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COMMISSION IMPLEMENTING DECISION

of 29.11.2019

**on the multiannual action programme 2019 and 2020 part I, in favour of the Hashemite
Kingdom of Jordan**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012¹, and in particular Article 110 thereof,

Having regard to Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action², and in particular Article 2(1) thereof,

Whereas:

- (1) In order to ensure the implementation of the multiannual action programme 2019 and 2020 part I, in favour of the Hashemite Kingdom of Jordan it is necessary to adopt a multiannual³ financing Decision, which constitutes the multiannual work programme. Article 110 of Regulation (EU, Euratom) 2018/1046 establishes detailed rules on financing Decisions.
- (2) The envisaged assistance is deemed to follow the conditions and procedures set out by the restrictive measures adopted pursuant to Article 215 TFEU⁴.
- (3) The Commission has adopted the Single Support Framework for the period 2017-2020⁵, which prioritises support to Jordan's social and economic development, strengthening of the rule of law, and upgrading of border management and prevention of violent extremism.
- (4) The objectives pursued by the multiannual action programme to be financed under the European Neighbourhood Instrument⁶ are the following: to support the

¹ OJ L 193, 30.7.2018, p.1.

² OJ L 77, 15.3.2014, p. 95.

³ Multiannual financing Decision shall always constitute a multiannual action programme.

⁴ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

⁵ Commission Decision C(2017)7350 of 9.11.2017 on the adoption of a single support Framework for EU support to Jordan for the period 2017-2020.

⁶ Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27).

implementation of national strategies aimed at enhancing quality education and reforming the education system; to sustain economic reforms; to increase the participation of young men and women in the social and economic development of the country.

- (5) The first action of the programme, entitled ‘**Support to quality of Education and TVET in Jordan**’ will support the implementation of the Education Strategic Plan 2018-22 and the TVET (Technical, Vocational Education and Training) component of the Human Resources Development Strategy. The action includes measures focused on improving the quality of and access to education, as well as on promoting equity, good governance and management in the education system. They reflect the 2019-20 Government’s commitment towards an increased quality of service delivery and accountability.
- (6) The second action, entitled ‘**EU Support to Economic Reforms for Growth and Jobs in Jordan**’, will support the Government's plans to relaunch economic growth and create jobs. The action includes measures that contribute, directly or indirectly, to:
 - i) increasing the private sector’s competitiveness (competition, energy/water costs, access and cost of finance);
 - ii) enhancing predictability of the business legislative framework (implementation of the predictability code, public-private dialogue);
 - iii) strengthening of the public sector’s efficiency (procurement system, public investment management, public-private partnerships).
- (7) The third action, entitled ‘**Youth inclusion in Jordan’s development process**’, will first and foremost target the young skilled/educated people within the age group of 18-30 years. The action includes measures aimed at increasing educated youth’s participation in the labour market by providing employment and self-employment services and opportunities in growing economic sectors (Information, Communication and Technology (ICT), green, and creative industries) as well as at fostering young people's role in the development of their local communities.
- (8) Pursuant to Article 4(7) of Regulation (EU) No 236/2014, indirect management is to be used for the implementation of the programme.
- (9) The Commission is to ensure a level of protection of the financial interests of the Union with regards to entities and persons entrusted with the implementation of Union funds by indirect management as provided for in Article 154(3) of Regulation (EU, Euratom) 2018/1046. To this end, such entities and persons are to be subject to an assessment of their systems and procedures in accordance with Article 154(4) of Regulation (EU, Euratom) 2018/1046 and, if necessary, to appropriate supervisory measures in accordance with Article 154(5) of the Regulation (EU, Euratom) 2018/1046 before a contribution agreement may be signed.”
- (10) For indirect management with the partner country foreseen in Annex III, the Commission, in accordance with Article 154 (6) of Regulation (EU, Euratom) 2018/1046, retains the financial management responsibilities laid down in Annex 3.
- (11) It is necessary to allow for the payment of interest due for late payment on the basis of Article 116(5) of Regulation (EU, Euratom) 2018/1046.
- (12) In order to allow for flexibility in the implementation of the programme, it is appropriate to allow changes which should not be considered substantial for the purposes of Article 110(5) of Regulation (EU, Euratom) 2018/1046.

- (13) The actions provided for in this Decision are in accordance with the opinion of the European Neighbourhood Instrument Committee established under Article 15 of the financing instrument referred to in recital 4,

HAS DECIDED AS FOLLOWS:

Article 1

The programme

The multiannual action programme in favour of the Hashemite Kingdom of Jordan for 2019 and 2020, part 1, as set out in the Annexes, is adopted.

The programme shall include the following actions:

- (a) Annex 1 : 'Support to quality of Education and TVET in Jordan';
- (b) Annex 2 : 'EU Support to Economic Reforms for Growth and Jobs in Jordan';
- (c) Annex 3 : 'Youth inclusion in Jordan's development process'.

Article 2

Union contribution

The maximum Union contribution for the implementation of the programme is set at EUR 139 000 000 and shall be financed from the appropriations entered in the following lines of the general budget of the Union:

- for 2019:

- (a) budget line 22.040102: EUR 84,000,000;
- (b) budget line 22.040303: EUR 15,000,000.

- for 2020:

- (c) budget line 22.040102 : EUR 40,000,000.

The appropriations provided for in the first paragraph may also cover interest due for late payment.

The implementation of this Decision is subject to the availability of the appropriations provided for in the general budget of the Union for year 2020 as adopted by the budgetary authority.

Article 3

Methods of implementation and entrusted entities or persons

The implementation of the actions to be carried out by way of indirect management, as set out in the Annexes 1, 2 and 3 , may be entrusted to the entities or persons referred to or selected in accordance with the criteria laid down in in point 5.4.3 of Annex 1, point 5.4.2 of Annex 2 and point 5.3.3 of Annex 3.

Article 4

Flexibility clause

Increases or decreases of up to EUR 10 million not exceeding 20% of the contribution set in the first paragraph of Article 2, considering each financial year separately, or cumulated

changes to the allocations of specific actions not exceeding 20% of that contribution, as well as extensions of the implementation period shall not be considered substantial within the meaning of Article 110(5) of Regulation (EU, Euratom) 2018/1046, where these changes do not significantly affect the nature and objectives of the actions.

The use of contingencies shall be taken into account in the ceiling set by this Article. The authorising officer responsible may apply the changes referred to in the first paragraph, acting in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 29.11.2019

For the Commission
Johannes HAHN
Member of the Commission



ANNEX 1

Commission Implementing Decision on the multiannual action programme 2019 and 2020 part I, in favour of the Hashemite Kingdom of Jordan

Action Document for ‘EU support to quality of Education and Technical, Vocational Education and Training (TVET) in Jordan’

MULTIANNUAL PROGRAMME

This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.

1. Title/basic act/ CRIS number	Support to quality of Education and TVET CRIS number: ENI/2019/42240 financed under the European Neighbourhood Instrument (ENI)	
2. Zone benefiting from the action/location	The Hashemite Kingdom of Jordan The action shall be carried out at the following location: Jordan	
3. Programming document	Single Support Framework for EU support to Jordan (2017-2020)	
4. Sustainable Development Goals (SDGs)	Main SDG: SDG 4 - Quality education. Other significant SDGs: SDG 5 - Gender equality; SDG 8 - Decent work and economic growth; and SDG 10 - Reduced inequalities.	
5. Sector of intervention/ thematic area	Enhancing Jordan’s social and economic development	DEV. Assistance: YES
6. Amounts concerned	Total amount of EU budget contribution: EUR 65 million, of which <ul style="list-style-type: none"> • EUR 60 million for budget support, and • EUR 5 million for complementary support. The contribution is for an amount of EUR 45 million from the general budget of the European Union for 2019 and for an amount of EUR 20 million from the general budget of the European Union for 2020,	

	subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget or as provided for in the system of provisional twelfths			
7. Aid modality(ies) and implementation modality(ies)	Direct management through: - Budget Support: Sector Reform Performance Contract - Grants - Procurement Indirect management with entrusted entity(ies) to be selected in accordance with the criteria set out in section 5.4.4			
8 a) DAC code(s)	11110 (Education policy and administrative management), 11120 (Education facilities and training), 11130 (Teacher training), 11220 (Primary education), 11320 (Secondary education) , 11330 (Vocational training)			
b) Main Delivery Channel	10000 – Public Sector Institutions			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women’s and Girl’s Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	Human Development			

SUMMARY

The Human Resources Development (HRD) Strategy 2016, the Education Strategic Plan (ESP) 2018-2022 and the Government priorities for the years 2019-2020 ('Al-Nahda') are interlinked and reflect the Government's of Jordan (GoJ) commitment towards an increased quality of service delivery and accountability, focussing on the provision of quality education while also reforming the national education system.

The European Union wants to support and contribute to the implementation of these strategies so as to develop a workforce with skills, qualifications, capabilities, and behaviours necessary to achieve Jordan's economic and societal ambitions. The interventions proposed in this action will support the implementation of the ESP 2018-22 and of the TVET (Technical, Vocational Education and Training) component of the HRD. The design of the action takes a holistic view of the education sector and builds upon previous experience of EU support to education and the TVE sector. It is fully complementary with the ongoing EU Regional Trust Fund in Response to the Syrian crisis budget support operation, with a view to ensure a comprehensive response from emergency to resilience and development. It also support transition efforts from a crisis response to a more structural one. It will put an emphasis on policy dialogue, capacity building, performance/evaluation assessment, and, from a thematic point of view, on quality education, improved access and equity, and improved governance and management, including accountability at central and decentralised sub-national levels. It will also include the strengthening of the TVET governance system, as indicated in the newly approved Technical and Vocational Skills Development Law¹. The selected implementation modality is budget support with complementary support.

The pursuance of the key results will enable the Government of Jordan to ultimately achieve by 2022 a better educated, trained and qualified human capital which responds to labour market's needs.

1 CONTEXT ANALYSIS

1.1 Context Description

The Government of Jordan is committed to the provision of free quality education in the Hashemite Kingdom of Jordan for all children, regardless of their registration status or nationality. The most recently adopted education policies, strategies and plans – notably the *Human Resources Development (HRD) Strategy 2016-2025*, the *Education Strategic Plan 2018-2022* and the *Government priorities for the years 2019-2020 (Al-Nahda)* – reflect the Government of Jordan's commitment towards increased quality of service delivery and accountability, while also reforming the national education system. The Ministry of Education (MoE) is thus reinforcing Jordan's commitment to 'Leaving No One Behind' as per *Agenda 2030 for Sustainable Development* and in response to Article 29 of the Convention of the Rights of the Child (CRC) which guarantees the inalienable rights of each child to education as a human right.

Education has been one of the main focal sectors of the European Union under its multi-year planning. For the period 2012-2018 the EU committed over EUR 380 million to strengthen

¹ Law NO 9/2019 Technical and Vocational Skills Development Law.

the education sector as a whole, among which EUR 88 million were devoted to the development of TVET policies and strategies (the ETVET Development strategy 2014-2020) based on a comprehensive legal framework and governance system involving the 3 main TVET line Ministries (Ministry of Labour, Ministry of Education and Ministry of Higher Education) as well as the social partners under one national authority (the E-TVET Council).

The action will address the education needs of the students in Jordan, while also promoting a transition process for Syrian refugee children through their integration into the larger Jordanian education system².

The overall objective is to support Jordan in achieving enhanced social equity and sustainable growth through free and equitable access to quality of primary and secondary education and development of relevant qualified skills for employment.

1.2 Policy Framework (Global, EU)

In a global context, the proposed action supports the realisation of the *2030 Agenda for Sustainable Development* which highlights quality education as a stand-alone goal (SDG 4), and its foundational role to the attainment of other SDGs such as SDG 8 (“promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”, as further reaffirmed by the *Incheon Declaration and Framework for Action for the implementation of Sustainable Development Goal 4*.

Support to education reform is fully in line with the revised *EU-Jordan European Neighbourhood Policy (ENP) Action Plan*, and also reflected in the underlying objectives of the 2011 Joint Communications of the European Commission and of the High Representative of the EU for Foreign Affairs and Security Policy *A partnership for democracy and shared prosperity with the Southern Mediterranean* and *A new response to a changing Neighbourhood*. The *European Neighbourhood Instrument (ENI)* is the key EU financial instrument for bilateral co-operation, whereby bilateral aid follows multiannual programming in a *Single Support Framework (SSF)* which defines the areas of focus for EU assistance, with reliance and stabilisation being the overarching political priorities of the EU co-operation with Jordan. As to education it aims at contributing to the reduction of unemployment amongst Jordanian youth namely through education.

In December 2016, the EU and Jordan adopted *Partnership Priorities* and an *EU-Jordan compact*. The Compact outlines mutual commitments and priority actions addressing the impact of the crisis and seeks to improve the living conditions of refugees temporarily living in Jordan as well as Jordanian citizens. The Brussels III Conference (12-14 March 2019), the EU and the international community renewed their support to the critical efforts the Jordanian government and Jordanian citizens are undertaking in response to the crisis. The importance of long-term support for children affected by the Syrian conflict, including psycho-social support and access to quality education was reiterated.

1.3 Public Policy Analysis of the partner country/region

H.E King Abdullah II officially launched the *HRD Strategy* in September 2016 which then came into force in October 2016. This is an overall strategic framework for human resource

² The estimated number of school-aged UNHCR registered Syrian children (6-17 year old) is 212,000. In the school year 2017-2018 more than 130,000 Syrian children were enrolled in formal education (32,569 children in public schools in camps and 97,517 in host communities). The MoE has the overall responsibility for schools but several responsibilities are shared with UNICEF.

development covering all levels and types of education and training to be implemented by all concerned ministries. It calls for an improved level of co-ordination and complementarity amongst the concerned agencies and institutions. It advocates diversification in labour force supply. Enhancing women's participation is established as a priority. It stipulates that the future design and operation of the HRD system, within and across each phase of education and development, should be informed by five key principles entitled (i) Access; (ii) Quality; (iii) Accountability; (iv) Innovation; and (v) Mindset. The *National Strategy for Human Resources Development 2016-2025* defines, inter alia, the objective of ensuring that all children complete equitable and quality primary and secondary education, leading to relevant and effective learning outcomes. The importance of a strong TVET system has been recognised by King Abdullah II and is acknowledged in key plans such as *Jordan 2025* and the *National Employment Strategy*, but also in the HRD which aims to increase by 2025 the number of youth and adults who have relevant technical and vocational skills for employment, decent jobs, and entrepreneurship to a level of 45% of the whole number of education system..

The *Education Strategic Plan 2018-2022 (ESP)*, adopted in 2018 is a key policy document for the entire education sector with six domains i.e. (1) Early Childhood Education and Development (ECED); (2) Access and Equity; (3) System Strengthening; (4) Quality; (5) Human Resources; and (6) Vocational education, including a comprehensive set of 40 Key Performance Indicators (KPIs). This represents a major achievement not only in terms of effective policy development and strategic planning, but also echoes the Ministry of Education's commitment to thorough monitoring including the assessment of quality education delivery.

Past experience has confirmed the **institutional capacity in the Ministry of Education** to be sufficient for policy implementation and absorption capacity. This budget support operation aims at further strengthening existing capacities in Ministry of Education Departments for results delivery.

In 2019, the policy framework of TVET reform has been completed with the adoption of the new *Technical and Vocational Skills Development 2019 Law* which is considered to be a key achievement in the **TVET sector**. By this law, a TVET Skills Development Commission (SDC) will be established benefiting of a large administrative, technical, operational and financial power and autonomy. A TVET Council will be chaired by the Ministry of Labour with the membership of the Ministry of Education, the Ministry of Higher Education and 7 representatives from private sector and social partners. During the first year of the implementation of the TVSDC mandate, an annual action plan will be prepared by the technical committees and submitted to the TVSDC Council for final approval.

In conclusion, the policy framework for education is credible and relevant as per the Education Strategic Plan 2018-2022, clearly shows overall coherence with Jordan's overarching development policy and also supports the objectives of poverty reduction (through education for employment), sustainable and inclusive growth, and democratic governance (through strengthened accountability).

1.4 Stakeholder analysis

The **final beneficiaries** (rights holders) are the Jordanian society at large as all will benefit from an improved education system. **Target groups** are students and trainees of different age

groups, **change agents** benefitting from the programme will be teachers, trainers and education sector workers, as well as the government institutions managing the education system including the TVET systems and institutions.

Key government **stakeholders (duty bearers) at central level** comprise the Ministry of Education officers and staff, particularly from the Directorates of (i) General Education; (ii) Human Resource Management; (iii) Planning and Educational Research; (iv) Supervision and Educational Training; (v) Vocational education; (vi) Special Education; (vii) the Education Quality and Accountability Unit (EQUA); and (viii) the newly established Skills Development Commission as the national TVET authority, which includes the Ministries of Education, Higher Education and Labour (Chair). Ongoing consultations will be facilitated through the Development Co-ordination Unit (DCU) at the Ministry of Education, which has proven very fruitful and beneficial in the past with well-established structures.

Key government **stakeholders (duty bearers) at decentralised level** will include all MoE staff at Field Directorates. Additional stakeholders include educationalists such as school teachers and head teachers, inspectors and teacher trainers, the Government of Jordan partners, Development Partners, and the society at large (civil society, Parent-Teacher Associations [PTAs], education councils, non-governmental organisations (NGOs), Queen Rania Centre (QRC), Queen Rania Teaching Academy (QRTA), the Skills Development Commission (SDC), Jordanian universities and the Higher Council for Persons with Disabilities [HCPD]). As far as the TVET sector is concerned, it includes the vocational education (VE) subsystem of the Ministry of Education.

1.5 Problem analysis and areas for support

While the national education system in Jordan can be regarded as well-developed,³ the education system still faces major challenges in providing education for *all children* residing in Jordan (including refugee children from Syria, Iraq, Palestine and other countries) and particularly improving the *quality* of education service delivery. In terms of **access to education**, and **equity**, the situation for Jordanian boys and girls is significantly better than that of Syrians and others.

External quality monitoring undertaken under the previous budget support programme also showed that **violence** is prevalent in schools, particularly with regard to corporal punishment and bullying by peers, with a significantly higher occurrence in boys' schools and thus the need to keep the "safe school" concept as a priority area for support.

The number of students enrolled in basic and secondary education has exceeded 1.5 million over the last three years, which has resulted in **over-crowding** in some schools and has increased the number of schools operating on double shifts. In addition, the number of **rented schools** increased, which are not equipped by the Ministry of Education with any additional educational facilities (such as libraries, science labs, computer labs) and as such do not provide the same educational quality as permanent ones.

³ For Jordanians, the country has achieved universal basic education for both boys and girls, and rates highly in terms of expected years of schooling (13.4 years for females and 12.9 years for males) and mean years of schooling (9.7 for females and 10.7 for males) as of 2015 (*cf.* UNDP Human Development Report 2016, Human Development for Everyone: Briefing note for countries on the 2016 Human Development Report, Jordan, http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/JOR.pdf).

Furthermore, the number of hours of instruction for children in double shift (Type II)⁴ schools has decreased, which affected the **quality of education**. In addition, the **quality of the skills of the teaching force** is not always sufficient to ensure a student-centred and participatory approach to teaching, which also needs to promote **Media and Information Literacy (MIL)**⁵ that will greatly contribute to the development of critical thinking skills diversity, pluralism, human rights, and dialogue.

The MoE is committed to providing **teacher training** through the Education Training Centre (ETC). There remains a need to consider alternative ways especially for pre-service teacher training, even with a view to an innovative avenue to elevated qualification e.g. through a specific appropriately certified B.Ed. (Bachelor of Education) course in accredited HE institutions.

Based on the global trends in education for people with disabilities, the Ministry of Education has adopted a comprehensive approach to **inclusive education**. Jordan has signed the *Convention on the Rights of Persons with Disabilities (CRPD)* and has adopted the *Law on the Rights of Persons with Disabilities* by which the Ministry of Education must ensure the right to education for persons with disabilities without discrimination and on an equal basis with others. However, reliable educational data with regard to students with educational disabilities disaggregated by gender have only recently been considered for collection through the OpenEMIS.⁶ Further, the limited availability of specialised diagnostic centres for persons with disabilities, the lack of qualified male and female specialists, the absence of appropriate diagnostic tools, and the lack of specialised curricula and appropriate learning environments as well as lack of awareness are major obstacles to inclusive learning.

Main challenges in **TVET** are (i) limited access and pathways; (ii) low quality due to limited participation of industry; (iii) unavailability of consistent standards; (iv) low levels of public funding; (v) limited accountability, with fragmentation among various institutions setting standards for TVET; and (vi) absence of reliable data. The lack of mobility/permeability across the system has had a negative impact on enrolments. The general image of vocational education is poor. The ESP aims to revise the vocational education policy and structure by 2022, to increase the number of students and to diversify the offered courses, in line with market studies and professional guidance to students, with a gender perspective.

The promulgation of the new TVET legislation is clearly an important part of the policy actions to advance the implementation of VET reforms with a new governance model promoting a unique co-ordinating agency at national level. The new Law strengthens the holistic governance of the TVET sector through the set-up of the Technical and Vocational Skills Development Commission. The latter will ensure the matching of the Vocational Education (Ministry of Education), the Vocational Training (Ministry of Labour) and the

⁴ The Jordan education system distinguishes between three types of schools, i.e. Type I: Camp schools (N=47); Type II: Double Shift Schools for Syrian students only (N=204); School Type III: all others (N=3,294). UNRWA schools follow MoE curriculum but have an independent regulations and system.

⁵ In line with the *National Strategic Framework to Disseminate Media and Information Literacy 2019-2022*.

⁶ The OpenEMIS system provides a comprehensive set of tools for aggregating, analysing, reporting on and disseminating educational data in Jordan and supporting evidence-based policy-making at central, regional and school levels. The OpenEMIS platform has been adapted to the Jordanian educational system and full customised to meet the needs of MoE. Since the beginning of 2018, it is fully government-owned and operates as an integral part of the MoE. Its development was financed through EU support under the previous BS operation.

Technical Education (Ministry of Higher Education) sub-systems with the labour market demand for skills. The TVSDC law has stipulated under its article 4 that TVSDC annual Action Plans will be developed. Relevant for its implementation is to develop leadership capacity in the concerned institutions – the Ministry of Education, Ministry of Labour and the Ministry of Higher Education (MoHE) - promoting inter-ministerial co-ordination, the involvement of social partners and the financing of delivery. As potential employers, actors of the private sector will be involved in the partnerships through the newly created TVET Commission to provide inputs on skills demanded by the labour market and establishing on-work training schemes both for apprentices and for workers wishing to improve in skills. Sector skills councils give social partners a strong voice in developing demand-driven and growth-oriented VET programmes. This will also increase evidence base for policy development.

