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ANNEX III

of the Commission Implementing Decision on the Annual action plan in favour of the Hashemite Kingdom of Jordan for 2022

Action Document for Support to entrepreneurship and private sector development in Jordan

ANNUAL ACTION PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plan in the sense of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title OPSYS Basic Act	Support to entrepreneurship and private sector development in Jordan Annual action plan in favour of the Hashemite Kingdom of Jordan for 2022 OPSYS reference number: NDICI-GEO-NEAR/2022/ACT-60900 ABAC Commitment level 1 number: JAD. 1018909 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in Jordan
4. Programming document	Jordan Multi-annual Indicative Programme (MIP) 2021-2027 ¹
5. Link with relevant MIP(s) objectives/expected results	Component 2: Private Sector Development <ul style="list-style-type: none">To enhance the productivity and competitiveness of the Jordanian private sector, in particular the Micro, Small and Medium Enterprises (MSMEs), with specific attention to opportunities offered by the green transition;

¹ C(2022)3821

	<ul style="list-style-type: none"> To increase domestic and foreign sustainable investment and strengthened linkages between investment and the local economy; <p>To strengthen and promote social and green economy as a vector for job creation and expansion of inclusive economic opportunities in Jordan.</p>			
PRIORITY AREAS AND SECTOR INFORMATION				
6. Priority Area(s), sectors	Banking & Financial Services (240) Business & Other Services (250) Industry (321) Trade Policies & Regulations (331)			
7. Sustainable Development Goals (SDGs)	Main Sustainable Development Goals: SDG 8: Decent Work and Economic Growth SDG 9: Industry, Innovation and Infrastructure Other significant Sustainable Development Goals: SDG 10: Reduced Inequality SDG 12: Responsible consumption and production SDG 13: Climate Action			
8 a) DAC code(s)	24010 - Financial policy and administrative management 24030 - Formal sector financial intermediaries 25010 - Business policy and administration 32130 - Small and medium-sized enterprises (SME) development 33110 - Trade policy and administrative management			
8 b) Main Delivery Channel	Central Government (12001) European Bank for Reconstruction and Development (46015) International Labour Organisation (41144)			
9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from 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 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"/>
	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 checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Tags digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	/
	<u>Connectivity</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Tags digital connectivity energy transport health education and research	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	COVID-19	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION	
12. Amounts concerned	<p>Budget line(s) (article, item): 14.020110 Southern Neighbourhood</p> <p>Total estimated cost: EUR 69 670 000</p> <p>Total amount of EU budget contribution EUR 65 000 000 of which EUR 50 000 000 for budget support, EUR 15 000 000 for complementary support.</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> - Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) for an amount of EUR 4 370 000; - International Labour Organisation (ILO) for an amount of EUR 300 000; - Civil Society Organisations (CSOs) for an amount to be confirmed.
MANAGEMENT AND IMPLEMENTATION	
13. Implementation modalities (type of financing and management mode)	<p>Direct management through:</p> <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Grants <p>Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), the European Bank for Reconstruction and Development (EBRD) and International Labour Organisation (ILO) as set out in section 4.4.2.</p>

1.2. Summary of the Action

The action is fully in line with the objectives of the new, ambitious and innovative Agenda for the Mediterranean, set out in the *Joint Communication from the Commission and the High Representative on the Southern Neighbourhood of 9 February 2021*², and in the subsequent Council conclusions on a renewed Partnership with the Southern Neighbourhood of 16 April 2021³, as it aims at supporting resilient, inclusive, sustainable and connecting economies that create opportunities for all, especially women and youth. It also addresses priority 2 of the EU-Jordan Partnership Priorities 2021-2027⁴ by promoting equitable access to employment and employability, in particular of women, young Jordanians and the most vulnerable, and to put in place adequate social safety nets; by creating sustainable jobs, supporting entrepreneurship and innovation. Under the priority 2 of the Multiannual Indicative Programme (MIP) 2021-2027, this action confirms the EU will provide support to the improvement of Jordan's business climate, access to finance and financial inclusion, including for women, support entrepreneurship and promote investments in sectors that have the greatest potential to generate sustainable employment, in an effort to help Jordan diversify its economy and attract Foreign Direct Investments (FDIs). In this respect, the action could also support the identification and development of investment proposals to be discussed under the "EU-Jordan Investment Platform" (EUJIP),

² JOIN(2021) 2 final.

³ <https://data.consilium.europa.eu/doc/document/ST-7931-2021-INIT/en/pdf>.

⁴ UE-RHJ 3304/22 ADD1, <https://data.consilium.europa.eu/doc/document/ST-3304-2022-ADD-1/en/pdf>

important for the full implementation of the EU's Economic and Investment Plan and its flagship projects such as the upgrade of the King Hussein/Allenby Bridge.

This action is aligned with the Government of Jordan's Indicative Executive Program (GIEP) 2021-2024 that reaffirms the commitment to policies and reforms focused on enabling an investment climate and business environment, enhancing competition and increasing employment in key sectors.

This action aims to *stimulate sustainable and inclusive employment through entrepreneurship and private sector development* in Jordan, by means of enhancing the business environment, capacitating the different stakeholders of the entrepreneurship ecosystem and promoting inclusive and decent job opportunities for all, with a focus on women, youths and people with disabilities. Consequently, the programme is expected to impact the socio-economic well-being and self-reliance of Jordanians and, potentially, Syrian refugees. This programme aims at piloting the humanitarian-development nexus in the fields of livelihoods, social protection and economic growth.

The action proposes interventions to increase private sector employment opportunities, focusing on the implementation, monitoring and evaluation of a relevant and credible policy on entrepreneurship interlinked with other relevant strategies; strengthening stakeholders' capacities for employability (both demand and supply) and promotion of an entrepreneurship ecosystem in the country.

The proposed action complements and builds synergies with the Special Measure 2022 "EU Support to Livelihoods"⁵ under the response to the Syrian crisis. The linkages are made through concrete activities under Specific Objectives 1 and 2, which expand the target beneficiaries to include vulnerable Jordanians and Syrian refugees. The action will also link with the "Partnership Implementation Facility ("Sharaka")"⁶, part of the Annual Action Programme 2022, which will provide support to the Jordanian administration in developing regulatory and policy frameworks that are conducive for green, digital and inclusive growth. Finally, the action will also closely coordinate with the ongoing "EU Support to Economic Reforms for Growth and Jobs" programme⁷.

2. RATIONALE

2.1. Context

Jordan faces a complex set of developmental challenges, further aggravated by the COVID-19 pandemic, which undermines progress towards the achievement of the Sustainable Development Goals (SDGs). Jordan's economy has suffered from a long series of shocks, beginning with the 2009 global financial crisis, leading to growth stagnation. The cumulative impact of the Syrian crisis – ranging from a disruption of regional trade and cooperation, to the influx of refugees – is estimated at equivalent to 18% of Growth Domestic Product (GDP). The increase in the total population has severely strained the country's public finances and infrastructure, as assisting the refugee population called for immediate and costly actions. The COVID-19 pandemic added pressure on the health sector and poses today significant socio-economic challenges. Jordan's GDP contracted by 1.6% in 2020, stabilised to 2% in 2021 and will grow to a forecasted 2.4% in 2022.

⁵ NDICI-GEO-NEAR/2022/ACT-61209

⁶ NDICI-GEO-NEAR/2022/ACT-60902

⁷ Sector Budget Support contract to support the Economic Reforms for Growth and Jobs programme, ENI/2020/ 420-275.

Jordan is a small, service-based economy, dominated by the public sector that has failed to create quality jobs in the private sector at the scale required for a young and growing population. Particularly, the low labour force participation of women (female labour force participation is among the lowest in the world, at just 14.4% in 2019 compared to 63.7% for men) brings to the surface a strong need for a gender-focus on social and economic growth. While Jordan is particularly keen on conceiving new policy strategies, implementation of these policies is very often lagging behind. Limited implementation capacity, fluctuating degrees in commitment to gender equality and weaknesses in policymaking present a constant challenge. The education system continues to suffer from poor quality, is still catching up following a longstanding closure of schools due to the COVID-19 crisis, and requires further reforms, particularly with regards to the inclusion of people with disabilities. Efforts invested so far in the justice and rule of law sector are promising, but need to be continued and enlarged in scope, along with strong policies and legislation contributing to an improvement of the rule of law and human rights situation in the country. Finally, recent efforts in the enhancement of integrity and accountability need to be pursued on a long-term basis, while continued support needs to be provided to civil society organisations so that they can better contribute to policy design, implementation and monitoring.

Jordan is classified as an "upper middle income" economy (GDP per capita is of USD 4,400). As one of the smallest economies in the region, it strives to attract foreign investors based upon a skilled workforce, a major tourist destination, and opportunities provided by digital economy. Nonetheless, large flow of refugees and regional turmoil have hampered economic growth over the last ten years.

Jordan is micro, small and medium enterprises (MSMEs) based economy, 98% of all Jordanian enterprises and their employees representing around 60% of the labour force with a total output that counts for around 50% of the GDP. Jordan has been selectively open to foreign direct investment (FDI), in sectors such as mining, manufacturing, energy, tourism and ICT, and has policies and institutions that support entry of foreign investors. In recent years, net Foreign Direct Investment (FDI) has been modest at below 2% of GDP, however.

