

# Turning the Corner

## JORDAN'S PATH TO GROWTH



THE HASHEMITE KINGDOM OF JORDAN



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# Taking Action

## Putting Jordan on a Path to Stronger Growth

Jordan is taking some tough decisions to make our economy more business friendly and competitive, revive growth, and create jobs.

Jordan has just reopened its border with Iraq and signed energy, trade, transport, and industrial agreements with Baghdad. We are developing our infrastructure and plan to increase foreign direct investment. Tourist arrivals are on the rise.

Jordan is an ideal gateway to the Middle East and the world, with a young educated population, a robust political environment, well managed services, and good trade infrastructure, providing access to expanding regional and global markets and financing.

Strategically located at the crossroads of Asia, Africa, and Europe, Jordan's economy has remained remarkably resilient, despite damaging spillovers from the prolonged regional conflicts, including the war in neighbouring Syria.

The Government is putting Jordan on a new growth path that will create more jobs, raise the efficiency of the public sector, and reinforce economic stability. With structural reforms under way, the reopening of borders with Iraq and Syria, an uptick in some sectors such as tourism and a promising start-up scene, there are reasons for optimism. But the challenge is significant, and this early promise will be fulfilled only if international and regional stakeholders step up and better target their support to allow Jordan's transition to renewed growth.

Jordan understands that its path to sustainable and equitable economic growth includes aggressively increasing exports and foreign direct investment, and enhancing its operational competitiveness. Specifically, Jordan is now focused on attracting investments to increase its exports in high value-added human capital services and attracting entrepreneurs to areas such as professional and business services, technology, tourism, and logistics. Private sector growth from investment as well as exports of high human capital services will increase domestic demand for both tradable and non-tradable goods and services. Additionally, Jordan plans to make the necessary reforms to lower energy costs, ease access to

highly skilled labour, and expand female participation in the labour force.

Jordan's economy and society have faced significant shocks in the past few years. The regional conflicts in Syria and Iraq, the country's main trading partners, seriously damaged Jordan's trade and capital inflows. The influx of 1.3 million Syrians, equal to nearly a third of Jordan's population, continues to exert tremendous pressures on not only our infrastructure and social services but also on our labour market and social cohesion. As a result, the country's macroeconomic indicators weakened, the fiscal deficit rose, and financing the external sector became challenging. GDP growth, which had averaged 6.4 percent during 2000–09, fell below 2.5 percent over 2010–18. Unemployment has been high at 18.7 percent, according to recent estimates, with youth unemployment reaching about 40 percent.

To turn the corner, the Government launched last November its two-year work plan Path to Revival for 2019–20, which is centered on three main pillars: the State of Law, the State of Productivity, and the State of Solidarity. Under each of these three guiding pillars are a set of applicable, measurable, and fundable goals and matching indicators to track the Government's progress on these goals.

To further enhance the State of Law, the Government will improve relevant legislation, develop political life, protect public freedoms, combat corruption, enhance integrity and transparency, and advance decentralization and citizens' participation.

To advance the State of Productivity, the Government will address unemployment through creating 30,000 new jobs, instigating trade, investment and innovation-based growth, and improving the productivity and efficiency of the public sector.

For the State of Solidarity, the Government will focus on social protection and improve the quality of crucial public services, such as health, education, water, environment, and transportation.

Government aims to develop public transport, improve affordable housing and health care, and enhance public educa-



*Al-Abdali Boulevard, Amman*

tion. It is strengthening national culture and encouraging active citizenship to motivate participation in the community.

On the economic front, Jordan has successfully implemented a national economic and fiscal reform programme in line with the International Monetary Fund (IMF). The Government's two-year work plan aims to make Jordan more competitive, increase investment, and transform the country into a vibrant export-led economy. To help create catalysts for growth, Jordan will enact new legislation to encourage public-private partnerships, particularly for infrastructure, utilities, and services.

Jordan has asked for revamped financial assistance from the international community to build on the 2016 Jordan Compact and its multi-year Jordan Response Plan to tackle the Syrian refugee crisis in a way that turns the refugee challenge into an economic opportunity.

Against this background, this brochure lays out the key cross-cutting actions to jumpstart growth and create jobs. First, we lay out what's been achieved in new policies and legislation over the past year; then we outline what is planned.

# Recent Achievements

## How We're Charting a New Course for Jordan

What we've done recently. We have taken steps to stabilise the economy and make it more business friendly and competitive through a number of reforms. These include:

### A. MACROCRITICAL REFORMS

#### **Implementing a Programme of Fiscal Consolidation—ONGOING**

Jordan has managed external economic shocks by implementing fiscal measures in line with successive IMF programmes. Between 2012–18, fiscal measures totaling more than 14.5 percent of GDP have been introduced. These measures have improved tax revenues and implemented a phased adjustment to cost-effective electricity tariffs while introducing cash transfers for low-income households. As a result, Jordan achieved a sizable deficit reduction of almost 8 percent of GDP in 2012–18.

#### **Broadening the Tax Base—COMPLETED 2018**

As part of the Government of Jordan's commitment to fiscal reform and consolidation, a new Income Tax Law has been enacted and in force since 1 January 2019. The new law is a critical step in the fiscal reform process that will ensure a progressive tax system, broaden the tax base, and reduce tax evasion.

#### **Making Public Procurement More Transparent and Efficient—2018**

Jordan has enacted a consolidated legal framework for public procurement through the issuance of a new Public Procurement Bylaw consistent with international best practice. The new Bylaw presents a legal infrastructure that ensures transparency, accountability, effectiveness, and competitiveness in the public procurement system.

#### **Getting Debt Under Control 2018–22**

Jordan has developed a detailed medium-term debt financing strategy to reduce the debt-to-GDP ratio over the next 5 years while replacing expensive existing debt with cheaper debt. Debt-to-GDP was 94.2 percent in 2018, down fractionally from 2017.

#### **Enhancing Financial Inclusion 2018–20**

Acknowledging the importance of financial inclusion in inclusive and sustainable economic growth, the Government developed the National Financial Inclusion Strategy (2018–20) to ensure that all segments of society, including individuals and organisations, can access financial services through banks and other financial institutions.

### B. REFORMING INVESTMENT AND THE BUSINESS ENVIRONMENT

#### **Easing FDI—2019**

Jordan is pressing ahead with market reforms to attract foreign direct investment. The Government is currently reviewing its investment regulations for non-Jordanians to reflect international best practice.

#### **Liberalising Permit Requirements for Skilled Foreign Labour—2019**

While Jordan has a skilled workforce, it realises the importance and benefits of opening the labour market to highly skilled non-Jordanians. As a result, the Government has amended its Labour regulations to allow hiring of non-Jordanians in highly specialized occupations and positions, especially in technical sectors such as communications, energy, engineering, and professional services.