The Ministry of Education should devolve operational tasks to field levels and concentrate on more strategic tasks, improving multilevel co-ordination. With regard to **decentralisation**, MoE has formed educational development councils at the level of Field Directorates (FDs) and schools to support decentralisation in the management of learning and education processes and enhance involvement of the local community.

In order to strengthen **sector programme planning and management**, the Ministry of Education's EQAU plays a pivotal role, has been identified as a key partner already in the EU-supported Madad programmes and was trained on quality assessment. It is currently responsible for the accountability of public schools and in the future, will also include higher administrative levels such as the directorates of education.

Based on the Government of Jordan priorities as expressed in the six *Domains* of the ESP (as per Section 1.3 above), and in the TVET chapter of the HRD Strategy, the budget support operation will be aligned around **three result areas**, where the most substantial added value can be expected in light of the support already provided by other donors.⁷ In line with the problem analysis, the key focus of this action is to provide support to **improved quality education, improved access, including by ensuring equity, and improved sector governance and management**. Each result area contains a number of selected objectives. **TVET is considered as a cross-cutting issue for all the Result Areas.**

The achievement of the objectives will be further strengthened by the provision of complementary support as further described in Section 4.

1.6 For budget support actions only

1.6.1 *Fundamental values*

Jordan has ratified the 6 major international conventions related to protection of human rights. However, Jordan has not ratified a number of optional protocols, inter alia the Optional Protocol to the Convention against Torture, the 1st and 2nd Optional Protocols of the International Covenant on Civil and Political Rights, the International Labour Organisation (ILO) convention No 87, No 169, No 189, and the Conventions on refugees and stateless persons. Jordan expressed reservations on a few articles of the UN Convention on Elimination of All Forms of Discrimination against Women and on the Convention of the Right of the

⁷ In particular, Domain 1 (ECED) is excluded due to the substantial support provided especially by the World Bank and DfID.

Child. Jordan is the only country in the region that has offered a standing invitation to all UN Special Rapporteurs. Yet, the Committee on the Right of the Child has underlined important weaknesses in terms of legislation, institutions and allocation of resources that have prevented the implementation of the Convention.

Jordan has ratified the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), but has entered reservations to articles 9, paragraph 2 and 16. The 2011 revised Constitution did not include 'gender' as a ground of discrimination. There has been no follow-up to the recommendations of the UN Committee on the Elimination of Discrimination against Women, and most major issues on women's rights remain unresolved. Despite a good literacy rate, and a presence of female students in higher education equivalent to male, women's engagement in the local workforce stands at around 14%, one of the world's lowest.

This low position is mainly due to poor economic participation. Discriminative clauses against women notably on personal status law are included. However, the recent progress on gender issues (abolition of article 308 - on the persecution of rapists - and modification of other related articles, and the passing of the August 2017 law on violence against women) represent the latest signal of political resolve. Jordan seems genuinely committed to reforming its legislation to address domestic violence, improving equal opportunities for women and taking measures to combat gender discrimination. Accompanying legislative reform with real changes to long-standing societal attitudes remains a long-term challenge.

Jordan endorsed 147 recommendations out of 226 made by the UN's Human Rights Council (UNHRC) at the Kingdom's Universal Periodic Review (UPR) representing a formal commitment to move forward with advancing human rights in the Kingdom. In this regards, the promotion of and the respect for human rights constitutes an essential element of the relations between the EU and Jordan. It is reflected through regular dialogue in multilateral and bilateral frameworks, as well as specific actions including in support of civil society, pluralistic media, gender equality and women's rights. In line with Jordan's continued reform process and despite regional turbulence, the EU and Jordan continue to work together with the aim of further strengthening human rights. Fully acknowledging Jordan's security concerns and objectives, most recently in the context of the EU-Jordan sub-committee on human rights (February 2018) the EU has confirmed that security and human rights objectives are mutually reinforcing. Finally, in relation to the right of access to skills as path to employability, employment and decent work, Jordan ratified the Convention No. 142 of the International Labour Conference, concerning vocational guidance, training and human resources development and the International Recommendation No. (195) relating to this Convention.

1.6.2 *Macroeconomic policy*

The Government of Jordan pursues credible and relevant stability-oriented policies aiming at maintaining fiscal and financial stability. This commitment was demonstrated by the completion of the second review of Jordan's arrangement with the International Monetary Fund (IMF) under the Extended Fund Facility (EFF) in May 2019. The IMF-supported economic programme aims at advancing fiscal consolidation to enhance public debt sustainability and implementing structural reforms to boost inclusive economic growth.

Real GDP (Gross domestic product) growth was lower than expected in 2018 at 1.9 percent. Regional instability continues to weigh heavily on growth but an increase in tourism and the reopening of trade with Iraq have potential to lift economic activity. The Government's outreach to potential investors and financial support from partner countries at the February 2019 London Initiative can give further impetus to the economy provided that the

Government implements its reform agenda. Nevertheless, real GDP growth is forecast to pick up only slightly in 2019 to about 2.2 percent, still insufficient to reduce unemployment substantially from 18 percent in 2018.

The efforts to rein in the increasing deficit in the combined public sector balance (including the electric power company NEPCO and the Water Authority of Jordan) proved difficult in 2018. Although the level of gross public debt at 94.4 percent of GDP (end-2018) is assessed as sustainable in the recent Debt Sustainability Analysis (DSA May 2019), the risks are substantial. Implementation of the new Income Tax Law together with strengthening of tax administration is critical for domestic revenue mobilisation but other measures are needed. In this respect implementation of the Financial Sustainability Roadmap for the power sector is crucial.

The Central Bank of Jordan is focused on maintaining an adequate level of international reserves to support the Jordanian dinar's dollar peg. The balance of payments is improving in the current account, but the inflow of foreign direct investment is still subdued. The Central Bank has increased interest rates shadowing the increases in US dollar rates but is also focused on providing supportive credit conditions to the economy through the National Financial Inclusion Strategy.

The current arrangement with the IMF was extended until March 2020 and the Government has stated its policy commitments for the completion of the pending two reviews of the programme by then, potentially leading to a new arrangement thereafter.

1.6.3 Public Financial Management (PFM)

The Public Financial Management eligibility criterion is considered fulfilled as Jordan's new PFM Reform Strategy (2018-2021) is sufficiently relevant and credible. Between 2016 and 2018 a number of international diagnostic assessments were carried out such as the Public Expenditure and Financial Accountability (PEFA), Tax Administration Diagnostic Assessment Tool (TADAT), Public Investment Management Assessment (PIMA) and the OECD/SIGMA Corruption Risk Assessment of the Public Procurement System. Following these assessments, the Government endorsed in September 2018 a new PFM Strategy which builds on the previous Strategy (2014-2017). The priorities and activities of the new strategy are highly appropriate to address existing weaknesses and the reforms are meaningfully sequenced with clear institutional arrangements.

The main priorities of the Government are:

- Secure long-term aggregate fiscal discipline by reducing budget deficit and public debt as a percentage of GDP and
- Increase the linkage between the annual budget and the priorities established by national strategic objectives, especially for capital expenditure.

Jordan has continued to make progress and the most recent improvements include:

- Adoption of the new Audit Bureau Law which enhances the independence of the Audit Bureau;
- Adoption of the new Income tax Law which is expected to expand the tax base and address tax evasion;

- Adoption of the new Public Procurement By-Law which for the first time establishes a common legal framework for public procurement and sets legal provisions for an independent complaint and dispute settlement; and
- Submission to the parliament of a new draft Organic Budget Law which, when adopted, will provide more detailed and rational description of the roles and processes in Public Financial Management.

The Government has taken a mix of tax policy and tax administration measures to increase domestic resource mobilisation. Domestic revenue is projected to increase by about one percentage point of GDP from 23 percent of GDP in 2018 provided that the measures are implemented effectively. The tax system remains however unbalanced with its main burden put on indirect taxes.

1.6.4 Transparency and oversight of the budget

The Government of Jordan has met the entry point of the general condition on transparency and oversight of the budget as it is defined in the EU Budget Support Guidelines of December 2017. The Government of Jordan has in fact published the enacted budget of the past budget cycle (2018) within the same fiscal year.

The budget proposal for 2019 was endorsed by Cabinet on 28 November 2018 and was published on the General Budget Department (GBD) website the following day. The final Budget Law was published on 27 January 2019.

The Open Budget Survey 2017 (the latest one available) Jordan scored 63/100 on budget transparency (substantially higher than the world average of 42). This puts the country in the category of those providing substantial budget information.

As for budget oversight by the legislature Jordan scored 41/100. This score reflects that the legislature provides limited oversight during the planning and the implementation stages of the budget cycle. The score on the oversight by the Supreme Audit institution is lower (28/100) because of the limited independence and resources of the Audit Bureau. However, it should be noted the Audit Bureau Law was amended by the Parliament in September 2018 with some positive elements to enhance the independence of the institution in line with INTOSAI standards.

2 RISKS AND ASSUMPTIONS

Overall average risk levels for the provision of Budget Support to the Government of Jordan remains moderate. The identified remaining risks are mitigated through regular political and policy dialogue and using efficiently all the tools the EU has at its disposal, in particular the broad range of on-going programmes in the key sectors defined in the EU Jordan Partnership Priorities.

Risk Matrix		
<i>Risks</i>	<i>Risk level (H/M/L)</i>	<i>Mitigating measures</i>
Political risk	M	Political dialogue, including within the framework of the EU-JO Association

Risk Matrix		
<i>Risks</i>	<i>Risk level (H/M/L)</i>	<i>Mitigating measures</i>
		Committee
Macroeconomic risks	M	IMF programme under the Extended Fund Facility (EFF) which provides incentives to ensure that macro-economic and financial policies remain sound, reforms on track and that fiscal buffers and reserves remain adequate. EU Macro Financial Assistance II. Policy dialogue, also jointly with other development partners.
Staff turn-out in the MoE, limited capacity to recruit (all new recruitments to go through the Civil Service Bureau).	M	Support to MoE including TA will give preference to capacity building and knowledge transfer in MoE.
Need to ascertain credible and reliable costing of the ESP.	M	Increased policy dialogue with MoE and set up of a specific PFM Committee. Financial reporting now included in MoE reviews Technical assistance to facilitate PFM reforms has been provided by the EU (under the PFPA and SIGMA); by USAID (under the Fiscal Reforms and Public Financial Management - FRPFM) and by the IMF (METAC).
EQUA not in a position to monitor the pilot 100 schools with regard to quality performance standards, in continuation of previous quality indicator 2b in the Common Results Framework; this serves as a foundation for assessing KPI 26 foreseen as a disbursement-linked indicator under this BS programme	M	The first survey exercise undertaken in April-June 2019 has yielded positive experiences with regard to EQUA participation. Full transfer of responsibilities after the initial survey still poses a medium risk, which can only be fully assessed after completion of the second survey exercise. However, this could be further mitigated by the provision of TA to the EQUA; and pursue methodological approach.
MoE is not capable to align VE with the other TVET sub-systems i.e. Vocational Training and Technical Education, in terms of governance and performance in relation to the skills demand of the labour market.	M	MoE is fully engaged in the establishment and operations of the Skills Development Commission including increasing of the quality of its training offer based on the utilisation of tools and approaches common to all the TVET sector
The new TVET-SDC Law covering also the VE subsystem, in order to	M	The TVET-SDC is supported in the context of this action at the earliest stage

Risk Matrix		
<i>Risks</i>	<i>Risk level (H/M/L)</i>	<i>Mitigating measures</i>
have the desired impact on the TVET system in Jordan requires an immediate operationalisation that starts with the definition of roles, responsibilities, functions and related resources.		to draft the by-laws and regulations that will operationalise the law such as TVET funding, harmonised Training of Trainers and Curriculum Development, Accreditation and quality management, M&E system and Sector Skills Commission.
Absence of reliable data for out-of-school children (OOSC) including drop-outs and voluntary repatriation (VR) to Syria.	L	Further policy dialogue with both MoE and education donor group, especially UNICEF; ECHO following on returns with UNHCR. ,
MoE cannot secure sufficient funding for necessary construction works, while a new Rationalisation report (an instruction by the Minister to identify and close Type II schools to decrease its proportion as per ESP commitments) is expected June 2019.	L	Based on donor consultations, in particular KfW appears to be willing to continue supporting construction. The ongoing MADAD funded project implemented by KfW foresees the construction of 10 schools.
Assumptions		
<ul style="list-style-type: none"> • The political situation in Jordan remains stable, and the Ministry of Education maintains its commitment towards the ESP (including its current supportive position towards the acceptance of refugee students) and transition efforts and the new TVET-SDC Law. • The communication strategy will allow engaging stakeholders and will enhance attainment of results. • The Ministry of Planning and International Co-operation (MoPIC) and the Ministry of Finance (MoF) are closely associated to this action. • MoE and TVET-SDC receive from Treasury in time 100% of the transferred tranches in order to support their own planning. • Strong donor co-operation and co-ordination continues, with donors delivering on their commitments (including pledges with regard to construction). 		

3 LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

For over 10 years, the European Union has been one of the most significant partners of the Ministry of Education in supporting its efforts to respond to the needs of the education sector, particularly – in recent years – with regard to the Syrian refugee crisis⁸. The EU has also been

⁸ The most recent budget support programmes under ENI/2014/037-650 and ENI/2015/38501 covered the school years 2015-2016 and 2016-2017, with a total financing of EUR 52,5 million, and under TF-MADAD/2017/T04.66 covering the school years 2017-2018 and 2018-2019 for schools in a refugee camp environment with a total financing of EUR 23,9 million. The next BS operation (total amount of AD 40

a major development partner for the TVET Sector in Jordan, by supporting the TVET reform process through the Skills for Employment and Social Inclusion Programme (SESIP) - ENI/2014/033-672.

Main lessons learnt from the past budget support operations in the education sector similarly to those related to the BS to E-TVET refer to (i) the importance of availability of reliable baseline data, clearly formulated and measurable targets; (ii) the importance of quality monitoring and a strong underlying M&E system; and (iii) the importance of close co-operation of identified supporting partners with the Ministry of Education. This has been continuously reflected in the assessment reports both for the previous BS programmes and the implementation reports of the *Common Results Framework (CRF)*.⁹

Lessons learnt informed the drafting of the current BS intervention, also taking into account (i) experiences from the monitoring of the CRF; and (ii) research work in connection with the preparation of the current ESP, especially with regard to UNESCO-supported work on the formulation of KPIs. This has been taken on board by involving the EQAU as a key agent for securing quality assessments on the basis of the comprehensive monitoring framework included in the ESP (with specific reference to the selected KPIs which will be used to assess the achievements under this BS operation).

In terms of complementary support, co-operation with the *Madrasati Initiative*¹⁰ proved fruitful, particularly with regard to rising quality scores for students' personal development (in the future incorporating school care and support, students' behaviours, safety issues). In reference to the support to UNESCO for the development of the OpenEMIS until its handing-over to the Ministry of Education in the beginning of 2018, the project made a strong contribution to its overall development objective of improving education planning and management in Jordan¹¹.

Lessons learned from the complementary support to the TVET BS point to the need to sustain for the entire duration of the HRD Strategy, the effort towards an holistic governance of the

million), school years 2019-20 and 2020-21, supports the education needs of children in camps, paying tuition fees and textbooks, salaries of teachers administrators and supervisory unit staff, schools services and operational costs. Complementary support through UNICEF will finance Syrian staff (that MoE cannot finance directly) and promote the elaboration of a transition and sustainability strategy of vulnerable children (eg. Syrian, Dom) for the formal education system through the Makani Centres, and also supporting retention.

⁹ The CRF was jointly developed in 2016 by MoE and donors in response to the urgent need of donors for joint monitoring when delivering the *Accelerating Access to Quality Formal Education for Syrian Refugee Children* through *The Jordan Compact Education Fund (JCEF)*. It was designed as an interim Performance Assessment Framework (PAF) pending the development of a comprehensive ESP. As from May 2018, the needs of the CRF have been continuously integrated into the central MoE monitoring and reporting on the basis of the new ESP. The supervision of the implementation of this CRF is being done by the EU within the framework of the budget support interventions so far funded, currently through EU Regional Trust Fund in Response to the Syrian Crisis. In a workshop held in February 2019 it was agreed to revise/update some indicators in the CRF.

¹⁰ The Quality Performance Score (QPS) for Students' Personal Development increased by 9.9% between May 2017 and December 2018 which is significant.

¹¹ The key lessons learnt refer to the need (i) to identify suitable MoE counterparts for strengthening the link between EMIS data and its utilisation for evidence-based policy formulation; (ii) to incorporate broader institutional support for building a culture of evidence-based policy making in MoE; and (iii) to ensure the project is co-ordinated and aligned with other donor support to MoE relating to planning, M&E, research and evidence-based policy making.

TVET system of which the Ministry of Education vocational education is integral part, and related strategies and tools together with a more structured involvement of the private sector from governance to implementation.

3.2 Complementarity, synergy and donor co-ordination

In relation to the parallel BS programme of the *EU Regional Trust Fund (TF) in Response to the Syrian crisis* (EUR 42 million drawn from the EU TF) which primarily focusses on increasing the enrolment of out-of-school Syrian refugees and vulnerable children in formal education, while enhancing the capacity of the education system for Syrian refugee children particularly in camp environments, the present proposed action will provide complementarity through its specific focus on **quality issues within a comprehensive national context**.

With regard to quality monitoring, the proposed action will benefit from complementarities created during previous EU programmes, when the EQAU has been prepared for taking over the quality monitoring previously undertaken by EU-funded external experts, and also from the TVET M&E system developed for the current Employment and TVET Council with the complementary support (TA) of the TVET Budget Support.

ECHO is seeking to address the various barriers to education linked to the humanitarian context, creating a safe and protected quality learning environment, while promoting social cohesion. EiE projects currently funded by ECHO in Jordan total EUR 11.9 million and are implemented by NGO partners.

Due to its sector-wide holistic approach, the inclusion of vocational education creates complementarity to the ongoing TVET BS operation, SESIP, due to end in November 2019, but whose TA will be extended until December 2020 particularly with its focus on TVET Governance, quality, access, labour market systems and measures for social inclusion. In the absence of a follow-up programme for the TVET sector, this BS programme will ensure the continuation of efforts in support of the TVET reform that includes vocational education subsystem along the Vocational Training and Technical Education ones.

There is complementarity with the TF Qudra Project on vocational education *Resilience for Syrian refugees, IDPs and host communities in response to the Syrian and Iraqi crises*, a regional action financed by the *Madad* Fund and the German Federal Ministry for Economic Co-operation and Development (BMZ), seeking to **strengthen the resilience** of Syrian refugees, internally displaced persons (IDPs) and host communities. Secondly, the strong partnership between the EU Delegation in Jordan and UNESCO Amman Office on *Media and Information Literacy* (MIL) over the past 6 years has greatly contributed to **create a momentum for MIL in Jordan**, as also reflected in the Government of Jordan's priorities plan *Al-Nahda 2019-2020* which officially adopted a strategic framework to disseminate MIL in the basic and higher education system.¹²

In terms of donor co-ordination, bi-monthly co-ordination meetings take place in the *Donor Co-ordination Group for Education* which supports Jordanian education through overall policy dialogue, also with a specific focus on the Syrian refugee situation and on school construction, as foreseen in the ESP. The group is presided by DfID with USAID as co-chair,

¹² Main competencies will include improving critical thinking skills, and access to the right sources of information aiming at building a community that respects diversity, pluralism, human rights, and dialogue. It is further expected that MIL concepts will be incorporated in the curriculum of National and Social Education subject, for 7th and 8th grades, and in the curriculum of ICT for 10th grade.

and its members comprise, next to the EU, Australia, Canada, KfW/GIZ, Norway the United Kingdom, UN agencies and USAID. Donors confirmed the sound alignment of the proposed budget support programme with their own initiatives. Synergies can be expected especially in the areas of (i) better quality; (ii) improved safety of school environments (“safe school concept”, UNICEF); (iii) stronger decentralisation; (iv) intensified involvement of parents and local communities (also through School Development Plans, strongly supported by Canada); (v) Vocational education (Italy, GIZ), (vi) teacher training (USAID, World Bank) and (vii) disabilities (GIZ).

The TVET sector, that includes VE, has also developed an intra-donor co-ordination mechanism which supports the implementation of the Donor Co-ordination Strategy developed by the TA to the TVET BS and adopted by the ETVET Council. In addition to the above donor, an important role and synergy exists with the ILO.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s) and indicative activities

The overall objective is to support Jordan in achieving enhanced social equity and sustainable growth through to free and equitable access to quality of primary and secondary education and development of relevant qualified skills for employment.

At the **impact level**, this will make an important contribution towards **developing a workforce with the skills, qualifications, capabilities and behaviours necessary to achieve Jordan’s economic and societal ambitions.**

The **specific objectives** are: Improved learning outcomes (Result Area 1); Improved completion of inclusive and equitable primary and secondary education (Result Area 2); and a more effective, efficient and resilient Education system (Result Area 3) both in general education and in TVET. The indicative **supported activities under Budget Support** are listed below, aligned to the ESP, according to the three Results Areas (ESP Domains related to the Results Area are stated in brackets) **according to their role with regard to overall system strengthening with a key focus on increasing quality and equitable access.** Finally, it also ensures continuity to the TVET reform effort initiated by the EU TVET BS, with particular concern to a holistic governance of the TVET system of which vocational education is an integral part.

4.1.1 Budget Support: induced outputs

The indicative activities which will fall mostly under BS will be:

Results Area 1 – Improved quality (Domain 4/5: Quality/Human Resources)

Main indicative activities will be aiming at improving school performance, relevance and quality of the skills of the teaching force and the quality of vocational education provision.

Results Area 2 – Improved access and equity (Domain 2: Access and Equity)

Main indicative activities to attain this result will address issue of universal and equitable participation, will aim at strengthening inclusive and special education and tackle social inclusion in vocational education, also through a gender lens.

Results Area 3 – Improved governance & management (Domain 3: System Strengthening)

Main indicative activities will address education decentralisation and school management leadership, tackle sector program planning and management and create pathways leading from vocational education to vocational training.

