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Recycling in Jordan

Revised Licensing Instructions for Recycling Companies:

*Jordan Standard Industrial Classification Guide (JORSIC)
Recommended Modifications*

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ACRONYMS AND ABBREVIATIONS

CCD	Companies Control Department
EPR	Extended Producer Responsibility
GAM	Greater Amman Municipality
JORSIC	National Guide for Classification of Economic Activities based on the International Classification of Economic Activities- Forth Version (ISIC Ver.4) - Jordan Standard Industrial Classification Guide
MOENV	Ministry of Environment
MOITS	Ministry of Industry, Trade and Supply
NIMSW	National Monitoring Information System for Waste
SWM	Solid Waste Management
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

USAID Recycling in Jordan partners with the Ministry of Environment (MOENV), Greater Amman Municipality (GAM), and private sector recycling companies to increase the commercial sector's utilization of recycling services in Amman. Through a market-based approach, the USAID Recycling in Jordan seeks to improve and expand private-sector recycling markets, increase demand for and utilization of recycling services within Amman's commercial sector, and improve the business enabling environment for recycling services and material markets. As the recycling sector becomes more competitive, the Activity will capitalize on opportunities to boost the commercial sector's demand for recycling services.

The Activity aims to facilitate the private-led recycling sector's organization, recognition, and governance by expanding the National Guide for Classification of Economic Activities based on the International Classification of Economic Activities- Forth Version (ISIC Ver.4) - Jordan Standard Industrial Classification Guide (JORSIC) to include recycling activities along the value chain and streamlining licensing process with relevant stakeholders; namely, MOENV, GAM, and Ministry of Industry, Trade & Supply (MOITS). To this end, and under the Activity's planned support to the counterparts under activity "3.2.1: Review license fees and standardize process for registering recycling companies", earlier in FY2021, USAID Recycling in Jordan commenced in deploying a collaborative approach comprising of a full desk review, interviews, and technical analysis and assessments; to review and draft recommended amendments and additions to the JORSIC (VER.1), which would ultimately achieve the Activity's objective of "Streamlining Licensing Process with Relevant Stakeholders".

As such, and in its drafted JORSIC VER.2, the Activity recommends for the guide configuration to:

- Adopt a logic that embraces the waste management definitions and hierarchy defined in Articles (2) and (4), respectively, of the Waste Management Framework Law No. 16 of 2020.
- Include new waste management and recycling activities that were not previously defined under JORSIC VER.1 and suggested new ID codes accordingly.
- Re-classify some activities under the correct subheadings and modify the ID codes accordingly.
- Maintain the differentiation of classifying hazardous vs non-hazardous activities.
- Respect the processes of the "Material Recovery & Recycling" and "Treatment & Final Disposal" as defined in Table (3) & Table (4) of the Framework Law, respectively.

Moreover, the Activity has further recommended the following to MOENV:

- Reflecting the contents of the JORSIC (VER.2) on the applicable methodologies in the ministry and amending the associated regulations to ensure standardization of classification (identification code / activity name / description) between the relevant stakeholders.
- Highlighting the implications-on and connection-with the Environmental Classification and Licensing Bylaw, No. (69) for 2020; in terms of environmental categories & associated conditions, and the related site selection requirements.
- Identifying activities (according to the new national classification guide) that require issuing an environmental classification -based on the level of their impact on the environment- and associating them with the procedures followed by the GAM and other bodies that issue professions licenses to establishments operating in the Kingdom - to complete the environmental classification procedures as a requirement for the issuance of the professional license.
- Updating and linking the registration platform of the National Monitoring Information System for Waste (NMISW) with the approved JORISC to unify all relevant ministry procedures and facilitate the registration process.

