



Brussels, 27.9.2013
C(2013) 6380 final

COMMISSION IMPLEMENTING DECISION

of 27.9.2013

**on modifying the Commission Implementing Decision C(2011)5702 on the Annual
Action Programme 2011 in favour of Jordan to be financed from the general budget of
the European Union**

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THE EUROPEAN COMMISSION,

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

Having regard to the Regulation (EC) n°1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI), and in particular Article 12 thereof,

Having regard to Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹ (hereinafter referred to as ‘the Financial Regulation’), and in particular Article 84(2) thereof,

Whereas:

- (1) The Commission has adopted the Country Strategy Paper for Jordan² and the Multiannual National Indicative Programme (NIP) for the period 2011-2013³, point 2.5.1. of which provides for the following priority of the NIP: Sustainability of the growth process, Supporting Jordan in the area of human resources development.
- (2) The continued conflict, violence and hardship in Syria are forcing an unprecedented number of people to seek refuge in Jordan and neighbouring countries, stretching the resources of host communities to the limit.
- (3) The purpose of the present modifying Decision is to provide additional financial support to Jordanian Government in coping with the effects of refugee presence. This additional funding will increase the budget of the action “EU Support for the second phase of education reform”.
- (4) The objectives are to support education facilities in order to ensure access to education to Syrian refugee children from Syria and support host communities; to ensure that the Jordanian government’s education reform programme remains on track despite the pressure of coping with the refugee influx, to change the management mode of one component to allow Joint Management with UNESCO and to extend the operational period by 12 months.
- (5) This Decision complies with the conditions laid down in Article 94 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and

¹ OJ L 298, 26.10.2012, p. 1.

² C(2007)672 of 27.02.2007.

³ C(2010)1144 of 02.03.2010.

of the Council on the financial rules applicable to the general budget of the Union⁴ (hereinafter referred to as ‘the Rules of Application’).

- (6) The maximum contribution of the European Union to the action “EU Support for the second phase of education reform” includes the original amount of EUR 23 million, the SPRING contribution of EUR 10 million and the additional EUR 30 million set by the present modifying Decision.
- (7) The maximum contribution of the European Union set by this Decision should cover any possible claims for interest due on account of late payment on the basis of Article 92 of the Financial Regulation and Article 111(4) of the Rules of Application.
- (8) The Commission is required to define the term ‘non-substantial change’ in the sense of Article 94(4) of the Rules of Application to ensure that any such change can be adopted by the authorising officer by delegation, or under his or her responsibility, by sub-delegation (hereinafter referred to as ‘the relevant authorising officer’).
- (9) The measures provided for in this Decision are in accordance with the opinion of the ENPI Committee set up under Article 26 of Regulation (EC) No 1638/2006,

HAS DECIDED AS FOLLOWS:

Article 1

The Annex “EU Support for the second phase of education reform” of Commission Decision C(2011)5702 is replaced by the Annex of this Decision.

Article 2

Financial contribution

Article 2 of Decision C(2011)5702 is replaced by the following text:

The maximum contribution of the European Union to the Annual Action Programme is set at EUR 101 million to be financed from budget line 19 08 01 01 of the general budget of the European Union.

This maximum contribution shall also cover any possible interests due for late payment.

Article 3

Implementation modalities

Section 4 of the Annex referred to in Article 1 sets out the elements required by Article 94(2) of the Rules of Application.

The financial contribution referred to in Article 2 shall also cover any possible interest due for late payment.

Article 4

Non-substantial changes

Increases or cumulated changes to the allocations of specific actions not exceeding 20% of the contribution referred to in Article 2, shall not be considered substantial, provided that they do not significantly affect the nature and objectives of the actions. The use of contingencies

⁴ OJ L 362, 31.12.2012, p. 1.

shall be taken into account in the ceiling referred to in this Article. The responsible authorising officer may adopt these non-substantial changes in accordance with the principles of sound financial management and proportionality.