#### **Improving Policy Predictability—2018**

To improve the overall governance of private sector-related policymaking, reduce regulatory uncertainty, and enhance predictability, the Government has developed and launched the "Regulatory Predictability Framework". It focuses on improving the process of issuing regulations that affect businesses, including instructions and decisions, by introducing or codifying practices.





#### **Removing Overlap in Monitoring and Inspection Rules—2017–18**

A new law was enacted that unifies inspection codes and limits overlap and duplication of powers and functions of authorities concerned with the monitoring and inspection of economic activities. Reforming monitoring and inspection procedures and laws is important to ensure compliance by businesses in key areas that protect public safety, such as health, safety, and the environment.



#### **Facilitating Access to Finance—2018**

The introduction of the Secured Lending Law in Jordan is key to the development of small and medium-sized enterprises (SMEs) by improving access to finance. The new law allows SMEs to treat movable assets as collateral for borrowing rather than the traditional real estate collateral. Most companies in Jordan are SMEs. The law will help boost employment.



#### **Improving Insolvency Law—2018**

A new insolvency law for business owners in Jordan came into effect in 2018. The law aims to enable individuals and companies to reorganise their businesses when in a troubled financial situation under certain conditions agreed upon with lenders. Passing insolvency regulations is key to Jordan's desire to protect the business interests of local and foreign investors. This will preserve jobs and increase investment.



#### **Supporting Venture Capital—2018**

New regulations governing the venture capital industry were introduced in 2018 following the enactment of the amendments to the 1997 Companies Law that introduced venture capital firms as a new type of company. Jordan historically has been at the forefront regionally in the number of annual start-ups, and the new regulations will ease the way for local and international investors to set up funds in Jordan and take advantage of the technical and entrepreneurial base in the country.



#### **Fighting Corruption—ONGOING**

We have amended the Illicit Gains Law by expanding the employees subject to financial disclosure requirements to include heads and members of ad hoc municipal councils, executive directors of municipalities, and heads and members of governorate councils. This includes the employees of the Jordan Customs Department, Greater Amman Municipality, Income and Sales Tax Department, and Department of Land and Survey.



#### **Streamlining the Investor's Journey—2019**

The Government is conducting a full review to streamline and simplify investment across the business lifecycle, including improving the business registry infrastructure and accelerating implementation of the ongoing licensing and permit reform to reduce compliance costs. Some reforms have been completed, and others will be in the next few months, including setting a time limit to grant environmental approvals to seven days for low risk activities, abolishing the Crafts and Industries Law of 1953, and ending a significant number of sectoral licenses.

### **C. IMPROVING INCLUSION AND THE ROLE OF WOMEN**

The Government has identified a set of reforms to improve female participation in the work force and strengthen safety nets for the poor. These include:



#### **More Flexible Working Hours—2018**

New legislation was approved to promote and regulate flexible work (part-time work) with hourly minimum wage rates to encourage jobs for women and youth.



#### **Access to Affordable Childcare—2018**

Reforms are providing childcare and facilitating licensing procedures to establish childcare establishments. The new Labor Law makes it mandatory for all establishments with more than 20 parents (instead of mothers) to have childcare in their premises or to provide vouchers for private childcare.



#### **Eliminating Gender Based Discrimination in Regulations—2018**

The Ministry of Labour has conducted a thorough assessment of its laws, bylaws, and instructions and eliminated references to gender, including instructions related to banning women from working in certain occupations and on night shifts.



#### **Improving Social Safety Nets to Protect the Poor—2018–19**

In its effort to promote more inclusive growth and reduce the impact of certain fiscal reforms, including increases in the price of electricity and water, the Government expanded and improved the social safety net to better protect the less privileged and to facilitate their transition out of poverty, including doubling the National Aid Fund beneficiaries who receive cash transfers, and improving its targeting of assistance to poor families and making it more cost effective. It aims to expand coverage to more families, with the goal of reducing poverty by 35 percent.

*Sectoral reforms are discussed on pages 12–13*



# Next Steps

## Putting Jordan on a Growth Trajectory

To jumpstart growth, make the economy more competitive, and attract new investment, the Government has prioritized and sequenced a set of cross-cutting (horizontal) reforms and sectoral (vertical) reforms. The reforms will make the economy more efficient and reorient it toward an export-led growth path. Horizontal reforms include macroeconomic adjustment, reduction in business costs, increased competition, flexibility in labour markets, development of exports, and deeper access to finance, accompanied by the expansion and targeting of social safety nets. Vertical reforms include increasing access to and reducing the cost of public transport (a constraint for getting to work), ensuring the financial viability and efficiency of the water sector, and promoting competitiveness through energy sector measures.

The Government aims to put the country onto a new growth trajectory by creating a better business environment and stimulating demand through mega projects, driven primarily by private investment and public-private partnerships. Here are the main areas we are focusing on.

### MANAGING MACROECONOMIC ADJUSTMENT

Ensuring macroeconomic stability—by narrowing imbalances, improving public sector efficiency, increasing resource mobilisation, and curbing tax evasion—is key for creating the environment for sustainable growth.

We have managed external economic shocks through an ambitious fiscal adjustment program in line with the three-year IMF Extended Fund Facility.

Jordan's balance of payments, labour market, fiscal position, and investor sentiment have all been weakened by various external shocks, including regional conflicts in Syria and Iraq, ongoing tensions across the Middle East region, and a rise in energy costs. As a result, the trade deficit worsened, capital inflows fell, and tourism receipts suffered.

Moreover, Jordan has been coping with increased cost in electricity generation since gas supplies from Egypt were disrupted in 2011. We have managed these shocks through our fiscal adjust-

ment program by lifting all subsidies, mobilising revenues, passing new income tax legislation, improving public sector efficiency, and making a phased adjustment to cost-reflective electricity tariffs, while introducing cash transfers for low-income households. Between 2012 and 2019, new fiscal revenue measures to support the consolidation effort by the Jordanian Government totalled 1.5 percent of GDP annually.

As a result, we have achieved a sizable deficit reduction, cutting the budget deficit (including grants) from 11.5 percent of GDP in 2013 to 3.3 percent in 2018 and slowing the growth of public debt. Building on earlier fiscal reforms that started in 2012, approval of the new income tax law in November 2018 underlined Jordan's solid commitment to sound public finances. The tax bill will broaden the tax base, reduce personal income tax exemption thresholds, and allow for a more progressive design of the personal income tax rate schedule. In parallel, we are stepping up action against tax evasion. Recently published, Jordan's medium-term debt strategy (2018–22) aims to firmly put the country on a debt-reducing path. We are adjusting and improving public spending efficiency, as well as raising the efficiency of the public sector by reducing the size of the Government apparatus and launching e-government services. The Government of Jordan Work Plan 2019–2020 Path to Revival presents a short-term strategy to invigorate the economy and create more jobs (see pages 14–15).

