



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 07-Nov-2019 | Report No: PIDA27633



BASIC INFORMATION

A. Basic Project Data

Country Jordan	Project ID P170669	Project Name Jordan Youth, Technology, and Jobs Project	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 04-Nov-2019	Estimated Board Date 18-Dec-2019	Practice Area (Lead) Finance, Competitiveness and Innovation
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Planning and International Cooperation (MOPIC)	Implementing Agency Ministry of Digital Economy and Entrepreneurship	

Proposed Development Objective(s)

Increase access to digitally-enabled income opportunities for youth and improve the delivery of selected digitized government services in Jordan.

Components

Support the supply of digital skills in Jordan
Support the expansion of digital sector and digital government services in Jordan
Project Management & Implementation support

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	200.00
Total Financing	200.00
of which IBRD/IDA	163.15
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	163.15
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Non-World Bank Group Financing

Trust Funds	36.85
Concessional Financing Facility	36.85

Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. Jordan maintains a delicate equilibrium amidst an ever-changing regional context. Lying at the epicenter of one of the most volatile regions in the world, Jordan has consistently preserved its stability, drawing from its unique geopolitical positioning and socio-political resilience. The country has been highly exposed to exogenous shocks, particularly the spillovers from regional conflict, the fluctuation of commodity prices, and shifts in geopolitical relations, all of which have compounded the country’s existing vulnerabilities. One such effect has been the Syrian crisis. The crisis has gravely affected Jordan’s fiscal situation. It has put pressure on the delivery of basic services to the people, Jordanian citizens and refugees alike, in a country already suffering from scarcity of natural resources and pre-existing vulnerabilities in its delivery systems. Jordan’s response is a developmental one, with a focus on investing in human and physical capital and service delivery.

2. Economic growth and job creation are the key challenges facing the Government of Jordan (GoJ) today. Jordan’s economy has grown at about 2 percent a year over the past three years, constrained by regional challenges and structural impediments. The country is dealing with a particularly challenging set of conditions, some of which are perennial such as youth unemployment, which reached 38.9¹ (more than 700,000 people) in 2018, and weak participation of women in the workforce (14.1 percent)². Progress in reducing unemployment and increasing labor force participation has also stalled – exacerbating the urgency posed by the presence of 1.3 million Syrian refugees that started arriving in 2011. While the average proportion of youth in the population (aged 15-24 years) in Jordan is around the Arab region’s average of 18.5 percent in 2015, the average youth unemployment rate in Jordan stood at 38.9 percent in 2018, which is far above the regional Arab average of 27.8 percent.

¹ Department of Statistics, Jordan (2018)

² International Labor Organization, ILOSTAT database. Data retrieved in April 2019.



3. Women’s economic participation in Jordan is strikingly low.³ Since 2000, the labor force participation rate of females over 15 years of age has only increased by 2 percentage points.⁴ At 14.1 percent, this rate is well below both the MENA average at 20.2 percent as well as the MENA average excluding high income countries (17.8 percent). A similar trend can be identified in the ratio of female to male labor force participation rates: Jordan’s 2018 ratio (22 percent) is lower than the MENA (30 percent) average. In addition, of the few women in the Jordanian labor market, a large share is actually unemployed (23 percent of the female labor force is unemployed; 13 percent of the male labor force), with young women at a particular disadvantage (33 percent of male youth 15-24 is unemployed, compared to 55 percent of women in that age bracket). The government has strengthened its commitment in recent years to gender equality and women’s social and economic empowerment through Jordan’s Renaissance Plan 2019-2020 and more recently through commitment to the Women Economic Empowerment Action Plan (supported by the Mashreq Gender Facility). Furthermore, the Jordan National Commission for Women is in the process of developing the new National Women’s Strategy, encompassing the government’s vision of women’s empowerment and the national plans that addressed various pillars of gender equality.

4. There is a dearth of economic opportunities among Syrian refugees in Jordan. There are 660,000 registered Syrian refugees in Jordan, according to UNHCR. Only 5 percent of registered Syrian refugee women work while half of registered Syrian refugee men in Jordan work (UNHCR, VAF2017). JLMPS 2016 data indicated that 91 percent of those who work are informal. Registered Syrian refugees are concentrated in the construction (27.3 percent), manufacturing (18.1 percent), and wholesale and retail (19.1 percent) sectors.