Jordan suffers from structural weaknesses regarding both macroeconomic and economic governance, which hamper inclusive economic growth, job creation and fiscal stability. The Government managed the COVID-19 shock rather well with timely monetary, financial and fiscal measures. In 2022, higher food and energy prices put the nascent economic recovery at risk. Addressing human development and structural impediments to growth remains a priority. At the same time, continued fiscal consolidation efforts are needed to bring public debt toward more sustainable levels. Jordan's debt-to-GDP ratio rose from 70.7% in 2011 to 104% in 2021. In the absence of sustained economic recovery, the debt service burden would make fiscal stabilisation even more challenging.

The surge in Jordan's population due to the massive influx of refugees notably from Syria, illustrates the magnitude of the impact of external shocks. The increase in the total population has intensified competition in the informal labour market and it has also put tremendous pressure on the country's infrastructure and the provision of public services such as education and healthcare or waste collection. Furthermore, this population surge has led to the increase of food imports which, coupled with the disruption of the traditional trade routes of Jordanian exports, has increased Jordan's trade deficit.

Economic reforms take time and are not always successfully implemented. Nonetheless, the Government of Jordan has made progress in implementing some economic reforms in the last few years after stagnating for a decade. Jordan's Reform Matrix (2018-2024) includes a set of crosscutting reforms and sectoral policy reforms prioritized and sequenced to deliver on the Government's priorities on jobs, youth, and growth. The medium-term reforms aim to make the economy more efficient and reorient it toward export-led growth by creating a better business and investment environment. Key growth-enabling reforms needed include investment climate reforms and reforms to strengthen the business environment, which focus on reducing the cost of starting and operating a business, increasing the predictability of regulations, supporting the digital economy, and further liberalizing the foreign investment regime. Crosscutting reforms to improve critical enablers include comprehensive reforms in the energy, transportation, and water sectors.

The economy faces the added challenge of a high population growth rate. Over 63% of the population is under 30 years of age and 20.5% is aged between 15 and 24 (Department of Statistics, 2019). Jordan's unemployment rate continued to rise, reaching 23.2% by the third quarter of 2021 from 19.2 % in 2019, with youth unemployment rates reaching an unprecedented 50.0% (2020). It is the highest rate in the last 15 years.

While immediate economic needs seem to be covered and Jordan relies only in small part on imports from Ukraine and Russia, the country will feel the impact of the price hikes and possible shortages on the global market, which will result in increasing inflation and additional economic difficulties for a population already suffering from poverty and high unemployment. Economic reforms are still in the planning phase and the additional diversification of sources prompted by the crisis will not be visible in the short term.

2.2. Problem Analysis

Short problem analysis

The country faces structural economic development challenges with growth stagnating; lack of enterprise competitiveness; persistent high unemployment; dependency on overseas remittances; inability to reverse the negative trade balances, and regional instability. The efforts to contain the spread of the COVID-19 pandemic, essential to protect lives and avoid the collapse of health services, led to disruptions and forced enterprises to suspend or scale down operations, with negative consequences for employment and incomes. Based on the IMF World Economic Outlook (April 2022), a nascent recovery, supported by targeted fiscal and monetary measures, is underway, with real GDP growth at 2% in 2021 and 2.4% in 2022⁸.

Unemployment and especially youth unemployment in Jordan remains substantial and rising even before the Syrian refugee crisis and the socio-economic impact of COVID-19. In 2021, unemployment is estimated at about 23%; only slightly below the 2020 level. The highest rate of unemployment was recorded in the age group 15-24 years by 48.5% for the total (44.9% for males against 63.5% for females). Overall, in a difficult context, a small, service-based economy, dominated by the public sector, has not created the quality jobs in the private sector at the scale required for a growing population. The gap between educational outcomes and the needs of the labour market (known as the 'skills mismatch') is a primary driver of high unemployment and is further aggravated by the relatively high expectations of college-educated youth who seek return on time and costs of their higher education.

⁸ World Economic Outlook, April 2022: War Sets Back the Global Recovery

In 2019, only 14.4% of women were economically active in Jordan (global average 52%). Obstacles to further economic empowerment of women include existing societal and household norms, the general business enabling environment, specific constraints to women's economic activity such as access to care provisions and transport, access to entrepreneurship and finance with a focus on technology-enabled services. The effects of the COVID-19 have hit women much harder than men with regards to economic opportunities. Given the saturation of the public sector employment, the focus is specifically on private sector led growth.

Refugees in Jordan work either in the formal labour market, as incentive-based ‘volunteers’ under programmes financed by the Syria response, or in the large informal labour market. According to UNHCR estimates, work permits probably account for around 1/3 of the working Syrian refugee population – i.e. 2/3 are employed in the informal sector.⁹ Among those employed, the majority worked without a written or oral employment contract. Many Syrian refugee households face increasing socio-economic vulnerabilities (depleted household savings, sold productive assets and land) and resort to negative coping mechanisms including increased social-conservative tendencies and attitudes.

Given Jordan's scarcity of natural resources, its economic future will depend on a strong and dynamic private sector, which is innovative and internationally competitive with the capacity to create jobs to underpin economic welfare and stability, and at the same time espouses the sustainability agenda. The private sector must become the engine of sustainable growth and primary driver of innovation. Innovation offers great potential for attaining this objective. Jordan's major resource is its human capital with a well-educated workforce. Innovation, entrepreneurship and the application of appropriate human capital (skills) can make a major contribution to advancing economic development, revitalising entrepreneurial endeavour and decent job creation. On the other hand, the main gaps and challenges in the Jordanian innovation and entrepreneurship ecosystem include high levels of fragmentation (regulations and institutions), culture and infrastructure, insufficient private sector engagement and investment, lack of support to existing SMEs with high potential growth, acute gender marginalisation in the labour market and limited access to innovation/entrepreneurial support.

The Global Entrepreneurship Index 2019, which measures both the quality of entrepreneurship and the extent and depth of the supporting entrepreneurial ecosystem (score ranges from 0–100%), scored Jordan at the Arab region's average score of 29.4%. In recent years, regional competitors have boosted their entrepreneurship activity and have larger domestic markets, providing an alternative potential regional hub to build entrepreneurship ventures.

In the Global Competitiveness Index, Jordan is currently ranked at 65th place. Its relatively stable and efficient institutional system and relatively good infrastructure, innovation, and business sophistication manifest in a position much higher than its GDP (PPP)/capita (111th globally - World Bank 2019) or Human Development Index (102 globally - UNDP 2020) would suggest. Taking a deeper look into the ranking, the macro-economic environment, the labour market efficiency, and the financial market development lag in comparison to other categories. Technological readiness and digital economy is an area that has grown significantly over the recent years, also during the COVID-19 pandemic.

⁹ The CARE annual Assessment survey shows that only 22% of Syrians have a work permit, the lowest rate in the last two years.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action.

Stakeholders could be divided in two groups (public and private) which based on their respective role within the ecosystem, may influence the regulatory framework, policies and infrastructure or support the actors through the provision of services.

Public authorities:

- a) Royal Hashemite Court (RHC): is the official institution that oversees the preparation and implementation of the King's local and international activities, while providing the necessary political, administrative and diplomatic support;
- b) Economic & Social Council (ESC): advises the executive about social and economic policies. The ESC is comprised of experts from industry and academia, and so is able to draw on considerable experience in these areas. The ESC works to promote social dialogue on matters that concern Jordanian citizens;
- c) Ministry of Planning and International Cooperation (MoPIC): 1) participates in the formulation of the economic and social policy, and to develop the programmes and plans that are needed to implement it; 2) Coordination with donors and international financing institutions, and the ministries and government institutions;
- d) Ministry of Industry, Trade and Supply (MoITS): 1) administration of Jordan economic and commercial relations at bilateral, regional and international levels; 2) developing and implementing the policies, legislations and programmes aiming to boost business and investment environment in a form that increases Jordan economic attraction and insures the consumers and business sector rights and benefits;
- e) Ministry of Digital Economy and Entrepreneurship (MoDEE): enhancing the legislative and regulatory environment and upgrading the infrastructure to enable digital transformation and state and stimulate creativity and innovation;
- f) Ministry of Finance (MoF): improving public finance management mechanisms and the quality of rendered services through modernization of financial legislations and implementation of international best practices;
- g) Jordan Export (JE): recently setup semi-public organisation, which aims, is at identifying the local companies that are already exporting and explore ways to further support them and increase the value of their export;
- h) Ministry of Investment (MoI): to stimulate and activate investments in the Kingdom by keeping pace with and developing infrastructures, and promoting investment opportunities and exports to increase the effectiveness of domestic and foreign investments and ensure financial sustainability;
- i) Jordan Enterprise Development Corporation (JEDCO): Achieving growth in start-ups and SMEs by improving the business environment, encouraging and supporting entrepreneurial enterprises and start-ups, enhancing SME competitiveness, and focusing on innovation and the technological component of these institutions;
- j) Ministry of Labour (MoL): regulating the Jordanian labour market and putting in place the instructions necessary for providing job and employment opportunities for Jordanians inside and outside the Kingdom;

- k) **Local Authorities:** Jordan is divided into 12 governorates, each headed by a governor and subdivided into administrative regions. Governors enjoy wide administrative authority, and in specific cases they exercise the powers of ministers.