Moving forward, on June 1, 2021, the Activity hosted a meeting with MOENV and GAM to present the findings and recommended amendments to the JORSIC. The Activity envisions that these modifications will enhance the business environment and enable the sustainable growth-of and investments-in economic activities related to the integrated waste management operations while promoting recycling. Later, on June 2, 2021, the Activity convened with the MOENV Secretary General, HE Dr. Khashashneh, to present findings and JORSIC modifications and forwarded the recommendations and suggested modifications to MOENV on June 7, 2021.

MOENV have finalized the JORSIC modifications and are currently in dialogue with MOITS/GAM and relevant stakeholders in preparation to officially forward the same to the Cabinet.

With reference to the Activity's support under reviewing the license fees, the Activity will proceed in that regards once GAM receives the parliament's decision on the bill for a new Licensing Law. Once GAM's new Licensing Law is passed, the current Vocational Licenses Law No. 20 of 1985 will be annulled. Moreover, following the enactment of GAM's new Licensing Law, a new bylaw will have to be issued accordingly, as part of the new Law's requirements, then the Activity would be in a position to support GAM in the preparation of the legislative framework as deemed appropriate.

INTRODUCTION

Despite the various positive environmental, health, social and economic benefits of integrating proper recycling activities as an essential component of the solid waste management system, the recycling sector in Jordan remains unorganized, under-developed, and suffers inadequate local and national support. The new solid waste management law provides great opportunities to encourage and support implementation of recycling practices as an integral part of the national waste management strategy. However, as the new law has only recently come into effect, it requires a set of legislative tools to help translate it into executable measures. The same applies to the various bylaws recently endorsed by the MOENV that directly affect the recycling sector and its related activities. As such, numerous working group sessions will be held with MOENV and other donors to coordinate the work needed to be performed under this Activity in realizing this legislation.

Currently, there is a considerable interest in the recycling market and many players are involved across the value chain. However, the complexity of multi-faceted challenges is hindering the recycling sector from realizing its full potential to become a sustainable profitable business, leaving it short of achieving its desired contribution towards the integrated solid waste management approach.

From service providers perspective, sector informality is demonstrated as a retarding agent distressing both the quality and prices value of the recycling industry, not to mention its significant socio-economic, health, hygiene, and environmental impacts. Informal companies (scrap dealers and brokers), who act as intermediators or middlemen linking the upstream waste collectors with downstream waste processors and end markets, largely depend on cash payments and avoid the administrative process and financial burdens of getting licensed. Such legal and regulatory requirements significantly dictate the prices, quality, and mode of operations of traded recyclable materials. Hence, informality reduces various costs to doing business, which means such firms can undercut prices of formal and legitimate processing companies. Such unfair competition undermines optimal investment in, and continued formalization of, the sector, which in turn undermines its growth and competitiveness. From an Institutional point of view, there remain ambiguities in how private sector actors along the value chain are recognized and licensed to operate. This is mainly caused by the irregularities and inconsistencies relevant to some of the issued regulations, requirements, which need to be revised and streamlined to facilitate proper registration and practice of recycling across the value chain.

To this end, USAID Recycling in Jordan, through the lens of the enabling environment have identified and prioritized several areas of interventions that will guide government initiatives in enhancing competitiveness of the recycling sector. Intervention areas mainly include:

- *Strengthen national regulatory policy and enforcement for SWM and recycling*
 - Support MOENV in engaging the private sector for implementation of SWM laws and strategies
 - Link Extended Producer Responsibility (EPR) to the recycling sector
 - Promote Domestic Recycling Sector through Tax and Trade Incentives
- *Improve GAM engagement with private sector recyclers and waste generators*
 - Review license fees and standardize process for registering recycling companies
 - Provide legal recognition to certified waste pickers
 - Review and standardize GAM's waste collection fees to commercial sector
 - Discount or exempt SWM fees for adopters of private sector recycling

This delivery report highlights the Activity's effort in facilitating the dialogue between the private sector and official authorities, in addition to the ongoing efforts presented by the Activity to support the revision of the existing licensing procedure at GAM while simultaneously streamlining the requirements included in the recently issued regulations and instruction of the MOENV.