### IMPROVING THE BUSINESS ENVIRONMENT AND INCREASING COMPETITION

A vibrant private sector is essential to meet our growth and employment targets. One of the biggest challenges facing businesses in Jordan is regulatory costs, including the unpredictability of the regulatory framework. These act as a disincentive to investment. Reforms to strengthen the business environment will focus on reducing the cost of starting and operating a business and increasing the predictability of regulations.

Regulatory reform should level the playing field for all firms by reducing red tape and the scope for excessive discretion and arbi-





Aqaba Port



transparency in enforcement, complemented by efforts to enhance the transparency of regulations. To facilitate new investment, the Government is reviewing its competition policy to ensure the independence of relevant agencies to monitor and enforce good market conduct, and to design and implement rules that minimize market distortions. This remains a critical reform area for the Government, where it aims to:

- Boost healthy competition for all major economic sectors through pro-competition rules and a more balanced market.
- Establish and implement a system of good regulatory practices to increase the predictability of the business environment.
- Successfully implement ongoing inspection reform and enhance coordination and information sharing between inspectorates.
- Streamline and simplify processes for investors across all stages of the business lifecycle, including improving the business registry infrastructure and accelerating the implementation of the ongoing licensing and permit reform to reduce compliance costs.
- Remove professional constraints on the workplace and location for women.
- Enforce anti-violence and anti-harassment at the workplace.
- Improve health and safety inspection.

## DRIVING FOREIGN DIRECT INVESTMENT

Jordan is open for investment. We strongly believe that the right kind of foreign direct investment—one that results in the transfer of technology and know-how, improves firm-level productivity, and leads to global value chain integration and export diversification—can lift Jordan's growth and inclusiveness to a higher plateau.

High-quality foreign direct investment (FDI) can also create more better-paying and high-skilled jobs for the fast-growing local workforce. Jordan Vision 2025 focuses on clusters such as engineering, construction, tourism, information technology, medical tourism, professional services, and agribusiness where the potential for enhancing productivity and competitiveness is high.

Important steps have already been taken to improve the business environment and facilitate new investment. These have focused on reducing the cost of starting and operating a business and increasing the predictability of regulations. Also, we are planning to further liberalise the foreign investment regime through:

- Amending current investment regulations to further liberalize restrictions on non-Jordanian investments. The amendments will allow 100 percent foreign equity investment in all sectors,

activities or areas, except for those designated as prohibited or restricted sectors/activities.

- Introducing an objective criteria that will be used when classifying certain sectors as restricted or prohibited.
- Reflecting the amended regulations for non-Jordanian investments in the relevant sectoral regulations to guarantee a streamlined investment process.
- Rehabilitating border crossings with Syria, Iraq, and Palestine.
- Establishing a joint Jordanian-Iraqi Free Zone near the Jordanian-Iraqi border

## EXPANDING EXPORTS

Jordan is planning a big push to expand its exports. With security improving in the region, Jordan has reopened its border with Iraq and signed several agreements to promote trade with Baghdad. We are also planning a drive in other regions of the world, including Europe, Asia, and Africa.

Expanding exports is crucial for Jordan's success. Geopolitics has weighed heavily on Jordan's trade sector for many years, particularly following the closure of essential trade routes through Syria and Iraq. The country's exports-to-GDP ratio fell by almost 20 percent of GDP over the past decade.

However, we realise that Jordan's economy must be export-oriented to be able to compete and innovate, and to attract investment that can transform the country into a regional hub for high-quality goods and services. We aim to open up promising new markets for our goods and services and set up an export promotion agency. Customs reform is ongoing, aimed at reducing the compliance and time costs of crossing the border.

We expect that exports to Iraq will double in 2019 following three trade agreements and the memorandum of understanding on power linkage between Jordan and Iraq concluded in February 2019. The agreements include the restoration of customs exemptions for Jordanian goods that do not compete with Iraqi products and a door-to-door freight transport agreement.

We will stimulate exports by:

- Providing technical assistance and financial incentives to companies that use Jordanian labour.
- Establishing a private company to promote exports and open new markets to Jordanian exports.
- Rehabilitating our land border crossings.
- Establishing a joint Jordanian-Iraqi Free Zone near the Jordanian-Iraqi border.
- Expanding insurance coverage of Jordanian exporters, under the Export Loan Guarantee Programme, to reach 100 million dinars annually by the end of 2020.

## IMPROVING PUBLIC SECTOR EFFICIENCY

Key pillars for effective and successful governance are increasing value for money, improving public sector delivery, and creating an enabling environment for private sector-led growth. Public procurement with links to all three pillars is thus an essential element of governance reforms. A well-functioning and transparent public procurement system can catalyse economic growth by stimulating the private sector and creating business opportunities for more people.

It also contributes to improving the local environment for investment and competitiveness and enables the Government to be more responsive to the demands of its citizens. This is especially important for a country like Jordan, where procurement spending accounts for nearly 40 percent of the state budget. Recognising the large scope of public procurement and its implications for the country's growth aspirations, we have already chalked out an ambitious reform agenda to transform and modernise public procurement.

The strategy focuses on providing a simplified and coherent legal framework along with an upgrade of procurement systems through digitisation. It is anticipated that the proposed reforms will result in increased transparency, cost savings, and efficiency, promote competition in the public procurement market, and support us in achieving our broader policy objectives. Key initiatives in the pipeline include:

- Merging the fragmented legal framework for public procurement through promulgation of a consolidated bylaw aligned with international standards and to be applied by all procuring entities.
- Establishing an independent procurement authority and an autonomous complaints-handling mechanism.
- Rolling out an integrated e-procurement system and digitised procurement cycle processes that also aligns with the Government's broader digitisation agenda.

## DEEPENING ACCESS TO FINANCE

To support economic growth, we aim to deepen access to finance from banks and non-bank financial institutions.

Key actions include:

- Improving the credit infrastructure framework.
- Diversifying sources of financing for small and medium enterprises.
- Amending tax laws to improve predictability of tax treatment.
- Expanding a central bank programme to support credit for certain industrial sectors.

- Establishing a holding company for Jordanians, expatriates, trade unions, and civil society organisations and Arab and international investment funds, to finance infrastructure and other high-priority mega projects.
- Developing a policy framework and infrastructure for the establishment of digital financial services.
- Increasing the contribution of capital markets..

Reforms for capital market development in the pipeline include:

- Developing of a risk-free yield curve by further improving the debt management strategy and auction process and considering options to improve secondary market liquidity.
- Strengthening the regulatory and supervisory framework for capital markets.
- Reforming the Amman Stock Exchange (ASE), including seeking strategic partnerships and developing the institutional investor base.