4.1.2 *Complementary Support*

Complementary Support includes

- (i) TA seconded to the Ministry of Education, with an advisory and capacity building role, quality monitoring (particular focus also on EQAU and ETC) and TVET M&E and external validation/benchmarking;
- (ii) Continued support to the *Madrasati* Initiative through an approach focussing on strengthening community participation and direct involvement, scaling up the ongoing intervention which aims at enhancing quality of education and decreasing dropout rates in double shift schools, strengthening thereby the provision of education to Syrian refugee children and their host communities; and
- (iii) Continued support to OpenEMIS, the database of the sector.

4.2 **Intervention Logic**

The **induced outputs** of the proposed action will lead to the outcomes as defined by the three Result Areas.

Direct outputs as a direct consequence of the deployment of budget support inputs (i.e. financial transfers, policy dialogue, disbursement conditions, complementary support measures including technical co-operation) relate to an increased predictability of funds by the Ministry of Education over the four-year period of the programme, reduced transaction costs, improved capacity, a more aligned and co-ordinated policy dialogue and an overall conduciveness to support education sector reform as envisaged by the ESP and TVSDC law. Further, anticipated support specifically to ETC and EQAU will create improved monitoring and reporting mechanisms.

ET reform as envisaged by the HRD Strategy. Further, anticipated support specifically to ETC and EQAU will create improved monitoring and reporting mechanisms.

This can be summarised in a holistic and sector-wide **Theory of Change** which sees the overall improvement of the skills and qualifications of the population (in line with the priorities of the HRD and ESP 2018-22) in terms of improved learning outcomes based on highly relevant *quality* education provision, completion of inclusive and equitable education and a more efficient and effective education system including TVET, with increased relevance of skills to the labour market.

This will be achieved at the service delivery level of the school through improved school management (combined with stronger direct involvement of rights holders in a framework of enhanced decentralisation, safer and more accessible and inclusive schools for vulnerable populations such as refugees and the disabled) and at the level of the education management system through the setup of the quality and accountability assurance system through EQAU, a stronger M&E system with the support to OpenEMIS and the improved management of teaching resources.

4.3 **Mainstreaming**

The proposed action builds upon the created linkages of the preceding BS action to the *Jordan Response Plan (JRP) 2016-2018* that explicitly adopts a **resilience-based approach** to respond to and mitigate the effects of the crisis on Syrian refugees and Jordanian people, host communities and institutions. The EU applies a human rights based approach.

The *Strategy for mainstreaming gender equality in Education 2018-2022* is an annex to the ESP 2018-22. The action significantly contributes to mainstreaming resilience and gender equality, and also to promoting a violence-free school environment. The action's focus on strengthening school leadership and management contributes to capacitating the key catalysts in school for creating a safer school environment for both girls and boys. OpenEMIS allows for gender-disaggregated data.

4.4 Contribution to SDGs

This programme is relevant for contributing to the achievement of the Sustainable Development Goals (SDGs) of the *Agenda 2030 for Sustainable Development*. It contributes primarily to the progressive achievement of *SDG 4 Quality Education* but also promotes progress towards *SDG 5 Gender Equality*, *SDG 8 Decent Work and Economic Growth*, and *SDG 10 Reduced Inequalities*.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Government of Jordan for Budget Support and Technical Assistance to the Ministry of Education.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 60 million, and the one allocated for complementary support is EUR 5 million. This amount is based on assessments of the needs in the sector and comprehensive technical assistance for capacity building necessary for a successful implementation of the programme.

Around 50% of the budget support will be paid in fixed tranches over a period of four years. This relatively high proportion is justified due to the exclusive focus on Government KPIs to which the BS operation fully subscribes. The fixed component will provide additional incentive for the Government of Jordan to focus on the implementation of the overall education reform, incentivise sector policy dialogue and confirm alignment with national system. The final determination of targets in the Financing Agreement will take into account the impact generated by the BS contribution.

5.3.2 Criteria for disbursement of budget support

a) The **general conditions** for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Education Strategic Plan 2018-2022 and in the adoption and subsequent implementation of the Technical and Vocational Skills Development Council (TVSDC) action plan, and continued credibility and relevance of both plans or any successor plan;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

b) The **performance indicators** for disbursement of the variable tranches are linked to the achievement of specific targets related to the ESP key performance indicators and to the implementation of the TVET-SDC Law. The component related to this law will utilise performance indicators different from the ESP KPIs.

KPIs that may be used for variable tranches indicatively include¹³:

Results Area 1 – Improved quality

Results Area 2 – Improved access and equity

Results Area 3 – Improved governance & management

The chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, the Ministry of Planning and International Co-operation (MoPIC) may submit a request to the Commission for the targets and indicators to be changed. Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters). In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

The amount of the variable tranches will depend on the performance related to each indicator. The indicative schedule of disbursements is summarised in the table below:

¹³ All performance indicators related to primary and secondary education (including vocational education) will be taken from the Education Strategic Plan 2018-2022 and its specific Key Performance Indicators (KPIs) contained in Annex 3 of the ESP.

Indicative disbursement timetable (in million EUR)																	
Jordan Fiscal Year Type of tranche	Year 1 – 2020 School Year 2020/21				Year 2 – 2021 School Year 2021/22				Year 3 – 2022 School Year 2022/23				Year 4 – 2023 School Year 2023/24				TOTAL
	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	
First tranche: First fixed tranche				7. 5													15.0
Second tranche: First variable tranche				7. 5													
Third tranche: Second fixed tranche								7. 5									15.0
Fourth tranche: Second variable tranche								7. 5									
Fifth tranche: Third fixed tranche												7. 5					15.0
Sixth tranche: Third variable tranche												7. 5					
Seventh tranche: Fourth fixed tranche																7. 5	15.0
Eighth tranche: Fourth variable tranche																7. 5	
TOTAL				15				15				15				15	60

Yearly annual performance reviews will be performed by the Ministry of Education and the TVSD Council and will be documented in the *Annual ESP Assessment Reports* and the *TVSD Council Report*. Government counterparts will report on sector performance and progress in policy implementation and on jointly-agreed outputs/outcomes, particularly with regard to the KPI targets and the TVET. The review will make use of existing monitoring and reporting systems which may be upgraded through complementary support (see 5.8 below).

5.3.3 Budget support details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the Euro transfers disbursed into Jordanian Dinars (JOD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement. Budget support will be covered by EU contribution to both the AAP 2019 and AAP 2020.

5.4 Implementation modalities for complementary support to budget support

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁴.

Complementary support will be covered by EU contribution to the AAP 2019.

5.4.1 Grants (direct management):

(a) Purpose of the grant(s)

As per the progress report on identified indicators of the Common Results Framework (15 February 2019), it is recommended that Ministry of Education focusses on improving educational quality with a particular focus on *Students Personal Development and Well-Being*, notably through improved parental participation in the school committees. Therefore, a grant will be awarded with the objective of strengthening community participation and direct involvement within the framework of MoE's *School and Directorate Development Programme* (SDDP). It will scale up the ongoing intervention, which aims at enhancing quality of education and decreasing dropout rates in double shift (Type II) schools, strengthening thereby the provision of education to Syrian refugee children and their host communities. This will be directly linked to the composite indicator (KPI 23) on "safe school environment".

(b) Type of applicants targeted

The targeted applicants will be civil society organisations responding to the following tentative criteria:

- i/ proven successful experience in working with the Ministry of Education;
- ii/ specific mandate by the Ministry of Education to work in the framework of the decentralisation of education sector on strengthening community participation and direct involvement, through a signed Memorandum of Understanding (MoU);
- iii/ good results of previous interventions ascertained by an independent external evaluation;
- iv/ engagement in areas such as school care and support, students' behaviours, and safety issues at the core of this action (scaling up the still ongoing intervention which aims at enhancing quality of education and decreasing dropout rates in double shift schools, strengthening thereby the provision of education to Syrian refugee children and their host communities).

5.4.2 Procurement (direct management)

A Technical Assistance (service contract) embedded in the The Ministry of Education to provide advice, capacity, quality monitoring (particular focus also on and EQAU and ETC). It might become necessary to launch a call for tenders with a suspension clause before the adoption of the FA, in order for the TA team to be in place immediately at the commencement of the action. TA will play an advisory and capacity building role, assisting quality

¹⁴ Cf www.sanctionsmap.eu . It should be noted that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

monitoring, and TVET M&E. The preferred TA modality will be long-term TA over 4 years, supported by targeted short-term TA according to need. The TA dedicated to the TVET component will align with the ongoing TA and technical co-operation projects in TVET as indicated in the TVET Donor Mapping by GIZ.

5.4.3 Indirect management with an international organisation

A part of this action may be implemented in indirect management with the United Nations Educational, Scientific and Cultural Organisation - UNESCO. This implementation entails the support to OpenEMIS, and is directly linked to Results Area 3 (Improved governance & management), Domain 3 (System Strengthening), specifically with regard to (i) the enhancement of education decentralisation & school management/leadership; and (ii) the strengthening of sector programme planning and management. UNESCO's mandate of co-operation with the Ministry of Education covers 3 areas: i) data collection, compilation and management ii) data analysis and generation of evidence-based policy recommendations iii) data use for evidence-based decision making and policy formulation.

The envisaged entity has been selected using the following criteria: while OpenEMIS is fully owned by government and managed by the Ministry of Education, UNESCO has acted successfully as the *service provider* for ongoing capacity building activities for EMIS staff. It is therefore advantageous to maintain UNESCO as training provider – as requested by the Ministry of Education - until such a time that sufficient capacity will have been built within the EMIS department to fully take over responsibility for all capacity building activities. Such handing-over of training responsibility from UNESCO to MoE can then be expected by the end of the current BS operation and a clear exit strategy should be designed. Therefore, and also following up on previous support by EU under the previous Budget Support operation, a contribution agreement will be signed by the European Commission with UNESCO to continue their support to OpenEMIS.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply subject to the following provisions:

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Module	EU Contribution AAP 2019 (amount in EUR)	EU Contribution AAP 2020 (amount in EUR)	Indicative third party contribution
Budget support (see Section 5.3)	40.000.000	20.000.000	N.A.
Grant (see Section 5.4.1)	1.000.000	0	N.A.
Procurement (Direct Management)	2.600.000	0	N.A.

Module	EU Contribution AAP 2019 (amount in EUR)	EU Contribution AAP 2020 (amount in EUR)	Indicative third party contribution
(see Section 5.4.2)			
Indirect management with UNESCO through a Contribution Agreement (see Section 5.4.3)	1.000.000	0	N.A.
Evaluation, and Audit/ Expenditure verification (see Sections 5.9 and 5.10)	200.000	0	N.A.
Communication and visibility	100.000	0	
Contingencies	100.000	0	N.A.
Total	45.000.000	20.000.000	N.A.

5.7 Organisational set-up and responsibilities

Regular policy dialogue between development partners will take place with MoE (Minister, DCU, technical) and TVET-SDC.

The Ministry of Planning and International Co-operation (MoPIC) is the signatory of the Financing Agreement and the project supervisor, with overall responsibility for co-ordination with the EU and the various stakeholders involved. It is also responsible for facilitating the monitoring and appraisal missions to be conducted in the framework of this programme.

A Programme Steering Committee (SC) will be formed and will meet at least two times a year to endorse strategic orientations, oversee programme execution, and facilitate implementation of the activities. The SC will be chaired by MoPIC operating as a secretariat. It will include representatives from the Government institutions identified in section 4.2.2 and the EU Delegation as observer; and its composition will reflect the variety of internal and external stakeholders in the programme.

The SC will monitor the overall implementation of the project, review project progress, co-ordinate the different results areas and guide the actions to the successful achievement of the project objectives. It approves the reports and work plans. It will also help co-ordinate between all Jordanian institutions and groups likely to be involved in the project. The SC discussions will feed into the policy dialogue with the Ministry of Education.

5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the Ministry of Education and the Ministry of Labour shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular bi-annual progress reports and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Education Strategy by the Ministry of Education (utilising

EMIS data and data/reports generated by the EQAU) and the TVET HRD Strategy (by the TVSD Council for the part concerning the new Law implementation).

SDG indicators and, if applicable, any jointly agreed indicators as for instance per joint programming document should be taken into account.

The reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action, making use of an agreed monitoring framework including relevant baselines and targets (for which detailed definitions will be finalised before the signature of the Financing Agreement).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components. As regards budget support, the EU Delegation reserves the right to perform an evaluation at the end of the implementation. Evaluation services may be contracted under a framework contract.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the required premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation, by the Technical Assistance Team embedded in the Ministry. It will take up

lessons learned from specific commitments on communication and visibility at general and sector level.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and contribution agreement.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

A service contract may be procured to ensure communication and visibility of the programme in co-ordination with the key stakeholders of the Government of Jordan and civil society.

APPENDIX 1– INTERVENTION LOGIC TABLE (FOR BUDGET SUPPORT)

The table may evolve further over the implementation of the budget support contract. The indicators, baselines and targets are indicative and may be updated and the list shortened during the implementation of the action without an amendment to the financing decision. However, once the Financing Agreement is signed, any change applying specifically to the performance indicators and targets used for the disbursement of variable tranches must abide by the relevant provisions of the Financing Agreement.

Note also that **indicators will be disaggregated by sex, disability and geographical area where possible to address equity.**

	Results chain	Indicators ¹⁵	Baselines ¹⁶ (year)	Targets ¹⁷ by the end of the budget support contract	Sources of data
Overall objective: IMPACT	The overall objective is to support Jordan in achieving enhanced social equity and sustainable growth through to free and equitable access to quality of primary and secondary education and development of relevant qualified skills for employment.	<ol style="list-style-type: none"> 1. Number of students enrolled in education, disaggregated by gender, nationality, disability ** 2. Literacy rate of 15-24 year-olds ** 3. Unemployment rate of youth (under 30 years old) with university education * 	<ol style="list-style-type: none"> 1. (2018): 1,344,102 Students, thereof 134,121 Syrians; 2,078 with disabilities 2. (2018): 99.11% 3. (2014) 28% (HRD Strategy 2016-2025) 	<ol style="list-style-type: none"> 1. TBD thereof TBD Syrians, 3,000 with disabilities 2. 99.5% 3. (2021): 24% (HRD Strategy 2016-2025) 	<p>MoE reports, EMIS, UNESCO UIS</p> <p>HRD Strategy</p>

¹⁵ Indicators aligned with the relevant programming document marked with '*' and indicators aligned to the EU Results Framework marked with '**'. Indicators used within variable tranches flagged in **bold**.

¹⁶ Baselines in this table refer to ESP KPIs used within variable tranches (flagged in **bold**), according to the **updated baselines for 2018** as contained in the MoE Summary Report *2018 Education Strategic Plan Accomplishments*, based on the 2018 ESP Annual Assessment Report.

¹⁷ Targets will need to be updated when drafting the Financing Agreement.

	Results chain	Indicators¹⁵	Baselines¹⁶ (year)	Targets¹⁷ by the end of the budget support contract	Sources of data
Specific objectives: OUTCOMES	<p>SO1 Improved learning outcomes</p> <p>SO2 Improved completion of inclusive & equitable primary & secondary education</p> <p>SO3 Education system more effective, efficient and resilient in general and in vocational education.</p>	<ol style="list-style-type: none"> 1. Primary Education Completion Rate ** 2. Lower Secondary Education Completion Rate ** 3. Jordan's scores in TIMSS * 4. Jordan's scores in PISA * 5. Enrolment in secondary-level vocational education as a share of total secondary enrolment * 	<ol style="list-style-type: none"> 1. Male: 97%; Female: 98% 2. Male: 60.2%; Female: 61.4% 3. TIMSS (2019), Science 489, Maths 446 4. PISA (2018) Science 439, Maths 416, Reading 429 5. (2018) 13.2% 	<ol style="list-style-type: none"> 1. Male: 98%; Female: 99% 2. Male: 68.2%; Female: 69.4% (i.e. at least status of 2014) 3. TIMSS (2023) Science 509, Maths 466 4. PISA (2021) Science 454, Maths 431, Reading 444 5. (2022) 20% 	<p>IEA, OECD ESP Annual Assessment Report</p> <p>UNESCO UIS, MoE EMIS</p> <p>HEMIS, DOS</p>
Induced outputs	<p><u>1. Quality of the education system improved</u></p> <p>1.1 Increased number of schools</p>	<p>1.1 % of schools evaluated as schools with acceptable or better performance in</p>	<p><u>Overall:</u> (2018) 7%</p>	<p><u>Overall:</u> (2022) 35%</p>	<p>ESP Annual assessment</p>

	Results chain	Indicators¹⁵	Baselines¹⁶ (year)	Targets¹⁷ by the end of the budget support contract	Sources of data
Induced outputs (continued)	being evaluated as schools with acceptable performance	accordance with the standards of the EQAU * <i>(Annually calculated on the basis of the newly established 100-schools representative survey)</i>	<u>Annual representative 100-schools survey:</u> <i>(2019) 1st survey ongoing, baseline available by 06/19</i>	<u>Annual representative 100-schools survey:</u> <i>(2022) TBD after availability of baseline</i>	t, MoE reporting
	1.2 Increased number of teachers applying new methodologies in the classroom and in education				EQAU annual survey results
	1.3 Improved success rate in VE for the 12 th Grade	1.2 % of teachers applying new methodologies¹⁸ in the classroom *	(n/a) ¹⁹	(2022) 85% ²⁰	
	<u>2. Access to and equity in the education system improved</u>	1.3 % of success rate in VE for the 12th Grade *	(2018) 39.4%	(2022) 60%	ESP Annual Assessment
	2.1 Better provision with non-rented and single-shifted schools	2.1 % of rented public schools and double shifted schools (Type II Schools) against the total number of schools *	(2018) Rented 21%; Double-Shifted 19.5%, Rented & Double-shifted 3%	(2022) Rented 17%; Double-Shifted 10%, Rented & Double-shifted 2%	MoE Annual Assessment
	2.2 Increased number of students with disabilities enrolled in schools	2.2 Number of students with disabilities enrolled in schools *			
	2.3 Better accessibility in schools for VE students with special needs	2.3 Degree of accessibility in schools for VE students with special needs *	(2018) 2,078	(2022) 3,000	
	<u>3. Governance and management of the education system improved</u>		(n/a)	(2022) TBD	Directorate of Special Ed.
	3.1 Higher number of applied developmental plans in schools and directorates	3.1 % of the application of developmental plans in schools and directorates *			
	3.2 Improved MoE institutional		(2018) 100%	(2022) 100%	Directorate of Special

¹⁸ Also with regard to the application of Media and Information Literacy (MIL) concepts.

¹⁹ To be disaggregated by type of “new methodology”, also showing the degree of application of MIL concepts.

²⁰ To be disaggregated by type of “new methodology”, also showing the degree of application of MIL concepts.

	Results chain	Indicators¹⁵	Baselines¹⁶ (year)	Targets¹⁷ by the end of the budget support contract	Sources of data
	<p>performance standards</p> <p>3.3 Improved availability of data and functioning of the OpenEMIS</p> <p>3.4 Growing number of employers being satisfied with the performance of VE graduates</p>	<p>3.2 % of development and improvement in the implementation of MoE institutional performance standards *</p> <p>3.3 % of requests/applications for information (routine and non-routine requests) that are met through EMIS *</p> <p>3.4 % of employers being satisfied with the performance of VE graduates *</p>	<p>(2018) <i>King Abdullah II Award</i> score 49.7%</p> <p>(2018) 65%</p> <p>(2018) n/a</p>	<p><i>King Abdullah II Award</i> score 60%</p> <p>(2022) 100%</p> <p>(2022) 55%</p>	<p>Ed.</p> <p>Directorate of Professional Development Policies</p> <p><i>King Abdullah II Award</i> reporting</p> <p>EMIS</p> <p>Survey (MoE and independent)</p>

	Results chain	Indicators¹⁵	Baselines¹⁶ (year)	Targets¹⁷ by the end of the budget support contract	Sources of data
Direct outputs	<ol style="list-style-type: none"> 1. Increased predictability of funds and reduced transaction costs (resulting from financial transfers) 2. 3. Better aligned and co-ordinated policy dialogue 4. Improved monitoring and reporting mechanisms 5. Increased decentralisation and stronger direct involvement of rights holders (also resulting from capacity development) 	<ol style="list-style-type: none"> 1. Gap between development co-operation funding scheduled by providers of development co-operation and development co-operation funding effectively disbursed as reported by the provider 2. Degree of acknowledgement from those affected by the policy 3. Degree of public dissemination of the M&E results 4. Level of autonomy of local authorities; degree of involvement of rights holders 	<ol style="list-style-type: none"> 1. Baseline required 2. Baseline required 3. Baseline required 4. Baseline required 	<ol style="list-style-type: none"> 1. TBD 2. TDB 3. TBD 4. TBD 	<p>MoE Reporting</p> <p>Surveys (MoE and independent)</p> <p>Surveys (MoE and independent)</p> <p>Research Studies (NCHRD)</p>



ANNEX 2

Commission Implementing Decision on the multiannual action programme in favour of the Hashemite Kingdom of Jordan for 2019 and 2020 (part I)

Action Document for ‘EU Support to Economic Reforms for Growth and Jobs in Jordan’

<u>MULTIANNUAL PROGRAMME</u>			
<p>This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.</p>			
1. Title/basic act/ CRIS number	<p>EU Support to Economic Reforms for Growth and Jobs in Jordan CRIS number: ENI/2019/042137 financed under the European Neighbourhood Instrument (ENI)</p>		
2. Zone benefiting from the action/location	<p>The Hashemite Kingdom of Jordan The action shall be carried out at the following location: Jordan</p>		
3. Programming document	<p>Single Support Framework for EU support to Jordan (2017-2020)</p>		
4. Sustainable Development Goals (SDGs)	<p>Main SDGs: SDG 8 - Decent work and economic growth SDG 9 - Industry, innovation and infrastructure. Other significant SDGs: SDG 6 - Clean water and sanitation; SDG 7 - Affordable and clean energy; SDG 13 - Climate action.</p>		
5. Sector of intervention/ thematic area	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">Economic Reforms</td> <td style="width: 50%;">DEV. Assistance: YES</td> </tr> </table>	Economic Reforms	DEV. Assistance: YES
Economic Reforms	DEV. Assistance: YES		
6. Amounts concerned	<p>Total estimated cost: EUR 64 million Total amount of EU contribution: EUR 64 million, of which:</p> <ul style="list-style-type: none"> • EUR 55 million for budget support and • EUR 9 million for complementary support. <p>The contribution is for an amount of EUR 44 million from the general budget of the Union for 2019 (including EUR 15 million allocated from the Umbrella Funds) and for an amount of EUR 20 million from the general budget of the Union for 2020, subject to the availability of</p>		

	appropriation following the adoption of the relevant annual budget or as provided for in the system of provisional twelfths.			
7. Aid modality(ies) and implementation modality(ies)	Direct Management through Budget Support: Sector Reform Performance Contract Procurement Indirect management with the entrusted entities to be selected in accordance with the criteria set out in section 5.4			
8 a) DAC code(s)	15 125 - Procurement System 23 110 – Energy Policy and administrative management 24 010 – Financial policy and administrative management 24 081 - Education/training in banking and financial services 25 010 - Investment Climate			
b) Main Delivery Channel	10000 - Public Sector Institutions			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women’s and Girl’s Empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

SUMMARY

This action is aligned with the Government's of Jordan plans to relaunch the economic growth and create jobs, by narrowing the national budget deficit and the public debt and by enhancing entrepreneurship, foreign trade and investment in sectors where Jordan has a competitive advantage.

