total</b>	<b>6591</b>

104. The complaints connected at the centralized level (1319) can be classified by type as shown in the table below.

**Table 10. MOL Complaints received through centralized database in 2019, classified by sector/type**

<b>Agriculture</b>	<b>2</b>
<b>Various Sectors</b>	<b>68</b>
<b>Residential area</b>	<b>18</b>
<b>Engineering companies</b>	<b>12</b>
<b>Restaurants</b>	<b>95</b>
	<b>13</b>
<b>Farms</b>	<b>14</b>
<b>Photography</b>	<b>2</b>
<b>Manufacturing industries</b>	<b>123</b>
<b>Salons</b>	<b>30</b>
<b>Construction</b>	<b>16</b>
<b>Press journalism</b>	<b>7</b>
<b>Quarries</b>	<b>5</b>
<b>Gaz Stations</b>	<b>2</b>
<b>Services</b>	<b>169</b>
<b>Bakeries</b>	<b>13</b>
<b>Weaving Knitting</b>	<b>24</b>
<b>Electrical industries</b>	<b>20</b>
<b>Domestic workers</b>	<b>20</b>
<b>Heavy industries</b>	<b>4</b>
<b>Contracting</b>	<b>65</b>
<b>Clothes shops</b>	<b>8</b>
<b>Travel and Tourism</b>	<b>10</b>
<b>Drug stores</b>	<b>12</b>
<b>mines</b>	<b>2</b>
<b>Optical</b>	<b>2</b>
<b>Learning</b>	<b>196</b>
<b>Hospitals</b>	<b>43</b>
<b>TV channels</b>	<b>5</b>
<b>Medical centers</b>	<b>14</b>
<b>Advertising</b>	<b>13</b>
<b>Insurance</b>	<b>5</b>
<b>Export and imports</b>	<b>21</b>
<b>Transport</b>	<b>27</b>
<b>Retail and wholesale sale</b>	<b>91</b>
<b>Sport club</b>	<b>10</b>
<b>Malls</b>	<b>9</b>
<b>Banks</b>	<b>11</b>
<b>Hotels</b>	<b>54</b>
<b>Kitchens</b>	<b>5</b>
<b>associations</b>	<b>1</b>

<b>Pharmaceutical industry</b>	<b>19</b>
<b>Employment offices</b>	<b>1</b>
<b>Banks</b>	<b>2</b>
<b>Electricity generation</b>	<b>4</b>
<b>Telecom</b>	<b>16</b>
<b>Coffee shops</b>	<b>23</b>
<b>Concrete industry</b>	<b>4</b>
<b>Navigation agencies</b>	<b>6</b>
<b>Employment</b>	<b>1</b>
<b>Human rights</b>	<b>47</b>
	<b>3</b>
<b>Ending services</b>	<b>9</b>
<b>Women employment</b>	<b>17</b>
<b>wages</b>	<b>711</b>
<b>Child labor</b>	<b>16</b>
<b>Jordanian employment offices</b>	<b>1</b>
<b>Others</b>	<b>510</b>
<b>Occupational Safety</b>	<b>°</b>
<b>Total</b>	<b>1319</b>

105. Although the system has technical constraints, the Complaints and Hotline Division strives for continuous improvement and continues to make refinements such as ensuring that the complaint forms are identical in all the governorates; include the name of the company and the name of the person against whom the complaint is being filed; and include an “alarm” to flag complaints that have not been addressed or are still pending, etc).

106. **Processing:** The MOL has a basic manual that outlines the procedures for filing and internal processing of complaints. There is insufficient information to assess how many complaints are resolved. The current system provides data only about the number of complaints that resulted in citations, warnings or were referred. to the court.

107. **Reporting and Feedback:** There did not appear to be a systematic practice of providing feedback to the complainants. Ministry staff reported that they would inform the complainant by calling them back. However, the feedback date, and substance, is not logged in the system.

108. MOL produces a report, but it does not appear to have wide circulation, and lacks analysis for performance improvement purposes.