## CREATING MORE FLEXIBLE LABOUR MARKETS FOR JOB CREATION

Increasing workforce participation by creating enough good quality jobs is of utmost importance. Without an inclusive and well-functioning labour market that provides employment opportunities for all citizens, Jordan will not achieve its vision of a safe and stable society.

The current development model is not meeting employment demand in the country, with unemployment at 18.6 percent, according to the most recently available figures, and unemployment among 20–24 aged close to 38 percent. Moreover, educational attainment does not seem to translate into better job opportunities in the Jordanian labour market as university degree holders witness the highest level of unemployment across all categories of educational attainment. Even those who are employed—mostly unskilled male workers—find themselves in informal jobs, competing against a large pool of “guest” workers. We recognise this is a multi-dimensional challenge requiring a multi-dimensional approach.

The Government of Jordan's Work Plan sets out a clear target of generating 30,000 additional jobs by 2020, mostly through the manufacturing sector, the garment and textile industries, and the tourism and hospitality sector.

The Government also aims to improve the business environment, especially in order to increase female workforce participation. Measures would:

- Remove professional constraints on workplace and location for women.



*Jerash archaeological site*

- Enforce anti-violence and anti-sexual harassment policies at the workplace particularly to improve female labour force participation.
- Strengthen workplace safety particularly for women.
- Reduce hiring costs and red tape.
- Improve the employment support programme to increase the flexibility and responsiveness of vocational guidance and employment services to the need of the private sector.
- Activate the role of the private sector as the major engine for growth and employment opportunities.

We are committed to promoting gender equality in the labour market. Public sector hiring practices are being reformed, and legislation providing for more flexible working hours was adopted in 2017 in line with this commitment.

## **PROMOTING THE DIGITAL ECONOMY**

Jordan aims to streamline its economic transformation by becoming a digital economy and a regional digital hub for the Arab world. Information technology (ICT) is no longer regarded as an isolated sector; instead, Jordan aims to digitise the entire economy with emphasis on niche markets and global value chains.

Fundamentally, this vision and action plan seeks to accelerate digitisation across Jordan and encourage the next generation of digital entrepreneurs by building on Jordan's strength as a young and tech-savvy nation.

By 2025, Jordan aims to be a platform for digital innovation and a centre of world-class talent that can compete and collaborate in the global digital skills market, with emphasis on applied solutions driving value-added creation. It plans innovative digital solutions in the following key sectors: health, energy, clean technology, education, finance, transport, communications, and security.

It aims to establish itself as the leading solutions builder and integrator for content platforms for the Arab market, which could meet the demand of the exponentially growing young digital Arabic-speaking customer base across the region and beyond. It plans to be the preferred place in the region for starting, scaling, and growing a tech company by ensuring clear and transparent rules and policies, as well as the incubation and acceleration of companies.

Jordan believes it can unlock tremendous economic opportunities by invigorating its digital economy through reform actions, including:

- Adopting a revenue sharing model for the introduction of 5G is planned.





*Al-Abdali Boulevard, Amman*

- Approving a digital payment policy for key government payment segments and reducing the use of paper in government institutions.
- Activating electronic signatures at all levels of administration.
- Supporting banking, e-commerce, and transport as driving sectors for investment in mobile applications and emerging technologies.
- Providing secure and advanced digital and information infrastructure.
- Adopting a reform plan for digital entrepreneurship development (Start-up Act initiative).
- Periodically reviewing the tax burden and fees imposed on the telecommunications sector and amending them as necessary.

### **EXPANDING SOCIAL SAFETY NETS TO PROTECT THE POOR AND VULNERABLE**

Social safety nets in their current state do not provide adequate protection and support to Jordan's poor. Poverty and vulnerability have increased in recent years, with external shocks and fiscal adjustments at home making life harder for the lower socio-

economic strata. This burden is likely to increase as the country pushes ahead with its economic reforms, which are critical for sustainable growth and economic resilience.

We have developed a five-year programme to expand and modernise social safety nets to cushion the reforms and to ensure that the basic needs of the poor and vulnerable are met and that they have pathways to transition out of poverty. Key elements of the reform programme are to:

- Expand and improve the cash transfer program under National Aid Fund (NAF), the Government's main poverty-targeted program, to reach 85,000 additional households by 2021. Improvements in NAF's delivery systems, including the digitalization of payments to NAF beneficiaries, are also planned.
- Improve the coverage, coordination, and impact of social safety net programs through the National Unified Registry, an automated data-exchange system to verify eligibility information of households.
- Enhance the shock-responsiveness of the social protection system in light of price shocks resulting from future subsidy reforms, especially in energy through coordination between NAF and relevant government departments.



# Sector Reforms

Horizontal reforms need to be complemented with improvements in the critical enabling sectors that have a cross-cutting effect on the cost structure and efficiency of the overall economy. In Jordan, these sectors are water, energy, and transportation. Our ability to improve performance of these three areas will be a key determinant of our country's economic outcomes.

## PUBLIC TRANSPORT

An inadequate and inefficient public transportation system costs Jordan 5 percent of its GDP every year. Additionally, it poses serious barriers for women's mobility, affecting their ability to work and participate in the labour force. Investment in reliable, affordable, and safe public transport is a priority for us not only for the implications for growth but also for potential positive environmental outcomes, such as reducing emissions by encouraging switching from private to public transport, improving air quality, and reducing traffic congestion and noise pollution.

Efforts to reform and upgrade public transport are under way. Key initiatives include:

- ▶ Developing a Code of Conduct to regulate the passenger, the driver, and the operator on public transport, including ride hailing.
- ▶ Tailoring public transport strategies for four major cities, incorporating modern route scheduling and e-ticketing systems.
- ▶ Renewing the bus fleet in Greater Amman Municipality by upgrading bus stops and procuring 500 new buses equipped with GPS.
- ▶ Facilitating private sector participation in expanding public transport build-out and operation.

Further initiatives under considerations include:

- ▶ Revising the fare structure to move towards an integrated fare collection system.
- ▶ Renewing and modernising buses and public transport infrastructure, possibly through the creation of a privately-owned bus leasing company.

- ▶ Establishing an effective Grievance Redress Mechanism to ensure efficient handling of complaints, including harassment.

## ENERGY SECTOR REFORM

Jordan has embarked on a \$14 billion energy investment programme, which aims to reduce reliance on imported products by expanding renewables, shale oil, and nuclear energy.

Energy reforms are designed to enhance the competitiveness of the Jordanian economy while ensuring affordable electricity for the poor and the vulnerable.

Jordan has a steady track-record of electricity reforms. The sector today has an unbundled, single-buyer market structure, with an independent regulator, private participation in generation and distribution, and installations of renewable energy capacity.