The Government's strong interest in a thriving private sector has translated into policies encouraging investment, either public or private, and procurement of goods and services by means of reforms, which improve the investment climate and markets' competitiveness.

Therefore, this action aims to support reforms which contribute, directly or indirectly to: i) increasing the private sector's competitiveness (competition, energy/water costs, access and cost of finance), ii) enhancing predictability of the business legislative framework (e.g. implementation of the predictability code; public-private dialogue), and iii) strengthening of the public sector's efficiency (e.g. procurement system, public investment management, public-private partnerships, etc.)

These reforms chosen to be supported are those where the European Union considers having an added value and where it can have a systemic impact, because of a longstanding and constructive relationship with the government and because of their strategic interests in EU-Jordan relations.

1. CONTEXT ANALYSIS

1.1 Context Description

The country analysis carried out during the programming of the Single Support Framework (SSF) 2017-2020 remains valid. Jordan faces several societal and socioeconomic challenges: (1) demography, with the youngest population in Jordan's history (over 70% of the population is under 30 years of age which is a key concern for job creation and economic development); (2) a very low labour force participation rate of women (13,3%) and economic empowerment in general, despite women's high level of education; (3) water shortage, Jordan being the second poorest country worldwide in water supply; (4) energy imports that weigh on external balance amounting to 85% of the country's energy needs, and (5) the economic burden of hosting a substantial refugee population.

The economic and financial situation has not improved as expected under the IMF-supported programme. Real GDP growth was stuck at 2% for the past few years, not catching up with the population growth. Unemployment increased to over 18% by end-2018. Public debt is at 94% of GDP. With Jordan's current IMF arrangement ending in August 2019, the relations with the Fund need to be re-established to anchor the macroeconomic framework and to build confidence on the government's economic policy trajectory.

Sustained and inclusive economic development depends on addressing long-standing constraints in the economy through enhancing entrepreneurship, trade and investment in sectors where Jordan has a competitive advantage. At the London Initiative Conference on 28 February 2019, the Government of Jordan presented its growth narrative and reform priorities to the international community. This EU support programme is identified in this context.

1.2 Policy Framework (Global, EU)

The EU has a clear mutual policy interest with Jordan to enhance good governance, inclusive economic growth and sustainable development, stemming from the EU Global Strategy that calls for a more comprehensive approach to external action, with stronger links between our diplomatic, trade, development and security policies, particularly under the European Neighbourhood Policy, together with the 2030 Agenda for Sustainable Development and its Sustainable Development Goals, as well as the Paris Agreement on climate change. The EU-Jordan Partnership Priorities and the Single Support Framework (SSF) for 2017-2020 focus on socio-economic development, democratic governance and rule of law as well as regional stability and security.

This proposed action for Annual Action Programme 2019 builds on previous and ongoing EU support to economic reforms by strengthening co-operation in areas of EU added value: i) increase private sector competitiveness, ii) enhance transparency and predictability of the legislative framework, and iii) increase public sector efficiency.

Furthermore, given the large number of active development partners in Jordan and the increased aid flows to the country in the next few years (including technical assistance) following the successful London Initiative of 28 February 2019, it is even more important than before to align and co-ordinate efforts among major donors. Therefore, in parallel to our own specific areas of action, it is proposed to contribute part of the EU support through the Multi-Donor Trust Fund that is created to support implementation on Jordan's economic reform priorities.

1.3 Public Policy Analysis of the partner country

“Jordan 2025 – A National Vision and Strategy” remains the Government's main guiding policy document. The Vision 2025 is a ten-year economic blueprint, whose basic principles include promoting the rule of law and equal opportunities, increasing participatory policy making, achieving fiscal sustainability and strengthening institutions. It identifies three major priorities: (i) addressing high levels of unemployment, particularly for women and youth, (ii) reducing poverty, which is concentrated in disadvantaged regions and (iii) increasing investment.

To achieve this, the Vision proposes to improve infrastructure, enhance education and health and strengthen the role of the private sector in the development process. In particular it puts the private sector on the driving seat, while the government is to be an enabler. It identifies a series of high value sectors such as construction and engineering, transport and logistic, digital and business services, life science (e.g. pharmaceutical), educational and financial services as well as tourism, that have the potential to attract investments and create quality jobs; and sets out broad public policy and investment priorities to support growth for these sectors.

Jordan 2025 is implemented through 3-years Executive Development Programmes (EDP), which are annually rolled out under the leadership of the Ministry of Planning and International Co-operation (MOPIC)¹, on the basis of yearly progress against the Jordan 2025 targets.

¹ The first EDP covered the period 2016-2018, and was prepared under MOPIC leadership. The programmes are annually revised through 17 working groups (previously established to prepare the Jordan 2025). Line ministries are responsible for implementing projects/activities that fall under their mandate and report on progress.

As the repercussions of regional turmoil subdued Jordan's growth from the 2017 target of 4.9% set in Jordan Vision 2025, the government launched the "Economic Growth Plan 2018 - 2020" aiming to jumpstart Jordan's economic growth to align it with the growth rate targets for 2021 (6.5%) and beyond. The Plan reaffirms the strategic lines and sector approaches included in the Jordan 2025 strategy, and identifies a set of 85 government priority actions to stimulate faster economic growth. Notably, ease of doing business through efficient and stable legislative framework; digitalising of the whole economy to increase public services efficiency (e- government) and economic productivity; introduction of competitive and efficient financial mechanism; reduce energy costs, beside enhancing fiscal policy, transparency, accountability and improved infrastructures.

The Government of PM Razzaz launched in December 2018 its National Renaissance Program (2019-2020), which largely follows the thread of public policies articulated in the above documents, but brings a stronger momentum to the implementation of short-term priorities. This national programme is responding to the popular request for reforms to improve citizens' living standards.

In parallel, the Government prepared for the 28 February London Initiative with the UK Government, the presentation to Jordan's international partners of a five-years reform matrix "Turning the Corner – Jordan's Path to Growth". The matrix sets clear targets and timelines for a set of strategic economic reforms leading to accelerated growth, which are fully aligned with the Jordan 2025 strategy, and the National Renaissance Program (2019-2020). The reforms included in the five-years matrix set the pathway to unlocking growth, investment and jobs for Jordan. It is divided in 9 pillars of reforms², each identifying key areas where Jordan and the international community can partner together in support of lasting change. As the focus of the matrix is on implementation, it proposes a set of implementation principles to guide delivery and a follow-up mechanism to ensure that commitments are fulfilled.

The matrix was developed in close co-ordination with Jordan's development partners, and covers cross-cutting as well as vertical themes with the aim to improve the efficiency of the private sector, reduce business costs and promote exports and investments.

The donor community is by and large aligning their support on economic reforms to the matrix, and more particularly with the World Bank on the Development Policy Loan and the Multi-Donor Trust Fund, which will co-ordinate technical assistance to the matrix actions' implementation. The EU support will be aligned to this matrix, to ensure coherence with the Government priorities, full co-ordination with other donors, and guarantee efficient implementation by the government institutions.

Other relevant public policy documents, used as a basis for the preparation of the above mentioned national strategic documents, which are relevant for this EU support programme include:

1. The 2007-2020 Energy Sector Strategy, which aims to solve the problem of the Jordan's chronic energy shortage, secure reliability of energy supply and contribute to economic growth through Renewable Energy and Energy Efficiency (REEE). It does this through two

Jordan 2025 identified 400 key measures across 17 sectors. To ensure that recommendations/measures are successfully implemented, Delivery Unit (attached to HE PM Office), was entrusted with the task of follow on the implementation and prepare progress report that are to become public.

² The 9 pillar reforms are: *Horizontal reforms*: 1. Macro-economic Adjustment, 2. **Reducing Business Costs and Increase Competitiveness**; 3. Drive FDI and Export Development; 4. **Deepen Access to Finance**, 5. Create more Flexible Labour Market; 6. Expand and Improve Social Safety Net; *Vertical reforms*: 7. Improve Public transport; 8. **Increase Energy Efficiency and Access**; 9 Promote Water Security and Agribusiness.

action plans: the **National Energy Efficiency Action Plan (NEEAP)** and **National Renewable Energy Action Plan (NREAP)**, which were recently revised to take into consideration the latest achievements. The strategy sets targets for the part of the energy mix taken by renewable energy by 2020 at 10% per cent, and at 20% savings by 2020 for the Energy Efficiency (EE) part. At present, renewable energy represents 9 per cent of total electricity, advancing from 2 per cent in 2014.

Currently, the Ministry of Energy, National Electric Power company (NEPCO), the Energy and Minerals Regulatory Commission (EMRC), the Ministry of Water and Irrigation, and other line ministries, are developing a new sectoral strategy for the next 10 years, and a vision for the next 30 years. These are to be finalised in 2019. The draft strategy contains a revised set of sector targets based on new scenarios for grid capacity, demand and supply of energy, and promote additional production of renewable energy, storage and use of oil shale for energy generation. The new strategy will also cover reforms in the electricity tariffs; new public procurement bylaw implementation and better processes for investment projects' selection and management, while linking the energy consumption to other sectors such as water.

2. The 2018-2020 National Financial Inclusion Strategy (NFIS) launched in December 2017 by the Central Bank of Jordan (CBJ), aims to enhance the rate of financial inclusion across all of Jordan, and contribute to reducing socio-economic inequalities in line with Jordan 2025 vision and the Jordan Economic Growth Plan. The main objectives of the NFIS are: i) increase the financial inclusion rate (in terms of bank account ownership by the adult population) from 26.4% in 2014 to 36.6% by 2020; ii) reduce the gender gap from 53% to 35% over the same period. The **three core pillars** of the strategy include: **SME finance, digital finance and microfinance**. In addition, the strategy defined four horizontal enablers to facilitate the development of industries and make them more robust: financial technology (FinTech), financial consumer protection and financial capabilities, data and research, and laws, regulations and instructions. The strategy developed a comprehensive **Action Plan** and monitoring framework. NFIS is being executed in a participatory, consultative multi-stakeholder manner, but the CBJ is the main implementer of the strategy. The mid-term review of the NFIS is planned for the second half of 2019 to analyse the implementation so far and see if a possible prolongation or follow-up of the strategy beyond the 2020 is needed.

3. The 2018-2021 Public Financial Management Strategy, which focuses specifically on the Public Financial Management reforms, sets around three national goals: i) Maintaining fiscal and monetary stability whilst controlling the fiscal deficit; ii) Building an efficient and low-risk fiscal/financial system; and iii) improving the level of services delivered to citizens in an equitable manner.

1.4 Stakeholder analysis

1.4.1 Target groups

Both the private and public sectors are key stakeholders in this programme: the private sector, as the overall objective is to increase private sector competitiveness, employment and incomes, and the public sector, as government sets the regulatory environment for the private sector to invest and do business.

Jordan's public sector has a number of overall characteristics relevant to its capacity to support private sector development. First, geopolitical threats mean that government has to invest a lot in other priorities, such as security. Second, clear policy implementation has been

hampered by the high turnover amongst ministers. Third, the systems and processes of government are cumbersome. Fourth, personal networks often determine influence within the public sector, and the decision-making process is not always transparent.

Overall, Jordan's private sector is defined by a small number of large firms and a large number of very small ones, with relatively few medium-sized companies which could act as a conduit between the two extremes. Large firms are generally well connected with political decision-makers and overtime they have successfully lobbied to create an incentive framework (tax and other financial incentives) that reflects their own interests, and is generally not in line with the interests of emerging innovative small businesses that operate in non-traditional sectors.

Micro, Small and Medium Enterprises (MSMEs) contribution to economic growth is still inadequate in terms of productivity, competitiveness and capacity to access business opportunities, as well as innovation. They are not well represented and do not manage to influence the policy making process. In high growth, high value-added sectors, such as ICT, enterprise owners are generally ambitious and innovative; possess excellent technical skills, but often lack higher value-added business management skills.

The Jordan Chambers of Industry and Commerce represent and support economic operators in Jordan. In their majority, they only provide limited services as they lack the institutional capacity to fulfil their mandate to the fullest extent. The largest Chambers, namely the Jordan Chamber of Commerce, Amman Chamber of Commerce, Amman Chamber of Industry and Jordan Chamber of Industry hold most financial and capacity resources.

In the energy sector, some civil society organisations (such as the National Energy Research Centre –NERC- on applied research, EDAMA) work to set examples and bridge the gap between government and private sector as well as implement projects to enhance integration of REEE within local and rural communities, as well as with public authorities.

1.4.2. Direct Beneficiaries

The Prime Minister's Office: The Institutional Performance State Ministry has the remit to ensure that ministers across government deliver on strategies and policy. This level and breadth of access therefore makes this department important. However, there is a need to address the capacity issues of a team too small to deliver on its remit.

The Ministry of Planning and International Co-operation (MoPIC) plays the main role to reflect the National development policies and strategies and ensures overall donor co-ordination responsibility, and is therefore the EU's main interlocutor in the government.

The Central Bank of Jordan (CBJ): The CBJ is directly responsible for the implementation of National Financial Inclusion strategy (NFIS) covering the period 2018 – 2020 and it is mandated to license, regulate and supervise financial institutions in Jordan and has recently expanded the scope of its mandate (e.g. insurance sector). The CBJ shows tangible internal technical capacity as well as strong commitment for policy reforms.

Microfinance institutions (MFIs): There are nine major MFIs that are operating in Jordan with nearly 200 branches deployed in all 12 governorates of Jordan. They are all members of the National Microfinance Association (Tanmeyah). Most of the MFIs show strong and sustainable operational and financial performance. The EU has supported the microfinance sector development in close co-operation with the CBJ.

Financial institutions: Commercial Banks in Jordan prefer to lend to the Government than to the private sector, and within the private sector, they give priorities to well established bigger companies with a solid credit history. Large financing gaps exist for smaller or riskier enterprises, e.g. micro and small enterprises as well as start-ups. The seed and value chain investment markets remain nascent in terms of available and deployed capital and the number of transactions. In 2018, the WB and CBJ launched a new Innovative Start-ups and SMEs Fund (ISSF) that is expected to bridge some of the financing gap.

The Ministry of Finance (MoF): The Ministry of Finance includes several departments, e.g. the Customs Department, the Income & Sales Tax Department (ISDT), the General Budget Department, the Department of Land & Survey, and the General Supplies Department, and currently the PPP Unit. Its main mandate is to oversee the public finance management mechanisms and notably the preparation and implementation of the annual budgets. The capacity of the Ministry of Finance and its departments have improved over the past decade, including through EU support programmes.

The Ministry of Industry, Trade, and Supply (MoITS): The Ministry of Industry, Trade, and Supply (MoITS) is the EU's main government interlocutor on trade and industrial policy. Its mission is to promote a stimulating environment for economic activity and investment; develop and implement a system to protect consumer and company rights; and oversee trade and industrial policy, and implement the competition law.

Ministry of Energy and Mineral Resources (MEMR): Main policy maker in the energy sector, working to ensure energy security of supply, and implementing the National 2004-2020 sector strategy which focusses on diversification of energy resources including local ones, and specially for REEE interventions.

Ministry of Water and Irrigation (MoWI) and Ministry of Environment (MoEnv), with roles in fostering sustainable energy across major developmental sectors. **MoEnv** is mandated to address the climate change adverse impacts, by adopting national mitigation and adaptation measures.

Energy and Mineral Resources Commission (EMRC): as the main regulator of the sector, EMRC works on setting and revision of regulations including RE and EE. EMRC also works on licensing and establishment rules and regulations for newly established energy service companies.

National Electricity and Petrol Company (NEPCO), as the owner of the national electricity grid, reflects the National energy strategies for electricity supply, and is mandated to interconnect all new RE sources in to the grid.

Final beneficiaries of this action are private sector actors, especially small and medium enterprises. A focus, measured through disaggregated baselines and targets, will be provided to women and youth who were identified as special categories (see section 1.5) with less access to make use of private sector opportunities. This will ensure that most vulnerable groups are supported to access economic opportunities.

1.5 Problem analysis/priority areas for support

The recent slowdown in economic growth coupled with reduced fiscal space and increasing level of debts has weakened the macroeconomic stability of the country. Sharp population growth, resulting from both expanding local population and large inflow of refugees, has translated into declining per capita incomes. Small domestic markets and limited capacity to

exports, mirroring the low competitiveness of the Jordanian ecosystem, further constrain economic growth and job creation.

The need for fiscal consolidation puts pressure on public expenditure and domestic revenue mobilisation. However, the recently witnessed strong popular resistance to increases in domestic revenues (income tax) or reducing subsidies, and the country's pressing need for public investment, limits the Jordanian government's capacity to manoeuvre.

Reforms targeting real economic growth would be more popular as these have the potential to raise the standard of living, reduce unemployment and increase revenues. Recent popular gatherings asked H.M. the King Abdallah II, and the government to provide jobs, and respond to the needs of those parts of the population, which continue seeing their purchasing power shrinking.

All governmental strategies and plans developed in the last years acknowledge the need to implement comprehensive economic reforms, which accelerate growth and create jobs, in particular for youth and women. Consistently, these plans articulate the economic reforms around two major pillars: ensure macroeconomic stability, and enable the private sector capacity to drive growth. In particular, the plans aim to promote economic growth and create jobs through:

- **Narrowing the national budget deficit, and the public debts** by, on one hand, better controlling public spending and introducing a more efficient tax system, combat tax evasion and promote equitable distribution of the tax burden; on the other hand by a better debt management strategy.
- **Enhancing entrepreneurship, foreign trade and investment in sector where Jordan has a competitive advantage.** This by means of:
 - *Expanding investment in infrastructure* in those strategic sectors having a positive impact on the private sector development (e.g. energy, water, transport, ICT), while revising the PPP policy to facilitate private public partnership operations and attract both domestic and foreign investment;
 - *Improving the Investment climate*: lowering energy, water and transport costs, ease access to credit, improve labour market efficiency (including better work conditions to encourage women participation in the labour force); improve the overall governance of the private sector related policy making, by reducing regulatory uncertainty and enhancing predictability of the policy making process, increase transparency.
 - *Easing the doing business*: simplify the administrative procedures and red tapes, increase efficiency in the public sector service delivery, also by introducing e-governmental services, and enhance the public-private dialogue.

This EU support action aims at contributing to the efforts of the Government of Jordan in implementing these economic reforms, by selecting and targeting those areas for which the European Union considers to have a wider added value and systemic impact, because of a longstanding and constructive relationship with the government, and for strategic interests in EU-Jordan relations. The selected economic reforms were also selected on the basis of the government commitments and of the constraints identified by the private sector stakeholders as priority.

Therefore, it is proposed to focus on reforms which contribute, directly or indirectly to: 1) increase private sector competitiveness (competition, energy/water costs, access and cost of finance); 2) enhance transparency and predictability in the business legislative framework (e.g. implementation of the predictability code; public private dialogue); 3) strengthen public

sector efficiency (e.g. procurement system, public investment management, PPP, e-governance).

1. Increase private sector competitiveness (energy/water costs, competition, access to finance),

The high costs of the productive inputs (energy, water, labour, capital) currently hinder the private sector's capacity to compete in the domestic and foreign markets. At the same time, the competition is reduced by several domestic "de facto" oligopolies, who control both the costs and quantities of the goods in the markets, and artificially increase the prices for the consumers.

It is therefore important to consider measures to reduce the cost of production, and increase markets efficiency, notably by decreasing energy costs (which represent 60 per cent of the total production costs), easing access to capital/finance and ensuring more market competition.

High **energy costs** are the results of a set of market inefficiencies (e.g. accumulated losses of NEPCO); the dependence from energy imports (85 per cent of the country's needs is imported); as well as the current electricity tariff structure. High energy costs also affect the water sector, which consumes 14% of Jordan's electricity. Energy costs can be reduced by further supporting the use of renewable energy, which in turn would allow for restructuring the energy tariffs, and NEPCO losses, as well as making the selection of new energy projects more competitive, through a more efficient and transparent procurement process³.

Access to capital / finance has shown some improvements in recent years. In 2018, two new laws, insolvency and secured lending, were adopted to ease access to finance for the SMEs, as only around 8.5% of bank lending goes to SMEs. In addition, improvement were made to facilitate financial inclusion across all segments of the population, particularly for vulnerable groups such as the youth, women, refugees and the bottom 40% of the population (low income). Nevertheless, a large proportion of the adults remain excluded from the formal financial system without an opportunity to participate actively in the development process and benefit from it. This is because many sectoral gaps remain. Notably: i) deepening *access to finance for SMEs*; ii) developing *inclusive access to finance for refugees* and other underserved segments of population (women, youth, low-income people); iii) enhancing *financial literacy and capacity* on the supply side (financial institutions) and on the demand side (clients: individuals and SMEs); iv) supporting the development of the *digital financial services* and financial technology (FinTech), to facilitate access to credit for many segments of the population.

Low level of competition in the markets is the result of an extremely weak implementation of the competition law, which "per se" is in line with the international standards. Adopting

³ In particular, the government of Jordan has recently introduced the "Energy to the poor initiative" which is set to install a 2 Kilowatt solar system per house under the National Aid Fund support. It will install 12500 units in the 1st year, 7000 units 2nd year, 7000 units 3rd year, 7000 units 4th year and 7000 units 5th year. This will save around 9.4 million JOD/year so around 11.75 million Euro/year, and 14.05 million JOD/15 years (system lifetime) so around EUR 17 million. Additionally, the government of Jordan has initiate tendering procedure to install 100 Megawatt capacity from solar energy for industrial use. This will reduce the energy bill by an estimate amount of JOD/year 24.9 million (EUR 31.1 million per year) or an amount of JOD 373.5 million /15 years (system lifetime) (EUR 466.8 million).

sectoral policy and roadmaps to enable competitive results in strategy sectors (e.g. ICT/, transport, and energy) as well as encouraging an effective implementation of the law, by a greater independence of its enforcement (currently done by a department of the MoIT) would boost market competition.