Sectoral and Institutional Context

5. By 2020, one in five jobs in the Arab world will require digital skills that are not widely available today. The future of work for youth, women and refugees in Jordan will be determined by their ability to supply the skills demanded in emerging sectors driven by automation and innovation. Existing talents in the market are considered raw and unprepared for fast growing technologies, which may hinder Jordan’s ability to benefit from the opportunities offered by disruptive technologies. Only 1,700 out of 8,000 yearly graduates from technology related disciplines (21 percent) work in their related fields. The Jordanian education system remains a credentialist system, in which value is derived from obtaining a particular credential or certificate rather than the demand for the skills and knowledge gained. Considering this shift, there is an urgent need to address the shortcomings of the credentialist system by equipping youth with skills that are relevant for the digital economy.

6. The services sector, including the Information and Communications Technology (ICT) sector, shows good potential for growth, job creation, and women’s employment in Jordan. The contribution of the services sector to GDP was 56.1 percent in 2018. The sector grew at 2.3 percent in the last year, generated about 60 percent of the net jobs in the economy in 2017 (total of 53,969 new jobs created in the economy),⁵ and accounted for 44.5 percent of total Jordanian exports in 2016. The direct contribution of the ICT sector to GDP was 12 percent in 2017 and employment in the sector increased from approximately 18,000 employees in 2016 to 21,811 in 2018. ICT sector revenues increased from JD677 million in 2017 to JD750 million in 2018,

³ The gender analysis in this document has been adapted from “Jordan: Improving Women Economic Opportunities - Select Entry Points for Policy Dialogue and Operational Interventions” World Bank (June 2019).

⁴ World Development Indicators. Data retrieved June 2019

⁵ Excluding public administration.



at a notable growth rate of 10.7%.⁶ Female employment in the sector accounted for approximately 33 percent in 2018 (4,505 female employees), which is above the national average.⁷ ICT services accounted for 4.7 percent of the total exports (US \$648 million) and 25.8 percent of total added value in 2017.⁸

7. The IFC/WB Country Private Sector Diagnostics (CPSD) for Jordan confirmed the importance and the potential of the ICT sector for growth. The CPSD highlighted information technology outsourcing (ITO) and digital entrepreneurship as key potential activities. On digital payments, the economy would benefit from the implementation of e-KYC and the acceleration of digitization efforts for government-linked payments to increase use. Reducing skills mismatches for ICT graduates by providing short-term demand driven training would increase their employability in the market.⁹

8. Jordan shows potential to grow its digital sector and absorb more digitally skilled labor, including through developing its business process outsourcing (BPO) and IT outsourcing (ITO) sector.¹⁰ Enterprises across the globe are outsourcing these business processes to concentrate on their core business effectively. The Global BPO/ITO Market is expected to expand at 11 percent cumulative annual growth rate to reach \$335 billion in 2024.¹¹ Jordan enjoys a unique blend of qualities, making it an attractive destination for BPO/ITO services. Global giants such as Cisco, Expedia, Amazon, Microsoft, Webhelp, Teleperformance, and Oracle have already established operations in Jordan. Local BPO/ITO players such as Aspire, Crystel, and Extensya are experiencing organic growth,¹² targeting global and regional markets. Some of the critical success factors that help position Jordan as an ideal BPO/ITO destination include availability of affordable technical and non-technical talents, neutral Arabic speaking dialect, geopolitical stability, good infrastructure, liberalized telecom sector, proximity to key target markets in GCC, and government support. However, critical gaps remain such as a mismatch between the workforce and job market requirements, limited domestic market and access to export opportunities, and limited access to funding necessary for business development and expansion.

9. Although Jordan is well-known for its growing number of university graduates in computer science, math and engineering fields, it remains ill-equipped with specialized skills to thrive in a digital economy. The findings of a 2016 Labor Market Study conducted by the Jordanian ICT Association, Intaj revealed five core weaknesses underlying the skills mismatch: (i) an outdated university curriculum, (ii) lack of soft skills, (iii) lack of awareness and experience with global technology trends, (iv) little to no practical hands-on experience, and (v) brain drain to neighboring countries. A two-pronged approach is required to address the gaps in supply of digital skills, (i) a more immediate attention to the stock of youth that is currently in the job market with poor employable skills, complemented by (ii) a systematic (and potentially long-term) focus on addressing the more foundational issues in the education system to address the flow of unprepared students. Innovative rapid skills enhancement models to train a few hundred graduates every year on skills for future jobs have been piloted by the MoDEE and their preliminary results appear promising. These models represent a nimble