109. **Public Communication and Outreach:** There are currently no specific information campaigns about grievance redress channels. MOL works closely with embassies and has representatives (labor inspectors) placed within embassies with large representation of migrant labor in Jordan (e.g. Egypt, Bangladesh). The MOL could partner with several organizations to better reach migrant workers and refugees e.g. labor unions and NGOs working on labor-related issues.

## **Assessment:**

110. The GRM is available to all types of workers in Jordan including foreign and Jordanian. Based on the 2017 assessment, the system is operational, with dedicated staff, has all elements of a full-fledged system, including coordination with other departments (e.g. child labor, human trafficking). There are many areas of the system that need improvement and MOL should continue to evaluate performance and make system enhancements. Therefore the following areas of focus are recommended:

- Expand the hotline to an automated 24-hour complaints hotline in Arabic and in other languages spoken by most migrants.
- Centralized system for GRM case management there needs to be a unique system where all complaints are registered for better analysis, tracking, and follow up
- Periodic reporting to evaluate the performance of the system. This should include a survey of GRM users to determine their level of satisfaction.

111. ILO will be working with MOL to provide improvements, including augmented IT systems for the GRM system. The scale up of the PfoR will include actions related to the modernization of the inspection system of the Ministry of Labor as described above and strengthening the GRM. . As such the system, including the Program Action Plan requirements is considered adequate to carry out program activities.

### 4.2.2 Ministry of Social Development (DLI#9)

112. Jordan's Ministry of Social Development (MOSD) mandate is to enhance developmental social work and carry out social policy development through community development. The purpose of the Ministry is to improve the quality of life of its citizens. It disperses information and knowledge about social services. The ministry is responsible for regulating early childcare (0-4.8 years old) and will be the implementing agency for DLI#8 on childcare.

113. As noted above, the regulatory framework for childcare is currently considered patchwork The program seeks to fill regulatory gaps and create diverse service provision, while still ensuring quality, through DLI#8.

114. The Ministry has a framework to inspect childcare facilities that consists of one inspection officer in each of the 41 directorates, covering about 700 child care facilities. All facilities need to be inspected in order to obtain a license on an annual basis and the by-law also requires childcare facilities to install cameras. The program will aim to improve the capacity of child care providers to deliver care in accordance with the regulatory requirements through training programs.

## **Grievance Mechanism**

115. **Uptake:** The Ministry of Social Development (MOSD) receives complaints, suggestions or compliments through several means. These include a hotline (numbers available on the Ministry's website), in addition to an online form available through the Ministry's website (<http://www.mosd.gov.jo/UI/Arabic/Complaints.aspx?ContentId=63>) or through the interactive government platform (<https://portal.jordan.gov.jo/wps/portal/Home/CMU>). The Ministry's website main page includes a link to the interactive government platform. Grievances can also be submitted in person by visiting the Customer Service Unit at MOSD or one of its offices across the country.

116. **Registering and Tracking:** Complaints, suggestions or compliments received are recorded in a single spreadsheet and are classified by topic by the Hotline Unit. Using internal memos (hard copies), each complaint, suggestion or compliment is forwarded to the relevant unit/directorate within the Ministry. The relevant unit/directorate, once it addressed the topic of the complaint, suggestion or compliment, responds back to the Hotline Unit using internal memos (hard copies). The same spreadsheet is used to track the status of each complaint, suggestion or compliment and to issue regular reports. For example, a regular quarterly report is submitted to the Minister indicating the number of complaints, suggestions and compliments received, their classification and status.

117. The MS Excel file where complaints are registered and monitored was checked and is very organized. The file includes sufficient detail on each complaint to allow traceability and enable analysis of complaint by type, geography, relevant unit/function at MOSD and handling status. Demographics of the person who submitted the complaint, including sex, age and place of residence is also included in the same file.

118. **Resources and Accountability:** The responsible unit is the 'Customer Service Unit' and handling of complaints is a function under the 'Customer Guidance Sub-department'. The function is not handled by a stand-alone unit. One officer oversees the complaint receiving and tracks the status of the complaint under the supervision of the sub-department unit head. The hotline is staffed separately and receives complaints around the clock. Each complaint is handled by the relevant unit within MOSD and in some cases, complaint handling requires the establishment of a committee or a team to address it.