2. Increase transparency and predictability of the legislative framework

Consultations held with the private sector, while preparing the current action document, revealed concerns on the limited transparency and predictability by the Government in the policy making and preparation of legislations, especially those affecting the investment climate and the business environment. These concerns have been voiced for many years, and only recently were taken up by the Government and included in the strategic document (e.g. Jordan 2025, 5 year matrix).

In fact, to enhance predictability, the Government of Jordan through a cabinet decision has recently adopted a predictability code. This makes compulsory for any governmental department to follow a pre-established process which includes extensive consultations with the stakeholders; analysis of the existing legislation for coherence; Regulation Impact Analysis (RIA) as well as publication of the new regulation/legislation, with the start date for implementation only after 6 months from the publication.

The implementation of the code is on-going and will require support to make sure that governmental departments are equipped with the needed capacity, and that the private sector is regularly consulted, through a structured mechanism. When the predictability code is fully implemented, it will produce a qualitative improvement of the regulatory environment, thus reducing the cost of doing business.

Streamlining and simplifying the process for investors across all stages of the business cycle will also positively impact transparency and predictability of the legislative framework. This includes improving the registration procedures, as well as accelerating and simplifying the licencing and permit process so to reduce compliance costs and increase clarity.

A more transparent and linear system of impactful and effective incentives would also benefit national and international investors' decisions and promote Jordan attractiveness for business.

3. Increased public sector services efficiency

Government's strong interest in a thriving private sector, translates in policies encouraging either investment or/and consumption, notably through public investment and procurement of goods and services.

Jordan's Public Procurement System, Public Investment Management and Private Public Partnership Framework, and the institutional setting for their implementation, are perceived by domestic and international SMEs and investors as inefficient, with companies acknowledging that the systems and processes are cumbersome and influenced by personal networks, and lack transparency.

While the Jordan's Government has recently recognised the need to reform the relevant laws and bylaws, and has progressively improved them, their implementation will require more time and expertise.

1.6 Other areas of assessment

1.6.1 Fundamental values

Jordan has ratified the 6 major international conventions related to protection of human rights. However, Jordan has not ratified a number of optional protocols, inter alia the Optional Protocol to the Convention against Torture, the 1st and 2nd Optional Protocols of the International Covenant on Civil and Political Rights, the International Labour Organisation (ILO) convention No 87, No 169, No 189, and the conventions on refugees and stateless persons. Jordan expressed reservations on a few articles of the UN Convention on Elimination of All Forms of Discrimination against Women and on the Convention of the Right of the Child. Jordan is the only country in the region that has offered a standing invitation to all UN Special Rapporteurs. Yet, the Committee on the Right of the Child has underlined important weaknesses in terms of legislation, institutions and allocation of resources that prevent the state from implementing the Convention.

Jordan has ratified the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW), but has entered reservations to articles 9, paragraph 2 and 16. The 2011 revised Constitution did not include 'gender' as a ground of discrimination. There has been no follow-up to the recommendations of the UN Committee on the Elimination of Discrimination against Women, and most major issues on women's rights remain unresolved. Despite a good literacy rate, and a presence of female students in higher education equivalent to male, women's engagement in the local workforce stands at around 14%, one of the world's lowest. Following an improvement in 2016, Jordan has slipped back down the overall rankings of the Global Gender Gap report, from 134th in 2016 to 135th in 2017 out of 145 countries. This low position is mainly due to poor economic participation. Discriminative clauses against women notably on personal status law are included. Illegal administrative detention of women as "protection" from "honour killing" and/or domestic violence is still on-going. However, the recent progress on gender issue (abolition of article 308 - on the persecution of rapists - and modification of other related articles, and the passing of the August 2017 law on violence against women) represent the latest signal of political resolve. Jordan seems genuinely committed to continuing reforming its legislation to address domestic violence, improve equal opportunities for women and taking measures to combat gender discrimination. Accompanying legislative reform with real changes to long-standing societal attitudes remains a long-term challenge.

Jordan endorsed 147 recommendations out of 226 made by the UN's Human Rights Council (UNHRC) at the Kingdom's Universal Periodic Review (UPR) representing a formal commitment to move forward with advancing human rights in the Kingdom. In this regards, the promotion of and the respect for human rights constitutes an essential element of the relations between the EU and Jordan. It is reflected through regular dialogue in multilateral and bilateral frameworks, as well as specific actions including in support of civil society, pluralistic media, gender equality and women's rights. In line with Jordan's continued reform process and despite regional turbulence, the EU and Jordan continue to work together with the aim of further strengthening human rights. Fully acknowledging Jordan's security concerns and objectives, most recently in the context of the EU-Jordan sub-committee on human rights (February 2018) the EU has confirmed that security and human rights objectives are mutually reinforcing

1.6.2 Macroeconomic policy

The Government of Jordan pursues credible and relevant stability-oriented policies aiming at maintaining fiscal and financial stability. This commitment was demonstrated by the completion of the second review of Jordan's arrangement with the IMF under the Extended Fund Facility (EFF) in May 2019. The IMF-supported economic programme aims at advancing fiscal consolidation to enhance public debt sustainability and implementing structural reforms to boost inclusive economic growth. In the same context, the EU's second Macro-Financial Assistance (MFA) to Jordan, for an amount of EUR 200 million, was completed in June 2019. The Commission intends to continue supporting Jordan to preserve macro-economic stability in the context of a new MFA programme which is expected to be devised in 2020 if pre-conditions are met.

Real GDP growth was lower than expected in 2018 at 1.9 percent. Regional instability continues to weigh heavily on growth but an increase in tourism and the reopening of trade with Iraq have potential to lift economic activity. The Government's outreach to potential investors and financial support from partner countries at the February 2019 London Initiative can give further impetus to the economy provided that the Government implements its reform agenda. Nevertheless, real GDP growth is forecast to pick up only slightly in 2019 to about 2.2 percent, still insufficient to reduce unemployment substantially from 18 percent in 2018.

The efforts to rein in the increasing deficit in the combined public sector balance (including the electric power company NEPCO and the Water Authority of Jordan) proved difficult in 2018. Although the level of gross public debt at 94.4 percent of GDP (end-2018) is assessed as sustainable in the recent Debt Sustainability Analysis (DSA May 2019), the risks are substantial. Implementation of the new Income Tax Law together with strengthening of tax administration is critical for domestic revenue mobilisation but other measures are needed. In this respect implementation of the Financial Sustainability Roadmap for the power sector is crucial.

The Central Bank of Jordan is focused on maintaining an adequate level of international reserves to support the Jordanian dinar's dollar peg. The balance of payments is improving in the current account, but the inflow of foreign direct investment is still subdued. The Central Bank has increased interest rates shadowing the increases in US dollar rates but is also focused on providing supportive credit conditions to the economy through the National Financial Inclusion Strategy.

The current arrangement with the IMF was extended until March 2020 and the Government has stated its policy commitments for the completion of the pending two reviews of the programme by then, potentially leading to a new arrangement thereafter.

1.6.3 Public Financial Management (PFM)

The Public Financial Management eligibility criterion is considered fulfilled as Jordan's new PFM Reform Strategy (2018-2021) is sufficiently relevant and credible. Between 2016 and 2018 a number of international diagnostic assessments were carried out such as the Public Expenditure and Financial Accountability (PEFA), Tax Administration Diagnostic Assessment Tool (TADAT), Public Investment Management Assessment (PIMA) and the OECD/SIGMA Corruption Risk Assessment of the Public Procurement System. Following these assessments, the Government endorsed in September 2018 a new PFM Strategy which builds on the previous Strategy (2014-2017). The priorities and activities of the new strategy are highly appropriate to address existing weaknesses and the reforms are meaningfully sequenced with clear institutional arrangements. The main priorities of the Government are:

- Secure long-term aggregate fiscal discipline by reducing budget deficit and public debt as a percentage of GDP and
- Increase the linkage between the annual budget and the priorities established by national strategic objectives, especially for capital expenditure.

Jordan has continued to make progress in Public Finance Management and the most recent improvements include:

- Adoption of the new Audit Bureau Law which enhances the independence of the Audit Bureau;
- Adoption of the new Income tax Law which is expected to expand the tax base and address tax evasion;
- Adoption of the new Public Procurement By-Law which for the first time establishes a common legal framework for public procurement and sets legal provisions for an independent complaint and dispute settlement; and
- Submission to the parliament of a new draft Organic Budget Law which, when adopted, will provide more detailed and rational description of the roles and processes in Public Financial Management.

The Government has taken a mix of tax policy and tax administration measures to increase domestic resource mobilisation. Domestic revenue is projected to increase by about one percentage point of GDP from 23 percent of GDP in 2018 provided that the measures are implemented effectively. The tax system remains however unbalanced with its main burden put on indirect taxes.

1.6.4 Transparency and oversight of the budget

The Government of Jordan has met the entry point of the general condition on transparency and oversight of the budget as it is defined in the EU Budget Support Guidelines of December 2017. The GoJ has in fact published the enacted budget of the past budget cycle (2018) within the same fiscal year.

The budget proposal for 2019 was endorsed by Cabinet on 28/11/18 and was published on the General Budget Department (GBD) website the following day. The final Budget Law was published on 27th January 2019.

The Open Budget Survey 2017 (the latest one available) Jordan scored 63/100 on budget transparency, which is considered sufficient to enable the public to engage in budget discussions in an informed manner and is substantially higher than the world average of 42. This puts the country in the category of those providing substantial budget information. Since the 2015 Survey (which was updated in 2016), Jordan has increased the availability of budget information by publishing the Mid-Year Review online.

As for budget oversight by the legislature Jordan scored 41/100. This score reflects that the legislature provides limited oversight during the planning and the implementation stages of the budget cycle. The score on the oversight by the Supreme Audit institution is lower (28/100) because of the limited independence and resources of the Audit Bureau. It should be noted that the oversight indicators were revised to better assess the role of formal oversight institutions in ensuring integrity and accountability in the use of public resources. Therefore, they cannot be compared directly to data from the 2015 survey. The Audit Bureau Law was

amended by the Parliament in September 2018 with some positive elements to enhance the independence of the institution in line with INTOSAI standards. The amendments in the new law were consistent with a relevant condition of the MFA-II programme which was completed in June 2019.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political	M	<p>Political dialogue, including within the framework of the EU-JO Association Committee and the Subcommittee on Democracy and Human Rights.</p> <p>Technical support to further develop the legislative/regulatory frame for the implementation of the new political laws as well as support to the Parliament, Independent Electoral Commission and political parties through EU funded programmes and other donors' projects. EU Budget Support focusing on the independence of Judiciary, fair trials to citizens and support for the Constitutional Court.</p> <p>IMF programme under the Extended Fund Facility (EFF) which provides incentives to ensure that macro-economic and financial policies remain sound, reforms on track and that fiscal buffers and reserves remain adequate.</p>
Macroeconomic	M	<p>EU Macro Financial Assistance. Policy dialogue, also jointly with other development partners.</p> <p>The Energy and Minerals Regulatory Commission (EMRC) is preparing an updated Electricity tariff adjustment mechanism that will help update the electricity tariffs in a sustainable manner, and cost reflective.</p>
Developmental	M	<p>Continued investments in alternative sources of energy (notably solar representing over 15% of total generation by 2019) will help minimising extra accumulated costs and losses within the energy/electricity sector, and will guide better energy security of supply for the country. The updated sector strategy that is expected to be ready by 2019 will support this direction, in which more security of supply with local energy resources will be sought. Furthermore, the approved policy for the water sector to invest in green energy applications will also support the water sector at large to overcome its financial constraints/debts, and guide on sustainable operation and maintenance actions. Joint advocacy and alignment of conditionalities around the 5-years matrix will be sought to increase coordination with key donors and IFIs.</p> <p>The current national financial inclusion strategy is trying to improve the access to finance for SMEs and promote the financial inclusion for all. It is still not clear if the NFIS will</p>

Public Finance Management	M	<p>be continued (or if a subsequent strategy will be put in place) beyond 2020.</p> <p>On Vision 2025: support to PM Delivery Unit is being provided under PSD programme for monitoring its implementation. This helps articulating several sectoral reforms. For SRCs, technical assistance is provided systematically (either embedded or through SAPP). Strengthened policy dialogue with line ministries and donors.</p> <p>Technical assistance (TA) to facilitate the public financial management reforms has been provided by the EU (under the PFPA and SIGMA); by USAID (under the Fiscal Reforms and Public Financial Management - FRPFM) and by the IMF (METAC). b) The Memorandum of Understanding of the MFA II also includes PFM benchmarks relating to the withdrawal of the Audit Bureau from pre-audit tasks, the elaboration of a proposal on a new Audit Law and the reform of the public procurement legislation. c) Progress on PFM is one of the general conditions for the disbursement of budget support and substantial set-backs would jeopardise annual tranches' payments for a number of EU funded projects.</p>
Corruption/ Fraud	M	<p>Jordan launched the Anti-Corruption Strategy 2017-2025 in December 2016 with commitment at the highest level (Prime Minister Office and 6th Royal Paper on Rule of Law). The objectives laid out address key weaknesses as identified by the SIGMA assessment. The conditionality of the MFA II programme has included benchmarks to support reforms of external audit and public procurement.</p>
Assumptions		
<p>Political, economic and social conditions in Jordan and the region remain stable, or at least do not deteriorate in a manner that compromises the achievement of programme objectives. The respective Ministries, Departments and Agencies collaborate effectively to achieve the objectives.</p>		

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1 Lessons learnt

a. Private Sector Development

Preliminary lessons can be drawn from the on-going EU programmes supporting the development of the private sector, such as the Budget Support Programme *‘EU Support to the Private Sector Development in Jordan’*, *‘Jordan Action for the Development of Enterprises’ (JADE)*, as well as *‘Shamal Start’*. Reforms of the enabling business environment are progressing slowly and are difficult to implement, as different stakeholders either support or oppose them, according to the maturity of the sectors in which they operate. While innovative and young SMEs welcome more transparent and competitive markets, larger and more mature companies oppose changes to the current way of doing business. Therefore, it is important to maximise the support to government's reforms by joining forces,

and co-operate on the same set of reforms with other larger donors and the IFIs (e.g. IMF, WB, EBRD, EIB).

The two projects ‘**Jordan Action for the Development of Enterprises**’ (JADE), as well as ‘**Shamal Start**’, have shown that yet the Jordanian Private Sector needs to continue increasing competitiveness, as well as managerial and technical skills, which often impede on their capacity to access credit, and markets. Therefore, both incubation and post incubation services, as well as technical support to business to grow are important.

Equally important is access to finance. This remains limited for the private sector, because of the inadequate capacity within the banking system to assess financial risks for SMEs, which in turn keeps high the cost of capital, and exclude large part of the private sector and the population at large.

b. Microfinance and financial inclusion

Lessons learnt from the EU co-operation in the area of **microfinance/financial inclusion** confirmed that institutional commitment and capacity are keys for the sector. For the past five years, the EU has been supporting capacity building actions mainly at the macro level, by working with the relevant national authorities and promoting a development of the favourable regulatory and policy environment for inclusive financial systems (e.g. support to Central Bank and Ministry of Planning and International Co-operation). To a smaller extent, the EU has been also working at the meso level, by helping to strengthen support infrastructure for micro-finance institutions (e.g. support to National microfinance Association. Despite several achievements and positive developments in the microfinance/financial inclusion sector, further support would be needed to: continue improving access to finance for SMEs, enhance financial literacy, promote digital financial services and enhance inclusive access to finance for refugees and other underserved segments of population

c. Energy Sector

The following lessons were drawn from the experience gained through the implementation of **the REEE Budget Support programme** and through the assessment of the sector, with a focus on problems hampering the shift of the Jordanian energy system into an environmentally sound, cost-efficient and reliable energy service system:

Policies and Incentives: Currently there are some policies to mandate or encourage REEE with clear incentives such as enforcement of regulations to reduce energy consumption in buildings, or labelling householder, equipment and appliances. It was established that MEMR, the primary decision authority in the energy sector, is involved in technical activities (programme and project formulation, implementation, elaboration of technical standards etc.) rather than focusing on its policy mandate and strategies.

Heavy administrative procedures: Inefficient and unclear tendering procedures caused delays in the implementation of REEE interventions, mainly when the private sector or donor agencies are involved. Furthermore, the decision process on RE project's approval and licensing involves too many governmental actors. This results in extra cost, loss of business opportunities and lack of attractiveness for investors.

Programme monitoring and evaluation: Energy auditing based on internationally accepted quality standards and codes are not yet common practice in Jordan. However, such qualified auditing would improve results of programme and project monitoring and evaluation and

allow for measurable benchmarks.

Capacity building and knowledge transfer: Lack of human resources capacity in both qualification and number, hampers the competent development of legislation, quality standards and codes, and monitoring and evaluation of projects assessment and impacts. In addition, organisation and management capacities as well as technical skills for REEE project's design and implementation need to be improved. A serious challenge in the public service is high fluctuation of staff on the decision-making level and discontinuity. Therefore, establishing a **policy dialogue platform** and capacity development are critical to overcome emerging obstacles. A **Monitoring and Evaluation** tracking system is needed to assess performance and create a feedback loop into the design of policies.

d. Public Finance Management (PFM)

The Jordan central government sector contains a large number of independent or semi-independent units, which need to work together to bring many initiatives to fruition. Many will be inclined to hold back in implementing changes, which require changes in existing organisations or practices. The persistence of very cumbersome financial control arrangements applicable to both individual tax payments and all payments by government bodies, and of an approach to audit by the Audit Bureau largely based on compliance testing of individual transactions, are illustrations of the difficulty of achieving rapid change. Nor has the National Assembly readily accepted PFM reform it has been more concerned to widen rather than block tax exemptions and to narrow rather than broaden the tax base. The Government may need to be more pro-active in making the case in public for PFM improvements, which are in the interests of society as a whole, rather than particular interest groups.

3.2 Complementarity, synergy and donor co-ordination

a. Private sector development

Existing donor-funded or government programmes are engaged in various aspects of the private sector development, by supporting both reforms to the investment climate and business environment, and provide assistance at firm level for incubation, consulting, mentoring, basic entrepreneurship training, or support services such as access to markets, technology and knowledge transfer, as well as business services or networks. Although co-ordination is led by MoPIC and the Ministry of Industry and Trade on these issues, it remains unsatisfactory, as it is seldom and facilitates only exchanges of information, leaving to the donors to continue bilaterally, for more in depth discussion on complementarity and synergies for their programmes.

b. Microfinance and Financial inclusion

The EU is among the few donors actively working in the area of microfinance/financial inclusion in Jordan. Our on-going bilateral efforts in the sector were in a full complementarity and synergies with the activities carried out by the European financial institutions (e.g.: EBRD, EIB, and others) under the umbrella of the regional Financial Inclusion Initiative (EUFI). While the EU Delegation is working with the government to strengthen the regulation of the microfinance sector in Jordan, the EFIs are working directly with the local banks and MFIs by providing them with loans and necessary technical assistance in order to expand their SME lending.

The co-ordination with other most active donors in the area (such as USAID or GIZ) has been ensured. Very close co-operation was established with the regional GIZ programme "Promotion of the Microfinance Sector in the MENA Region", by integrating it into the EU budget support programme as complementary support pillar. Synergies were also sought and built with the USAID Local Enterprise Support project (LENS), by jointly supporting the National Microfinance Association Tanmeyah.

Regular, annual donor co-ordination meetings have been organised and chaired by MOPIC, in order to share the latest information on the existing and future donor-funded programmes in the area.

c. Energy sector

The EU assistance in the field of REEE development is currently reflected through the REEE II programme worth EUR 90 million, and the support to the NEPCO green corridor project which is a EUR 17.6 million blending with EIB loan. The EU support is complemented by the support to the public sector development by various other donors and actors, as follows:

- World Bank Development Policy Loan that targets main reforms in the sector, with a 3 phases' programme (\$ 3 billion)
- KfW is implementing EE projects in education and health sectors (Schools and Health Centres) (EUR 15 million) as well as working closely with the water sector to provide 200 Megawatt renewable energy capacity, and 58 Megawatt solar facilities in favour of the Syrian refugees/host communities.
- EBRD support to refinance the NEPCO debt and provide capex for further green energy projects development (EUR 262 million)
- In addition, the AFD energy sector loan approved and launched in 2012 (EUR 150 million) was building on EU funded programmes, and the REEE policy matrix in particular.

In addition, there is active donor engagement in Jordan's energy sector and the activities proposed under this project have been co-ordinated with them to ensure full complementarity.

MoPIC chairs a donor-government working group on energy, but there is a need to enhance co-ordination for synergy effects and complementarities. A clearer consensus among the Jordanian administrations and institutions involved in REEE related policies and future reforms would be beneficial to attract and optimise foreign support as well as private sector involvement.

d. Public Finance Management (PFM)

Co-ordination with other donors has improved and a PFM donor group has been set up in February 2019. Prior to this, the EU has established a regular forum of discussion and co-ordination with USAID and METAC to develop synergies, share diagnostic studies (e.g. the PEFA) and discuss progress on reforms. Moreover, after every IMF review mission, debriefing sessions are organised at the EU Delegation for the international community and serve as information sharing opportunities.

In terms of external support, Jordan has been receiving significant assistance from donors for the implementation of its PFM reforms:

- USAID has been the most significant supporter of PFM reforms. The FRPFM (USD 35 million) started in mid-2016 and is providing technical assistance on revenue policy and administration, budget preparation and execution, fiscal policy and decentralisation over the next 4 years.
- IMF Fiscal Affairs Department mobilises TA missions to support the Ministry of Finance - Macro-Fiscal Unit as well as cash management, treasury related issues and public investment (a Public Investment Management Assessment was carried out in May 2017). In addition, the IMF regional training centre METAC provides regular support on PFM matters and tax administration issues.

4 DESCRIPTION OF THE ACTION

4.1 Overall objective, specific objective(s), expected outputs and indicative activities

4.1.1 Overall objectives

The main objective is to support the Government's economic reforms aiming to enable sustainable and inclusive growth and job creation.