Private institutions (business associations): Chambers of Industry and Commerce (and business associations) are membership organisations that aim to represent and support economic operators in Jordan. However, in their majority they only provide limited services to large companies, not extending their services to SMEs. Chambers in Jordan lack the institutional capacity to fulfil their mandate to the fullest extent therefore not contributing to constructive advocacy on export promotion and private sector policy issues to the Government of Jordan. 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. Chambers in other governorates, beside the Aqaba Special Economic Zone, have a minor role in policy development and cannot raise awareness to their local companies on regulatory developments of interest.

Civil society organisations (CSOs) provide the most vulnerable people and Syrian refugees with employability skills and entrepreneurship services in co-operation with decentralised government authorities and private sector actors. However, the CSOs contribution and involvement in entrepreneurship and economic empowerment remains extremely fragmented and the level of co-operation, sharing of ideas and co-ordination among CSOs, and with the international community, remains low.

2.3. Lessons Learned

The final evaluation of the recent EU Budget Support programme related to economic reforms and private sector development in Jordan reveals the extensive use of qualitative indicators, which form a larger proportion compared to quantitative indicators, poses certain problems with measurability, but fits fairly well with the long-term strategic assumption that reforms need time and develop through stages and steps that can be assessed/monitored.

The indicators for the Variable Tranches in general were too focused on regulatory and institutional setting issues. This resulted in most of their benchmarks/targets to be procedural in nature at the expense of socio-economic outcomes/impact of the sector policies and national strategic goals.

There is a trend in Jordan to produce and/or update strategies and policies at relatively high frequency. The regulatory framework is considered appropriate and in line with international practice but implementation, monitoring and evaluation remain challenging. The question is how a budget support intervention, which by definition is relatively rigid, can maintain balance in an evolving environment.

The policy dialogue with the Government on economic matters (particularly on business environment, trade and investments) takes places at different levels, though is neither organised in a structured way nor institutionalised. The latter is mostly due to the lack of inter-institutional coordination among the multitude of stakeholders and lack of ownership of the budget support instrument from Government partners.

A serious challenge in the public service is high fluctuation of staff on the decision-making level and discontinuity. Institutionalising a policy dialogue platform and capacity development is critical to overcome emerging obstacles. This dialogue may, additionally, be supported by dedicated technical assistance or

research. The multitude of stakeholders involved in the previous private sector development programme had become an obstacle to policy dialogue as inter-institutional cohesion is difficult to achieve as the programme has been anchored to a general vision and several strategies rather than a specific sector policy.

The Joint Humanitarian Development Framework (JHDF) 2021-2022 Taskforce on Social Protection – Livelihoods – Economic Growth concluded that it is needed to find ways to transition funds while closing down the MADAD Trust Fund including capitalising on the learning from the COVID-19 crisis, for instance, building up or strengthening the shock responsive capacity of EU actions. And the elements to address during the transition would imply including not only Syrian refugees but all type of vulnerable people without discrimination based on minority, gender, age or disability, and reinforcing the element of peace (fundamentals of EU development cooperation). Moreover, transition should be ensured by stronger inter-institutional coordination mechanisms inside the EU institutions and among EU Member States.

The EU Joint Analysis on Private Sector Development carried out with EU Member States revealed that the diverse donor landscape combined with lagging donor coordination mechanisms and limited quality and quantity of local partners suggest substantial potential for a higher level of coordination and alignment to tap synergies and leverage funding and expertise. Crosscutting issues such as green and digital economy and Women Economic Empowerment may be enhanced by combining the efforts and voice of several EU donors, the stance towards Jordanian partners would be strengthened. A recently established donor working group on private sector development aims at addressing the above mentioned gaps.

*The overall evaluation of livelihoods activities under the MADAD Trust Fund*¹⁰ underlines the need to invest in project design and solid evidence for a longer term time horizon (5 years), points out the need to both build on successes in improving skills and qualification of target groups but ensure adequate focus on demand side of the labour market and local economies in order to avoid simply feeding the informal market. It also warns of not overestimating the likely impact of gender targeting within a wider societal context in the Middle East and North Africa (MENA) countries. It recommends to integrate livelihoods activities with a view to ensuring multiplier effects and institutional sustainability – aligning with existing structures and economic development planning. The evaluation also highlights the importance of not ignoring the factual importance of the informal economy and disaggregation of both refugees and host population in terms of different vulnerabilities.

2.4. Additional Areas of Assessment

2.4.1. Public Policy

The *Jordan 2025 – A National Vision and Strategy* remains the Government's main guiding policy document. The *Jordan 2025* is a ten-year economic blueprint, whose basic principles include promoting the rule of law and equal opportunities, increasing participatory policymaking, achieving fiscal sustainability and strengthening institutions. The subsequent Economic Growth Plan 2018–2020; the National Renaissance Programme (2019-2020), and Turning the Corner – Jordan's Path to Growth (a.k.a. Five-Year Reform Matrix) are all plans which aim to accelerate the implementation of the *Jordan 2025*, to deliver most needed results.

¹⁰ Final Evaluation Report (June 2019) – EuropeAid/138782/DH/SER/MULTI Evaluation of EUTF Syria-funded Programmes and Projects for Livelihoods

The *Jordan 2025* plan has been updated to take into account the impact of the COVID-19 crisis, embedded in the Government's Economic Priorities Programme (GEPP) 2021-2023. The general framework of the Programme was based on His Majesty the King's letter of Designation, Jordan's Vision 2025, Reform Matrix, sector strategies, 2030 SDGs, and the Government's Indicative Executive Programme (GIEP) for 2021-2024. Through the GEPP, the Government of Jordan has reaffirmed its commitment to policies and reforms focused on enabling an investment climate and business environment, enhancing competition and increasing employment, and supporting key sectors. The GEPP includes 53 priorities across 3 main pillars, derived from the GIEP and the Reform Matrix.

A number of relevant policies, strategies and action plans addressing the needs for private sector development and entrepreneurship in the country have been identified. Notably:

- a) The General Entrepreneurship Policy 2021-2025
- b) The Industrial Policy Document 2017-2021
- c) The National Employment Programme
- d) The National Digital Transformation Strategy and implementation plan 2021-2025
- e) The Jordan Artificial Intelligence Policy 2020
- f) The Industrial Development Fund 2021-2023
- g) The Green Growth National Action Plan 2021-2025 (GG-NAP)
- h) The National Export Strategy (under preparation)
- i) The National Investment Promotion Strategy (under preparation)
- j) National Strategy for Women in Jordan 2020-2025 & Women Economic Empowerment Action Plan (2019-2024)
- k) The National Strategy and Action Plan for Mainstreaming Sustainable Consumption and Production into Agriculture/Food Production, Transport, and Waste Management Sectors (2016-2025)

As per Cabinet Decree No. (2899), the Government of Jordan (GoJ) enacted, in November 2021, the **General Entrepreneurship Policy** which was followed by the National Strategic Plan for the period 2021-2025. The main objectives of the policy are the creation of a friendly incubating and stimulating environment for entrepreneurship in Jordan and the removal of obstacles and barriers to maximize the potential of Jordanian entrepreneurship and its growth, contributing to bolstering the national economy and sustainable development with an ultimate objective of reducing poverty and unemployment rates.

This General Entrepreneurship Policy is used as the most relevant basis for *EU's support to entrepreneurship and private sector development in Jordan*. However, as the policy touches upon areas of responsibility of other ministries, the policy builds on a collaborative approach through a proposed National Council for Entrepreneurship.

The General Entrepreneurship Policy and the National Strategic Plan for the period 2021-2025, under the umbrella of the Ministry of Digital Economy and Entrepreneurship (MoDEE), is considered the roadmap for the public and private sector in Jordan to create a friendly environment for entrepreneurship. This is mainly achieved by addressing the main challenges hindering the development of a vibrant entrepreneurship ecosystem in Jordan namely: (i) support programmes; (ii) access to capital; (iii) access to markets; (iv) human capital and culture; and (v) policy and business environment.

By addressing these challenges, the policy aims to achieve the following main priorities: (i) maximize the economic potential of Jordanian entrepreneurship; (ii) enhance national economy and sustainable development; and (iii) reduce poverty and unemployment rates.

To align the overall objectives of the General Policy for Entrepreneurship with different initiatives, MoDEE is collaborating with other ministerial lines to support the design of other relevant policies and strategies. For instance, MoDEE is partnering with the Ministry of Industry, Trade and Supply (MoITS) and Jordan Exports (JE) to support the development of the National Export Strategy and to identify activities that complement and build on the activities identified under the Access to Market Component of the General Entrepreneurship Policy. The National Export Strategy is expected to be approved in the second half of 2022 and is expected to include interventions to promote and support highly competitive industry sub-sectors.