119. Complaints related to services provided by licensed nurseries follow the same process general process described above.

120. **Processing:** The handling of complaints follows a clear and documented process that was approved by the planning committee at MOSD and amended for improvement. The tracking, although using a simple MS Excel sheet, is consistent and diligent. The officers/staff overseeing the process are capable and knowledgeable.

121. During 2019, MoSD received 610 complaints, of which 80% were resolved. The majority of the complaints are associated with denied access to financial support, which is usually done through referral to NGOs or the National Aid Fund. There is no specific information about complaints related to childcare.

122. **Communications and Outreach:** The Hotline started in 2015 but in 2017 the GRM processes were updated, the hotline numbers were made available online and on posters in MOSD offices. A link to the

interactive government platform was also added on MOSD website. The number of complaints increased from 158 in 2017 to 610 in 2019, most likely owing to increased awareness.

123. **Reporting:** The MOSD produces an annual report for complaints received and handled in 2019.

124. **Assessment:**

- **Effectiveness:** The current process appears effective. In 2019 the number of complaints doubled compared to 2018. Nonetheless, more than 80% of the complaints were addressed in 2019 (MOSD, Annual report on complaints for 2019). An independent assessment of citizen satisfaction with complaint handling processes across government agencies indicates a satisfaction rate of 80% for MOSD compared with an average of 60% across other government agencies.
- **Accessibility:** Complaints could be received by a number of uptake channels means making it accessible to all project beneficiaries. The hotline offers multiple phone numbers including a landline and a cell phone. Online submission is also available in addition to in-person. Complaint boxes 42 geographical locations are not used, and the majority of the complaints are either received in-person at the central ministry or by the hotline. Very few complaints are received using the online form available on MOSD website. Noting that the online complaint form is directly connected to the relevant officer who receives the complaint immediately on her email. Also, the Communication Unit at the MOSD scans the Ministry's social media accounts for complaints and informs the complaints function of any complaints' officer. There are no observed barriers to accessibility. MOSD analyses for complaints received in 2019 indicates that 41% were received from women.
- **Areas for improvement:**
  - The response time to address complaints can be shortened
  - The process can be improved by utilizing electronic complaint handling system, instead of hardcopies, to receive and handle the complaints.
  - The complaints' handling results could also become part of regular performance reporting and an input to service improvement.
  - Specific engagement and outreach with parents on provision of childcare is also recommended.

#### 4.2.3 Central Bank of Jordan-CBJ (DLI#8)

125. The function of CBJ is to provide regulatory oversight of monetary policy in Jordan. It has the status of an independent and autonomous corporate body, although its capital is owned entirely by the government. Its central tasks include issuing and regulating banknotes and coins in the Kingdom; ensuring convertibility of Jordanian Dinar; managing the bank's reserves; maintaining the Safety and Soundness of the Banking System institutions; strengthening the financial positions of banking

institutions; and providing an appropriate banking environment for accumulating savings and financing investment.

126. CBJ also provides a number of services including licensing of banks, microfinance institutions, money exchange companies, credit bureaus, and non-banking financial institutions; advising government on the fiscal, monetary, and economic policies, and on drafted laws and regulations affecting the economic environment; and various functions related to communicating and spreading awareness about monetary policy, the economy and currency exchange.

127. With respect to DLI#7, CBJ provides regulatory oversight, including licensing and supervision of private service providers of digital or E-wallet services. E-wallets refers to an electronic device or online service that allows an individual to make electronic transactions. This can include purchasing items online with a computer or using a smartphone to purchase something at a store. Money can be deposited in the digital wallet prior to any transactions or, in other cases, an individual's bank account can be linked to the digital wallet. There are about 8 e-wallet service providers licensed in Jordan. E-wallet accounts can be obtained from a service provider kiosks, and are connected to phone numbers. This widespread locations and minimal requirements make them accessible to those typically excluded from financial services from banks and their branches.