Done at Brussels, 27.9.2013

For the Commission
Štefan FÜLE
Member of the Commission

ANNEX

- Annex: Action Fiche “EU Support for the second phase of education reform”

ANNEX

of the Commission Implementing Decision modifying the Commission Decision C(2011)5702 on the Annual Action Programme 2011 in favour of Jordan to be financed under article 19 08 01 01 of the general budget of the European Union

Action Fiche for EU Support for the Second Phase of Education Reform

1. IDENTIFICATION

Title/Number	EU Support for the Second Phase of Education Reform (ENPI/2011/022-722)		
Total cost	EU contribution: EUR 63 million Initial contribution: EUR 23 million SPRING contribution: EUR 10 million Additional amount through modifying Decision: EUR 30 million of which: <ul style="list-style-type: none">- EUR 29.6 million for budget support- EUR 0.4 million for technical assistance, monitoring, evaluation		
Budget support			
DAC-code		Sector education	11220, 11230
Complementary support			
Aid method / Method of implementation	Joint Management for the EMIS development Direct centralised management for other activities		
DAC-code	11220, 11230	Sector	Education

2. RATIONALE AND COUNTRY CONTEXT

2.1. Summary of the action and its objectives

The action aims to provide support to the second phase of the education sector reform (Education Reform for the Knowledge Economy – ERrKE II).

The National Agenda (2006-2015) is the guiding document for the national development policy and strategy. Its main objective is to improve the quality of life

of Jordanians through the creation of income-generating opportunities, the improvement of standards of living and the guarantee of social welfare.

In terms of public education, the National Agenda indicates that the centralised governance and bureaucracy continues to be a deterrent to progress in public education. Despite recent improvements, key issues remain such as, inter alia, low enrolment in pre-school education and the need to improve curricula and teaching quality across all levels of public education. In response to the challenges, it was agreed to expand public kindergartens particularly in poor and rural areas and to particularly improve the quality of basic and secondary education, thus shifting the focus from access to quality issues. In order to create an articulation among the different reforms in this field, the National Agenda proposed to create a Higher Council for Human Resources Development, although to date the council has not yet been established. There is an urgent need for articulation of the 3 reforms of Human Resources Development (Education reform, Higher Education reform and Employment and Technical Vocational Education and Training (E-TVET) reform) especially in a context of budgetary crisis.

The present action is now modified with additional support to the Jordanian Government to cope with the increased needs of the educational sector deriving by the large number of Syrian refugees hosted in its territory.

Events unfolding in Syria in the last two years are affecting the stability in the region, and in particular that of its immediate neighbours. Since early 2011, the movement of refugees towards Jordan, Lebanon, Turkey and Iraq reached critical levels, calling for targeted responses in each country to deal with the related humanitarian needs, but also the longer-term consequences of the crisis. The relatively small population of Jordan and its endemic economic challenges make it vulnerable to strong socio-economic tensions, which are widely perceptible in the country at present. Since the beginning of the crisis, Jordan has welcomed displaced Syrians, who for the largest part found shelter in host communities. The present action is modified with the aim to contribute to alleviating the financial burden over Jordan's national resources and services linked to the presence of refugees – in particular the national education system accommodating large numbers of Syrian children to provide them with formal education services.

This effort will moreover mitigate the risk to the continued implementation of the education reform in Jordan, which in the current context is under threat.

To summarise, the proposed amendments to the on-going budget support programme ENPI/2011/022-722 "Support to the second phase of the education reform in Jordan" are the following:

- 1) additional EUR 30 million to allow direct support to the Government of Jordan (Ministry of Education) compensating part of the added cost to the national education system (fees, teacher salaries, double shifting, etc.) in the school year 2013-2014.
- 2) change of the management mode of a component: the development of the Education Management Information System (EMIS) will be implemented through **Joint Management** with UNESCO, whilst the remaining funds of this budget line will be contracted as per the initial financial agreement through direct centralised management. This system has been developed by UNESCO and is free of charge for beneficiary countries. It has been requested by Jordan and will provide reliable data

which will, as a collateral benefit, provide clear information regarding the benchmarks for the current budget support programme, as well as avoiding the provision of data from different, and sometimes contradictory sources.

3) extension of the period of implementation with 12 supplementary months for all components (until December 2015). The payment schedule of the budget support will also be extended accordingly for indicators.