The policy is relevant as it ultimately aims to maximize the economic potential of the Jordanian entrepreneurship ecosystem by clearly prioritizing the roles and actions for government, including policy coordination role and stewardship of transformative programmes, and the roles and actions of the other key ecosystem players that will lead to further growth. The policy seeks to recognize the needs of entrepreneurs at their different stages of development, ranging from pre-seed to growth and focusing on innovation powered start-ups regardless of age.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.4.2. Macroeconomic Policy

Jordan has preserved macroeconomic stability despite series of severe and highly persistent shocks, including regional conflicts, domestic uncertainty, the hosting of Syrian refugees, the disruption of critical export markets, and rising borrowing costs. This being said, Jordan is still remaining heavily dependent on imported food and fuel, the costs of which are increasing, widening the trade deficit. Jordan's exports rely on the mining and garment sectors. In 2021, the current account deficit is estimated to have reached 10% of GDP, as the recovery in the tourism sector was still weak. Nonetheless, gross international reserves were around US\$1 billion higher than anticipated at the first IMF Extended Fund Facility (EFF) review, largely due to a temporary reduction in banks' net foreign assets. The exchange rate peg helped preserve stability in the face of repeated external shocks. Nevertheless, the economy remains vulnerable to (i) shocks to the main exports, (ii) a reduction in concessional financing, and (iii) increases in borrowing costs linked to increases in interest rates in the United States.

Domestic demand slowly has recovered with the gradual reopening in 2021 and 2022. Thanks to several economic stimulus packages and other support measures, the contraction in the real GDP was finally limited to 1.6% in 2020, Jordan's unemployment rate continued to rise, reaching 23.2% by the third quarter of 2021 from 19.2% in 2019, with youth unemployment rates reaching an unprecedented 50.0% (2020).

Responding to the COVID-19 pandemic, the GoJ implemented a number of measures to cushion the economic fallout of the shock. While fiscal and monetary policies helped contain the decline, job-rich sectors including retail, restaurants, and hotels, manufacturing, and construction, experienced sharp contractions. Growth in

2021 is stabilised at 2%. Growth is expected to reach around 2.4% in 2022, supported by structural reforms. Public debt stood at 91.7% at end 2021 (net of Social Security Investment Fund holdings) and will start declining in 2022 towards the target of 80% of GDP in 2025 as fiscal consolidation is renewed. The risks stemming from the elevated debt are significant, but are mitigated by the large share of domestic and long-term debt, the GoJ's commitments to sound policies and the continued support from donors. Water scarcity is becoming macro-critical, the Water Authority of Jordan (WAJ) and distribution companies continue to incur new arrears. Monetary policy has been appropriately accommodative since the onset of the pandemic while supporting the peg. Financial stability risks have increased but appear manageable.

Globally and in the region, Jordan is one of the most import dependent countries for covering its national grains consumption needs. The country is highly vulnerable to price volatility and supply disruptions in global markets for basic agricultural commodities. Jordan does not produce significant volumes of basic agricultural commodities domestically. The Black Sea region is the principal origin for the bulk of Jordan's grain imports (given lower freight costs compared to other origins), with the region representing 98% of Jordanian wheat imports and 78% of barley imports. Yet the supply shock caused by the war in Ukraine has changed the geopolitics and economics of grain trade where small buyers, like Jordan, are competing in a tight market with large countries and fewer suppliers, that are geographically farther from the region, and where not only price, but also grain quality play an important role in the purchasing decisions of the GoJ, further reducing market options for the country.

The GoJ pursues credible and relevant stability-oriented policies aiming at maintaining fiscal and financial stability. Despite a challenging political economy backdrop, the government has implemented a series of significant structural reforms, such as Electricity Tariff Reform, the unification of Tax and Customs Administrations, customs reforms to improve administrative efficiencies as well as ongoing digitalisation of services. Fiscal performance also improved by 2.1% of GDP in 2021 and budgeted to improve further by 0.4% in 2022.

The authorities are committed to persevering with their efforts to reliably lift growth, create jobs, and reduce poverty, while preserving stability, as it was demonstrated by the completion of the third review of Jordan's arrangement with the IMF under the EFF in the second review completed in June 2021 and, most recently, in the third review completed in November 2021. Similar to the previous IMF-supported economic programme, the current programme is also aiming 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 third Macro-Financial Assistance (MFA) to Jordan, for a total amount of EUR 700 million, was signed in October 2020 to continue the EU support Jordan to preserve macro-economic stability. The first tranche was disbursed on 20 November 2020, following the adoption of the Commission Borrowing and Release decisions on 23 October 2020 and the fulfilment of the political pre-condition and a satisfactory track record under the IMF programme. The second tranche was disbursed in July 2021 based on a positive assessment of the policy benchmarks.

In January 2022, Jordan was included to the EU list of high-risk third countries for Anti Money Laundering and Terrorism Finance purposes. The new Money Laundering and Terrorist Financing Law entered into force in mid-September 2021, and was already addressing many shortcomings related to the legislative aspects. The EU is assisting Jordan to implement its Financial Action Task Force (FATF) action plan and address the

strategic deficiencies in its Anti-Money Laundering/Counter Terrorist Financing (AML/CFT) regime and hence remove Jordan from the “grey list”. This would be utmost important, as the listing – due to AML/CFT obligations increases the cost of doing business, hence having a negative impact on investments (while our common objective is to attract FDI to Jordan). In addition, being on the grey list, Jordan may have limited access to international loans. Under the fourth EFF review, IMF has also recognised that good progress has been made to enhance the regime for anti-money laundering and combatting terrorism financing. The authorities should continue to work actively to ensure effective implementation of the Financial Action Task Force (FATF) recommendations.

In its fourth review¹¹, the IMF concluded that Jordan’s IMF-supported EFF programme remains firmly on track, with notably strong performance on domestic revenue mobilisation. The authorities have navigated the significant economic challenges of the pandemic period, while protecting critical social and health spending, and implementing key structural reforms. Despite the challenging circumstances brought on by the pandemic, sound policies have helped maintain macroeconomic stability.

In conclusion, the Authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.4.3. Public Financial Management

The Public Financial Management (PFM) eligibility criterion is considered fulfilled as Jordan's PFM Reform Strategy (2018-2021) has been sufficiently relevant and credible. Between 2016 and 2021 a number of international PFM 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 the PFM Strategy. The priorities and activities of the 2018-2021 strategy were highly appropriate to address existing weaknesses and the reforms are meaningfully sequenced with clear institutional arrangements. The Government is about revisiting with donor assistance the PFM Reform Strategy, which will be based on the new PEFA findings. The first draft of the new PFM Reform Strategy is expected by end of September 2022. Until Government approval of the new PFM Reform Strategy, the last strategy is extended, hence it is still valid. The new Strategy will build on the PEFA 2021 report as well on IMF tools.

The 2021 PEFA assessment was launched in April 2021 by the EU Delegation, and the PEFA Secretariat checked and approved the final report in December 2021. The 2021 PEFA assessment shows an overall improvement, with certain areas to be addressed by the Government. On 5 June 2022, the Government has approved the publication of the PEFA 2021¹².

In line with the IMF programme and the wider policy framework, there is a strong commitment from the authorities to improve tax administration and public financial management, not just to improve budget

¹¹ <https://www.imf.org/en/News/Articles/2022/05/24/pr22167-jordan-imf-staff-concludes-mission-for-2022-article-iv-and-fourth-review-under-eff?cid=em-COM-123-44844>

¹² <https://www.pefa.org/sites/pefa/files/2022-06/JO-Apr22-PFM-PR-Public%20with%20PEFA%20Check.pdf>

outcomes but to increase public trust. The fourth IMF EFF review in May 2022¹³ confirmed that fiscal reforms will continue to centre on broadening the tax base. The recent passage of legislation unifying the tax and customs administrations in ASEZA under the national systems has delivered an important longstanding reform. Going forward, it will be critical to maintain reform momentum, notably, through introducing place-of-taxation rules into the General Sales Tax (GST) law; strengthening the governance of fiscal incentives for investment; and improving tax and customs administration.

In the past two years several reforms were launched some of which are yet to be completed. However there is evidence of steady but slow progress in most PFM areas. Important efforts were made to contain the rising public debt by improving revenue collection. These efforts have continued despite the COVID-19 pandemic. Significant steps were taken also in the area of Public Investment Management (PIM) with the endorsement of a PIM - PPP Governance Framework (2019). The Public Private Partnership (PPP) secondary legislation was approved by the Council of Ministers and published in the Official Gazette in November 2020 and April 2021, respectively. The PPP law provides an institutional framework for the implementation of priority projects in various sectors, including telecommunications, water, energy, environment and transport, with a capital cost of approximately Jordanian dinar (JOD) 1 billion. Among the priority projects listed, the building of 15 schools for the Ministry of Education, the Aqaba-Amman Water Desalination Conveyor and the King Hussein/Allenby Bridge.