128. As described in Section 3.2.3, CBJ has a financial inclusion strategy with specific targets for vulnerable populations of women, youth, refugees and the poor. CBJ has a department of about twelve people focused on implementing the strategy. Various donors are active in supporting CBJ projects aimed at increasing outreach to target populations including programs about financial literacy. CBJ's capacity is considered adequate to deliver the program activities in accordance with the PforR Core Principles, and measures under the PAP/results framework are recommended for tracking DLI performance.

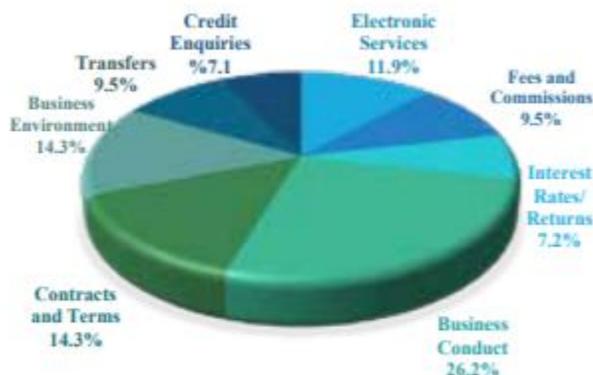
### Grievance Mechanism

129. CBJ established a Financial Consumer Protection (FCP) department in early 2017 which is mandated to provide protection to consumers against unfair and arbitrary practices, and ensure they have access to banking and financial products and services within an environment of fairness and transparency. FCP is responsible for ensuring that core principles of financial consumer protection are well implemented in accordance with international best practices; primarily preserving the financial services consumers' rights to complain. This is considered to contribute towards enhancing citizen confidence in banks and non-banking financial institutions and also safeguarding against reputational risks.

130. CBJ published an annual report on Consumer Complaints that is disclosed on its website. The June 2019 report indicates that 523 complaints reached CBJ in the first half of 2019, down by 21,4% from the same period in 2018. Complaints against non-banking financial institutions reached 42 complaints compared to 26 complaints during same period in 2018. The increase is attributed to increasing awareness of consumers right to file complaints. These complaints were mainly regarding business

conduct and electronic services. The report indicates that all complaints considered justified (49.5%) were resolved. The report further elaborates and analyses on the various uptake channels.

**Figure 3.**



131. Overall, the GRM is considered operational, effective and accessible. The PAP/results framework will further measure performance of the DLI and the GRM will continue to be monitored through program supervision.

#### 4.2.4 Jordan National Commission of Women (DLI#10)

The Jordanian National Commission for Women (JNCW) is the implementing agency for DLI#10 to deliver a communications campaign on advancing social norms and gender roles. JNCW was established as a semi-governmental body on (12/3/1992) by the decision of the Prime Minister and chaired by Her Royal Highness Princess Basma Bint Talal. Based on the Cabinet's decision on 21/9/1996, the National Commission is considered the reference to all official bodies with regard to women's activities and affairs. The National Commission consists of 22 members representing the ministries, the national councils and institutions, civil society organizations, and prominent national figures. The mission of JNCW is to practice a multi-dimensional national role including: (i) Working systematically for women's advancement and empowerment in various fields; (ii) Making positive tangible changes in the status of women, (iii) Removing any forms of discrimination against women in national legislation, policies, plans and programs, and developing the applications and practices to achieve justice and equality, and (iv) . Maintaining and enhancing women's achievements and the rights granted to women within the constitution and achieving effective and equal participation with men in all aspects of life. JNCW has experience in delivering several national communications and advocacy campaigns to advance the role of women and is considered to have adequate capacity to deliver the program activities consistent with the core principles. DLI #10 is supported by technical assistance.