2.2. Country context

2.2.1. Main challenges towards poverty reduction/inclusive and sustainable growth

In 2009, the country had a gross national income of USD 5,840 per capita (in purchasing parity terms), and is classed as a lower middle income country. The United Nations Development Programme (UNDP) Human Development Index (HDI) for 2010 classifies Jordan as a country with high human development (rank 82 from 169 ranked countries), which closely corresponds with Jordan's Gender-Related Development Index (GDI) of 76. The UNDP Multidimensional Poverty Index (MPI) is low at 0.010, with less than 2% of the population living on less than USD 1,25 a day.

In the past decades, Jordan made substantial progress in terms of human development thanks to consistent levels of spending on human development like education, health, pensions, social safety nets (more than 25% of the GDP). Its Human Development Index value for 2011 is 0.698, above the average of other countries in the lower middle-income group. In terms of poverty reduction, the related Millennium Development Goal is considered achieved, although income inequality and the widening poverty gap remain a concern (GINI increased between 2008 and 2010). The absolute poverty rate in the Kingdom stood at 13.3% in 2008, 14.4% in 2010. With population growth, the total number of households falling under the absolute poverty line has actually increased. Moreover, while incidence of poverty is higher in rural areas (16.8%) compared to urban areas (13.9%), there are in fact vastly greater numbers of poor in urban areas (80%) compared to rural areas (20%).

Besides, significant regional disparities persist: the benefits of growth have been concentrated mainly in the capital and a few large cities. Jordan's economic participation rates among the lowest globally, with only 35-40 % of the population above the age of 15 economically active and one of the lowest employment-to-population ratios. Merely 14% of women participate in the labour force, in comparison to 65% of men.

Recent economic growth has failed to generate sufficient quality jobs for young Jordanians, which in turn has been the cause of further 'brain-drain'. Young people between 15-24 years of age constitute 22% of the total population and 50% of the unemployed.

These domestic pressures are further exacerbated by the presence of increasing numbers of Syrian refugees in Jordan, particularly in the Northern Governorates, prompting Government's calls for assistance from its international partners in meeting immediate needs as well as looking into the longer term impact of the crisis for the country.

Over 240,854 Syrian refugees have crossed into Jordan since 1 January 2013, bringing the total number of Syrians now registered or awaiting registration with

UNHCR to 475,761. The Government of Jordan estimates there are now over 560,000 Syrians in the country, of which over half are below the age of 18 years, the vast majority of them live in host communities (around 80%). The refugee community counts more than 75% women and children and more than 50% children. 31% of households are female-led, while 29% are led by single males. A first refugee camp was established on 20 July 2012 (Zaa'tari) in Mafraq, 15km from the Northern border. The camp soon reached its full capacity with more than 110.000 people transferred. It is considered the second largest in the world and the fifth city in Jordan in number of inhabitants. A second UNHCR camp will soon be opened near Azraq, to initially host 47.000 refugees. Other small camps are funded by Gulf donors under other standards.

In Jordan, the influx of displaced Syrians has a significant impact on the national infrastructures and the heavily subsidised services and commodities. This further compounds the constraints faced by this country in the current social and economic context, given its fiscal challenges and relative lack of natural resources, already adversely affected by the on-going regional instability. The 2012 Stand by Agreement with IMF has further diminished the Government's margin of flexibility.

As a result, competition over limited available services such as education or health is causing tensions among refugee and host communities. In recent months, reports of jobs being taken over by cheap Syrian labour force further fuel popular discontent. Assistance from the international community must thus be designed to help both the refugees in their plight and the Jordanian population who receives them. The situation in Syria moreover indicates that the presence of refugees in Jordan will be a lasting phenomenon, with consequences that need to be apprehended in the medium term. Beyond humanitarian assistance, donor interventions are thus called upon to help the Jordanian Government in coping with the effects of refugee presence directly, which impacts on the country's capacity to pursue its train of domestic reforms in all areas, including education.