Jordan does not possess significant oil and natural gas resources and is vulnerable to energy supply fluctuations. We aim to produce more energy domestically and reduce energy costs by:

- ▶ Producing 35 percent of electricity from domestic sources of energy, including renewable energy (20 percent) and oil shale (15 percent) by 2020.
- ▶ Reducing the cost of electricity to small and medium industries by providing solutions and alternatives, including the allocation of 100 MW of electricity from renewable energy.
- ▶ Reducing the cost of electricity to major companies by facilitating access to gas and allocating renewable energy at affordable prices.

We have recently revived imports of piped natural gas from Egypt, and gas from the Mediterranean will start flowing in 2020. Further, we are exploring exports of surplus electricity to neighbouring countries. Our efforts to expand energy trade are aimed at reducing



*Kamal Al-Shaer Bridge, Amman*

and stabilising fuel costs, while utilising available excess capacity to spread fixed costs and enhance energy security.

We have initiated steps to undertake structural reforms at NEPCO, the national power company, while addressing NEPCO's long-term debt issues.

Jordan will continue to move towards a more climate-friendly energy sector by increasing the share of renewable energy with appropriate energy storage facilities, and by striving to improve energy efficiency on both the demand and supply sides.

To enhance energy security through regional integration, we plan to participate in the Pan-Arab Regional Energy Trading Platform to establish a Pan-Arab Electricity Market.

## **PROMOTING EFFICIENT WATER USE**

Jordan has one of the lowest levels of water resource availability per capita in the world, according to the World Health Organization. Pressure on our water resources has only increased in recent years due to the influx of Syrian refugees and the sharp rise in energy prices. Although the country has coped by expanding its bulk fossil groundwater production facilities, including the Disi Pipeline, this is fiscally and environmentally unsustainable.

To reduce dependence on expensive groundwater, Jordan's water policy aims to increase the amount of water channelled from the Jordan River to municipal water supply and return an equal amount of treated wastewater back to agriculture.

Financially viable municipal water supply and sanitation (WSS) services are therefore critical to Jordan's overall water security. Without viable WSS services, water in Jordan is used only once. With viable WSS services, all water in Jordan could be used twice, once for municipal WSS and once for agriculture.

The goal of the proposed policy actions in the five-year reforms is to return municipal water services to financial viability so that the sector can sustainably deliver WSS services, increase wastewater reuse in agriculture, and continue to attract new PPP projects that support the augmentation of bulk water supply.

Proposed actions aim to return water services to financial viability include a combination of:

- ▶ Interim subsidy financing of the Water Authority of Jordan (WAJ) deficit and debt falling due in 2019.
- ▶ Reducing WAJ operational costs through measures to increase energy efficiency and reduce non-revenue water.

Together, these actions would enable small but steady water tariff increases—smoothing the transition back to normal cost recovery—rather than passing the recent increases in electricity costs through in one big rise in the municipal water tariff. The actions would also increase the amounts of reclaimed wastewater that can be channelled back into agriculture.



# Path to Revival

## Government of Jordan Work Plan 2019–20

The Government's economic working priorities for the next two years are primarily centred around enhancing Jordan's productivity, boosting exports and foreign investment, growing the services sector, increasing domestic energy production, and creating jobs. The priorities dovetail with those in the country's five-year plan and are meant to give renewed impetus to the reform process.

### Goals, by the numbers



#### Increase exports

Expand exports by **5 percent** a year.

- Provide technical assistance and financial incentives to companies that use Jordanian labor.
- Establish a private company to promote exports and open new markets to Jordanian exports.
- Rehabilitate border crossings with Syria, Iraq, and Palestine.
- Establishment a joint Jordanian–Iraqi Free Zone near the Jordanian–Iraqi border.
- Expand the insurance coverage for Jordanian



#### Add jobs

**30,000** additional jobs **by 2020**.

Focus on expanding jobs in the industrial/manufacturing sector through vocational training centres; the garment and textile industries; tourism; the food and beverage industry; construction; healthcare; preschool and kindergarten; IT and communications.



#### Cut energy imports

**Reduce** the volume of total energy imports **by 15 percent by the end of 2020**.

- Produce 35 percent of electricity from domestic sources of energy, including renewable energy (20 percent) and oil shale (15 percent) by 2020.
- Reduce the cost of electricity to small and medium industries by providing solutions and alternatives, including the allocation of 100 MW of electricity from renewable energy.
- Cut the cost of electricity for major companies by facilitating access to gas as well as allocating renewable energy at affordable prices.



#### Attract foreign direct investment

Aim for a **10 percent increase** in FDI **by end 2020**.



#### Develop infrastructure and build catalytic mega projects

Develop and activate the Public–Private Partnership (PPP) Law to stimulate investment in infrastructure projects, particularly in the Dead Sea, Petra, and Aqaba by leasing out government-owned lands in these areas at discounted prices.



### Support small businesses

Invest **69 million dinars** in small business and entrepreneurs through the Jordan Innovative Start-Ups and SME Fund supporting 825 start-ups and innovative projects and developing 80 business incubators across the country to provide opportunities for young people to start their own projects.



### Make taxation fairer and cut down on evasion

- **Increase** domestic revenue generated through improved tax administration and the prevention of tax evasion by at least **70 million dinars** annually.
- Impose extensive financial penalties and imprisonment for evaders.



### Improve the business climate

Jordan to be **90th** in the *Doing Business Report* by end-2020, compared with **104th** in 2018.

- Approve a new Insolvency Law, Inspection Law, and Corporate Law related to the registration of venture capital companies and the movable collateral registry.
- Boost business competition and consumer protection.
- Improve access to financing.



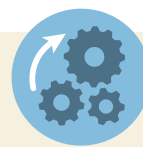
### Stimulate tourism

Tourism income to reach **5 billion dinars** by 2020 from 4 billion in 2018 by expanding resorts and tourist sites, and creating new investment opportunities.



### Get a better grip on government spending

- **Increase accuracy** in estimating revenues and expenditures in the general budget **by at least 95 percent**.
- **Reduce** the budget deficit ratio to GDP by **0.5 percent annually**.
- Implement results-oriented budgeting.
- **Reduce** the ratio of public debt to GDP from **96 percent to 92 percent** by the end of 2020.
- Develop a Unified Procurement System.



### Raise the efficiency of government and the public sector

- **Reduce** the number of ministries and Government institutions **by 8 percent** from 110 in 2018 to 101 by the end of 2020.
- Increase citizen satisfaction with government services.



### Boost digital services

- Launch 170 additional high-demand electronic services.
- Activate the smart identity system for individuals and the unified access system.
- Develop electronic payment mechanisms and link them to electronic services.



### Cut agriculture's water use

- Provide technical assistance and financial incentives to farm water-efficient crops; adopt technologies (e.g. hydroponics) that require skilled Jordanian technicians.
- Focus on organic agriculture, dates, and aromatic plants.