#### 4.2.4 Ministry of Agriculture (DLI #11)

132. The Pesticides Department in MoA is responsible for ensuring that the use of Pesticides complies with the requirements of Agriculture Law 13/2015 and the relevant Decrees, as discussed earlier. In terms of control of the quality of pesticides (only registered safe pesticides are used), there are several tools to ensure this, through the process of registry, the control over borders to ensure ban of non-registered products and the inspection over distribution and trading outlets (MoA includes 88 inspectors in different parts of the country). Although there is always a risk that non-registered banned pesticides could leak in, the above control measures could reasonably minimize the risk. However, the risk which is more difficult to control is the compliance of farmers of the pesticide's dosage and the safe time before harvest, to ensure that no pesticides remains in the product after harvest. This has particularly affected one of the exported shipments to the United Arab Emirates (UAE) in 2017, where they found pesticides remains more that the acceptable standards, and afterwards the MoA increased their inspections on farms to ensure compliance with the pesticide's standards. The AF does not support any activities that entail use of pesticides therefore the Program is aligned with Core Principal 3 (in terms of exposure to toxic chemicals). However, it is recommended in the PAP to improve farmers awareness of this and enhancing the capacity and preparedness of farmers for ecolabelling certification. This recommendation is considered to as a positive impact initiated by Program to improve the current baseline conditions rather than managing an impact caused by the Program interventions.

#### 4.2.5 Ministry of Environment (DLI#11)

133. The environmental licensing process for new projects, in terms of preparing EIAs as required by the Law, is well integrated in the general licensing procedures, especially for large projects of high environmental significance, and MoE effectively responds to all licensing applications. However, the as indicated in the ESSA, the capacity of MoE to inspect and monitor the compliance of licensed investments, is limited. It is worth noting that the number of inspectors at MoE has almost doubled since the preparation of ESSA, but the challenge in covering all the licensed investments remains. As indicated earlier, the main environmental impacts would be related to investments made to improve the value chains of agriculture products, however, the environmental risks associated with such investments are moderate and would be limited to waste management and OHS aspects during installation and maintenance. The PAP actions include ensuring that such investments would have the licensing of MoE according to the type of activity, so that environmental mitigation measures are defined to the investors and the facility becomes within MoE records. This measure is considered to commensurate with the moderate risks of the DLI11 interventions, and, therefore, the correspondent national system is aligned with the Core Principals of the of the PforR Policy (Core Principals 1, 2 and 3).

## 5. Stakeholder Engagement

131. The risks and benefits of the program restructuring and scale up have been widely consulted with development partners, implementing agencies, UN agencies including the ILO and UNHCR, as well as international NGO's such as the international refugee council through several bi-lateral meetings throughout program preparation that examined many policy options and targets for issuance of work permits. The program was widely viewed as positive amongst external stakeholders consulted:

132. Issues related to social and environmental risks that arose through these consultations:

- Lack of clarity, to some stakeholders, from Ministry of Labor on instructions about Work Permits creates confusion
- Consider whether changes to requirements or procedures for issuance of work permits has any impact on refugees living in camps
- Support to home businesses provide economic empowerment for Syrian refugees
- Gaps in labor legislation in the agriculture sector were noted

133. All legal reforms proposed under the program will be undertaken under public-private dialogue requirements. It is recommended that performance on specific DLI's will be consulted through citizen engagement mechanisms.

134. **DLI#1: Work Permits:** MOL to conduct rapid mini-survey of Syrian refugees obtaining work permits

135. **DLI#8 Child Care:** MoSD shall commission satisfaction surveys towards parents using licensed childcare entities (frequency: baseline focus group, then tracer study at midterm, and completion)

## 6. Conclusions and Recommendations

137. The overall combined social and environmental risks of the program are currently considered moderate.

138. **The social risks of the program are considered moderate.** This rating takes into consideration the performance of the parent project, and the design of the new activities and restructuring proposed under the AF. The program consists of a diverse set of activities to promote economic opportunities for Jordanians and Syrians. The key program risk is that economic opportunities indirectly generated by the program are associated with poor working conditions. In Jordan, poor labor practices are present in a number of sectors including construction, manufacturing and agriculture, such as low wages, overtime, lack of social security, child labor, OHS, particularly for vulnerable groups, including Syrian refugees.