2.2.2. *Fundamental values*

As underlined in the ENP Progress of March 2013, Jordan addressed in 2012 a number of the key recommendations contained in the previous report, notably the establishment of the electoral commission, the Constitutional Court, the adoption of a political parties' law and an electoral law. However, in line with the commitments agreed in the 2010 ENP Action Plan for an advanced status, Jordan should pursue the reform process, in particular to:

- build an inclusive, participatory, and open political system where all Jordanians feel represented. Review the electoral law framework ensuring the universality of voter participation and equality of votes;
- strengthen the independence and impartiality of the judiciary and its administrative capacity, including completely ceasing to use military courts to judge civilians;
- enhance the fight against corruption which undermines the country's political, economic and social development, also through the adoption of the new draft National Anti-Corruption Strategy and related Action Plan;
- take concrete steps to eradicate violence against women and to promote women's integration in politics, economic life, education and employment;

- withdraw its reservations on Article 15(4) of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), in line with the recommendation of the UN Committee on the Elimination of Discrimination against Women;
- proceed towards a de jure abolition of the death penalty;
- move forward with the ratification of the Optional Protocol to the UN Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;
- ensure freedom of the press and prevent any kind of interference in mainstream or online news portals. Discontinue the practice of referring civilians to the State Security Court for free speech offences.

2.3. Eligibility for budget support

2.3.1. Public policy

Since 2002 Jordan has 4 education sector policy vectors: (i) structuring the system to ensure lifelong learning; (ii) ensuring responsiveness of the system to the economy; (iii) accessing and utilising information and communications technologies to support effective learning and system management; (iv) ensuring quality learning experiences and environments. The objectives have been translated into a reform support programme, funded by different donors, called Education Reform for the Knowledge Economy (ERfKE).

In 2005, the National Agenda 2006-2015 was developed, aiming at economic development; improvement of social welfare and security; fostering basic rights and freedom; and further development of services, infrastructure and economic sectors. Its policies guided the formulation of the National Education Strategy 2010-2014 (Ministry of Education 2009). Both the National Education Strategy and the review of the ERfKE I have been used to inform the design of the ERfKE II investment programme, focussing on seven priority domains for change and development. The programme is coherent with the priorities set down in the Joint Communication "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean"¹. It provides a strong focus in the improvement of the education system, one of the priorities set out in the communication.

a) Brief description of the sector

Jordan has in recent years adopted social, economic, educational and environmental policies that are inclusive, committed, and aligned with the Millennium Development Goals. Political will at the highest level has been translated into practical efforts towards developing human resources, and this has reflected in considerable progress on many socio-economic indicators over the course of the last decade.

Successive movements from neighbouring populations (Palestinians, Iraqis, and now Syrians) have placed an additional strain on national schools, already burdened by the shifting of thousands of students (most of them Jordanian) from the private to the – cheaper - public school system. Employment and technical and vocational education reforms to improve access of Jordanians to the labour market (and as a corollary to reducing the numbers of foreign workers) and to equip youths with skills

¹ COM(2011) 200 of 8 March 2011.

better adapted to the job market requirements are also challenged by the inflow of refugees, with the inevitable increase of black market employment.

The key challenge for the Jordanian Government is to maintain the course of reforming the education sector while shouldering the burden of accommodating a large number of additional students in the already overstretched national school system.

The sector stands under strong pressure to deliver on the Government's commitment – since late 2011 – to open access to national schools to Syrian refugee children. The needs in this area are among the most urgent: as Syrians have been entering Jordan since early 2011 and continue to do so, families and individuals have been displaced for more than 18 months in some cases. Children and youths may have been deprived of access to education for a considerable period of time while in Jordan, but also while in Syria, given the risks associated with accessing schools across the country.

b) Brief description of the main features of the public policy

Education reform is a top priority of the Jordan Government. Set in the framework of the Education Reform for Knowledge Economy (ERFKE II) platform, it aims to improve the quality, access and performance of the national school system. Based on the National Agenda, the National Education Strategy, and the review of the ERfKE I (NCHRD 2009) the second education investment programme (ERfKE II) focuses on seven priority domains for change and development laid out in a 5-year Strategic Plan 2010-2014 (MoE 2009a) addresses seven specific domains, i.e. (i) governance, (ii) finance of education, (iii) pre-school education, (iv) Human Resources, (v) safe teaching and learning environment, (vi) “the learner” including issues such as curricula and learning resources, assessment, school health and nutrition, vocational education, professional skills and employability, and (vii) quality assurance.

One of the key challenges of the reform implementation is linked to the improvement of the physical learning environment. A study undertaken in 2011 indicates that according to MOE criterion 1,244 (36.5%) of public schools are considered overcrowded in Jordan. This situation is worsening with the transfer of students from private to public schools in the past 3 years due to economic reasons (private school fees increasing by 20%-30% in 2012-2013). It is further aggravated by the arrival of Syrian children in the schools, particularly in the North of the country.