# Nine Pillars of Reform

## HORIZONTAL REFORM PILLARS

1. Pursue Macroeconomic Adjustment  
Narrow imbalances, manage risks, and improve public sector efficiency
2. Reduce Business Costs, Improve Regulatory Quality, and Increase Competition
3. Drive FDI and Promote Export Development of Products, Services, and Markets
4. Deepen Access to Finance from Banks and Non-bank Financial Institutions
5. Create More Flexible Labor Markets for Job Creation
6. Expand and Improve Social Safety Nets to Better Protect the Poor and Vulnerable

## VERTICAL REFORM PILLARS

7. Improve Public Transport Efficiency and Access
8. Increase Energy Efficiency and Access
9. Promote Water Security and Agribusiness





## 1

## HORIZONTAL REFORM PILLARS

## Pursue Macroeconomic Adjustment

Narrow imbalances, manage risks, and improve public sector efficiency

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
1.1 Fiscal framework formulation (medium term budget framework, MTBF)			Strategy for fiscal consolidation published		Publicly available information on five-year revenue and expenditure priorities create confidence in markets, predictability to government, and information to citizens
1.2 Revenue generation	Income Tax Law passed Improvement in revenue administration	Medium term domestic revenue mobilization policy approved by Council of Ministers, based on holistic approach to development strategy and competitiveness	Improvement in revenue administration	Improvement in revenue administration	Publicly available information on five-year revenue priorities creates confidence in markets, predictability of government, and information to citizens
1.3 Public sector efficiency		Enactment of procurement bylaws and key regulations consistent with international good practice Jordan's e-Government Procurement (e-GP) system (JONEPS) launched	Establishment of independent procurement policy and oversight unit	Jordan's e-Government Procurement (e-GP) system (JONEPS) expanded to cover all public institutions at ministerial level as well as at municipalities Align public sector compensation and benefit packages to private sector benchmarks	Improved efficiency in public procurement and larger share of public procurement contracts awarded to SMEs Realigned incentives for public and private sector employment
1.4 PIM/PPP Reform		PPP law revised Establishment of a proprietary Integrated Bank of Projects (IBP) for Jordan	All new government projects to undergo PIM/PPP governance framework		Greater strategic alignment of projects with development priorities
1.5 Debt management		Debt Management Strategy (DMS) updated to include contingent liabilities			Government of Jordan borrowing decisions informed by risk assessment of contingent liabilities

# 2

## HORIZONTAL REFORM PILLARS

# Reduce Business Costs, Improve Regulatory Quality, and Increase Competition

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
<b>2.1 Good Regulatory Practices (GRP) to increase predictability of the business environment</b>	Enactment of the GRP framework by the Cabinet	Launch of Investor Journey Program High-level inter-ministerial oversight structure for regulatory reform coordination is in place Online portal for public consultation and e-Registry of all business regulation established and operational	Investor Journey Implementation	All policy and regulation submissions subject to RIA/"RIA Light" scrutiny	Qualitative improvement in regulation should result in lower costs to businesses (WB Regulatory Governance Indicators)
<b>2.2 Inspection, business registration, and licensing reform</b>	Business Monitoring and Inspection bylaws adopted Policy paper on reforming licenses adopted	Enact the amended Vocational Licensing Law for Amman City Discontinue the 1953 Crafts and Industries Law Implement ISIC4 classification across all government agencies Integrated inspection management system launched	Ensure significant reduction of business inspections through implementation of the Inspections bylaw		More efficient and effective licensing and inspection frameworks, at lower compliance costs
<b>2.3 Competition and regulation for better competitiveness</b>		Adopt sectoral policies and roadmaps to enable competitive results in key enabling sectors: ICT, electricity, and trucking	Boost effective implementation of the competition law through greater technical independence of enforcement		Qualitative improvement in market regulation and competition policy



# 3

## HORIZONTAL REFORM PILLARS

### Drive FDI and Promote Export Development of Products, Services, and Markets

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
3.1 Increase trade in services through FDI	Jordan Loan Guarantee Corporation additional capitalization	Further liberalization of sectoral equity restrictions on foreign investment	JIC reformed and strengthened Incentives framework revised		Increased FDI in targeted service sectors
3.2 Improve investment promotion and facilitation		Strengthening JIC's investment promotion function and services to investors			Increased FDIs in targeted service sectors Institutional modernization of JIC
3.3 Enhance export competitiveness and promotion		Enterprise Jordan established to promote exports in partnership with private sector	Enterprise Jordan bylaws, strategy, and action plan approved by the board		Local firm performance increased Increased domestic value addition of exports
3.4 Enhance trade infrastructure and facilitation	Revised Customs Law approved by Parliament covering implementation of the Silver List and National Single Window efficiency of the system	Custom Law amended expanding jurisdiction of public prosecution and improve performance related to customs and tax cases Customs Law Bylaws adopted, reducing the number of documents and the time required for customs clearance Implementation of the Silver List	Simplified border crossing procedures, integrated and reduced scope of inspections by agencies involved in export/import control Implementation of the Silver List	Launch of the Customs National Single Window, including at least six other agencies	Reduction in container clearance time by 30 percent compared with 2017 due to the Customs Single Window
3.5 Improve quality infrastructure		Adoption of the National Quality Policy (NQP) and Action Plan	Improve the institutional framework for mandates of agencies involved in NQI/TBT/SPSs		Regulatory framework is less burdensome, more transparent, and predictable
3.6 Digital economy	Cabinet decision to allow partial leasing of broadband following a PPP model	Digital payment for key government sectors approved Government adopts model for the introduction of 5G Government adopts a policy for developing a digital economy in Jordan following an assessment of the digital pillars in Jordan			Reduced cost and expanded access to digital services for the private sector Cost savings for government Increased average speed and rate of penetration of fixed broadband network Faster financial inclusion rates

# 4

## HORIZONTAL REFORM PILLARS

### Deepen Access to Finance from Banks and Non-bank Financial Institutions

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
4.1 Improve the credit infrastructure framework	Insolvency Law enacted Secured Transaction Law is enacted	Bylaws for the Insolvency Law adopted Bylaws for Secured Transaction Law adopted			Increased access and capacity of credit providers in extending credit
4.2 Diversify sources of financing for SMEs, level the playing field, and rationalize and strengthen SME support functions	Enacted amendments to the Banking Law (corporate governance, electronic transactions, CBJ powers including on bank resolution)	Micro, Small, and Medium Enterprises (MSME) public funds are restructured to reflect market-linked approach Develop policy framework and infrastructure to provide a conducive environment for the development of digital financial service	Streamline and consolidate SME development functions in a designated agency or committee Subject all credit providers to CBJ regulation commensurate with business nature/risks		Crowd in private sector credit providers into areas previously covered by public funds Improved investor confidence and increased sources of financing Enhanced credit intermediation
4.3 Increase the contribution of capital markets to financing the economy		Jordan Securities Commission, Amman Stock Exchange, Securities Depository Center excluded from civil service rules Increased access to and competition in primary government bond market and consider market-making scheme to activate secondary market	Strengthened legal and regulatory framework for institutional investors (insurance, pension funds, and investment funds)	Strategic partnership for Amman Stock Exchange completed	Attract and retain qualified staff Build investor confidence Improved depth and liquidity of capital markets