⁶ Int@j sector profile, 2018

⁷ Labor Force Survey, 2018 (DoS)

⁸ Ibid

⁹ Country Private Sector Diagnostics (CPSD), IFC/WB 2019

¹⁰ This refers to the process of outsourcing various business processes including IT, finance & accounting, back-office, e-commerce support, and other services

¹¹ Business Process Outsourcing (BPO) Services Market Research Report - Global Forecast till 2024 by Market Research Future

¹² Aspire is specialized in ITO services and targets the US market (retains 275 Jordanian employees), Extensya provides contact center support to Vodaphone, Saudi Airline, MBC, and others (retains 1700 Jordanian employees in Amman and Irbid), and Crystal provides contact center support to local and regional clients (retains 1000 Jordanian employees in Amman and Karak).



approach to closing the skills gap among the stock of youth already in the job market and can be part of the ongoing offering of skills development programs to provide rapid response to changing skill sets needed in the digital technologies sector. These models include ReBootKamp (RbK), Al-Hussein Technical University (HTU), Luminus and others. Scaling up these models in a sustainable manner remains a challenge but also presents an opportunity for development as well as an opportunity to learn and inform the content of university curricula.

10. The passage of the Vocational and Technical Skills Development law in July 2019 has created the institutional framework for sector-specific skills development, including in the digital or ICT sector. The law approved the establishment of the vocational and technical skills development commission, which is mandated to set standards and foundations for the formation of sectoral councils and will lead the development of vocational and technical education and training. The government and the private sector are currently working on the establishment of the National Skills Council for ICT. The majority of the council board members will come from the private sector and it will include representatives from the relevant government stakeholders.

11. The Jordanian market is relatively small, so private businesses seek to expand into the wider regional markets for business growth and financing; however, enterprises struggle to enter relevant networks, both at home and abroad. With traditionally hierarchical societies in the Middle East, it can be difficult for businesses in Jordan to enter new networks without personal contacts. This yields tremendous benefits to well-connected entrepreneurs but constrains and may even discourage growing entrepreneurs without these personal connections, with women business owners being less networked with mainstream networks, and subject to social norms. Recent efforts by the Government to provide financing through the Innovative Startup and SME Fund (ISSF) to partially bridge the financing gap are positive, but there remains a need to secure lead investors. Jordanian entrepreneurs' outreach to regional and global VCs is limited to individual efforts. Access to market opportunities, particularly for export, is similarly constrained. Programs that support linkages for digital entrepreneurs to investors and business opportunities, particularly export markets, are absent and could boost the growth of these enterprises.

12. The GoJ's E-Government Program, which aims to improve service provision, increase the productivity and efficiency of the public sector, and provide the necessary technology and infrastructure to provide e-services, can also drive growth and employment in the digital sector in Jordan. The GoJ aims to provide seamless integrated service delivery to citizens and businesses through the consolidated government portal (Jordan.gov.jo) and to digitize payments associated with government services. The GoJ is keen to rapidly expand e-government services by partnering with the private sector on the development of applications, services, and solutions. By including the private sector in the transformation, Jordan can also strengthen national capacity and local tech ecosystems to build on current platforms, maintain systems, and support public sector innovations. Commercializing some government services may foster new revenue streams while improving the experience for end-users, businesses and investors, leading to job growth and opportunity. Several initiatives have already begun, including national aid payments (through the National Aid Fund), bread subsidies (for civil servants, through the Ministry of Finance), transportation payments (Greater Amman Municipality and Ministry of Transport), and health records and billing (Ministry of Health). The GoJ has also implemented overarching digital infrastructure projects that form an enabler for digitization of government payments, including nation-wide identification and authentication, secure networking, and key payment system platforms. These need to be supplemented with enhancing integration, business processes, procedures, and policies to achieve the Government's objectives on digitization of government payments.