Regarding budget and Government Financial Management Information System (GFMIS) reforms in 2021, the Law No. (13) 2021 was approved to organise the general budget and government unit budgets. The law covers all stages of preparation, implementation and control of the general budget in accordance with the results-oriented budgeting methodology. Budget preparation process has been also improved through continued efforts to include all Budgetary Units in GFMIS.

Regarding revenue collection, implementation of the 2018 Income Tax Law continued to expand the tax base and address tax evasion. Moreover, in order to improve tax compliance, the government started work on developing an Electronic Invoicing System. The electronic invoicing (e-invoicing) system is a common project of the Income and Sales Tax Department (ISTD) at the Ministry of Finance, which would be in charge of the system once developed, and the Ministry of Digital Economy and Entrepreneurship (MoDEE), which is responsible for the tendering procedure. Improvements have also been made in the organisation of tax audits with additional staff recruited.

The Audit Bureau Law (2018) strengthened its functioning and independence. Work is ongoing to strengthen external audit covering both performance in service delivery and the content and quality of financial reporting. Risk based audit is currently being reinforced through an ongoing EU twinning project at the Audit Bureau.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

¹³ <https://www.imf.org/en/News/Articles/2022/05/24/pr22167-jordan-imf-staff-concludes-mission-for-2022-article-iv-and-fourth-review-under-eff?cid=em-COM-123-44844>

2.4.4. Transparency and Oversight of the Budget

The Government of Jordan (GoJ) meets 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 within the same fiscal year.

The budget proposal for 2022 was published on the General Budget Department (GBD) website on 29/11/2021. The Lower House passed the Budget Bill on 13/02/2022. The Royal Decree has been issued on 23/03/2022 to ratify Law No. 2 for 2022, the State Budget Law for the fiscal year 2022, as well as Law No. 3 for 2022, the Government Units Budgets Law for the fiscal year 2022. Both laws have been published in the Official Gazette.

The Open Budget Survey 2019 (released in April 2020) Jordan scored 61/100 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 45. 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, however in 2019, the Mid-Year Review has been only produced for internal use, hence Jordan's score slightly decreased in this area.

As for budget oversight by the legislature Jordan scored 43/100. 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. 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 and there is a strong commitment from the current President¹⁴ of the Audit Bureau to further strengthen the institution.

The IMF has stressed the need to publish COVID-19 related spending, including beneficial ownership information for large transactions. The Ministry of Finance (MoF)¹⁵ is continuously publishing the COVID-19 spending since September 2020 on the MoF website including beneficial ownership information for large transactions in line with the IMF programme.

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to stimulate sustainable and inclusive employment through entrepreneurship and private sector development.

The Specific Objectives (Outcomes) of this action are to:

1. Improve the business environment for private sector growth;

¹⁴ On 17 November 2019, Assem Haddad was sworn as president of the Audit Bureau

¹⁵ <https://mof.gov.jo/en-us/informationcenter/primeministryannouncementsandcirculars.aspx>

2. Strengthen entrepreneurship capacities and increase opportunities;
3. Increase employment opportunities for Jordanian and refugee (including Syrian) job seekers.

The induced Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Contributing to Outcome 1 (or Specific Objective 1):

- 1.1. Effective operationalisation, monitoring and evaluation of the general entrepreneurship policy is performed;
- 1.2. Public-to-Public and Public-to-Private dialogues with the entrepreneurial ecosystem, in particular SMEs and Start-ups, are designed, structured and implemented.

The Direct Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

Contributing to Outcome 1 (or Specific Objective 1):

- 1.3. Awareness raising and training services to key administrative civil servants involved in the implementation and monitoring of the policy are developed and integrated in the public function.

Contributing to Outcome 2 (or Specific Objective 2):

- 2.1. Start-ups and businesses, in particular social, female and green, are created, financed and accompanied through life-cycled business development services;
- 2.2. Existing MSMEs are scaled-up/accelerated through business support services, including in greener and more digital business processes.

Contributing to Outcome 3 (or Specific Objective 3):

- 3.1. Employment Service Centres (ESCs) and partners in the Labour Directorates (Ministry of Labour) benefit from capacity building, training and support to more efficiently match diverse job seekers with decent work;
- 3.2. A comprehensive capacity building programme for labour inspection for the Ministry of Labour (MoL) is implemented and sustained;
- 3.3. Core services to eligible companies to ensure that decent work principles are monitored and promoted in companies benefiting from EU's relaxed Rules of Origin scheme are delivered.

3.2. Indicative Activities

Activities related to Induced Output 1.1:

- Provide capacity building and technical work in areas covered by the entrepreneurship policy and its M&E system.
- Support MoDEE on the communication of the General Entrepreneurship Policy and promote EU aid and development effectiveness.

Activities related to Induced Output 1.2:

- Design and implement training and capacity building activities adjusted to the needs;

- Develop awareness raising platforms and tools addressing inclusiveness, green (including clean energy and energy efficiency) and social entrepreneurship.

Activities related to Direct Output 1.3:

- Develop and apply the necessary tools and expertise, deliver analytical inputs promoting a structure dialogue.

Activities related to Direct Output 2.1:

- Provide organizational and advisory support for the sustainable development of new networks to promote start-ups;
- Supporting access to finance through advisory services;
- Provide innovation and start-up support;

Activities related to Direct Output 2.2:

- Train entrepreneurs and MSMES on improved technical and managerial practices;
- Run sector/market development support activities;
- Provide gender focused support to women entrepreneurs;
- Deliver Syrian refugee support through entrepreneurial advisory and capacity building;

Activities related to Direct Output 3.1:

- Train Employment Service Officers and partners in the Labour Directorates on effective employment service provision;
- Facilitate the delivery of services, such as childcare, that enhance access to jobs for workers with family responsibilities;
- Facilitate transportation for Syrian job seekers inside refugee camps.

Activities related to Direct Output 3.2:

- Conduct joint enterprise visits, including assessments, with Labour Inspectors;
- Continue the secondment programme for Labour Inspectors, with a focus on knowledge transfer from BWJ to the MoL;
- Train Labour Inspectors on topics related occupational safety and health (OSH), sexual harassment prevention (SHP), gender and non-discrimination, contracts and facilitation skills.

Activities related to Direct Output 3.3:

- Conduct annual assessments in eligible factories;
- Provide advisory services to eligible factories;
- Deliver training to workers, supervisors and managers from eligible factories.

3.3. Mainstreaming

Environmental Protection, Climate Change and Biodiversity

Outcomes of the Strategic Environmental Assessment (SEA) screening

The SEA screening concluded that no further action was required.

Outcomes of the Environmental Impact Assessment (EIA) screening

The EIA screening classified the action as Category C (no need for further assessment).

Outcome of the Climate Risk Assessment (CRA) screening

The CRA screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1¹⁶. This implies that a significant part of activities under SO2 and SO3 will aim to address existing gender inequalities relating to further economic inclusion of women in particular through gender-sensitive approaches and engagement of female-headed households and support to women-led businesses, and economic engagement of vulnerable Jordanians and refugees. Action related to SO2 and SO3 will help produce gender disaggregated data on women economic empowerment and livelihood opportunities of refugees and their hosts to inform future action, analysis and advocacy.

Human Rights

Human Rights considerations are integral to the formulation of the action which focuses on restoring socio-economic rights of youth, women, vulnerable Jordanians and refugees, notably through a decent jobs agenda.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that especially under the support to social entrepreneurship, better and greater inclusion of person with disabilities will be an integral part of support.

Democracy

Participation development and good governance, which contribute to an enhanced democracy, are principal objectives of the action. The action will contribute to improving governance in Jordan's entrepreneurship ecosystem, e.g. through cross-sector institutional capacities and coordination at policy and implementation levels, enhanced results-oriented budgeting, monitoring and evaluation, direct support to entrepreneurs and SMEs at large, promotion of green, digital and inclusive initiatives, as well as the increased involvement of local government, NGOs, CSOs and the private sector in general.

Conflict sensitivity, peace and resilience

Jordan was subject to a conflict analysis process in 2021. The action will help to prevent an increase of inter-communal tensions between refugees and their hosts which could result from increased economic scarcity and real or perceived competition for resources and/or the perceptions that refugees benefit from greater support from the international community than their equally vulnerable hosts. The action directly aims to increase overall resilience of the target populations.

¹⁶ Principal objective / significant objective/ not targeted

Disaster Risk Reduction

Disaster risk reduction is not targeted by the action.

However, the COVID-19 response is a significant objective of the action. The COVID-19 economic recovery presents a unique opportunity to build the economy in a greener and in a more equitable way enhancing competitiveness and resilience. As the main objective of Jordan's COVID-19 recovery plans is to reboot the economy and generate employment and income in the short run, the reforms and potential investments that will be supported through this action will incorporate climate change elements and accelerate the transition to a green economy.

Digitalisation is a significant objective of the action. This is identified as one of the European Commission's political priorities as critical to achieve¹⁷. Digitalisation, state-of-the-art technologies and innovation will be one of the focus themes of the entrepreneurship projects included in the action's budget support and complementary measures.