4.1.2. Specific Objectives

The specific objective is to increase economic participation of private sector actors, with a focus on small and medium enterprises, women and youth.

This will be achieved by working on improving: i) the private sector competitiveness; ii) the investment climate; and iii) the conduciveness of the public sector.

4.1.3 Main Activities

The activities are divided into two main components: (i) Component 1, which focuses on **economic reforms aiming to enable the private sector to drive growth**, and (ii) Component 2, which focuses on further **financial inclusion** by easing access to credit for SMEs, by increasing financial literacy.

The programme will be focused on a set of priority areas identified on the basis of (i) the government commitment to reforms (ii) the size of the opportunity i.e. the potential to reduce the cost of business, (iii) constraints identified by the private and public sector stakeholders as priority (iv) areas which avoid duplication with the on – going EU programmes and efforts of other donors active in promoting economic reforms.

Component 1, “**Economic reforms enabling the private sector to drive growth**” will be implemented through budget support in the form of a Sector Reform Performance programme, which will provide financial resources for the implementation of those elements of the Government Vision 2025, and the 5 year matrix pertaining to increased private sector competitiveness, improved investment climate and increased public sector efficiency and transparency. Budget support will be supplemented through complementary technical assistance to MoPIC and line ministries through the contribution to the Multi Trust Donor Fund (MDTF) which will be necessary for detailed strategy implementation, the development of a monitoring and evaluation system in line ministries; and to support analytical work and data collection; staff training,.

Component 2, "*Financial Inclusion*" will utilise a project-based modality to enhance financial literacy among SMEs, and individuals.

4.1.3.1 Budget support

Budget support in the form of a Sector Reform Performance programme has been selected as the implementation modality for component 1 "Enabling the private sector to drive growth"

The programme will support part of the reforms included in the Vision 2025, and in Government 5 year matrix which have been identified to be the most relevant and feasible in contributing to the achievement of the EU programme's goals: Increased private sector competitiveness, improved investment climate and increased public sector efficiency and transparency. Annual Targets will be designed to measure progress against the following initiatives:

1. Increased private sector competitiveness

- Lower the cost of energy by increasing the share of investments in REEE across developmental sectors, which in turn will modify the electricity tariff structure.
- Set a new, more competitive and transparent project selection and procurement processes to reduce the energy cost.
- Support the development of the digital financial services, including efforts to promote gender quality in finance.
- Support the implementation of the Jordan Competition law.

Output 1: Reduced costs of doing business

2. Improved the investment climate

- Support the implementation of the predictability code, through the adoption of a law and its bylaw.
- Streamline the investor journey from registration, licencing to operation.
- Revise the incentive framework for business.

Output 2: Increase transparency and predictability of the legislative framework

3. Increased public sector conduciveness and transparency

- Reform of the Private Public Partnership legal and institutional framework.

- Support the implementation of the Jordan's public procurement system reform.

Output 3: More conducive and transparent public Investment Management and procurement systems

4.1.3.2 Complementary support

The complementary support will be directed to:

1. Provide TA to the core institutions that will be responsible for implementing Jordan 2025, along the recently adopted "Turning the Corner. Jordan Path to Growth" plan (better known as the Government 5 year matrix), to ensure that the reforms are implemented.

The TA component is planned to be channelled through a Multi Donor Trust Fund managed by the WB and MOPIC to improve internal reform co-ordination, consultation as well as implementation and communications including private public dialogue. To ensure proper utilization and accountability of resources, an advisory services management system will be put in place to manage individual activities. Overall, two windows are proposed for the MDTF:

- A World Bank Group-executed window, managed through World Bank and IFC ASA systems, to support Technical Assistance activities and program management;
- A Recipient-Executed window to support a Reform Management co-ordination and outreach unit for the five-year reform agenda, and Government-executed Technical Assistance and capacity building activities.

The recipient-executed window will be utilised to support a reform secretariat within the Ministry of Planning and International Co-operation (MOPIC), and it will be the preferred modality, as so to facilitate the transfer of knowledge and create capacity among the governmental officials. This will ensure proper co-ordination and implementation of the reforms, since communication and consultation processes around the reform agenda need to be scaled up dramatically.

2. Additional TA will be provided through a standalone project to support analytical work and data collection necessary to inform decision on reforms, as well as the establishment of functioning monitoring and evaluation system at line ministry level (e.g. Ministry of Energy and Finance, Ministry of Industry). This will include the support to the Central Bank efforts to enhance the financial capabilities of all, particularly the financial education of women in rural areas. These will complement the work undertaken under the MDTF.

4.2 Intervention Logic

The proposed Action will build on the on-going efforts to make Jordan's markets more efficient, transparent and competitive, along the lines traced by the recently adopted "Turning the Corner. Jordan Path to Growth" plan, better known as the Government 5 year Matrix, which is an attempt to accelerate the implementation of the Jordan 2025 Vision.

The support will be focused on reforms included in the pillars: 1, Macro-economic Adjustment, 2. Reducing Business Costs and Increase Competitiveness; 4. Deepen Access to Finance, 8. Increase Energy Efficiency and Access; 9 Promote Water Security and Agribusiness, building on on-going EU support and added-value in these areas.

This action will support government reforms aiming, on one side to reduce the costs of inputs for enterprises (mainly energy and credit), and on the other improving the business environment by enhancing the government transparency and efficiency.

Therefore, this action will follow government efforts to promote more efficient energy generation and consumption, , by enhancing the adoption of more efficient energy generation and consumption across development sectors, so to reduce the overall cost of energy in Jordan, and in particular for the private sector.

Always with the view of making the markets more efficient, it will align with the Prime Minister office to translate the recently adopted predictability code into reality to make the legislative making process more linear and transparent for the private sector. To this end, dialogue between the public and private sector will be strengthened.

Furthermore, the action will foster the adoption and effective implementation of business climate related regulations, to make Jordan a more attractive place for investments, and create a space for the government to act effectively. It will promote more competitive markets, by helping the government to fully implement Jordan's competition law; better procurement system and improved public investment management and private public partnership.

Finally it will align with the national efforts to promote financial inclusion and improve the access to finance for all, by working with the Jordan Central Bank to enhance financial literacy, especially for women.

4.3 Mainstreaming

With an education system that ensures equal access to young men and women, Jordan boasts a highly educated female population with the potential to advance Jordan's economic, social, and political development. However, a sizeable gap exists for women between constitutional rights and acceptable social norms, with traditional expectations and cultural restraints continuing to limit women's advancement.

With less than one-fifth of women engaged in the workforce, Jordan has one of the lowest rates of women's economic participation in the world. Despite the inclusion of quotas for women in national and municipal bodies, political participation remains limited, with only around one sixth of seats in Jordan's Parliament held by women.

In addition, women tend to be less included in the formal financial system for account and remittances products, but have higher levels of formal financial inclusion for loan and insurance products. Account ownership among women (27.2%) was still well below that of men (37.6%) in 2017 but improved considerably from a 15.5% level in 2014. Encouragingly, women had a higher borrowing rate (12.1%) than men (8.2%).

This action, by supporting the implementation of the financial inclusion strategy and by supporting CBJ efforts to enhance the financial education of women in rural areas, will directly work towards reducing the gender gap.

Moreover the implementation the REEE programme will also facilitate effective participation in reforms, which can lead to increasing opportunities in green businesses, through additional investment in renewable energy by households, commercial, industrial, as well as water and public transport sectors.

4.4 Contribution to SDGs

This intervention is relevant for the 2030 Agenda. It contributes primarily to the progressive achievement of SDG(s) 8 on Decent work and economic growth, 9 on industry, innovation and infrastructure, while also contributing to 6 clean water and sanitation as well as 7 on affordable and clean energy and finally 13 on climate action SDGs.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Hashemite Kingdom of Jordan.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

5.3.1 *Rationale for the amounts allocated to budget support*

The amount allocated for the budget support component is EUR 55 million, and for complementary support is EUR 9 million. This amount is based on a review of Government budgetary estimates for the components of Jordan 2025 that will be supported through budget support, validated against the costs of similar components implemented in other support programmes. Estimates are based on costs for legal drafting increased staffing training and the establishment of new systems.

5.3.2 *Criteria for disbursement of budget support*

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Vision 2025 and continued credibility and relevance thereof;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches will be defined to measure progress against the initiatives defined under section 4.1.3.1.

A monitoring framework, including recommendations for process, output and outcome indicators as well as relevant baselines, with detailed definitions will be finalised before the signature of the Financing Agreement. This will allow better capturing the results of the on-going negotiations, and proposing targets and indicators fully aligned with the Government of Jordan priorities, for the period 2020 – 2023.

As the Government of Jordan is to review its strategic priorities in 2020, it will be checked whether it is needed to undertake a similar review to capture any possible change in the monitoring framework. .

The chosen performance indicators and targets to be used for disbursements will apply for the duration of the action. However, in duly justified circumstances, Ministry of Planning and International Co-operation may submit a request to the Commission for the targets and indicators to be changed.

Note that any change to the targets should be agreed ex-ante at the latest by the end of the first quarter of the assessed year. The agreed changes to the targets and indicators shall be agreed in advance and may be authorised in writing (either through a formal amendment to the financing agreement or an exchange of letters).

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 *Budget support details*

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into *Jordan Dinars* will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Implementation modalities for complementary support to budget support

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures⁴.

5.4.1 *Procurement (direct management)*

Technical Assistance will be procured through standalone project(s) to support analytical work and data collection necessary to inform decision on reforms, as well as the establishment of functioning monitoring and evaluation system at line ministry level (e.g. Ministry of Energy and Finance). This may also include the support to the Central Bank's efforts to enhance the financial capabilities of all, particularly the financial education of women in rural areas. These will complement the work undertaken under the MDTF.

A second contract may be procured in case that the activities planned under section 5.4.2 cannot be implemented with the identified entity.

⁴ www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

5.4.2 *Indirect management with an International Organisation*

A part of this action may be implemented in indirect management with the World Bank Group. This implementation entails **complementary technical assistance to MoPIC and line ministries through a contribution to the Multi Trust Donor Fund (MDTF) (Component 1)**.

The envisaged entity has been selected because it had been tasked by the Jordanian Government to help deliver a more diversified and resilient economy by prioritizing reforms, supporting implementation, and co-ordinating with donors. In response, the Bank has been working, since early 2018, with Government counterparts, the EU and other donors to define a five-year agenda of priority reforms.

The World Bank and the Jordanian Government are to implement the reforms included in the 5 year Matrix. They are currently establishing a Multi Donor Trust Fund (MDTF) that aims to assist the Government of Jordan. The MDTF would carry out the following tasks:

- Improve internal reform co-ordination, consultation, as well as implementation of the reforms;
- Ensure proper communication;
- Establish a common structured private public dialogue;
- Provide resources for an advisory management system to support the reforms

Contributing to the World Bank MDTF, which is designed to support and co-ordinate the agreed Government reforms, will allow for stronger alignment among the EU and other major donors (Netherlands, United Kingdom, Canada, France, Germany), increasing the efficiency of country systems and the ownership in a very fragmented donor landscape.

Several of the policy issues to be addressed under the 5 year matrix have been very resistant to change, in part because of the social impacts, and in part because they are influenced by a very complex political economy and vested interests. The Government's approach is to overcome this challenge from both a policy and institutional perspective.

On the institutional side, the implementation of these reforms will require co-ordination with many different Ministries, Departments and Agencies, as well as development partners, which will be done through the WB MDTF.

With the EU's contribution to the WB MDTF, the EU Delegation will also shape the details of the reforms implementation so that they are in line with the association Agreement and priorities of EU-Jordan co-operation while we are also in position to ensure coherence with the government-wide reforms on public administration which we continue to support.

If negotiations with the above-mentioned entity fail, that part of the action may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.1.

5.4.3 *Changes from indirect to direct management mode due to exceptional circumstances*

In case the action in indirect management with the World Bank Group (Complementary technical assistance to MoPIC and line ministries through a contribution to the Multi Trust Donor Fund (MDTF) - Component 1) under section 5.4.2 cannot be implemented due to circumstances outside of the Commission's control, the planned activities may be implemented in direct management in accordance with the implementation modalities identified in section 5.4.1.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

5.6 Indicative budget

	EU contribution AAP 2019 (amount in million EUR)	EU contribution AAP 2020 (amount in million EUR)	Indicative third party contributions, in currency identified
5.3. Budget support – Sector Reform Contract	35.0	20.0	0
5.4. Complementary support	9.0	0	0
5.4.1 Direct Management: Procurement	2.5	0	0
5.4.2 Indirect Management with International Organisation	5.0	0	0
5.9 Evaluation, 5.10 Audit/Expenditure Verification	0.5	0	0
5.11 Communication and visibility	0.5	0	0
Contingencies	0.5	0	0
Totals	44.0	20.0	0

5.7 Organisational set-up and responsibilities

The Ministry of Planning and International Co-operation (MoPIC) is the signatory of the Financing Agreement and the project supervisor, with overall responsibility for co-ordination with the EU and the various stakeholders involved. It is also responsible for facilitating the monitoring and appraisal missions to be conducted in the framework of this programme. MoPIC may assign a staff/team to work on managing/monitoring/facilitating this programme.

A Programme Steering Committee (SC) will be formed and will meet at least three times a year to endorse strategic orientations, oversee programme execution, and facilitate implementation of the activities. The SC will be chaired by the Ministry of Planning and International Co-operation operating as a secretariat. It will include representatives from the Government institutions identified in section 4.2.2. and EU Delegation as observer ; and its composition will reflect the variety of stakeholders in the programme, including private sector representatives.

The SC will monitor the overall implementation of the project, review project progress, co-ordinate the different results areas and guide the actions to the successful achievement of the project objectives. It approves the reports and work plans. It will also help co-ordinate between all Jordanian institutions and groups likely to be involved in the project. The SC discussions will feed into the policy dialogue.

5.8 Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the implementation of the overall reform, as translated by the five year matrix, which will also inform progress under the present action and elaborate regular progress reports (not less than annual) and final reports.

SDGs indicators and, if applicable, any jointly agreed indicators as for instance per Joint Programming document should be taken into account.

Every report shall provide an accurate account of implementation of the actions, difficulties encountered, corrective measures introduced, as well as the degree of achievement of its results (outcomes and outputs) as measured by corresponding performance indicators under the policy framework supported.

The Ministry of Planning and International Co-operation (MoPIC) is entrusted with monitoring the reform progress, as well as the level of compliance of the Budget Support Programme. To this end, the MDTF will be instrumental to provide the needed resources to ensure the proper co-ordination for the implementation of the reforms

Reviews of the implementation of the status of reform implementation, which will also help inform the status of general conditions and performance indicators under this action shall take place indicatively on a 12-monthly basis. A team of independent consultants recruited directly by the Commission (or recruited by the responsible agent contracted by the Commission for implementing such reviews) will perform monitoring and evaluations related to the disbursement of funds and assess levels of compliance.

5.9 Evaluation

Having regard to the importance and nature of the action, a mid-term and final evaluations will be carried out for this action or its components via independent consultants contracted by the Commission

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the design of the programmes and the effectiveness of the interaction of its two components as well as the impact on job creation. The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

Commission shall inform the implementing partner at least 2 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, 1 contract for a maximum amount of EUR 200.000 for evaluation services (both for the mid-term and final evaluation) shall be concluded under a framework contract.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations (http://ec.europa.eu/europeaid/communication-and-visibility-manual-eu-external-actions_en.)

The communication and visibility measures will be implemented in direct management by way of procurement (beyond the procurement foreseen in section 5.4) with an overall budget allocation EUR 0.5 million. While the type of contract will be decided during the implementation process (including use of framework contracts, if needed), the objective of the contract should be to communicate results of the overall programme.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

	Results chain: Main expected results (maximum 10)	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	Support the Government's economic reforms aiming to enable sustainable and inclusive growth and job creation	<i>Reduced no of defaulting loans</i>	<ul style="list-style-type: none"> - Renaissance Plan (2019- 2010) - 2019 and 2020 WB Ease of Doing Business - Government 5 year matrix 	<i>Not applicable</i>
Outcome(s) (Specific Objective(s))	<i>Ease access to finance for SMES and Individuals</i>	5000 rural population financially literate (No. men; No female), who responsibly contract loans	<ul style="list-style-type: none"> - Renaissance Plan (2019- 2010) - 2019 and 2020 WB Ease of Doing Business - SMEs perception survey - Government 5 year matrix 	The GoJ continue implement the PM Renaissance plan as well as the 5 year matrix The geopolitical situation (e.g. Syrian, Iraq) continue to improve
Outputs	<i>Improved SME and individual understanding of financial rules and mechanisms</i>	No of programmes for financial literacy delivered in rural areas	<ul style="list-style-type: none"> - Prime Minister Office - MoPIC - Ministry of Energy and Natural resources; - Ministry of Industry - Central Bank 	The respective Ministries, Departments and Agencies collaborate effectively to achieve the objectives.

APPENDIX – INTERVENTION LOGIC TABLE (FOR BUDGET SUPPORT)

	Results chain	Indicators (max. 15)	Baselines (year)	Targets by the end of the budget support contract (year)	Sources of data
Expected impact of the policy (Overall objective)	Government's economic reforms enable sustainable and inclusive growth and job creation	GDP growth rate GINI index Export	2% in 2017 33.7 in 2010 (last available measurement)	TBD TBD Increased by 250 million by 2020	- Renaissance Plan (2019- 2010) - 2019 and 2020 WB Ease of Doing Business Government 5 year matrix
Expected outcomes of the policy (Specific objective(s))	Increased economic participation of private sector actors, with a focus on small and medium enterprises, women and youth.	Job created Improved Jordan's rank ease of doing business	Rank ease of doing business 104 in 2019	30 000 additional Rank Ease of Doing Business 90 by end of 2020	- Renaissance Plan (2019- 2010) - 2019 and 2020 WB Ease of Doing Business SMEs perception survey - Government 5 year matrix

Direct outputs	<i>1 Reduced costs of doing business</i>	<p>a. Lower the cost of energy by X per cent (baseline to be established)</p> <p>b. Increase by 20 per cent the share of renewable energy in the total by 2020</p> <p>c. Share of funding granted to the private sector lending</p> <p>d. No. of anti – trust case study carried out at sector level (e.g. fruits and vegetables).</p>	under construction	under construction	<ul style="list-style-type: none"> - Prime Minister Office - MoPIC - Ministry of Energy and Natural resources; - Ministry of Industry - Central Bank
	<i>2 Increase transparency and predictability of the legislative framework</i>	<p>a. Number of PP dialogue</p> <p>b. Number of Regulatory Impact Assessment</p> <p>c. Reduced time to grant licences to enterprises</p> <p>d. More efficient incentive system for enterprises</p>			
	<i>3. More conducive and transparent public Investment Management and procurement systems</i>	<p>a. Procurement plan centralised,</p> <p>b. N of disputed resolve via the new established mechanism.</p> <p>d. Effective PP legislative framework</p>			



ANNEX 3

**Commission Implementing Decision on the multiannual action programme 2019 and 2020
part I, in favour of the Hashemite Kingdom of Jordan**

Action Document for 'Youth Inclusion in Jordan's Development Process'

Annual Programme				
This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation and action programme/measure in the sense of Articles 2 and 3 of Regulation N° 236/2014.				
1. Title/basic act/ CRIS number	Youth Inclusion in Jordan's Development Process CRIS number ENI/2019/42239 Financed under the European Neighbourhood Instrument			
2. Zone benefiting from the action/location	The Hashemite Kingdom of Jordan The action shall be carried out at the following location: Jordan			
3. Programming document	Single Support Framework for EU support to Jordan (2017-2020)			
4. Sustainable Development Goals (SDGs)	Main SDGs: SDG 1 - No poverty; SDG 5 - Gender equality; SDG 8 - Decent work and economic growth; SDG 10 - Reducing inequalities.			
5. Sector of intervention/ thematic area	Youth, Employment, Community Engagement	DEV. Assistance: YES		
6. Amounts concerned	Total estimated cost: EUR 10 million Total amount of EU budget contribution: EUR 10 million			
7. Aid modality(ies) and implementation modality(ies)	Project Modality Direct management: <ul style="list-style-type: none"> - Grants - Procurement Indirect management with the Hashemite Kingdom of Jordan			
8 a) DAC code(s)	16020 – Employment creation			
b) Main Delivery Channel	50000 – Other			
9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective

	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	X	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	X	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input type="checkbox"/>	X	<input type="checkbox"/>
	Nutrition	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	X	<input type="checkbox"/>	<input type="checkbox"/>
10. Global Public Goods and Challenges (GPGC) thematic flagships	N/A			

Summary:

Jordan is a young society with around 70% of its population aged 30 years and below. Young people face several challenges hindering their access to the labour market and their effective engagement in the development of their local communities. The Youth Inclusion in Jordan's Development Process action will work on increasing participation of the young men and women in the social and economic development of the country.

This will be attained through a two-pronged approach, which is structured around i) increasing educated youth's participation in the labour market by providing employment and self-employment services and opportunities in growing economic sectors (e.g. Information, Communication and Technology (ICT)-based, green, and creative industries), and ii) fostering young people's role in the development of their local communities.

The action will also promote linkages and integration between macro (national), meso (governorate), and micro (community) levels to advance support to young people and their participation in the development of the local communities and to them building a more secure and sustainable future for themselves.

The action will first and foremost target the **young skilled/educated people within the age group of 18-30 years**. For some specific activities deriving from the support to the Ministry of Youth, there will be room to include other young people **from the same age group**. Gender equality will be given due attention in all activities through an even distribution between young men (50%) and young women (50%).

1. CONTEXT ANALYSIS

1.1. Context Description

Jordan is an upper-middle income country facing various structural socio-economic and development challenges. Lack of natural resources, a high percentage of people below the poverty line which currently stands at 15.7% (as per the announcement by the Prime Minister Dr Omar Al Razzaz in April 2019), an unemployment rate which reached 18.7% (2018), a weak economic participation rate for women of around 14%, a heavy reliance on foreign aid, a high level of public debt, slow economic growth rate, weak labour market structure, decrease in the volume of national exports and budget deficit are the key structural challenges and issues facing Jordan. The unemployment and poverty adverse implications have hit the young people harder.

The population of Jordan reaches around 10 million in 2018; 52.9% of which are males while 47.1% are females¹. Young people within the age group of 18 – 30 represent around 21%² of total population³. Most of Jordan's youth live in cities and urban settings while a mere 16% live in rural areas and in refugee camps⁴. The informal employment in Jordan represents 44% of total employment in Jordan⁵.