13. In May 2019, the GoJ created the Ministry of Digital Economy and Entrepreneurship (MoDEE), with a mandate to support digital entrepreneurship, expand electronic payments, and support digital skills development. This step reinforced the GoJ's commitment to expanding the digital economy by creating an institutional champion for the digital agenda in the cabinet. MoDEE's top priority is to expand business and job opportunities in the digital sector, which has led to a focus on *digital skills* as one of key enablers for access to jobs, *digital government services and payments* as a driver of business opportunities in the digital sector for improvement of the quality of those services, and finally *digital entrepreneurship*. Integrating these different elements effectively to achieve a quantitative shift in the level of jobs, business activity, and services enabled by the digital sector demands a high level of public and private sector coordination, learning from global experience, and close technical support. MoDEE has sought the World Bank's support to design and implement a project that would achieve these objectives.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

Increase access to digitally-enabled income opportunities for youth and improve the delivery of selected digitized government services in Jordan.

Key Results

- Number of individuals trained on employable digital skills reporting new income opportunities
- Number of transactions from new/ or improved government e-service introduced % of targeted Government payments made through digital payments
- Volume of new private sector investment in digital services

D. Project Description

14. The proposed project is a US\$200 million Investment Project Financing with Disbursement-linked Indicators (IPF-DLI Operation). The IPF instrument was chosen to support critical investments for the growth of digital economy and create income opportunities, with DLIs driving a focus on results. The project aims to build an impetus for private sector-led growth of the digital sector by (i) deepening the pool of quality digital skills and (ii) leveraging the governments' ambitious agenda of digitizing government services to create a demand for digital services and jobs. The Project is structured around interventions that address constraints to both the supply and demand side of digitally skilled labor in Jordan, with Component 1 focusing on strengthening the supply of digital skills, and Component 2 boosting the growth of digital economy and hence jobs and income opportunities. Component 3 supports project management.

15. The project has three main components:

Component 1 – Support the supply of digital skills in Jordan - \$102m

16. Component 1 aims to increase the supply of high-quality human capital to cater to the increasing demand for digital skills in Jordan, covering both employment and freelancing jobs. A two-pronged approach is required to address the gaps in supply of digital skills, (i) immediate attention to the stock of youth that is



currently in the job market with inadequate digital skills, complemented by (ii) institutionalizing a link between emerging skills needs in the digital sector and the design of curricula in the education system and complementary rapid response programs to improve the preparedness of the flow of job-seekers in the digital sector. Component 1 will include two subcomponents as follows:

- Sub-component 1.1: Digital skills training through private sector involvement - \$71m
- Sub-component 1.2: Enhancing digital skills competencies in public schools - \$26m
- Sub-component 1.3: Provide working spaces in underserved communities through Tech Hubs - \$5m

Component 2 – Support the expansion of digital sector and digital government services in Jordan - \$93m

17. Component 2 comprises of interventions which aim to boost activity in the digital sector by supporting the expansion and access to business opportunities. This is achieved primarily through support of the digitization of government services, which is expected to boost demand for digital services in the domestic market, as well as through interventions that improve access to global markets and investment opportunities. The component also supports inclusive job opportunity creation through digital platforms and the gig economy by facilitating access of women, youth and disadvantaged communities to these platforms.

- Sub-component 2.1: Support the expansion and access to market for digital firms and digital platforms - \$15m
- Sub-component 2.2: Support Digital Transformation of Service Delivery to Citizens and Businesses - \$72m
- Sub-component 2.3: Support digitization of payments -\$6m

Component 3 - Project management & implementation support - \$5m

18. Component 3 will support project management and implementation and disbursements will be made against eligible expenditures. A PMU will be set up in the MoDEE which will include representatives from MoL and MoE. The PMU (within MoDEE) will have the overall fiduciary responsibility for project implementation and ensure activities are executed in accordance with the Program Operational Manual (POM). It will have the overall responsibility for the monitoring and evaluation of program activities, as well as designing and implementing outreach activities specifically targeting women.