Since December 2011, Syrian children can register freely in public schools, contingent on UNICEF supporting the Ministry of Education to cover the associated costs². By March 2013, 32,000 Syrian children had registered with Jordanian public schools across the country and some 12,000 at the Zaa'tari camp two schools for the 2012/13 scholastic year³. The numbers are expected to rise further for the next school year. In the camp, two schools are running serving up to 10,000 children in double shifts, and a third one is under construction. In host communities outside the camps, accommodating the new students required ad hoc measures to mitigate class overcrowdedness with school rehabilitation, temporary classroom extension and double shifting. However it is estimated⁴ that only a third of Syrian refugee children actually follow formal education: for various reasons families are reluctant to send children to

² Protocol between UNICEF and Ministry of Planning and International Cooperation signed on 2/04/2012.

³ To access school, children must be registered with UNHCR.

⁴ CARE Assessment of Syrian refugees in urban Jordan (2013).

school (security concerns, expectation of speedy return home, inability to cover auxiliary costs, transport...). UN and partners' outreach campaigns to raise awareness about the right to school and its benefits, promotion of informal education services including by using public facilities another activities are necessary complements to the herewith proposed institutional support.

c) Policy relevance

Jordan's key asset is its human capital and its educated youth. Job creation is, as in many parts of the region, Jordan's most critical socio-political challenge. The capacity of the Jordanian leadership to address it has a direct bearing on its internal stability. Consequently, human resources development, education and vocational training are key pillars of the National Development Agenda. Education sector reform receives substantial donor support to upgrade and the education systems and curricula in Jordan⁵ and is one of the most fruitful areas of policy dialogue.

The recent mid-year joint donor supervision mission of the education reform⁶ highlights that the current overburdening of the education system threatens the implementation of the reform as a whole, in particular in relation to management capacity, crowdedness of schools, teacher needs, resources and running costs. The mission witnesses a decline of the education system learning outcome, which is further compounded by the worsening refugee situation.

d) Policy credibility

The policy framework for education clearly shows overall coherence with Jordan's overarching development policy and is consistent with EU development objectives. The following eligibility criteria for the use of budget support have been met:

- (1) a well-defined sector policy exists, on the basis of which the Government develops and implements the sector measures.
- (2) a stability-oriented macroeconomic policy is in place and is implemented.
- (3) a credible and sound system and policy of public financial management is in place and is implemented.

Track record in policy implementation

Commitment to implementation of the education reform in its various components remains strong. A multi-donor monitoring mission is carried out twice yearly under the auspices of the World Bank. The implementation of ERfKE II continues to be deemed as satisfactory by all donors represented in this supervision mission. Despite the complexity of the project and the mounting number of constraints that the Ministry of Education is facing, ERfKE II continues to make important progress in several areas related to policy development, quality of education interventions and school construction". The mission also raises the concern of the current crisis situation may have a lasting effect on the outcomes of this reform.

Policy financing

The preparation and execution of the budget in general and over the medium term has witnessed important improvements in recent years. The Medium-Term Expenditure Framework (MTEF) was introduced for the first time in the 2008

⁵ Including the "Support to the second phase of the education reform in Jordan – Sector support programme" (2011/022722- EUR 33 million).

⁶ Aide-mémoire of the ERfKE II multi-donor supervision mission (World Bank May 2013).

budget, with a forecast for the period of 2008-2010, and repeated annually ever since. The EU has provided Technical Assistance to the Ministry of Education on this issue. Jordan can be considered as having made progress towards putting in place the main elements of a basic MTEF architecture and having progressively developed and strengthened the linkages between sector policies and budget allocations through the MTEF. But some capacity problems still remain. USAID published in 2012 a multi-sector public expenditure analysis. An education sector public expenditure review is under preparation by the World Bank.

Institutional capacity and ownership

The Government has continued the reform momentum through ERfKE II launched in March 2010, and has adopted a focused and targeted approach striving to deepen and broaden the transformation of education programmes and services. However, there is still a need for better coordination between the central and the decentralised levels and amongst different managing directorates of the Ministry of Education. Overall, the central services concentrate too many operational tasks, which should rather be devolved to the Field Directorates and to the school level. This devolution would result in a stronger inclusion and utilisation of the decentralised Field Directorates in the institutional design for managing and implementing education in Jordan.