3.4. Risks and Assumptions

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
1-External environment	The impact of the COVID-19 pandemic will prevent successful implementation of all the components of the programme due to changing priorities of the government.	M	M	The proposed action addresses both the immediate needs during the post COVID-19 recovery phase and the long term structural gaps.
1-External environment	The macro-economic framework does not improve.	L	L	Support to economic resilience will continue to be provided under the EU Macro Financial Assistance III, complementing the on-going IMF's EFF programme. Policy dialogue, also jointly with other development partners, will continue.

¹⁷ Political guidelines of the Commission 2019-2024, 16 July 2019: https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission_en_0.pdf

External environment	The macroeconomic and public finances are negatively impacted by the Russian war on Ukraine.	L	L	Government has taken the necessary measures to ensure food security and control inflation due to increase of main commodities. IMF and World Bank are closely monitoring.
3-To people and the organisation	Institutional blockage due to lack of leadership, ownership and coordination among public and private stakeholders.	M	M	The proposed action includes both a budget support and a capacity building support measure to promote and incentivise continuous policy dialogue and coordination through existing platforms.
3-To people and the organisation	Political blockage by national or sub-national stakeholders given the sensitive nature of the inclusion of Syrian refugees.	L	M	This proposed action will join forces with the parallel action submitted on the Multilateral fund for the Syrian Crisis response and promote the comprehensive approach.

External Assumptions

Political, economic, social and health 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.

3.5. Intervention Logic

The underlying intervention logic for this action is that by supporting the Government's efforts to reform the investment framework, by supporting an entrepreneurship ecosystem (know-how, finance, culture), by capacitating and up-scaling small and medium enterprises with high growth potential as well as by incentivising more social, inclusive and green economic opportunities, the intended general objective can be achieved: sustainable growth is generated which consequently allows Jordanian and Syrian refugees to seize emergent economic opportunities in the private sector. At the same time, as improved data and analysis related to entrepreneurship and livelihoods opportunities are embedded in planning and coordination structures and made available to policy-makers and other stakeholders, the overall nature of the dialogue as well as related programming becomes more evidence-based, allowing clearer formulation of common objectives as well as challenges to achieving these. In this regard, data and analysis are important to show if and how win-win outcomes for the general population, private sector and Government can be achieved over time.

Evidence-based formulation of policies and shared understanding of key challenges and opportunities will provide a basis for long-term planning within a context the private sector is the main source of employment opportunities. An improved business environment and a structured institutional set-up enhancing entrepreneurial activities will provide the private sector with a solid base to grow and generate employment opportunities. The intervention logic assumes that a general economic improvement is also beneficial for Syrian refugees that can gradually access a growing labour market as well as generate own “non-aid” income activities, a key factor for the social and economic integration of the refugee population. When the overall framework does not suffice to generate economic opportunities, dedicated assistance to micro, small and medium enterprises can provide the necessary leverage to start, scale-up and accelerate the private sector. The bottom-up approach allows to feed the planning and formulation machinery at the macro level.

Broader policy dialogue priorities in the course of this action are that overall agreement on fundamental tenets of the EU-Jordan Partnership Priorities is supported and developed and kept visible in public discourse while key bottlenecks are identified and jointly addressed.

3.6. Indicative Logical Framework Matrix

Results	Results chain	Indicators (max. 15)	Baselines (value and year)	Targets by the end of the budget support contract (value and year)	Sources of data (1 per indicator)
Indicative Impact of the policy	To stimulate sustainable and inclusive employment through entrepreneurship and private sector development	GDP growth rate GINI index Exports	2% in 2021 (expected) 33.7 in 2010 (last available measurement) JD 5,044,108,437 in 2020	TBD (2026) TBD (2026) TBD (2026)	International Monetary Fund World Bank Department of Statistics

Expected Outcomes of the policy	1 The business environment for private sector growth is improved	1.1 Global Entrepreneurship Index 1.2 Global Innovation Index 1.3 Global Competitiveness Index 1.4 % of of new businesses registered	1.1 score of 29.4 in 2019 1.2 ranking at 81 in 2021 1.3 Score of 60.94 in 2019 1.4 TBD	1.1 TBD (2026) 1.2 TBD (2026) 1.3 TBD (2026) 1.4 TBD (2026)	Global Entrepreneurship Index Report Global Innovation Index Global Competitiveness Index Ministry of Digital Economy and Entrepreneurship reports
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	2 Entrepreneurship capacities strengthened and opportunities increased ¹⁸	<p>2.1 Amount of revenue generated</p> <p>2.2 Female participation rate in entrepreneurship</p> <p>2.3 Increase the number of investors (people/entities)</p>	<p>2.1 TBD</p> <p>2.2 TBD</p> <p>2.3 TBD</p>	<p>2.1 TBD (2026)</p> <p>2.2 TBD (2026)</p> <p>2.3 TBD (2026)</p>	<p>Ministry of Digital Economy and Entrepreneurship reports</p> <p>Ministry of Industry, Trade and Supply reports</p> <p>Reports from the programme's accompanying measures</p>
	3 Employment opportunities for Jordanian and refugee (including Syrian) job seekers are increased	<p>3.1 Number of jobs created</p> <p>3.2 No of Jordanian and Syrian job seekers that are employed</p>	<p>3.1 TBD</p> <p>3.2 TBD</p>	<p>3.1 TBD (2026)</p> <p>3.2 TBD (2026)</p>	<p>Ministry of Digital Economy and Entrepreneurship reports</p> <p>Ministry of Industry, Trade and Supply reports</p> <p>Reports from the programme's accompanying measures</p>

¹⁸ Indicators directly linked to the General Entrepreneurship Policy and candidates to be inserted in the budget support component of the action

Induced Outputs	1.1 Effective operationalisation, monitoring and evaluation of the general entrepreneurship policy is performed ¹⁹	1.1.1 # of new entrepreneurship strategies and policies supported by an M&E systems in place and operational	1.1.1 TBD	1.1.1 TBD (2026)	Ministry of Digital Economy and Entrepreneurship reports
		1.1.2 # of Start-up policy reforms developed and implemented with ecosystems actors	1.1.2 TBD	1.1.2 TBD (2026)	Ministry of Industry, Trade and Supply reports
		1.1.3 # of proposals refer to projects under the implementation plan of the entrepreneurship policy	1.1.3 TBD	1.1.3 TBD (2026)	Reports from the programme's accompanying measures

¹⁹ Indicators linked to the accompanying measure with GIZ

	<p>1.2 Public-to-Public and Public-to-Private dialogues with the entrepreneurial ecosystem are designed, structured and implemented</p>	<p>1.2.1 # of meetings by the Entrepreneurship Council</p> <p>1.2.2 # of partnerships between entrepreneurship and entrepreneurs, mentors and entrepreneurs and entrepreneurs and actors</p>	<p>1.2.1 TBD</p> <p>1.2.2 TBD</p>	<p>1.2.1 TBD (2026)</p> <p>1.2.2 TBD (2026)</p>	<p>Ministry of Digital Economy and Entrepreneurship reports</p> <p>Ministry of Industry, Trade and Supply reports</p> <p>Reports from the programme's accompanying measures</p>
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Direct Outputs	1.1 Awareness raising and training services to key administrative civil servants involved in the implementation and monitoring of the policy are developed and integrated in the public function ²⁰	<p>1.1.1# of trainings and capacity-building measures designed and implemented</p> <p>1.1.2# of Government Employees who have received training on entrepreneurship</p> <p>1.1.3 Improved quality in the design of support measures for entrepreneurs (women/men)</p> <p>1.1.4 Number of trainers trained in policy monitoring</p>	<p>1.1.1 TBD</p> <p>1.1.2 TBD</p> <p>1.1.3 TBD</p> <p>1.1.4 TBD</p>	<p>1.1.1 TBD (2026)</p> <p>1.1.2 TBD (2026)</p> <p>1.1.3 TBD (2026)</p> <p>1.1.4 TBD</p>	<p>Ministry of Digital Economy and Entrepreneurship reports</p> <p>Ministry of Industry, Trade and Supply reports</p> <p>Reports from the programme's accompanying measures TBD</p>
	2.1 Start-ups and businesses, in particular social, female and green, are created, financed and accompanied through life-cycled business development services ²¹	<p>2.1.1 # of businesses supported in access to finance through blended (advisory + finance) products</p> <p>2.1.2 # of support projects to women entrepreneurs through advisory and capacity building</p> <p>2.1.3 # of support projects to Syrian refugee through advisory and capacity building</p>	<p>2.1.1 TBD</p> <p>2.1.2 TBD</p> <p>2.1.3 TBD</p> <p>2.1.4 TBD</p>	<p>2.1.1 TBD (2026)</p> <p>2.1.2 TBD (2026)</p> <p>2.1.3 TBD (2026)</p> <p>2.1.4 TBD (2026)</p>	<p>Ministry of Digital Economy and Entrepreneurship reports</p> <p>Ministry of Industry, Trade and Supply reports</p> <p>Reports from the programme's</p>