BACKGROUND

USAID Recycling in Jordan is a multi-year Activity funded by the United States Agency for International Development (USAID). The Activity partners with the Ministry of Environment (MOENV), Greater Amman Municipality (GAM), and private sector recycling companies to increase the commercial sector's utilization of recycling services in Amman. Through a market-based approach, the USAID Recycling in Jordan seeks to improve and expand private-sector recycling markets, increase demand for and utilization of recycling services within Amman's commercial sector, and improve the business enabling environment for recycling services and material markets. As the recycling sector becomes more competitive, the Activity will capitalize on opportunities to boost the commercial sector's demand for recycling services.

Presently, the registration and licensing processes for recycling companies are somewhat incoherent and necessitate enhanced coordination between concerned authorities, namely, Ministry of Industry Trade and Supply (MOITS), MOENV and GAM. While the process is well-established for manufacturers and some processors, it is yet fragmented for other major players in the sector including waste collectors, waste transporters, and other waste service providers. Registration starts at the Companies Control Department (CCD) at MOITS where it lists the company's objectives in its articles of association. An operational license is then issued by GAM where only the primary objective of the company is recorded on the license. Based on the nature of that objective and its potential impact on the environment, a no objection letter is obtained from the MOENV after satisfying the relevant requirements.

An initial assessment conducted by the Activity concerning the aforementioned-described process have yielded some gaps. Moreover, the Activity have found that the glossary of objectives and activities are incoherent and at times redundant. Furthermore, some recycling activities are not explicitly categorized, rendering the licensee short of achieving essential operational prerequisites.

Considering the MOENV recent issuance of the environmental classification and licensing bylaw, No. 69 for 2020, which provides classification of four categories - high, medium, limited, and low risk - based on the level of negative impact each activity could impose on the environment. The bylaw further lays out the requirements and procedures to be followed by each category to obtain the relevant environmental permits and further outlines site selection requisites. The Activity have perceived this as a starting point to achieve consensus and support GAM towards process standardization.

APPROACH

Reference to the USAID Recycling in Jordan planned support to the counterparts under activity “3.2.1: Review license fees and standardize process for registering recycling companies”, earlier in FY2021, the Activity commenced in deploying a collaborative approach comprising of a full desk review, interviews, and technical analysis and assessments; to review and draft recommended amendments and additions to the “Jordan Standard Industrial Classification Guide (JORSIC) VER.1”, which would ultimately achieve the Activity’s objective of “Streamlining Licensing Process with Relevant Stakeholders”. The below narrative highlights the Activity’s efforts throughout the journey leading to JORSIC VER. 2.

Earlier on January 28, 2021, the Activity conducted a meeting with GAM’s Health Affairs Director and GAM’s Professional Licensing Department Manager. During the meeting, the Activity learned that GAM is awaiting the parliament’s decision on a bill for a new Licensing Law. Once passed, GAM will endeavor to issue the relevant Licensing Bylaw, which will determine the updated license-fee schedule. To this end, the Activity officially requested a copy of the bill, on February 21, 2021 to review the proposed changes -relevant to the applicable GAM Vocational Licenses Law No. 20 of 1985- and evaluate possible implications on the planned activities. On March 18, 2021, the Activity received a copy of the bill for GAM’s new Licensing Law, and learned that once this new bill is passed, the current GAM Vocational Licenses Law No. 20 of 1985 will be annulled, Moreover, following the enactment of GAM’s new Licensing Law, a new bylaw will have to be issued to indicate the professions that may be practiced in each of the regions and to define the applicable license issuance/renewal fees.