2.3.2. *Macroeconomic policy*

Jordan experienced sustained growth averaging 6.5% for almost a decade between 2000 and 2009, propelled by a growing global economy and in particular by flourishing Gulf Cooperation Council economies. However, following the global financial crisis Jordan's growth dipped from 5.5% in 2009 to 2.6% in 2011. Growth has been on a slow progressive recovery since: GDP growth is estimated at 2.8% in 2012. However, attaining pre-2009 crisis levels will take a long time as the GDP growth rate is expected to reach 'only' 4.5% in 2017. This growth rate, although favourable, is much below the demographic growth rate and is insufficient to reduce unemployment according to estimates of the International Monetary Fund (IMF).

A stability-oriented macroeconomic policy is under implementation, however earlier this year there was high concern regarding the rising level of debt and the rising level of the budget deficit. The main cause of this is the continued disruption of natural gas supply from Egypt leading Jordan to import increasing amounts of crude oil for energy generation. The domestic prices of fuel and electricity were raised in June 2012 - a bold step by the Government amongst the continuing Arab Spring manifestations - but this will only cover part of the additional costs. At the same time, the share of domestic revenues in GDP decreased from 29.9 % in 1990-1995 to 26.6 % in 2005-2010. As a result, domestic revenues have failed to cover recurrent public expenditure since 1997. According to the World Bank, this decrease in domestic revenues is mainly the result of Government policy choices, in particular the 2009-2010 tax reform that reduced tax rates and increased exemption thresholds. Domestic revenues amounted to JOD 4.72 billion during 2012 compared with JOD 4.19 billion in 2011. Both the IMF and the 2013 draft General Budget aim for domestic revenues to rise to reach around JOD 5.3 billion in 2013.

The Government of Jordan concluded a USD 2 billion 3-year programme with the IMF in August 2012 to provide part of the necessary liquidity to cover the immediate additional energy costs, and including reform targets aiming to bring the national electricity company back to cost recovery, as well as other cost containment measures. The cost of hosting Syrian refugees is also weighing heavily on the budget

this year. There is risk that debt and the deficit could rise beyond the forecast levels. However, the substantial amounts of liquidity expected to be received by the IMF and the GCC countries this year should off-set a major impact on macroeconomic stability. Moreover, so far into 2012 the Government has demonstrated it is controlling Government expenses to mitigate their impact on public finance stability and macroeconomic stability.

The IMF Stand-by-Arrangement (SBA) of USD 2 billion signed in August 2012 and the proposed EU Macro Financial Assistance of EUR 180 million under discussion are both linked to conditions pertaining to more efficient public spending and social equalization. EU support for the period 2014-2017 will take into consideration Jordan's Economic and Fiscal Reform Plan which is bound to the IMF Stand-By-Arrangement and sets plan for adjustment until 2017 and structural reforms aiming to bring fiscal and energy policies to a sustainable path (in particular electricity) and to maintain macro-economic stability.

Based on the above and the review mission of the IMF in February-March 2013 covering the 1st assessment of Stand By-Arrangement, it is concluded that the authorities pursue a credible and relevant stability oriented macroeconomic policy aiming at restoring fiscal and external stability in the medium term and moving towards sustainability in the long term.

2.3.3. Public financial management

An updated public finance management reform strategy for years 2014-2016 is under preparation, including the continued modernisation of internal control and both internal and external audits. Overall, the last report measuring progress over the period 1 June 2012 – 25 June 2013 shows the PFM reform progress has continued in several areas including the following: the debt strategy is being updated with USAID support and includes targets under the Stand By-Arrangement with the IMF, enlarged use of the new budget policy and priorities paper and budget framework papers forwarded to the Cabinet for approval; additional improvements to the budget preparation process; the sustained implementation to modernize internal audit and controls according to international best practices; continued rolling out of GFMIS to additional ministries, and the current work on proper recording of Government arrears as well as on preparing to implement commitment controls by end of 2013.