²⁰ Indicators linked to the accompanying measure with GIZ

²¹ Indicators linked to the accompanying measure with EBRD

		<p>2.1.4 Market breakout by government, large business, and start-ups</p> <p>2.1.5 % of female-owned businesses</p>	2.1.5 TBD	2.1.5 TBD (2026)	accompanying measures
	2.2 Existing MSMEs are scaled-up/accelerated through business support services, including in greener and more digital business processes ²²	<p>2.2.1 # of local and International advisory projects for SMEs</p> <p>2.2.2 # of sector/market development and capacity building activities</p>	<p>2.2.1 TBD</p> <p>2.2.2 TBD</p>	<p>2.2.1 TBD (2026)</p> <p>2.2.2 TBD (2026)</p>	<p>Ministry of Digital Economy and Entrepreneurship reports</p> <p>Ministry of Industry, Trade and Supply reports</p> <p>Reports from the programme's accompanying measures</p>
	3.1 Employment Service Centres (ESCs) and partners in the Labour Directorates (Ministry of Labour) benefit	3.1.1 # of male and female Jordanian and Syrian job seekers that benefit from career counselling and job matching services/year	3.1.1 TBD	3.1.1 TBD (2026)	<p>ILO annual reports</p> <p>Ministry of Labour reports</p>

²² Indicators linked to the accompanying measure with EBRD

	<p>from capacity building, training and support to more efficiently match diverse job seekers with decent work²³</p>	<p>3.1.2 # of Employment Service Officers and partners in the Labour Directorates that benefit from trainings and capacity building sessions</p> <p>3.1.3 % increase in successfully placed job seekers that are women</p>	<p>3.1.2 TBD</p> <p>3.1.3 TBD</p>	<p>3.1.2 TBD (2026)</p> <p>3.1.3 TBD (2026)</p>	<p>Labour Survey</p> <p>ESCs data</p>
	<p>3.2 A comprehensive capacity building programme for labour inspection for the Ministry of Labour (MoL) is implemented and sustained²⁴</p>	<p>3.2.1 # Training of Trainers to workers, supervisors and managers from eligible factories</p> <p>3.2.2 # of Labour Inspectors who participated in MOL-Better Work Jordan joint assessments</p> <p>3.2.3 # of training delivered to Labour Inspectors</p> <p>3.2.4 # of evaluation of inspectors conducted</p>	<p>3.2.1 TBD</p> <p>3.2.2 TBD</p> <p>3.2.3 TBD</p> <p>3.2.4 TBD</p>	<p>3.2.1 TBD (2026)</p> <p>3.2.2 TBD (2026)</p> <p>3.2.3 TBD (2026)</p> <p>3.2.4 TBD (2026)</p>	<p>ILO annual reports</p> <p>Ministry of Labour reports</p> <p>Labour Survey</p>

²³ Indicators linked to the accompanying measure with ILO

²⁴ Indicators linked to the accompanying measure with ILO

	3.3 Core services to eligible companies to ensure that decent work principles are monitored and promoted in companies benefiting from EU's relaxed Rules of Origin scheme are delivered. ²⁵	3.3.1 % of eligible factories participating in BWJ	3.3.1 TBD	3.3.1 TBD (2026)	ILO annual reports
		3.3.2 % of eligible factories received assessment	3.3.2 TBD	3.3.2 TBD (2026)	Ministry of Industry, Trade and Supply reports
		3.3.3 # of authorised operators exporting under the relaxed rules of origin scheme	3.3.3 TBD	3.3.3 TBD (2026)	Department of Statistics
		3.3.4 Value of exports under the relaxed rules of origin scheme	3.3.4 TBD	3.3.4 TBD (2026)	

²⁵ Indicators linked to the accompanying measure with ILO

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

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

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 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 financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 50 000 000, and for complementary support is EUR 15 000 000. This amount is based on a review of Government budgetary estimates as per the Budget Law 2022 for the components supported through EU's budget support, validated against the costs and existing funding sources for ongoing projects under the responsibility of the concerned line Ministry (Ministry of Digital Economy and Entrepreneurship - MoDEE). Estimates are based on costs for recurrent and capital expenditures including legal drafting, staff training and mentoring, implementation of specific projects, monitoring and evaluating systems, and, eventually, procuring supplies and/or infrastructure.

The proposed action's inputs under the budget support implementation modality (transfer of funds to the national treasury, targeted policy dialogue on business environment and entrepreneurship, limited number of performance indicators under the responsibility of the main Government of Jordan (GoJ) partners involved in dialogue, and capacity building and technical work through the complementary support measures within and outside this action document), combined with other main inputs of the GoJ and of other external assistance programmes (USAID, World Bank, GIZ, Reform Secretariat) should allow to obtain more directly the intended outputs: a) external assistance channelled through the national budget providing an increased size and share of funds available for discretionary spending coupled with a reduction of transactions costs for the GoJ; and b) a problem solving oriented policy dialogue with MoDEE, Ministry of Planning and International Cooperation (MoPIC) and other relevant line Ministries that are in their remit combined with an increased credibility of the policy reforms adopted under Jordan's GIEP 2021-2024 and the other relevant strategies followed under this action.

This programme is anchored to one main sectoral policy with one main entity responsible for i.e. the Ministry of Digital Economy and Entrepreneurship (MoDEE). Nonetheless, other current and upcoming Government

strategies and plans that also promote an enhanced framework for the private sector will be assessed and eventually included in the budget support component. MoDEE is an active partner already receiving support from a number of donors, not only from the EU. The budget support component of this programme will allow to consolidate the partnership between the EU and MoDEE and strengthen the policy dialogue with the involvement of third parties from other relevant public authorities to private sector. This policy dialogue will be sustained by the different accompanying measures, in particular EU/GIZ joint project to support the implementation of the policy. However, as the policy touches upon areas of responsibility of other ministries, the budget support component and the policy will a collaborative approach and may include indicators under the responsibility of a another Ministry other than MoDEE, for example, Ministry of Industry, Trade and Supply, Ministry of Investment, Ministry of Labour, etc..

The General Entrepreneurship Policy is not directly addressed by the Reform Matrix, though some concepts are such as trade facilitation and access to finance. As such, the policy is not yet supported by any donor with the exception of BMZ/GIZ that have recently submitted a capacity building project which the EU is expected to co-finance.

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions.

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

- Satisfactory progress in the implementation of the General Entrepreneurship Policy and continued credibility and relevance thereof or of the subsequent policies and strategies.
- 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 may focus on the following main policy priority: Jordan's General Entrepreneurship Policy 2021-2025. Linkages with other relevant policies and strategies will be assessed for defining and agreeing on performance indicators such as the Export Promotion Strategy, the Investment Promotion Strategy, the National Digital Transformation Strategy and implementation plan 2021-2025 and the Jordan Artificial Intelligence Strategy, among others.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised

in writing ex-ante or at the latest by the end of the first quarter of the period under review applicable to the indicators and targets

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

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.

4.3.3. 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 Dinar will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4. 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 measures²⁶.

4.4.1. Direct Management (Grants)

a) Purpose of the grant(s)

The grants scheme will support the activities related to SO2 and to some extent, also SO3.

b) Type of applicants targeted

Potential applicants include local authorities, Non-Governmental Organisations (NGOs), community based Civil Society Organisations (CSOs), academic institutions and other public bodies and economic private operators such as business associations or chambers of commerce.

²⁶ 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.

4.4.2. Indirect Management with a pillar-assessed entity²⁷

4.4.2.1. Indirect Management with an EU Member State Organisation

A part of this action may be implemented in indirect management with the *Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH - GIZ*. This implementation entails strengthening public authorities' capacities to implement entrepreneurial policies, improving regional ecosystem linkages and implementing regional pilot projects with employment potential. Part this action to be implemented by the GIZ is directly contributing particularly to SO1.

The envisaged entity has been selected using the following criteria: the GIZ has recently set-up a new project (starting July 2022), namely "*Entrepreneurship for Sustainable Economic Development and Employment in Jordan*" which aims at supporting the Ministry of Digital Economy and Entrepreneurship (MoDEE) with the implementation of its entrepreneurship policy, supporting the set-up and strengthening of local or regional networks for entrepreneurship promotion, and improving business linkages between start-ups and SMEs/corporates (access to regional and international markets, access to finance) in specific sectors.

These outcomes are fully in line with EU's action and in order to avoid creating parallel structures, part of this action will be implemented by the GIZ.

The envisaged entity has been selected using the following criteria: the entity has offices and staff in country, possesses core technical expertise in supporting private sector development and entrepreneurship ecosystems, management and logistics capacities with previous successful programmes in Jordan and the MENA region.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.4.3.

4.4.2.2. Indirect Management with an International Organisation

A part of this action may be implemented in indirect management with the European Bank for Reconstruction and Development - EBRD.

This implementation entails supporting SMEs and high-growth potential start-ups through local and international advisory services, market and sector development activities, in-person and online training modules, etc. This implementation is an extension of an EU regional programme with EBRD entitled "Continuation of the EBRD Small Business Support Activities in the Southern and Eastern Mediterranean Countries (Phase II)" for which EU funding ended in December 2021.

Part this action to be implemented by the EBRD is contributing to SO2. It is expected to use data from the ground to feed the statistical system and monitoring framework, as well as the policy dialogue in the context of Jordan's entrepreneurship policies and reforms.