# 5

## HORIZONTAL REFORM PILLARS

### Create More Flexible Labor Markets for Job Creation

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
5.1 Increase access to job opportunities for female workers	Approval of flexible work systems (including part-time work) and instructions	Remove occupational, sector, and other Labor Code restrictions to women in the workplace existing in the labor code  Public Transportation and Workplace Code of Conduct introduced to identify unacceptable gender-based behavior and sanction where applicable  Nurseries licensing bylaw adopted  Reform market to enhance the quality and accessibility to affordable childcare	Reform laws and regulations to address harassment and violence in the workplace and public spaces  Reform market to increase access to affordable childcare		Increased female labor force participation for women  Create job opportunities in the childcare sector mostly filled by female workers
5.2 Reduce job informality and respond to market demand with skilled foreign workers		Implement risk-based labor inspections Adopt measures to further facilitate the ease of employment Roll out digital payment system to increase incidence of salary payments in the private sector Simplify regulations on permits for skilled foreign labor	Reform work permits to respond to market demands and address informality of migrant workers  Implement incentive system for firms to comply with core labor standards		Improved worker protection and reduced job informality  Increased foreign labor force of skilled workers
5.3 Improve access to job opportunities for youth		Develop Skills Development Corporation Law  Based on market needs, set targets to graduate technologically literate youth from TVET programs	Target ALMP budget and programs and TVET training to vulnerable youth		Increased youth employment

# 6

## HORIZONTAL REFORM PILLARS

### Expand and Improve Social Safety Nets to Better Protect the Poor and Vulnerable

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
6.1 Expand and improve cash transfers for the poor	Approval of plan to expand and improve NAF cash transfer program	Initiate multi-year expansion of NAF's cash transfer program (25,000 additional households in 2019)	Coverage of NAF expanded to 30,000 additional households	Coverage of NAF expanded to 30,000 additional households, 80 percent of poor families	Increased coverage of NAF's cash transfer to reach 178,000 poor households; improved poverty-targeting accuracy; increased graduation of NAF beneficiaries; and reduced poverty
6.2 Improved protection of poor households against tariff increases				Implement targeted mitigation schemes for tariff increases (including electricity and water) as needed	Improved protection of poor and vulnerable consumers against tariff increases
6.3 Improve the coordination, coverage, and impact of social safety nets			Introduce single gateway for all Jordanians seeking social assistance: The National Unified Registry (NUR)  Roll-out the Case Management System to refer people in need to suitable social and economic support services  Implement the new National Social Protection and Poverty Reduction Strategy	Expand coverage of economic inclusion programs for social assistance beneficiaries	Improved protection and economic inclusion of the poor and vulnerable



# 7

## VERTICAL REFORM PILLARS

# Improve Public Transport Efficiency and Access

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
7.1 Strengthen the role of private management and financing in improving and extending public transport services	Licensing of ride hailing applications such as Uber approved		Bus fleet consolidation and modernization completed		Expanded public transport system
7.2 Coordinate and manage services to clients (quality and timeliness, including tariff setting and subsidies, and complementary infrastructure)	Public transport tariff structure revised	Integrated scheduling, ticketing and fare setting, service standards (cleanliness, timeliness/frequency, safety/security) adopted	Quality improvement in complementary infrastructure leveraging, private management, and financing		Effective and more reliable public transport system
7.3 Enhance women's mobility and access to employment opportunities, markets, and services	Revise public transport regulation to cover prohibition of gender harassment; adopt Code of Conduct for zero tolerance to gender harassment; and establish an effective Grievance Redress Mechanism (GRM)	Public Transportation Code of Conduct updated to regulate the passenger, driver, and operator code of conduct in public transport	Evaluate effectiveness of GRM, including use of media engagement channels	Expand coverage of economic inclusion programs for social assistance beneficiaries	Women's mobility experience enhanced as evidenced by decrease in percentage of women feeling unsafe on public transport
7.4 Develop new road infrastructure program with private participation (MFD)			Launch first PPP tendering for toll roads Award first Performance Based-Road Maintenance Contracts		Enhance road safety and quality

# 8

## VERTICAL REFORM PILLARS

### Increase Energy Efficiency and Access

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
<b>8.1 Establish a competitive electricity market</b>	EMRC initiates a study on cost-reflective grid charges for self- and third-party generation consumers under open access	EMRC adopts regulations on cost-reflective grid charges, technical requirements for grid connection, and imbalance settlement mechanism for use of open-access grid services	MEMR and EMRC are to establish the technical and regulatory frameworks for obtaining auxiliary services—including energy storage—through competitive procurement	Conditional upon receiving a positive recommendation from a study on allowing direct transactions between generation companies and bulk buyers, MEMR initiates the necessary legal and policy steps to allow such transactions	Grid open access fosters competitive efficiency and consumer choice  Cost-reflective grid-use charges support financial sustainability of NEPCO
<b>8.2 Ensure efficient grid electricity supply</b>	NEPCO Board adopts an Action Plan to establish strategic business units for various business lines	The Council of Ministers directs MEMR and EMRC to only apply a competitive procurement route for all future electricity projects  The Council of Ministers adopts an Integrated National Energy Strategy (INES) and NEPCO adopts a least-cost and risk-responsive Electricity Master Plan (EMP)	All new electricity contracts are consistent with the latest INES and the EMP and are procured competitively  NEPCO prepares and discloses separate audited annual accounts for each Strategic Business Unit (SBU) on its website within four months of the close of previous financial year	Cabinet adopts a revised INES within three years of the adoption of the previous INES  NEPCO Board adopts a new least-cost and risk-responsive EMP within twelve months of the adoption of the previous EMP	Least-cost and risk-responsive project selection, and competitive procurement ensure lowest costs  Separation of NEPCO into SBUs enhances accountability and facilitates open access
<b>8.3 Strengthen regulatory processes</b>	EMRC initiates a study on Strategy and Roadmap for Electricity Tariff Restructuring, Cross-Subsidy Rationalization, and Mechanisms for Social Protection of Poor and Vulnerable Consumers (Tariff Reform Strategy)	EMRC promulgates annual tariffs based on the Tariff Reform Strategy consistent with the adopted annual targets of subsidy indices  EMRC adopts a transparent tariff determination process with separate Annual Revenue Requirement (ARR) filing for each license, structured public consultations, and public disclosure of the ARRs and the final tariff order	EMRC establishes a tariff for all consumer categories based on the Tariff Reform Strategy	NAF delivers targeted benefits to all poor and vulnerable electricity consumers in line with the Tariff Reform Strategy	Cost-reflective electricity tariffs  Improved targeting of electricity subsidies to poor and vulnerable consumers  More participative and transparent tariff determination fosters greater consumer trust
<b>8.4 Address excess and high-cost contractual obligations</b>		Conduct a study to design and recommend a national e-mobility program	MEMR implements a least-cost and risk-responsive strategy for future utilization of the Aqaba LNG terminal	MEMR revives physical infrastructure and starts exporting surplus electricity to Iraq, Lebanon, and Syria	Excess contractual obligations are addressed to reduce the overall cost of electricity