2.3.4. Budget transparency and oversight of the budget

The General Budget is published and accessible to the general public on the General Budget Department's website since 2009, in draft and final form once approved by Parliament, in Arabic and English. Efforts to improve the information presented in the General Budget include the new and more detailed classification of the Chart of Accounts into the General Budget preparation since 2008. For 2010, the new Chart of Accounts classification was applied to capital expenditure, which was therefore expressed in terms of the programmes and activities to be funded; in 2011 this was applied also to current expenditure, and for the first time the final accounts were published, which inform on the actual budget expenditure. Moreover, in response to popular requests for greater transparency and accountability, the General Budget Department developed two documents aimed at making the General Budget more accessible to the general public: the General Budget Brief which summarises the 2011 budget in a user-friendly manner; and the Citizen's guide which explains the main features of the General Budget Law and its content and it is written in a language suitable for wide public access.

2.4. Lessons learnt

Important lessons learnt from the previous EU budget support interventions primarily refer to the adequacy and appropriateness of selected and monitored indicators. Previously, different sources of data at the Ministry of Education (from the Education Management Information System (EMIS) and the Department of Statistics respectively) resulted in setting targets difficult to monitor or/and having been ambiguous in their interpretation. Sources of verification should be clear and simple.

Monitoring systems based on existing Government procedures need to be agreed upon. Since a budget support operation relies on the performance management structures of the partner country, the credibility of data generated through existing monitoring systems needs to be clearly acknowledged by all parties involved, in order to avoid the establishment of parallel systems. Programme implementation needs to be guided by the principles of the Paris Declaration and current EU guidelines in order to make technical co-operation more effective.⁷

Also, experience from the ongoing formulation process regarding the forthcoming EU-funded support to E-TVET shows that the number of involved institutions should be kept as low as possible, in order to avoid fragmentation and also in the interest of facilitating easy management. The interventions of EU agencies and Member States should be further coordinated, especially those of the EU and the European Investment Bank (EIB), starting from the identification phase and for EU advocacy and visibility purposes.

In addition, the present modification to the action are in line with the revised EU-JORDAN ENP Action Plan of 2010, as well as with the objectives of the 2011 Joint Communications “A partnership for democracy and shared prosperity with the Southern Mediterranean⁸”, and “A new response to a changing Neighbourhood⁹”.

2.5. Complementary actions

The EU has provided significant support in the past years to the Education Reform, including to the access to education of Iraqi refugees (more than EUR 68 million in total from 2006 to 2010, through two budget support operations). Both programmes encompass the Ministry of Education’s interventions to address the Education Reform including ERfKE I and II, and were concluded at the end of 2010. EIB contributed USD 45 million in ERfKE I for school construction, and will soon start the identification of a possible contribution to ERfKE II.

The EU has approved in 2009 a sector support programme to the E-TVET strategy that addresses the needs of the vocational education sub-sector. This programme, on the other hand, will particularly focus on human resources development in the education sector (educational management, planning, EMIS, teacher development) and the educational sub-sectors of pre-primary and special needs education. In that regard, these two EU initiatives complement each other and can potentially lead to synergetic effects within the whole sector context. This EU support is further directed towards the existing funding gaps in ERfKE II.

⁷ European Commission Guidelines No. 3, *Making Technical Co-operation More Effective*, March 2009.

⁸ COM(2011)200 of 8 March 2011, stating that “the EU responses to the changes taking place in the region needs to be more focused, innovative and ambitious, addressing the needs of the people and the realities on the ground”.

⁹ COM(2011)303 of 25 May 2011.

Almost all the Technical Assistance (TA) under ERfKE II will be financed from grants support. USAID, Canadian International Development Agency (CIDA) and Japan International Cooperation Agency (JICA) have already committed substantial grant funds for this purpose.

In parallel, the EU will continue its support notably to UNICEF for actions in the education sector outside the remit of the national formal education system. These include remedial programmes and non-formal education services to help Syrian children to integrate schools; outreach to families to encourage children's registration and attendance, as well as monitoring of education service delivery in the camps and in the host communities. As noted above specific attention will be paid to the reasons that discourage parents to send children to school at community level. This monitoring will feed directly into the performance assessment of the present programme notably in the framework of the disbursement of the budget support.

The proposed additional actions are focused on the education sector, with no overlap with EU humanitarian assistance interventions (such as health, registration, transit camps, cash transfers).