The program is designed to strengthen the labor regulatory and inspection regime, and social security coverage. Other social risks associated under the program are related to the quality of child care delivered under the program, and the potential for inequitable access to program benefits such as digital financial services or entrepreneurship opportunities. These risks are mitigated through program design and required actions. The program is not expected to exacerbate social conflict and is likely to improve the situation by reducing the stressors that contribute to conflict such as access to livelihoods and decent work conditions. The program is not expected to result in any direct or indirect involuntary land acquisition – activities to promote agricultural exports are aimed at small scale improvements to irrigation systems or cold storage facilities of private farmers, and any acquisition of land will be of a willing buyer-willing seller nature.

**139. The environmental risks of the Program are considered moderate.** The AF mainly supports high level policy interventions to promote economic opportunities, however, there would be some investments that might be needed to achieve the desired results. The main investments/activities that might have limited environmental impacts are those investments related to DLI#11, such establishment of cold storage areas and replacement of irrigation networks at the farm level to achieve better water efficiency. The associated environmental impacts to those activities are considered moderate. The Program will include many environmental benefits such as improving OHS conditions by improving labor inspection process (DLI#6), reducing the pressure on the scarce water resources through encouraging more water-efficient agriculture (DLI#11), and that more effective means value chains would lead to less wasted agriculture products (DLI#11).

140. These risks are considered to be adequately mitigated, mainly through program design (i.e. included as DLIs), through committed actions in the Program Action Plan or through the actions that would be part of the Program Operation Manual (POM):

**141. DLI#1 Work Permits for Syrians**

- Publicizing clear information and communications on the new instructions for work permits for Syrians (PAP).
- The Ministry of Labor shall extend the period of free work permits and relaxed inspections targeting Syrian refugees until the project closure (PAP).
- Develop specific measures to optimize the uptake of work permits for Syrian women, who are currently predominantly employed informally (during implementation, collaborate with ILO on mobile units).
- The Ministry of Interior shall maintain the system granting leave permits and allowing residents of refugee camps to enjoy mobility to search for and attend work (PAP).
- MOL to conduct rapid mini-survey of Syrian refugees obtaining work permits to identify trends and issues associated with accessibility and benefits (frequency: baseline and every six months) (PAP)

**142. DLI#6: Decent Work**

- Ministry of Labor issues a bylaw specifying acceptable working conditions in the agriculture sector and issues instructions detailing the implementation modalities of the bylaw regulating work in agriculture and publish them in the official Gazette (DLR and PAP).
- The Ministry of Labor shall maintain an ICT-based grievance and redress mechanisms (GRM) system for handling, tracking, and reporting on all public grievances and train the responsible staff to operate the system (PAP)
- The Ministry of Labor implements the national Integrated Inspection Management System that has been developed in accordance with the Inspection and Monitoring Law of 2017 (PAP).
- The Ministry conducts risk-based inspections (enabled by enhanced by an ICT system (DLR)
- The Ministry of Labor shall produce an annual report grievance and redress mechanisms, according to the content to be specified in the Project Operation Manual (POM) including but not limited to nature and origin of workers complaints, actions taken, and status of resolution (PAP).
- The Ministry of Labor shall issue inspection manuals providing inspection guidelines for labor inspectors in all sectors, including agriculture and train inspectors on use (PAP).

143. **DLI#9 Child Care:**

- Address gaps in the regulatory framework to allow licensing for home- based child care (DLR)
- MOSD prepare and deliver training plan for care givers on the MoSD issues produces and delivers a training plan for childcare givers that includes informational materials on the by-law, and also covers all aspects of the new by-law, and a specific module covering first aid, child wellbeing, for babies and toddlers, identification of development delays and child abuse (PAP).
- MOSD shall commission satisfaction surveys towards parents using licensed childcare entities (frequency: baseline focus group, then tracer study at midterm, and completion) (PAP)

144. **DLI#11 Agriculture competitiveness:**

- MoA prepares guidelines for the safe application of pesticides for different agriculture products and makes those guidelines available online on the MoA website and include them in the extension services. (PAP)
- MoA ensures that new investments made to improve value chains have the required environmental licensing from MoE. (POM)