²⁷ The signature of a contribution agreement with the chosen entity is subject to the completion of the necessary pillar assessment.

The envisaged entity has been selected using the following criteria: the entity has offices and staff in country, possesses core technical expertise in supporting private sector development and entrepreneurship ecosystems, management and logistics capacities with previous successful programmes in Jordan and the MENA region.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.4.3.

4.4.2.3. Indirect Management with an International Organisation

A part of this action may be implemented in indirect management with the International Labour Organisation – ILO.

This implementation entails a) operating Employment Services Centres (ESCs), facilitating job matching for decent work opportunities for Jordanian and Syrian job seekers and rolling out an electronic job matching platform while enhancing the capacities of employment services officers, employers and career counsellors to better identify and communicate job vacancies; and b) delivering ILO's Better Work Jordan core services of promoting and applying decent work standards, reporting firm-level, compliance data, providing comprehensive capacity building for Ministry of Labour inspectors, as well as enhancing the efficiency of labour inspection procedures, and monitoring the implementation of EU's relaxed Rules of Origin (RoO) scheme. Part of this action to be implemented by ILO is contributing to SO3.

The envisaged entity has been selected using the following criteria: the entity has offices and staff in country, possesses core technical expertise in promoting job matching opportunities, supporting and monitoring decent work standards, management and logistics capacities with previous successful programmes in Jordan and the MENA region.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in direct management in accordance with the implementation modalities identified in section 4.4.3.

4.4.3. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances

If direct management as per section 4.4.1 cannot be used due to circumstances outside of the Commission's control, the alternative implementation modality will be indirect management with an international organisation selected using the following criteria:

- presence of the entity in the country;
- core technical expertise in supporting private sector development and entrepreneurship ecosystems;
- management and logistics capacities in areas linked to this action;
- previous successful cooperation with the entity in Jordan and/or the MENA region.

If the indirect management as per sections 4.4.2 cannot be used due to circumstances outside of the Commission's control, the alternative implementation modality will be direct management through procurement.

4.5. 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 services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Budget support - cf. section 4.3	50 000 000	N.A.
Implementation modalities – cf. section 4.4		
Objective 1: Improve the business environment for private sector growth is improved composed of		4 370 000
Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH – GIZ - cf. section 4.4.2.1	3 000 000	4 370 000

Objective 2: Strengthen entrepreneurship capacities and increase opportunities composed of		tbc
Indirect management with the European Bank for Reconstruction and Development - EBRD – cf. section 4.4.2.2	5 000 000	N.A.
Grants (direct management) – cf. section 4.4.1	N.A.	
Objective 3: Increase employment opportunities for Jordanian and refugee (including Syrian) job seekers are increased composed of		300 000
Indirect management with International Labour Organisation – ILO - cf. section 4.4.2.3	3 000 000	300 000
Grants – total envelope under section 4.4.1	3 500 000	N.A.
Evaluation – cf. section 5.2 Audit – cf. section 5.3	150 000	N.A.
Communication and visibility – cf. section 6	N.A.	N.A.
Contingencies	350 000	N.A.
Totals	65 000 000	4 670 000

4.7. Organisational Set-up and Responsibilities

The Ministry of Planning and International Cooperation (MoPIC) is the signatory of the Financing Agreement and the action's supervisor, with overall responsibility for coordination with the EU and the various stakeholders involved. It is also responsible for facilitating the monitoring and appraisal missions to be conducted, during and after the implementation period, in the framework of this programme. MoPIC may assign a team to work on managing, monitoring and facilitating this action.

A Steering Committee (SC) will be formed for the present *EU support to entrepreneurship and private sector development in Jordan* programme and will meet at least once a year to endorse strategic orientations, oversee the programme's execution and facilitate implementation of the activities. This SC will be considered as the most senior forum of the regular policy dialogue for the programme. If possible, the SC will be inserted in MoDEE's newly established Entrepreneurship Council. However, the overall policy dialogue will be structured through continuous bilateral and multilateral meetings, seminars, exchange of letters, etc.

The SC will be chaired by the MoPIC and co-chaired by the EU Delegation. It will include representatives from other relevant Ministries, Departments and Agencies such as MoDEE, MoF, MoI, MoITS, MoL, JEDCO and Jordan Exports. Its composition will reflect the variety of stakeholders responsible for the implementation of policies and strategies addressing the business environment and SMEs support in Jordan. Implementing

partners involved in the execution of the accompanying measures referred in sections 4.4.2 will be integrated as representatives of the technical parties of the programme.

Other private sector and civil society representatives may also take part according to their set roles as needed, which will enhance policy dialogue to develop Jordan's entrepreneurship ecosystem.

The SC will monitor the overall implementation of the action, review progress, coordinate the different results areas and guide the activities to the successful achievement of the action's objectives. It will approve the reports and work plans. It will also help coordinate between all Jordanian institutions and groups likely to be involved in the action. The implementation, follow-up and reporting of the budget support as well as indirect management activities will be carried out pursuant to the rules and procedures set out in the practical guide to EU procedures.

For the complementary measure supporting the implementation of the General Entrepreneurship Policy and other potential strategies and plans, the EU Delegation will take part in the steering committee meetings and technical meetings where progress on activities and performance on results and objectives will be monitored.

A specialist Technical Committee (TC), chaired by MoDEE as a Secretariat, will be set and will report to the Steering Committee to facilitate implementation of the activities, including technical and financial planning. Its composition includes the technical team from the EU Delegation and can invite at least one technical representative of each of the above mentioned institutions and implementing partners based on topics for discussion. The TC will meet at least three times a year.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. 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 action and elaborate regular progress reports (not less than annual) 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 (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

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).

Roles and responsibilities for data collection, analysis and monitoring:

- The monitoring framework for the implementation of national and sectoral policies is generally robust. For the monitoring of the progress under the *Jordan Vision 2025*, the Prime Minister's Delivery Unit (PMDU) was established to follow up the most important initiatives proposed and overcome the obstacles facing their implementation in order to assure commitment and effective implementation;
- The MoPIC is the main Government institution in charge of national and multi-sector planning. Its main role is to reflect the national development policies into sector strategies and to ensure the overall coordination of international donors;
- As far as the General Policy for Entrepreneurship is concerned, MoDEE will coordinate the execution of the implementation plan in collaboration with the ecosystem and building on existing dialogue mechanisms including J-CORE team. MoDEE has formed the National Council for Entrepreneurship to monitor the implementation of the general entrepreneurship policy;
- The EU will rely on national statistical systems and official published reports but will also ensure close monitoring through the technical and steering committees and cross-checking data with other ongoing programmes, in particular the Reform Matrix.

As far as the General Entrepreneurship Policy is concerned, MoDEE has formed the National Council for Entrepreneurship (formally adopted by the Prime Minister) to monitor the implementation of the policy and advise on corrective actions, as well a Project Management Unit to coordinate the execution of projects under the policy (see 3.3. *Institutional capacity and ownership* below) and report on a quarterly basis to the Prime Ministry and MoDEE. The Ministry has stated that it intends to coordinate the execution of the strategic plan in collaboration with the wider entrepreneurship ecosystem, including the private sector, and build on existing dialogue mechanisms including the so-called J-CORE²⁸.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows: the policy states that MoDEE will oversee a set of key outcome indicators that will measure the economic effect of the suggested entrepreneurship policies. The entrepreneurship ecosystem indicators are much broader than an entrepreneurship programme; they go beyond just the entrepreneurs' impacts and cover the support, interactions, culture, and business environment.

5.2. Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation 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 steering the action back into the right track in case of major deviations and the potential intention to extend through a subsequent phase of the action.

²⁸ A roundtable of entrepreneurship ecosystem actors (Endeavor Jordan, Oasis 500, Int@j, Crown Prince Foundation, ISSF, BeyondCapital and Injaz)

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that improving a competitive and resilient entrepreneurship ecosystem needs continuous financial and technical support in Jordan, and also because some of the activities implemented by the international organisations or the grantees may trigger spin-off actions.

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 form a Reference Group (RG) composed by representatives from the main stakeholders at both EU and national (representatives from the government, from civil society organisations (private sector, NGOs, etc.), etc.) levels. If deemed necessary, other donors will be invited to join. The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged 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 following the best practice of evaluation dissemination. 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.

5.3. Audit and Verifications

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 audit or verification assignments for one or several contracts or agreements.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU Member States. In each case, a

reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and delegation agreements.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union. Visibility and communication measures should also promote transparency and accountability on the use of funds. Effectiveness of communication activities on awareness about the action and its objectives as well as on EU funding of the action should be measured.

Implementing partners shall keep the Commission and the EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before the implementation. Implementing partners will ensure adequate visibility of EU financing and will report on visibility and communication actions as well as the results of the overall action to the relevant monitoring committees.

For budget support, efforts will be made to coordinate these communication and visibility activities with the Government of Jordan's communication on entrepreneurship, on the policy itself and/or its results. Strengthening the capacities of Jordanian institutions to communicate on their entrepreneurship, support to SMEs, business environment policies, strategies and related reforms and on their expected / achieved results will be a primary consideration in this context.