

Terms of Reference

Jordan Support to Private Sector Employability & Skills

IT Independent Verification Entity (IVE)

1. Background

The COVID-19 outbreak has been spreading rapidly since December 2019. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spread across the world. The COVID-19 induced shock is adding to an already challenging macroeconomic situation in Jordan. Thus, affecting the living conditions of Jordanian households, with poor and near poor households are specifically vulnerable to this shock.

The Government of Jordan (GOJ) has been taking decisive actions to contain and mitigate the effects of COVID-19 outbreak, including activating The Jordan National Defense Law No. 13 of 1992, which came into force as of 17 March 2020 following a royal decree issued upon the recommendation of the Council of Ministers. Various necessary measures were undertaken by the Government of Jordan to combat the COVID-19 outbreak in the Kingdom and to provide protection to workers and to poor households.

Jordan's economy appears to be slowly recovering from the COVID-19 crisis. In the four years prior to the crisis, the Jordanian economy was growing at a low trajectory of around 2.0 percent – hampered by the impact of the Syrian crisis as well as domestic inefficiencies and high costs. The COVID-19 pandemic took a toll on the country's small and open economy with strong linkages with the rest of the world: Jordan's real gross domestic product (GDP) contracted by 1.6 percent in 2020. The COVID-19 pandemic added pressure on Jordan's finances, as domestic revenues declined sharply due to economic contraction. As a result, the central government's fiscal deficit (including grants) increased from 4.9 percent of GDP in 2019 to 7.3 percent in 2020. Jordan's real GDP has rebounded in the first two quarters of 2021, growing at 3.2 percent year-on-year in the second quarter (Q2).

The modest level and low-productivity nature of economic growth pre-COVID-19 generated persistently high unemployment, which increased further during COVID-19, particularly among youth and women. After the pandemic-induced jump in Q2-2020, the unemployment rate continued to increase and in Q4-2020 it reached 24.7 percent, 5.7 percentage points higher than in Q4-2019. And despite the economic rebound in the first two quarters of 2021, the unemployment rate remains at 24.8 percent. Women and youth, who already have structurally higher unemployment rates, were hit the hardest by the crisis. Female unemployment, which had been declining from 27.6 percent in Q4-2017 to 24.1 percent in Q4-2019, rose to 32.8 percent in Q4-2020. This was a much larger increase than for men, where it increased from 17.7 percent in Q4-2019 to 22.6 percent in Q4-2020. In addition, the female labor force participation rate is one of the lowest in the world at 14 percent. Youth unemployment jumped significantly from 40.6 percent in 2019 to an unprecedented 50 percent in Q4-2020. Finally, only two-thirds of all workers were in the private sector pre-COVID and about half of them were informal (not covered by social security).

The persistently high levels of unemployment and informality are mainly driven by the limited capacity of the private sector to create more and better jobs. The private sector generates far fewer jobs than the

number of new entrants into the labor force, the public sector has not made up for the gap, and most jobs created tend to be low-productivity. The low level and quality of job creation in the private sector is mostly explained by firm dynamics: limited entry and growth of firms not driven by the most productive firms, while firms exiting are not always the least productive, all resulting in a productive structure dominated by small/micro, low-productivity firms employing half of private sector workers, including two thirds of informal workers.

Unemployment is also explained by the mismatch between the skills that workers bring to the labor market and the skills that the private sector demands. The Jordanian economy just does not generate enough jobs for college-educated workers, but even college diplomas do not always come with the right skills for the job. The education system does not equip youth with relevant skill for the labor market—it is instead driven by (a) the influx of secondary students streamed into specializations primarily based on the secondary school exam (tawjihi) results; and (b) choices that favor pathways resulting in public sector employment, particularly amongst females. Skills training opportunities for those already in the labor market are very limited.

In view of the negative trends in labor market indicators in Jordan -- in particular, the unprecedented high youth unemployment rates – the Government of Jordan has launched a high priority employment program that will be supported by this Project on an emergency basis. Given Jordan’s role as an island of stability in the Middle East, and its provision of regional/global public goods in hosting refugees and promoting cross-border cooperation and trade, it is important to counteract potential mounting domestic pressures resulting from disgruntled youth. In addition, the Project would significantly strengthen Jordan’s ability to promote private sector employment, thereby providing a path towards economic growth accompanied with job creation.

1.1. Project Components and Institutional Arrangements

Component 1: Support to the National Employment Program (US\$110.3 million)

- (1) Sub-component 1.1: On-the-job training (estimated US\$106.9 million). This subcomponent will finance on-the-job training (OTJT), wage subsidies, social security contributions, and transportation allowances for workers hired by awarded companies under the Project. The duration of OTJT will depend on needs but it will range from 1-3 months (including the 1-2 weeks of soft skills training mentioned above). The Project’s financial contribution to OTJT will be JOD 50-80 per worker per month, depending on the sector of employment, profession, as well as the number of employees being trained in a firm (to take account of economies of scale). Wage subsidies, social security contributions, and transportation allowances will be set at JOD 150 per worker per month and will extend for 6 months. The wage subsidy will cover about 50 percent of the minimum wage (JOD 130) plus social security contribution on that amount (JOD 10), while a JOD 10 transportation allowance will be given to each worker, each month. This is expected to benefit women mainly, as transportation is an important impediment to their employment. The remaining amounts for training costs and wages will be covered by the companies. Workers must be registered with the SSC by the companies and the total wage paid by firms must be at least equal to the minimum wage (JOD 260). Although financial support is only provided for 6 months, companies must issue contracts to workers for at least 12 months, i.e., firms must commit ex-ante to keeping workers for at least 6 months after the support period ends (although this does not abrogate the employers’ and employees’ rights for terminating employment as stipulated under Jordanian law). Workers will be trained on site at the awarded firms according to the

programs developed by the training providers selected by those firms, which must be accredited by the TVSDC. It is expected this sub-component will benefit about 62,000 workers.