The unemployment rate stands at 18.7% in 2018; it reached 16.9% among males compared to 25.7% among females⁶. It also reached about 40.6% among young people⁷. The unemployment rate is high among the educated youth as well. The recorded unemployment rate among educated people (i.e. university graduates) stands at around 24.1% compared to other levels of education⁸. The school-to-work period takes on average 5 to 7 years as reported by youth and other stakeholders.

Jordan has one of the lowest female labour participation rates in the world with around 14%⁹, compared to 19% in Iraq and 23% in Lebanon. 69.4% of Jordanian women (15+ years old) are registered as housewives¹⁰.

People who completed higher education represent around 46% of the total population in Jordan¹¹. However, this has not translated into higher labour market participation and greater economic growth. In this respect, educated people demonstrate a higher level frustration for not being able to utilise their abilities and engage meaningfully in the development of their communities¹².

The Syria crisis has aggravated the challenges that young people in Jordan has been facing. These include access to livelihoods and employment, education, health, water and sanitation, energy, and security. Under such harsh conditions, the Syrian refugee crisis exacerbated the situation in Jordan and forced the Government of Jordan to adopt hard economic reform policies and decisions. In view of that, Jordanians, including young people, are negatively affected.

1 Department of Statistics, General Statistics, 2019.

2 Department of Statistics, Statistical Yearbook of Jordan, 2018.

3 Department of Statistics, Statistical Yearbook of Jordan, 2018.

4 Department of Statistics, Population Estimates, 2018 (9.7%) and UNHCR refugees count, 2019 (6.6%).

5 The Informal Sector in the Jordanian Economy, 2010.

6 Department of Statistics, February 2019.

7 ILO Stat Database, September 2018.

8 Department of Statistics, Unemployment Report, 2018 (1st Quarter).

9 Department of Statistics, Statistical Yearbook of Jordan, 2018.

10 Department of Statistics, Socio-economic Indicators Registry, 2017.

11 Sectoral Study of the Jordanian Economy, Jordanian Action for the Development of Enterprises, 2017.

12 According to the results of consultations done in the framework in the preparation of this action document.

Increasing young people participation in the growing economic sectors deemed strategically relevant to today's social and economic advancement is crucial for sustainable development. The key growing economic sector and businesses¹³ to tap into for youth employment local community development may include, design and eco-friendly industries, creative business productions and services, and digital industries, at large.

1.2. Policy Framework (Global, EU)

The overall strategic objective for the EU-Jordan partnership is structured around three key areas of development co-operation: i) macro-economic stability and sustainable and knowledge-based growth; ii) strengthening democratic governance, the rule of law and human rights; and iii) regional stability and security, including counterterrorism¹⁴. These priorities informed the EU-Jordan co-operation priorities as stated in the Single Support Framework 2017 – 2020.

This Action Document, which is part of the Annual Action Plan (AAP) 2019 aims at strengthening the rights of young people, including women, and promote their participation in public life, decision-making and local economies. Moreover, the AAP 2019 signifies the improvement of institutional performance of youth actors in the delivery of youth support programmes.

The EU's relations with countries in the region, including Jordan, are guided by the 2017 European Consensus on Development¹⁵ and the 2015 revised European Neighbourhood Policy (ENP)¹⁶. These new policy frameworks call for the need to focus on achieving inclusive sustainable development and the overall goal of increasing the resilience and stabilisation of in the Neighbourhood countries, including Jordan. It also calls for deepening work on different areas of focus, including youth, as a way for strengthening resilience and promoting stability.

The Programmes supports young people's role in the implementation of the 2030 Agenda for Sustainable Development as well. It brings on board interventions that help young people actively participate in the development of their local communities and promote the local economies through accessing to labour market.

1.3. Public Policy Analysis of the partner country/region

Job creation and active citizenship is a top priority in several national strategies and sectoral plans in Jordan. The Programme contributes primarily to the achievement of the national objectives related to enhancing youth access to labour market and active participation in the labour market and development of local communities. These objectives were emphasised in the Two-Years Government Priorities Strategy (Towards Al-Nahdah) 2019 - 2020, the National Youth Support Strategy 2019 - 2025, and the National Employment Strategy (2011 - 2020).

The Government of Jordan is expected to release the National Youth Support Strategy (2019 - 2025), which feeds into the key national priorities and crosscuts with the work of different public agencies. The youth strategy aims at building a sense of belonging among youth capable of creativity, innovation and greater productivity through emphasizing on active participation and citizenship, justice and equal opportunities, continuous learning, and entrepreneurship and economic empowerment of youth. Examples of programmes and activities organised nationally and locally to achieve this vision include: *Maharati* (my skills)- youth skill building through creativity, *Jeel 962* (Generation 962) - youth volunteering and civic engagement, Centres by Identity- provides creative co-working space for young people based on their interests, youth political leadership academy- political debate clubs, among others.

¹³ Goods and services, both in the area of green economy and creative industries, add value to a great variety of other sectors (e.g. furniture and design, automotive, construction, retail, tourism, banking, engineering).

¹⁴ See EU-Jordan Partnership Priorities 2016-2018 extended until 2020 in December 2018: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019D0028&from=EN>.

¹⁵ <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C:2017:210:FULL&from=EN>

¹⁶ https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/neighbourhood/pdf/key-documents/151118_joint-communication_review-of-the-enp_en.pdf

The Programme will support in particular the achievement of Youth Strategy's objectives, specifically active participation and citizenship as well as entrepreneurship and economic empowerment of youth.

Other relevant national policies, includes, and are not exclusive to, the following:

National Policy	Focus on Youth Engagement	Focus on Youth Employment
Jordan Vision 2025	Strengthening citizenships, sense of belonging and equal opportunities	Encouraging innovation and youth entrepreneurship in trade, engineering, green, digital and creative industries
The Government Priorities Strategy (Al Nahdah 2019 - 2010)	Developing the work of youth centres to be able to provide mechanisms for youth inclusion	Creating 60,000 jobs for youth (30,000 per each year)
The National Employment Strategy (2011-2020)	--	Creating employment through demand-driven vocational training, investment, entrepreneurship, women access to the job market, empowerment of people with disabilities, and workers' rights.
The National Green Growth Plan for Jordan	--	Creating green jobs with the aim of promoting green economic growth
Growth and Reform Matrix (the 5 - year matrix plan).	--	Unlocking economic growth, investments and exports, and jobs by improving the business environment and its competitiveness, enhancing regulatory predictability, and creating the optimal enabling environment for young people, especially women's economic participation.

Moreover, Jordan's commitment to youth active participation and employment creation is re-affirmed in its work towards achieving the **National SDGs**. The SDG strategy aims at introducing policies that promote the transition from informal to formal employment, promoting notably “Women at Work” through addressing the structural and legal barriers hindering women from access to labour market, and bridging the gap between educational outcomes and the demands of the labour market.

1.4. Stakeholder analysis

The Programme will target **young skilled/educated people within the age group from 18 to 30 years old**, especially those who are not in employment or training. The young skilled/educated people with disabilities and young women will have an equal outreach. The Programme will give due attention to gender equality with an even distribution (50% men and 50% women) in all programme activities.

With young people being the right-holders in this Programme, it is the responsibility of the government, as duty bearer to work towards fulfilling the rights of young people according to the conventions ratified by Jordan (namely the Universal Declaration of Human Rights, the International Covenant on Economic, the Social and Cultural Rights, International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination Against Women, the Convention on the Rights of Persons with Disabilities, and the ILO conventions).

Youth: the *main target group* under this Programme will be the **young skilled/educated people** within the age group of 18-30 years old. For some specific activities deriving from the support to

the Ministry of Youth, there will be room to include other young people **within the same age group**.

According to the consultations implemented with young people from urban and rural areas, youth with different educational attainment, as well as with young entrepreneurs, and job seekers, it revealed that young people aim mainly at having access to sustainable jobs and active participation in the development of their local communities. **However, what they mainly lack is the employment services, such as acquiring the professional skills to enter the labour market and entrepreneurship support services, such as bookkeeping, pricing, and marketing techniques.**

Access to employment in growing economic sectors (e.g. green economy and creative industries among others) was an interest for young people, as well. Young people indicated that they see the future of Jordan labour market in such growing sectors. Therefore, they are keen to build a career in these future jobs.

Young people also revealed that **they don't really participate and engage in the development of their local communities.** At the same time, they also revealed a need for participation which goes beyond being recipients of support and being consulted regularly but instead create space within projects on allowing community members to co-design and implement solutions responding to the challenges they face. They also expressed difficulties in accessing information, specifically related to opportunities and services, such as training, entrepreneurial services, volunteering and community services among others. The role of young skilled/educated people (i.e. university/college students) needs to be amplified to serve the interest of local communities and help the latter in responding to the challenges they face.

Among the target group, due attention will be given to women and people with disabilities. These two groups have even fewer chances to access to employment and participate in the development of their local communities.

The following are an indicative list of the different stakeholders to be involved in different stages and activities of the action:

Ministry of Youth (MoY): it is **the key government stakeholder** in the Programme, and more specifically the Output 2/Activities 2.1 and 2.2. It will chair the steering committee of this programme and receive technical assistance and twinning support to improve its institutional and staff capacity for enhancing planning, implementation and monitoring policy, including for example the support to the implementation of the new youth strategy, at both at Ministry and youth centres levels.

The Ministry of Youth's mission is to address young people's development in knowledge, skills and values and support the development of the youth sector **in co-ordination with other government institutions and all youth actors.** The Ministry is expected to ensure the i) integration of young people in national policies, ii) activation of their participation in the social, political, and cultural life, iii) provision of opportunities that invest in youth empowerment, and iv) achievement of equal and effective participation by young people.

The Ministry of Youth is tasked with the achievement of these objectives through their youth centres and sports youth clubs across the governorates. Currently, the ministry operates 5 sports cities (Aqaba, Zarqa, Madaba, Irbid and Amman), 13 youth directorates, 18 youth and sports complexes, 182 youth centres and 16 youth hostels (in all governorates and the peripheries).

The Ministry of Youth has been re-established in 2017. The ministry status has been fluctuating from a higher council for youth to a ministry for youth and sports, and ministry of youth. This **has weakened its position, institutional capacity and performance in the past two decades.** With

the current political developments in Jordan, where the need to put more focus on youth issues and take lead of youth matters nationally is acknowledged, the Ministry of Youth is rebuilding its operations. **The current government, backed by royal directions, is putting more weight on the Ministry of Youth's role and expect from it to modernise and adapt its programming, implementing and monitoring capacities to youth needs.**

The Ministry of Youth is staffed with 1,868 employees and 70% of them are trained youth workers. **Every government ministry has appointed a youth focal point to co-ordinate with the Ministry of Youth on youth related matters, yet this co-ordination has not been activated yet.**

The Ministry of Youth has established several Memoranda of Understanding (MoUs) with different governmental organisations, including the Ministry of Labour and academic institutions, and non-governmental organisations to harmonise efforts and support to youth in the country.

The Ministry of Youth runs 182 youth centres across the country; 103 centres are for young men and 79 for young women. They work generally on fostering active citizenship among the youth, improving interpersonal and ICT-based skills of youth to participate effectively in the sustainable development, and strengthening group work and volunteerism in the local communities. The institutional capacity of each centre varies depending on its size and services. However, many of them lack effective and efficient institutional capacity to support youth inclusion within their communities. The Ministry of Youth is currently transforming 50 centres into youth-led creative workspaces, focusing on public engagement, citizenship education, creativity and digital innovation, entrepreneurship and start-up labs, volunteerism and local participation, to be followed by other 50 youth centres in 2020.

Ministry of Labour (MoL): since its establishment in 1976, the Ministry undertakes tasks and duties, including supervising labour affairs, regulating the Jordanian labour market and putting in place the instructions necessary for providing job and employment opportunities for Jordanians, and looking into labour issues and complaints among others.

The Ministry of Labour demonstrates limited capacity to provide tailored support to young people, specifically young graduates to align them with the labour market demands and refer them to the relevant active labour market measures, such as youth-oriented career advisory.

The Ministry of Labour currently receives a number of long-term in-house technical support missions to upgrade its operations and improves its service delivery. For instance, the International Labour Organisation is supporting the Ministry of Labour to improve legislations and promote practices related to decent work conditions; In addition, the EU Budget Support Programme 'Skills for Employment and Social Inclusion' provides capacity development support and technical assistance to the Ministry of Labour and their related institutions to reinforce the staff competencies and skills in diversified areas.

Other government institutions: in order to yield a defragmented and unified support to young people through the Programme, the Ministry of Youth will co-ordinate (in particular as regards Output 2/Activities 2.1 and 2.2) with other government institutions that provide direct and open services for young people and the community, such as the Ministry of Digital Economy and Entrepreneurship which operates 189 Knowledge Stations (including 80 ICT free-access incubators) and provides technical and financial support to technology-based start-ups and social entrepreneurs, the Ministry of Culture which offers support to cultural industries; providing training and seed funding, and the Ministry of Environment, more specifically its Green Economy Unit which is instrumental in promoting green economy jobs and green lifestyle in Jordan.

Civil Society Organisations (CSOs): Jordan is witnessing a growing form of CSOs. They are engaged in different areas of support, including employment and self-employment for young people in Jordan. Jordan Education for Employment (JEFE), Business Development Center (BDC), and IN-JAZ are examples of the leading Non-Governmental Organisations (NGOs), among others, in providing young people with employment and self-employment opportunities. The Professional Associations, such as the Jordan Engineers Association, play also a role in enhancing the professionalism of their members and engaging with a wide range of youth-led professional learning activities¹⁷. It is worth mentioning that many non-specialised organisations are surviving based on international support/aid and hardly represent the interests of civil society, their activities are short-termed and have limited impact on the communities.

Such organisations have accumulated a well-rounded experience in supporting youth with employability skills and entrepreneurship services in co-operation with government and private sector actors. They have also strong capacity for community outreach and the ability to engage youth in development activities across the country.

The civil society organisations, specifically the specialised ones, are working in close co-ordination with government stakeholders to support the youth employment and engagement in the development of the country. For example, the Government of Jordan has built up a partnership with the civil society organisations, such as BDC, in implementing entrepreneurship incubators and providing employability skills support programmes for young people, especially in the remote areas. The Government of Jordan also utilised the grass-root outreach capacity of civil society organisations in the implementation of different youth employment and engagement interventions.

Private Sector: The Chambers of Industry and Commerce are other important industry networks. The Chamber of Industry represents more than 7,000 manufacturing firms of which 90% are SMEs, engaged in mining, energy, chemicals, engineering, pharmaceuticals, and textile. The Chamber of Commerce has more than 14,437 firms, engaged in ICT, transport, banking, and electricity etc. The private sector has initiated several entrepreneur and business support hubs such as; ZINC, TANK, BIG, IBTECAR, etc.

Jordan hosts 6,876 ICT companies; 6,476 of which are small enterprises, employing 25,924 persons, 16% of which are women, 13% are young people (15-24 years old).¹⁸ As for the tourism sector, there are 2,933 enterprises providing various touristic services. These enterprises employ 54,905 persons, of whom 10% are women, 20% are young people.¹⁹ These two private sectors are simple examples of the potential they hold for young people across Jordan.

The Programme will co-ordinate with the National Sector Skills Council (NSSC), which is a permanent employer-led body that promotes skills development in a given economic sector(s). It is also a platform of co-operation in which many different types of stakeholder are involved. The NSSC is a tripartite body by definition; it involves (a) employers and representatives of employers' organisations, (b) line government entities, and (c) representatives of workers' organisations, as well as any other social partners involved in the respective sector.

Academic Institutions: Jordan has 34 Jordan's public or private universities and 40 community colleges spread across the country. These institutions graduate annually around 75,000 young peo-

¹⁷ Most of these activities are taking place in the city of Amman.

¹⁸ The gap between the supply and demand sides of the ICT sector, NCHRD, 2018.

¹⁹ The gap between the supply and demand sides of the Tourism sector, NCHRD, 2018.

ple, 56% of which are women graduates²⁰. The role played by these academic institutions (universities and colleges) is very limited and does not support the development of local communities surrounding the academic institutions. Therefore, the Programme's Output 2/Activity 2.3 will support these institutions to better engage in responding to the challenges facing their communities. More specifically, support will boost the capacity of the deanships of scientific affairs, which fund scientific research presented by researchers from inside and outside the academic institutions and support the linkages between research and local communities solution finding, through the programme activities; students will be given the opportunity to implement their solutions to local development matters. The Programme will also support Social Innovation and Entrepreneurship Centers (SIEC), which are newly formed and independent bodies some Jordanian academic institutions to provide professional support for youth social and academic-related initiatives. The SIECs provide seed funding, administrative support, and networking and events management services for the students to implement community-responsive initiatives

1.5. Problem analysis/priority areas for support

Young suffer from the limited employment opportunities and engagement in the development of their local communities, specifically in remote areas. The below section describes some of the key challenges they face, notably:

- a) **Narrow economic growth opportunities in remote areas, hampering jobs matching for skilled/educated youth.** Although most of young people in the governorates including the remote areas are educated and many have a college or university degree, they remain with limited access to the labour market or entrepreneurial support services in their communities. The opportunities and services are concentrated in the big cities. Jobs-matching services are very limited outside the capital Amman, including for the young educated/skilled people, as well. In addition, employers who have job opportunities in the remote areas usually prefer to employ the daily unskilled labors compared to the young educated people since they are less-paid and fit more for labor-intensive works.
- b) **Limited entrepreneurship support services in remote areas. Information about local possibilities for starting or developing ones own business is not well publicised among young people.** Youth with a business idea would need to travel to one of the big cities to access business development, incubation and acceleration services, obliging them to move/commute from their communities. Access to formal financing is also a challenge for young people with less economic means and collateral.
- c) **Inefficient inclusion of employers in the design of employment support programmes.** Numerous initiatives targeted youth to upscale their interpersonal and professional skills without yielding sustainable job placements. They were not demand-driven employment initiatives. This was due to several factors among which the inappropriate consultations and involvement of private sector in designing and implementing these initiatives.
- d) **Inadequate access to information and support services in remote areas.** The young people, are faced with structural challenges, such as limited access to information about the available services and opportunities that may exist in their governorates, including school-to-work training, further learning, community volunteering, safe spaces for youth engagement, and access to job matching and/or finance for starting their own businesses etc.
- e) **Limited engagement of youth in local development.** The young people feel disengagement from real participation in the public life and contribution to the development of their local communities. Even in the case they are recipients of support initiatives, such as training and

²⁰ Ministry of Higher Education Statistical Report, 2016-2017.

capacity building, they aspire to play a more concrete role, as agent of development, in designing and implementing needs and challenge-responsive measures.

- f) Limited institutional capacities of the key relevant governmental stakeholders:** the Ministry of Youth lacks the sufficient operational and administrative skills and competence to develop and implement youth support programmes with quality of service delivery, more specifically at its youth centres level (decentralised). However, at the centralised level, the Ministry of Youth also needs support in improving its capacity to play the leading role as a national co-ordinator for youth support and implementing youth-related policies. On another front, the Ministry of Labour's capacity on supporting youth is inadequate in particular in the decentralised areas for providing sound services to youth in terms of career counselling (e.g. soft skills training, entrepreneurship, self-employment, and social inclusion of young persons with disabilities and women).
- g) Lack of effective co-ordination and joint programming** among the relevant governmental organisations to support youth in the country. As a result, this leads to a loss of focus and an exhaustion of funds and efforts, as well as shallow contribution of youth to the social and economic development.

2. RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating Measures
Unpredictable political and security situation.	L	Throughout the programme implementation, the political situation will be regularly monitored, in order to adapt efforts to changing circumstances.
Limited involvement and uneven interest from the programme's key stakeholders.	L	Each key stakeholder's role and responsibility will be clearly defined at an early stage of Programme. They will have specific interventions/activities to implement.
Limited capacities of implementing partners.	M	The Programme will rely on diversified implementation modalities that include engaging relevant government organisations and qualified civil society organisations, academic institutions, & private sector. Capacity building activities will be tailor-made.
Staff relocation within the Ministry of Youth also among its senior level officials.	M	The support to Ministry of Youth will work on improving its institutional and staff capacity, including implicit and explicit knowledge management practices within the ministry to promote smooth hand-over between the reallocated staff.

Risks	Risk level (H/M/L)	Mitigating Measures
Sustainability of the action.	M	Capacity building for the Ministry of Youth, key stakeholders in the implementation of some programme activities, institutionalisation and follow-up actions, a vehicle for sustainability, will be ensured. The Programme will develop a Sustainability Plan within the first 6 months following the start of the action.
Difficulties in reaching out to young skilled/educated people, risking that the programme will not be able to involve them.	L	The early engagement of representatives of the young skilled/educated people (e.g. youth organisations, professional associations) will be ensured.
Trust and co-operation between youth and government entities.	L	The Programme will conduct open dialogue between youth and government entities to improve trust and increase accountability.

Assumptions:

- Youth employment, employability, participation are key priorities for the Government of Jordan and local authorities
- The Ministry of Youth top management and staff are supportive to the implementation of the Programme activities.
- Government organisations, including the Ministry of Labour, are collaborative with the Ministry of Youth and non-governmental organisations.
- Key stakeholders, notably private sector, are collaborative and can be mobilised if interested in partnerships.
- Youth CSOs are qualified in supporting youth employment and participation in local development.
- Employment opportunities identified and provided through this Programme are compatible with the market needs.

3. LESSONS LEARNT AND COMPLEMENTARITY

3.1. Lessons learnt

The Programme was informed by lessons learned of different development partners that implemented youth support programmes in Jordan, such UN agencies, USAID, International Youth Foundation, national organisations, and EU-funded actions among others. It has particularly looked at the following lessons learnt across the successes of similar thematic focusses:

- **Building on the national efforts**, such as to identify economic sectors leading to growth in Jordan as a vehicle for supporting youth access to employment services and labour market.
- **Providing professional technical training (including career counselling) and job-matching as one package** is a key driving force for supporting youth sustainable employment. For example, UNDP Jordan successfully implemented a demand-driven youth

employment project that brought together internship/job placement and career counselling support for young people in remote areas.