In parallel, and while GAM took a part in a committee led by the MOITS to develop a national guide for classification of economic activities titled Jordan Standard Industrial Classification – (JORSIC). The Activity aimed to participate in the next committee meeting to facilitate expanding the classification to include recycling activities along the value chain. The Activity recommended the contribution of the MOENV in the development of the new guide and confirmed that it will support the possible integration of the same within MOENV’s relevant procedures. To this end, the Activity compiled and shared with the MOENV on February 4, 2021 points that need to be discussed with MOITS regarding the approaches relevant to the occupational classifications, titles, and their codes, which will best serve the application of the new regulations (coding and registration system) and the organization of the waste relevant investments and industries.

In March 2021, the Activity continued discussions with the MOENV regarding the application of JORSIC. Later on March 20, 2021, the Activity received MOENV confirmation that MOITS would welcome and accept amending the JORSIC, if needed, provided that the MOENV raises an official request of the same, appending all required changes and justifications.

Moving forward, on March 18, 2021, the Activity received a copy of the JORSIC guide from GAM; however, another version of the JORSIC Guide was received from the MOENV on March 21, 2021. Both documents should be identical but were not. the Activity has communicated this matter to the MOENV on March 23, 2021.

On April 18, 2021, the Activity received MOENV’s clarification on the correct version of the JORSIC and commenced the appraisal process at once. The Activity aimed to facilitate the private-led recycling sector’s organization, recognition, and governance by expanding the economic classifications to include recycling activities along the value chain and streamlining licensing process with relevant stakeholders; namely, MOENV, MOITS, and GAM. As such, the Activity thoroughly reviewed and concurrently evaluated essential available legislations, including but not limited to, the Waste Management Framework Law, No. (16) of 2020, the Environmental Classification and Licensing Bylaw, No. (69) for 2020, along with JORSIC (VER.1); to unify relevant legislations, and ensure standardizing “Service Providers” licensing/registration purposes, a fundamental step towards structuring this overlooked

vital sector. The Activity held several internal meetings and discussions, during April and May 2021 to put together a comprehensive list of recommendations supported by logical explanations and justifications as best describes the desired amendments.

The recommended amendments suggested by the Activity adopted a logic that embraced the waste management hierarchy defined in Article (4) of the Waste Management Framework Law, No. (16) of 2020, and the definitions thereto. The proposed changes further respected the processes of the “Material Recovery & Recycling” and “Treatment & Final Disposal” as defined in Table (3) & Table (4) of the Framework Law, respectively. The recommendation also highlighted the implications-on and connection-with the Environmental Classification and Licensing Bylaw, No. (69) for 2020, in terms of environmental categories & associated conditions, and the related site selection requirements.

The Activity has compiled and hosted a meeting, on June 1, 2021, with MOENV and GAM to present findings and recommended amendments to the JORSIC. The suggested modifications are sought to enhance the business environment and enable the sustainable growth-of and investments-in economic activities related to the integrated waste management operations while promoting recycling. The Activity convened with the MOENV Secretary General, HE Dr. Khashashneh, on June 2, 2021, to present findings and JORSIC modifications and forwarded the recommendations and suggested modifications to MOENV on June 7, 2021.

MOENV have finalized the JORSIC modifications and are currently in dialogue with MOITS/GAM and relevant stakeholders in preparation to officially forward the same to the Cabinet.

The below table provides an overview of the Activity’s journey in revising JORSIC VER.2.