*continued*

## 8. Increase Energy Efficiency and Access *continued*

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
8.5 Enhance energy security	MEMR secures an international agreement on reviving natural gas imports from Egypt	Flow of piped natural gas from Egypt starts  MEMR explores electricity exports to neighbors	MEMR secures a new source for piped natural gas	MEMR starts the first Concentrated Solar Power project with a 2025 commissioning target	Improved energy security and greater reliance on clean domestic energy
8.6 Ensure efficient end-use of electricity			MEMR prepares and adopts a program for aligning consumer demand for electricity with available supply	MEMR adopts programs for Energy Efficiency Retrofit and Concentrated Solar Heat—based on feasibility in the Jordanian context	Enhanced competitiveness through lower costs and improved capacity utilization

# 9

## VERTICAL REFORM PILLARS

### Promote Water Security and Agribusiness

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
<b>9.1 Improve water tariff structure and adjust tariff levels and identify and address the potential welfare impact of tariff adjustments</b>					
<b>9.1.1 Identify and address the potential welfare impact of tariff adjustments and improve water tariff structure</b>	Study to determine welfare impact of tariff adjustments on households (especially poor and vulnerable households)	Study to determine impact of tariff adjustments on large water users	Determined optimal targeting approach for mitigating the potential impact	Adopt social assistance programs to develop mitigation measures	Increase sector revenues to improve financial space for financing future investment Ensure that water is properly valued and optimally allocated
<b>9.1.2 Improve water tariff structure, adjust tariff levels, and improve operations</b>	Implement measures to reduce fiscal losses from the water sector for 2018	Implement measures to reduce fiscal losses for 2019	Implement measures to reduce fiscal losses Implementation of optimized O&M budget Implement potential energy water optimization activities	Water sector tariff evaluated to see need for update Reducing fiscal losses from the water sector for 2021–22 Implementation of optimized O&M budget continued Implement potential energy water optimization activities Set up an evaluation program to determine and finetune mechanism when needed	
<b>9.2 Improve the sustainability of the investments in the water sector and agriculture sectors</b>					
<b>9.2.1 Water Security Strategy and water saving program</b>		Develop a Water Security Strategy and accompanying Investment and Financing Plan to optimize and prioritize sector investments (with links to PPP/BoT arrangement and PIMs)		Implement Water Security Strategy and accompanying Investment and Financing Plan	

*continued*

## 9. Promote Water Security and Agribusiness *continued*

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
9.2.1, <i>continued</i>		Design Water Savings Program for large water users (including non-revenue water reduction and operation, maintenance improvement and continuous implementation of the substitution policy)  Review the regulatory framework for service delivery and determine the best possible institutional and regulatory reform options and obtain the required approvals	Pilot Water Savings Program  Amend the existing legislations to reflect the agreed upon institutional reform	Scale-up Water Savings Program  Implementation of the detailed institutional reform plan	Improve more efficient use of scarce water resources  Optimize use of funding in the water sector
<b>9.3 Communication on Water Allocation and Security Strategy as well as agriculture and agribusiness</b>					
9.3.1 Communication on Water Allocation and Security Strategy		Launch communication campaign to improve communication around water allocation and strategy			Enhanced understanding of pricing and use of treated wastewater in agriculture
9.3.2 Water Monitoring system	Build capacity to (i) manage and further develop databases (ii) analyze data	Set up arrangements between different agencies for data sharing	Update and expand National Water Database	Update where necessary on an annual basis	
9.3.3 Improve quality and safety of agricultural produce in line with international standards		Adoption of national quality and safety standards and of simplified, private sector-based certification and traceability protocols for fresh agricultural produce			Jordan agricultural produce certified in line with international standards
9.3.4 Improve efficiency of public services—digitalize agricultural registry and licensing systems		Adoption of a timebound, budgeted action plan for the digital transformation of the agricultural registration and licensing schemes	Proceed with digitalization of existing databases and registries, and start implementing new, simplified digital licensing	Promote pilots for digital agricultural services that allow growing more food with fewer resources on less land	Agri-food operators benefit from faster, streamlined registration and licensing service, hence incentivizing formalization and professionalization of the sector
9.3.5 Promote farmers cooperatives to facilitate aggregation, introduction of new technologies, and strengthen agricultural access to markets with ICT		Adoption of a strategy for agribusiness marketing by promoting farmers cooperatives and contract farming (in consultation with concerned stakeholders)  Support extension services and capacity building	Adoption of new, simplified regulations on cooperatives and contract farming		Small farmers achieve economies of scale and efficiency gains, leading to better economic and social outcomes and affordability of improved, water efficient technologies

*continued*



## 9. Promote Water Security and Agribusiness *continued*

REFORM	2018 ACTION	2019 ACTION	2020 ACTION	2021–22 ACTION	Result OUTPUTS/OUTCOMES
9.3.6 Promote more water-efficient agriculture		Adoption of a strategy for incentivizing the scaling up new, water efficient technologies and accelerating the shift towards water-efficient crops  Design “smart subsidies” for crops that are less water consuming	Adoption of norms and incentives on crops and technologies  Emphasize the crop selection approach		Value of agriculture production increases with same water usage
9.3.7 Improve access to land based on market principles		Assessment of current rural land tenure and administration system	Submission of policy options and roadmap for Government consideration and adoption of initial set of measures	Adoption of further measures and continuous/iterative evaluation and refining in consultation with concerned stakeholders	Farmers operate under a transparent and market driven land administration with incentives for high-value, water efficient
9.3.8 Improve access to finance and insurance for farmers and SMEs		Assessment of existing (public and private) rural finance and crop insurance programs and institutions	Submission of policy options and roadmap for Government consideration and adoption of initial set of measures	Adoption of further measures and continuous/iterative evaluation and refining in consultation with concerned stakeholders	Farmers and agri-food SMEs have access to credit and insurance
9.4 Agriculture		Modernize the regulatory and incentive framework for high-value, socially inclusive, and water efficient agribusiness boosting jobs, private investments, multiplier effects, and exports in a sustainable manner			





THE HASHEMITE KINGDOM OF JORDAN