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

Summary of Assessment of Environmental and Social Risks and Impacts

19. Environmental. The project is of ‘low’ environmental risk as it will not support any civil works or new



constructions, mainly "soft" interventions will be supported such as delivering trainings and potential provision of operational support for existing vocational centers by providing desks and computers to increase digital skills and create jobs. Such activities are expected to cause minimal negative impact, if any. Minor, limited and site-specific impacts might result from the potential support to vocational centers which might require minor remodeling -e.g. painting- which will be done by the private sector, once engaged. Such activities are commonly implemented and minor impacts which might result can be avoided or managed without requiring special or complicated measures. Adequate management of potential impacts of such activity should be ensured through including clauses in the contract(s). Such provision should cover required Personal Protection Equipment for workers, as appropriate, as well as safe handling and disposal of waste that will be generated. A labor management plan (LMP) is prepared and covers labor and working conditions of project workers such as the PMU and trainers as well. The project will be implemented by the Jordan Ministry of Digital Economy and Entrepreneurship (MoDEE), being the Loan recipient. MoDEE will manage the overall project activities, through a joint Project Management Unit with Ministry of Labour located at MoDEE. The Ministry will subcontract the implementation of project activities to professional private sector vendors. The MoDEE is a new ministry and do not have designated capacity for environmental and social assessment although the nature and scale of impacts are low and will be mitigated primarily through overall project design and outreach strategies as assigned through the ESCP.

20. Social. The social risks associated with the project are considered moderate. There are limited direct adverse social impacts resulting from project activities since there no civil works. There are no land-related impacts. The social risks are limited in nature and scale, and can be summarized as follows: 1) risks related to social exclusion in its various forms that would need to be mitigated through ensuring that project benefits, such as access to training and job opportunities in the high tech sector, can be accessed and optimized for vulnerable youth, including those from poor communities and Syrian refugees, and women 2) risks related to labor and working conditions for project workers who consist of the PMU, and contracted workers delivering training programs to youth 3) risk of exposure of youth, including vulnerable youth and women to sexual harassment or exploitation, or poor working conditions, indirectly, through project activities such as training and jobs. A Social Assessment (SA), Stakeholder Engagement Plan (SEP) and Labor Management Procedures (LMP) have been prepared to address these risks and impacts. MoDEE will be responsible for implementing these plans and has relevant experience through implementing its e-initiatives, which public outreach and training. MoDEE will be required to retain a Stakeholder Outreach and Communications Officer (SOCO) who will add capacity in these areas and be responsible for implementing the SEP.

E. Implementation

Institutional and Implementation Arrangements

21. The Government of Jordan (GoJ) will form a **Steering Committee (SC)** led by the Minister of MoDEE and will include secretary general (SG) and director general (DG) level members from the relevant ministries, government institutions, and private sector organizations. The committee will be authorized to approve the overall project charter and implementation plans.

22. MoDEE will be the project's primary implementing agency in collaboration with MoL and MoE. The project



will establish a **Project Management Unit (PMU)** in MoDEE that will include representatives from MoL and MoE. The PMU will be responsible for coordinating the roles of ministries and agencies that are involved in project implementation. The PMU will also be responsible for the implementation of project activities and will support the National Skills Council for ICT to manage the digital skills training facility. The PMU will be responsible for the project oversight, consultations with public and private sector stakeholders, communications, and others. The PMU will ensure activities are executed in accordance with the Project Appraisal Document (PAD) and Program Operations Manual (POM). It will have the overall responsibility for (a) processing procurement implementation, (b) monitoring and managing/evaluation of program activities, and (c) reporting to the Bank on related fiduciary and technical aspects.

23. The PMU will be headed by a Project Director and will consist of a core operations management function and three technical teams. All PMU staff will be selected following a competitive selection process.

24. Operations Management. This unit will be headed by a manager and will consist of : (i) finance and admin officer who will be responsible for resource management, budget control, scheduling, monitoring and evaluation (M&E), reporting, quality control, and administrative support; (ii) procurement officer responsible for managing all procurement related activities, including issuing calls for proposals, managing contractual relations, among others. This unit will also be responsible for supporting the training facility’s requirements as it relates to managing the procurement process related to qualifying and recruiting training service providers; (iii) social outreach and communications officer; (iiii) a women’s economic empowerment part-time specialist responsible for ensuring that the implementation of project activities is gender sensitive and tackle the challenges women face (i.e. ensuing the project does not just target women but addresses constraints they face and how they are supported and monitored).

25. Digital Skills Training . This unit will be headed by a manager and will include technical staff members. The team will manage all issues related to digital skills trainings as well as demand and supply assessments, defining national occupational standards, affiliation of service providers, accreditation of training curriculums, provision of online training courses and materials, national awareness activities and monitoring and evaluation. .

26. Digital Business Sector. This unit will be headed by a manager and will be responsible for all private sector related activities as it relates to Component 2. The team will include digital business experts in different specialization. The digital business team will also manage the relationship with sector stakeholders.

27. Digital Transformation. This unit will be headed by a manager that will be responsible for managing all elements related to e-government and digital payments.

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