Jordan Standard Industrial Classification Guide (JORSIC) Revision Journey		
DATE	ENTITY	ACTION
28-01-21	USAID Recycling in Jordan	Met with GAM and discussed the licensing process and GAM’s involvement in developing the JORSIC Guide
04-02-21	USAID Recycling in Jordan	Forwarded to MOENV recommendations regarding JORSIC incorporation and the required actions thereto
18-03-21	GAM	Shared a copy of JORSIC VER.1
20-03-21	MOENV	Confirmed that MOITS would welcome and accept amending the JORSIC if officially requested by MOENV
21-03-21	MOENV	Shared a copy of JORSIC VER.1 (this version was different than the one received from GAM)
31-03-21	USAID Recycling in Jordan	Requested a confirmation from MOENV on which version to consider for the review process
18-04-21	MOENV	Advised to consider the JORSIC version that was shared by GAM (as it is more comprehensive)
APR-MAY	USAID Recycling in Jordan	Commenced the appraisal process and drafted recommended amendments
01-06-21	USAID Recycling in Jordan	Met with MOENV and GAM to discuss the approach and reviewed the proposed JORSIC modifications
02-06-21	USAID Recycling in Jordan	Convened with HE SG of MOENV “Dr. Khashashneh” to present findings
07-06-21	USAID Recycling in Jordan	Delivered recommendations & drafted JORSIC amendments and additions to HE SG of MOENV - attached

KEY FINDINGS

Below are the key findings observed by the Activity regarding the current version of the National Guide for Classification of Economic Activities (Jordan Standard Industrial Classification - JORSIC VER.1):

- The current version is not coherent with the recently enacted Waste Management Framework Law No. 16 of 2020, in terms of definition or hierarchy of operations. For example, activities defined as “Treatment” were introduced ahead of those activities defined as “Recovery”.
- The current version does not address the required attention to SWM activities, in terms of their typology. For example, the Guide didn’t cater for activities related to separation/sorting at source, or the collection and temporary storage of recyclables.
- The current version lacks the listing of the activities according to their relevant operations category. For example, the activity “biofuel and energy generation from non-hazardous waste and reuse” was listed under “Treatment” while it should be defined as “Recovery”
- The current version doesn’t not differentiate between the various activities related to recycling, in terms of their specialization. The single activity defined for recycling included multiple sub-activities, i.e., recycling of metals, plastics, tyers, e-waste, all under one title despite the obvious variation in licensing/permitting requirements.

RECOMMENDATIONS

The Activity's proposed modifications to the classification guide aimed at facilitating the private-led recycling sector's organization, recognition, and governance. Expanding the classification tree to include recycling activities along the value chain and streamlining licensing process amongst the relevant stakeholders are key to the proper formalization of the sector. As such, the drafted JORSIC VER.2 is recommending the guide configuration to:

- Adopt a logic that embraces the waste management definitions and hierarchy defined in Articles (2) and (4), respectively, of the Waste Management Framework Law No. 16 of 2020.
- Include new waste management and recycling activities that were not previously defined under JORSIC (VER.1) and suggested new ID codes accordingly.
- Re-classify some activities under the correct subheadings and modify the ID codes accordingly.
- Maintain the differentiation of classifying hazardous vs non-hazardous activities.
- respect the processes of the "Material Recovery & Recycling" and "Treatment & Final Disposal" as defined in Table (3) & Table (4) of the Framework Law, respectively.

The Activity has further recommended the following to MOENV:

- Reflecting the contents of the JORSIC (VER.2) on the applicable methodologies in the ministry and amending the associated regulations to ensure standardization of classification (identification code / activity name / Description) between the relevant stakeholders.
- Highlighting the implications-on and connection-with the Environmental Classification and Licensing Bylaw, No. (69) for 2020; in terms of environmental categories & associated conditions, and the related site selection requirements.
- Identifying activities (according to the new national classification guide) that require issuing an environmental classification -based on the level of their impact on the environment- and associating them with the procedures followed by the Amman Municipality and other bodies that issue professions licenses to establishments operating in the Kingdom - to complete the environmental classification procedures as a requirement for the issuance of the professional license.
- Updating and linking the National Monitoring Information System for Waste (NIMSW) registration platform with the approved JORSIC to unify all relevant ministry procedures and facilitate the registration process.

ANNEXES

1 - JORSIC VER.1 (AS RECEIVED FROM GAM)

Attached as a separate file in PDF format.

2 - PROPOSED JORSIC MODIFICATIONS

Attached as a separate file in Excel format.