- **Providing mentorship and incubation services** for new business ideas and already-existed businesses is a key success factor for supporting sustainability of youth enterprises. For example, Zinc, Oasis500, and Shamal Start have successfully attracted a large number of young people in Jordan to think more creatively about their future careers, and not waiting for public employment. Many successful youth enterprises grew up based on mentorship and experience-building model.
- **Turning new ideas into untapped business opportunities**, which work and that can have an impact on changing the consumer culture, e.g. productive and circular economies, can be promoted by changing the way goods and services are consumed and produced. This was a lesson learned extracted from the EU-funded programme SwitchMed implemented by UNIDO and UNEP throughout the Mediterranean.
- **Providing young people with the opportunity to develop their own local solutions** will reap positive and visible results, specifically at local community level. For example, URBACT helps cities to develop pragmatic solutions that are sustainable, integrating economic, social and environmental urban matters. One of the programme's successes is the introduction of 'Gender Equal Cities', an initiative that highlights how cities are driving change through gender sensitive policy making, by digging deeper to understand the barriers that hold back progress and make recommendations for more equitable planning- all led by young people oriented on solution-finding.

Another example of success in supporting young people is the outcome of the regional Euro-Med Youth Programme, which has supported during 20 years the development of youth work and engaged young people across border in community engagement initiatives and voluntary services. A comprehensive independent external evaluation of Euro-Med Youth together with the different results-oriented monitoring (ROM) reports point to a converging set of lessons learned:

- Use proactive implementation structure.
- Go beyond the 'comfort zone' of the programme and reach out to youth rural and marginalised areas.
- Focus on the long-term sustainability of the action.

3.2. Complementarity, synergy and donor co-ordination

The Programme builds on several EU – Jordan partnership priorities and co-operation programmes, such as the *Innovation for Enterprise Growth and Jobs* (IEGJ) Programme, which works on increasing access of Jordanian Small and Medium Enterprises (SMEs), entrepreneurs and innovators, in specific high-growth potential sectors and clusters, to innovation inputs (technology transfer, knowledge, learning) and financing. The Programme will synergise with the Innovation for Enterprise Growth and Jobs Programme, specifically in the implementation of the activity related to the referral mechanism and linking youth with already-existed enterprises or new business ideas to support services provided by the IEGJ Programme. The Programme will also build complementarity with the '*Skills for Employment and Social Inclusion*' programme and more specifically with the social inclusion component dealing with the promotion of sustainable social entrepreneurship in Jordan.

The EU also provides capacity development support and technical assistance to the Ministry of Labour and their related institutions. It aims to reinforce the staff competencies and skills in four main areas; governance, revision of curricula and programmes, quality assurance, and employment and social inclusion (e.g. support to people with disabilities).

At the regional programmes level, Jordan is also a beneficiary of several youth support programmes, such as i) MedUP! Promoting social entrepreneurship in the Mediterranean Region and ii) Support to the development of Culture and Creative Industries and Clusters in the Southern Mediterranean. In addition, the green entrepreneurship and access to finance for environmentally conscious entrepreneurs were also promoted in the course of the implementation of the regional EU-funded SwitchMed II Programme, which aims to further support and scale up the transition towards Sustainable Consumption and Production (SCP) practices, which contribute to a green and circular economy in the region.

Complementarity with donors-funded programmes to support youth is ensured through including them in the consultations process conducted in the framework of preparing for the Programme. In addition, the **Youth Donors Co-ordination Group** will be used as the key platform for avoiding overlapping with other on-going or new initiatives and ensure synergies at the national level. However, co-ordination will be challenging since youth is a major target group in many if not all donor programmes, even in programmes not addressing youth explicitly.

For example, GIZ manages a country portfolio of EUR 60 million initiatives, ranging from education, over sustainable economic development, to trade, employment, and water programmes. GIZ operates large programs to employ young unemployed Jordanians and unemployed Syrian refugees, targeting a large sector of low-skilled labour. The aim of these programs is to insert cash flow into these needy groups rather than structural employment creation.

The World Bank has committed USD 500 million in its first equitable growth and job creation development policy loan to promote a higher labour participation of women and young people by improving market and SMEs finance accessibility, in addition to its innovation startups fund (USD 50 million), meso, small and medium enterprise development (USD 3 million) and will contribute with USD 200 million by end of 2019 to improve Jordan's ICT sector; youth will be a key beneficiary from these programmes. EBRD is developing a regional youth employment programme focusing on human resources practices' development: career paths, human resources systems, learning and on job coaching. This programme will link youth employing businesses to credit support and the women in business financing. In the field of green economy, major donors include UN, GIZ, Global Green Growth Institute (GGGI), EBRD and CARE.

USAID YouthPower - Jordan of more than USD20 million will empower youth to act as engaged citizens and productive members of society with the agency to advocate for themselves and to shape services designed to better prepare them to enter higher education, vocational training and the workforce. USAID YouthPower – Jordan partners with youth ages 10-29 from all backgrounds, and with national and local service providers to leave behind sustainable, community-based resources and avenues for civic engagement for youth in targeted partner communities.

4. DESCRIPTION OF THE ACTION

4.1. Overall objective, specific objective(s), expected outputs and indicative activities

4.1.1 Overall Objective

The main objective is to contribute to the improvement of young people's participation in the labour market and community development.

4.1.2. Specific Objectives:

The specific objectives are:

SO (1): Increasing young skilled/educated youth participation in the labour market by providing employment and self-employment services and opportunities in growing economic sectors (e.g. ICT-based, green, and creative industries).

SO (2): Fostering young people's role in the development of their local communities.

4.1.3 Expected outputs and indicative Activities:

Output 1: Improved young educated men and women's access to labour market and to employment services

Activity 1.1: conduct career exploration workshops²¹ and demand-driven short induction (work readiness) training for eligible young skilled/education men and women to prepare them to smoothly start at their new workplaces.

Activity 1.2: implement job placement/apprenticeship actions (4 - 6 months) within growing economic sectors (e.g. water, waste, energy, ecotourism, technology, etc.).

Activity 1.3: develop and implement a mentorship/coaching plan with employers who provided job placement/apprenticeship opportunities to support young people's career growth and job sustainability.

Activity 1.4: establish employment services referral process with existing enterprises or with entrepreneurial support providers/centers (e.g. business development organisations/incubators/accelerators/innovation labs) to link young skilled/educated youth to opportunities of self-employment

Activity 1.5: reinforce the capacity of the Ministry of Labour's staff (centralised and decentralised levels) in the areas of youth-sensitive programming and policies.

Output 2: Enhanced participation of young men and women to the development of their local communities

Activity 2.1: improve the institutional/staff capacity and quality of service delivery of the Ministry of Youth and its related youth centres with a view to support youth and local community development and enhance co-ordination among government actors.

Activity 2.2: operate an online and offline information-sharing desk within at least 13 youth centers about available youth opportunities and services (e.g. community support and volunteering, training, and learning resources).

Activity 2.3: engage university and college students in finding and implementing youth-designed innovative solutions to local development challenges (e.g. transport, environment, education) in partnership with the local community members and private sector.

Programme Geography: The selection of the targeted governorates will be informed by unemployment and poverty reports that will be published by the Government of Jordan as well as by the availability of data related to economic potentials to be reaped in the governorates. The final selection will aim at striking the best possible balance between unemployment and poverty rate on one hand rate and potential economic development on the other hand.

²¹ Career exploration workshops: workshops that explore young people's career interests in relation to available jobs, their skills and learning needs to develop in these jobs.

4.2. Intervention Logic

The Programme is designed to address a positive youth development where young people's role as pioneers and workforce driver is instated and their potential is utilised to be agents of development in their own communities. It is designed through consultations with representatives of the key stakeholders, including the government, civil society, private sector, donors and the youth themselves. Complementarity with other EU funded programmes, such as Innovation for Enterprise Growth and Jobs and with other donors-funded actions, was a driving force for developing this action.

The Programme will work on amplifying the participation of the young people to different spheres of social and economic development of local communities. This will be attained through a two-pronged approach, which is structured around; i) increasing educated youth participation in the labour market by providing employment and self-employment services and opportunities in growing economic sectors (e.g. ICT-based, green, and creative industries), and ii) fostering young people's role in the development of their local communities.

By engaging the Ministry of Youth and its youth centres as a facilitator of inclusivity that connects stakeholders to provide youth-centric services, the Programme will promote stronger linkages and integration among the macro (national), meso (governorate), and micro (community-level) levels to offer young people opportunities for inclusion and engagement to build a more secure and sustainable future for themselves.

4.3. Mainstreaming

The Programme is a multidisciplinary programme, with transversal dimensions that respect gender equality, environment/climate change considerations, and rights-based approach working principles. The three dimensions are also mainstreamed in the logical framework in line with the results chain.

The Programme addresses several **basic human rights** in its interventions; the right to equal opportunities, the right to work, the right to an adequate standard of living and the right to education. Achieving these rights for youth is largely based on the level of their participation in the Programme. Considering the **rights-based approach** in this Programme, its activities invest in youth capacity (e.g. through learning and training), inclusive participation (e.g. through including youth at grass-root level) and their voices are heard (e.g. content providers and membership in the Programme's Steering Committee), to engage in and steer decision-making processes throughout the implementation of intended activities.

Gender equality is regarded in the Programme not only a cross-cutting concern but also a specific measure to empower and boost women's participation as an important driver for social and economic growth. The intended activities are designed in a way to accommodate the challenges facing employability of women and their participation in the development of their local communities.

Environment safeguarding and resilience is promoted across the Programme as a modern lifestyle and a source for job generation and economic growth. Youth will be inspired to shape their sustainable future (increased income generation while reducing waste/pollution and mitigating the impact of climate change). Capacity strengthening activities and awareness raising about green growth opportunities are considered integral component of this Programme.

Young people are at risk of violent extremism. Promoting **social cohesion and preventing violent extremism** is addressed with a constructive approach by supporting positive and productive engagement, as well as providing meaningful jobs. The improvement of youth access to employment and increasing their participation and engagement in the development of local community is one of the main building blocks for preventing them from involving in violent extremism and strengthening the social cohesion.

All actions are to be carried out in conformity and will pay attention to equity, transparency and accountability.

4.4. Contribution to SDGs

The Programme supports the implementation of the 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDGs; 1 - No Poverty: end poverty in all its forms everywhere, 5 - Gender Equality: achieve gender equality and empower all women and girls, 8 - Decent Work and Economic Growth: promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all, and 10 - Reducing Inequalities: promote universal social, economic and political inclusion.

5. IMPLEMENTATION

5.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the Ministry of Planning and International Co-operation of the Hashemite Kingdom of Jordan.

5.2. Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is **48 months** from the date of when the financing agreement is concluded. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Decision and the relevant contracts and agreements.

5.3. Implementation modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²².

5.3.1. Grants (direct management) - (Output 1/Activities 1.1 to 1.4 and Output 2/Activity 2.3)

(a) Purpose of the grant(s)

- The purpose of the grants for SO1 would be to give support to youth access to labour market (employment and self-employment opportunities). The implementing partners (e.g. civil society organisations specialised in supporting youth employment) will provide support throughout the full project cycle management, outreach, partnerships creation, interaction with professional associations and other players in the private sector, and communication and information activities, etc.
- The purpose of the grants for SO2 would be to engage with university and college students in finding solutions to local development challenges. The implementing partners (e.g. civil society organisations/universities/colleges) will improve the engagement of students at academic institutions in designing and implementing solutions to challenges facing the surrounding communities.

²²

www.sanctionsmap.eu Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

(b) Type of applicants targeted

Targeted potential applicants will be civil society organisations, including non-governmental organisations and professional/business associations (national and international), academic institutions, and private sector operators.

It is intended that the lead applicant will be a non-governmental organisation (national and international) or professional/business association for SO1, and non-governmental organisations (national and international) or academic institutions for SO2.

5.3.2. Procurement: (Direct Management) - (Output 1: Activity 1.5 and Output 2: Activity 2.1 and 2.2)

The objective would be to provide technical assistance to the Ministry of Youth and its youth centers to improve their capacity in supporting youth in light of the new National Youth Strategy (2019 – 2025) to be soon adopted as well as in the designing, implementation, and monitoring of youth support interventions, such as the following up of quality ranking/labelling of the Youth Centers and formalizing networking and co-ordination among government organisations in supporting youth in Jordan. It will also provide support to the Ministry of Labour to improve its capacity and staff competences in the areas of youth support programming and youth-related policies.

5.3.3. Indirect Management with the partner country - (Output 2: Activity 2.1 and 2.2)

A part of this action with the objective of supporting Ministry of Youth to improve its institutional capacity and services, including youth support programming and access to information and knowledge, and to promote youth engagement and participation in development of local communities (**Output 2: Enhanced participation of young men and women to the development of their local communities**) may be implemented in indirect management with the Hashemite Kingdom of Jordan according to the following modalities:

The Hashemite Kingdom of Jordan will act as the contracting authority for the twinning procedures. The Commission will control ex- ante all the twinning procedures.

Payments are executed by the Commission.

The financial contribution does not cover the ordinary operating costs incurred under the management of twinning application procedure and the twinning contracts management.

The Hashemite Kingdom of Jordan shall apply the Commission's rules on procurement and grants. These rules will be laid down in the financing agreement to be concluded with the partner country.

5.4. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provision:

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.5. Indicative budget

The indicative budget of this action is EUR 10 million over 48 months of operation, proposed as follows:

	EU contribution (Amount in EUR)	*Indicative third party contribu- tion, in currency identified EUR
5.4.1 Grants (direct management):		
5.4.1.1 Youth Access to Labour Market & Employment Services (Output 1/Activities 1.1 to 1.4)	5,000,000	N/A
5.4.1.2 University/College Students Engagement in Local Development (Output 2/Activity 2.3).	1,500,000	N/A
5.4.2 Procurement (direct management)		
5.4.2.1 TA to the Ministries (Output 1/Activity 1.5 and Output 2/Activity 2.1 & 2.2)	1,700,000	N/A
5.4.3 Indirect management with the partner country (twinning) – (Output 2/Activity 2.1 and 2.2)	1,000,000	N/A
5.4.4 Evaluation (cf. section 5.8) and Audit (cf. section 5.9)	200,000	N/A
5.4.5 Communication and visibility (cf. section 5.10)	500,000	N/A
Contingencies	100,000	N/A
Totals	10,000,000	N/A

5.6. Organisational set-up and responsibilities

The implementation of the Programme will be co-ordinated by the European Union Delegation to Jordan with the support of a Steering Committee, which will be established to supervise the implementation of the programmes activities and its results. It will be chaired by the Ministry of Youth and attended by the representatives of the following organisations:

- Ministry of Labour.
- Ministry of Digital Economy and Entrepreneurship.
- Ministry of Planning and International Co-operation.
- 2 Universities/Colleges Representatives.
- 2 CSOs Representatives.
- 2 Private Sector Representatives.
- 2 Youth Representatives, including young women.

Roles of key stakeholders in the Programme Implementation:

- **Ministry of Youth** is the key government stakeholder in the Programme, and more specifically the Output 2/Activities 2.1 and 2.2. It will chair the steering committee of this programme and receive technical assistance and/or twinning support to improve its institutional and staff capacity for enhancing its planning, implementation and monitoring policy both at Ministry and youth centres levels.
- **Ministry of Labour** will receive technical assistance through the Programme to improve its youth-sensitive programming capacity. It will also liaise with the Ministry of Youth to support the implementing partners (e.g. non-governmental organisation, business association) and provide necessary advice for the best achievement of results sought through all the activities under the Output 1. The Ministry of Labour can inform about promising and growing economic sectors to reach out to for apprenticeship and sustainable employment. It can also

utilise its already-existing database of employers and unemployed youth for reaching targets in the governorates. In addition, it can provide support to verify the compliance of the apprenticeship/job placement opportunities provided through the Programme with the relevant regulations.

- **Civil Society Organisations (CSOs)** - national and international CSOs - are foreseen to be implementing partner(s) for the activities 1.1 to 1.4 under the Output 1. Throughout the implementation phases of this objective, the implementer(s) will co-ordinate with the Steering Committee, and particularly the Ministry of Labour to assess the needs of the growing economic sectors and tap into the Ministry of Labour's database about the employers and unemployed young people in each governorate, which will be targeted through the Programme. In addition, they will identify the skills and qualifications required by the employers for job placement/apprenticeship and follow-up on the work throughout.
- **The employers** from the private sector will contribute to the implementation of the activities 1.1 to 1.4 under the Output 1. They will provide job placement/apprenticeship opportunities and support career growth and job sustainability for the young people. It will also contribute to the Output 2/Activity 2.3 through supporting the implementation youth-designed solutions responsive to the challenges facing the local communities through for example, providing financial and /or technical support.
- **Academic institutions** will have a major contribution to the Output 2/Activity 2.3. They will get engaged in responding to the challenges facing the communities. More specifically, the Programme support will boost the capacity of the deanships of scientific affairs, which fund scientific research presented by researchers from inside and outside the academic institutions and support the linkages between research and local communities solution finding, through the programme activities; students will be given the opportunity to implement their solutions to local development matters. The Programme will also support Social Innovation and Entrepreneurship Centers (SIEC), which are newly formed and independent bodies some Jordanian academic institutions to provide professional support for youth social and academic-related initiatives. The SIECs provide seed funding, administrative support, and networking and events management services for the students to implement community-responsive initiatives.

5.7. Performance and Results monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of the Programme will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the Logframe matrix. An implementation steering committee will be organised to overlook the developments in the Programme as a whole. The Programme's Steering Committee will propose an internal monitoring system and formulate a methodology for the on-going evaluation.

It will be required from all partners to implement on-going evaluation to support participatory decision-making process during the implementation, making relevant adjustments where needed. The evaluation methodology will include performance indicators associated both to the programme's objectives and its actions. The monitoring system and the on-going evaluation will serve as inputs

for the external evaluations of the programme. The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

The monitoring will include a structured observation and documentation activities which will evaluate the actions from the point of view of its performance (i.e., implementation process) and its results. The monitoring will provide information to enrich the on-going evaluation, which will also use other evaluation tools. Additionally, a research service will be procured to support data provision and evidence-base of the Programme, at large.

5.8. Evaluation

According to the nature of the action, performance progress (KPIs), and youth learning milestones monitoring are expected regularly from onset of programme to better measure outcomes.

A mid-term and final evaluation(s) will be carried out for this action and its components through a joint mission and via an implementing partner. The mid-term evaluation will be carried out for development purposes with respect to aspects that can be highlighted for better outcomes.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partners at least one month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Evaluation services may be contracted under a framework contract or a procurement of service.

5.9. Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, based on a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. It is foreseen that audit services may be contracted under a framework contract or procurement of services.

5.10. Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support), contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

	Results chain: Main expected results	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Impact (Overall Objective)	The main objective is to contribute to the reduction of the social and economic inequality by increasing young skilled/educated people's participation in the labour market and community development.		Results of satisfaction survey among young men and women participating in the programme	

	Results chain: Main expected results	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Outcome(s) (Specific Objective(s))	<p>SO (1): Increasing educated youth participation in the labour market by providing employment and self-employment services and opportunities in growing economic sectors (e.g. ICT-based, green, and creative industries).</p> <p>SO (2): Fostering young people's role in the development of their local communities.</p>	<p># of youth's households and its members benefited from provision of access to sustainable employment, disaggregated by gender, PWDs and location.</p> <p># of partnerships developed with the private sector to provide job placement and employment opportunities, disaggregated by sector and location.</p> <p>New measures taken by the MoL to implement effective youth-sensitive programmes and policies (such as youth skill-building mentorship and career guidance) at their directorates.</p> <p>Responsiveness of the new youth support services, policies, and activities applied in the youth centres (e.g. youth and gender inclusion, institutional behavior, youth-led participation)</p> <p>Level of improvement in quality of service and practices of Ministry of Youth and its targeted youth centres.</p> <p># of MoY's staff with a positive situation change (e.g. performance (knowledge, behaviour and delivery), disaggregated by sex and PWDs).</p> <p>Level of engagement of academic institutions in pursuing solution design and implementation in neighbouring communities.</p> <p># of young men and women people reported positive recognition of their role and participation in the development of their local communities, disaggregated by PWDs.</p>	<p>Results of satisfaction survey among young men and women joined the programme</p> <p>Report on youth business referral registry</p> <p>Impact assessment reports</p> <p>Activities progress and success story reports</p>	<p>Commitment of the Jordanian government and line ministries to create a more enabling environment for youth engagement</p> <p>Public and private sectors commit to creating job opportunities</p> <p>Committed employers and committed candidates (longer-term relation)</p> <p>Youth business success allows to create further job opportunities</p> <p>Recognition by adults in the community of the role young people can play in developing their communities</p>

	Results chain: Main expected results	Indicators (at least one indicator per expected result)	Sources of data	Assumptions
Outputs	Output (1): Improved young men and women's access to labour market and to employment services	<p># of young men and women provided with job placement/apprenticeship opportunities, disaggregated by PWDs and location.</p> <p># of jobs placement and employment opportunities provided, disaggregated by gender, PWDs, and location.</p> <p># of young men and women with already-existed enterprises or new business ideas linked to incubators/accelerators/innovation centers, disaggregated by PWDs and location.</p> <p># of new youth-sensitive opportunities created by the MoL to increase youth access to skill-building mentorship, career guidance at their directorates.</p>	<p>Results of satisfaction survey among young men and women joined the programme</p> <p>Training and progress reports</p>	<p>Commitment of the Jordanian government and line ministries to create a more enabling environment for youth engagement</p> <p>Public and private sectors commit to creating job opportunities</p>
	Output 2: Enhanced participation of young men and women to the development of their local communities	<p># of good institutional practices and measures (support services, policies, and activities) adopted by the Ministry of Youth to support youth meaningful engagement with their communities.</p> <p># of MoY's staff participated in institutional capacity building activities, disaggregated by sex, location, and intervention.</p> <p>Extent to which the quality of support services, policies, and activities delivered by the targeted youth centers improved as seen by the young participants.</p> <p># of information sharing desks operated at youth centres.</p> <p># of young men and women provided with information about available opportunities and services in the Youth Centers, disaggregated by PWDs and location.</p> <p># of youth centers supported with youth empowerment programming and implementation, disaggregated by location.</p> <p># of community needs-responsive solutions designed and implemented by young men and women to improve local communities, disaggregated by PWDs and location.</p> <p># of youth-designed solutions implemented by young men and women at academic institutions</p>	<p>Provision of decent work report</p> <p>Report on youth business referral registry</p> <p>Impact assessment reports</p> <p>Activities progress and success story reports</p>	<p>Committed employers and committed candidates (longer-term relation)</p> <p>Youth business success allows to create further job opportunities</p> <p>Recognition by adults in the community of the role young people can play in developing their communities</p>