- (2) Sub-component 1.2: Classroom training (estimated US\$3.4 million). This component will finance up to 3 months of classroom training (with a minimum of 1 month) and stipends for trainees, followed by 1-3 months of OTJT and wage subsidies. The total period of stipends and wage subsidies support will be 6 months. The Project will cover training costs up to a maximum of JOD 133 per worker per month for vocational training and JOD 233 for the technical training. The stipend for trainees will be JOD 70 per person per month, which can be used toward transportation costs. OTJT and wage subsidy parameters are the same as under subcomponent 1.1 except for a shorter maximum duration of 3 months for OTJT. Awarded firms must also issue contracts with workers from the time they join as trainees for 12 months. The same rules described for training under sub-component 1.1 apply here. It is expected this sub-component will benefit about 1,600 workers (additional to the beneficiaries under sub-component 1.1). It is further expected that this sub-component will appeal to private sector firms that require relatively specialized skills training in specific higher skilled sectors.

2. Description of task

The Government of Jordan, through MOPIC has committed to appoint an Independent Verification Entity (IVE) to carry out, under the terms satisfactory to the Bank, a verification review of Sajjil IT Platform used to operate the National Employment Program. To verify (a) the system's infrastructure, policies, and operations; (b) IT general control; (c) the integration process between Sajjil & the SSC systems; and (d) overall business & financial controls.

The objective of these Terms of Reference (TOR) is to identify and appoint the prementioned IVE to carry out the verification review of Sajjil/Tashgheel from all technical and operational aspects.

The verification exercise should cover the following

- Assessing Sajjil/Tashgheel infrastructure and ensure its readiness, availability and scalability. The IVE will ensure that security measures have been applied on the infrastructure, including anti-viruses.
- Assessing Sajjil/Tashgheel's operational policies and procedures
- Assessing Sajjil/Tashgheel's adherence to data protection and data privacy policies.
- Assessing the IT controls available in Sajjil are sufficient ensure the acceptable level of data integrity, privacy and security and acceptable level of process integrity
- Assessing the business functionalities within Sajjil/Tashgheel and ensure its integrity, soundness and accuracy
- Assessing the financial functionalities within Sajjil/Tashgheel and ensure integrity and accuracy in calculations, and integrity in implementing proper financial measures to ensure that only eligible beneficiaries will be paid.
- Assess the integration between Sajjil/Tashgheel and the SSC system used in the payment process to ensure the integrity of the data flow between the two systems.

3. Required qualification

The selected firm must have at least 5 years of experience in the indicated scope of work and implemented two similar contracts.

And has the required capacity, resources, teams and experience, to implement such project.

4. Team composition and qualification requirements for key experts

The firm should put together a qualified evaluation team with local presence and experience in Jordan. Overall, all team members should have:

1. Education: Relevant degrees in statistics, information management, economics, finance, and auditing.
2. Relevant work experience: Extensive experience in conducting similar types of assessments; previous working experience with the Government of Jordan is a plus.
3. Key competencies: High proficiency in English and Arabic.
4. Country experience: Familiarity with Jordan is essential.

Interested firms should propose the team composition that they consider adequate. However, at the minimum, the following requirements should be observed:

- IT Auditor: Full or part-time presence in the country. Proposals should include proposed time allocation in country.

IT Auditor: Required skills and experience

- Bachelor's degree in computer science, Computer Engineering, Computer Information system or any other relevant discipline
- Minimum 10 years of directly relevant experience in software auditing projects
- Excellent written English communication skills, with focus on research protocols, research papers and descriptive reports for diverse audience
- Ability to facilitate communication between various levels of management and work independently to meet deadlines
- Previous work experience with the Government of Jordan is a plus

5. Contract Type: lump-sum contract

6. Contract Duration

The contract will be for a duration of 45 days, starting from the date of signature.

7. Client Responsibilities

The Government of Jordan represented by the Ministry of Planning and International Cooperation and by the Ministry of Labor (i.e. the client) is responsible of providing the firm with access to beneficiary and applicants databases. The client will provide contact information of sampled beneficiaries as required.

8. Action plan and Method of Payment

The payment will be deliverable based, in line with the following milestones.

Deliverable	Timeframe	Responsibilities	Payment (% of the total contract Value)
Inception Report	No later than 5 days from contract signing	Contractor. Client to provide access to data	15%
Deliverable 1: Assessment report for Sajjil/Tasgheel	due for submission by not later than 3 weeks from the contract signing.	Contractor. Client to provide access to data	45%
Deliverable 2: List of Corrective and preventive actions	due for submission by not later than 1 month from the contract signing.	Contractor. Client to provide access to data	35%
Deliverable 3: presentation to the client on key findings	due for submission by not later than 5 weeks months from the contract signing.	Contractor	5%