The present intervention complements the actions undertaken in the framework of the 2012 Special measures for Syria and Syrian refugees, through which a total amount of EUR 20.9 million was mobilised for non-humanitarian support to Syrians in Jordan on education and skills development. The needs on the ground, as explained above, have since grown exponentially.

2.6. Risks management framework

2.6.1. Global risks

As per the Risk Management Framework updated in 2013, overall average risk levels remains moderate with an average inherent risk of 1.96 and an average residual risk of 1.82, though substantial risks prevail, i.e. legal framework does not guarantee full protection of human rights, non-discrimination and fundamental freedoms; lacking consensus on elections law; independence of judiciary; vulnerability to exogenous shocks; increased poverty and social exclusion; corruption. Some of these risks are external ones to which EU influence can only be limited (e.g. impact of international oil or food prices), some are internal ones to Jordan which could be influenced through consistent political and policy dialogue, well targeted assistance and using efficiently all the tools EU has at its disposal, in particular the broad range of on-going programmes.

2.6.2. Risks pertaining to the operation

Assumptions:

Overall, it is assumed that (i) Government's support particularly for the education sector will continue; that (ii) the Ministry of Education remains committed to strengthening sector and Human Resources Development coordination; (iii) that managers and staff of monitoring and evaluation are engaged in the organisational restructuring of the sector and the foreseen deconcentration/decentralisation process; (iv) that the Government of Jordan maintains its policy of tolerance and hospitality to a large refugee population and accepts Syrian refugee children in the national public education system and contributes to the proposed activities (human, material and financial resources); and (v) that active co-ordination among the main stakeholders remains.

Risks:

Risks involved in the programme mainly concern the reliability of data for monitoring indicators relevant for tranche releases, since that posed certain problems during the implementation of the previous two EU education programmes. However, due to the strengthening of the planning and of the monitoring and evaluation structures and the integral support through technical assistance as part of the programme, this risk can be directly mitigated.

It should be noted that the rotation of Ministers and Secretary Generals of the Ministry of Education has been very frequent in the past 3 years. This might affect particular ways of addressing some issues, although it seems that it would not affect Government's commitment to the sector and the reform vision. It will be important to retain qualified staff in technical areas, in order to ensure the reform's sustainability and ultimate success. This will require tackling professional development of staff (including the recruitment and incentive systems).

Specific risks are related to the Syrian crises, namely:

- Dramatic increase in number of Syrian refugees jeopardises the capacity of the Jordanian Government and partners to respond; spill over effect of Syria crisis leads Jordan to close its borders or change its policy towards Syrians;
- Unexpected changes in sector leadership affect programme activities;
- Compromised in-country peace and stability;

3. DETAILED DESCRIPTION OF THE BUDGET SUPPORT CONTRACT

3.1. Objectives

The **general objective** of the programme is to support Jordan's Human Resources Development.

The **specific objective** is to provide support to the second phase of the education sector reform (Education Reform for the Knowledge Economy – ERrfKE II), taking in consideration also the context of the Syrian refugees crisis.

3.2. Expected results

Within the framework of supporting existing Government priorities, it is expected that the support provided under this Programme will produce the following results:

- (a) the strengthening of capacities at the Ministry of Education's central and field directorate level, particularly regarding monitoring and evaluation.
- (b) the strengthening of the Planning and Educational Research Management Directorate.
- (c) an operational Education Management Information System aligned with current monitoring and evaluation requirements.
- (d) the continued extension of access to, and quality of, early childhood education particularly in underprivileged areas.
- (e) the improvement of teacher professional development in pre-service and in-service contexts, including the adoption of a strategy for continuous professional appraisal of teachers.

- (f) strengthened special needs education strategies leading to an enhanced provision of special needs education.

With regards to the actions addressed to the Syrian refugees population the following results are expected:

- (a) vulnerable school aged children have unhindered access to formal education opportunities in urban and camp settings;
- (b) children, adolescents and youth excluded from formal education opportunities have access to alternative learning opportunities;
- (c) schools, especially in areas with high number of Syrian refugees, receive funds to cope with their basic, emergency and development needs.

3.3. Rationale for the amounts allocated for budget support

According to an impact study conducted for the World Bank in early 2013¹⁰, the situation exerts significant demand pressure on the country's already constrained public budgets and services, which combined with the fiscal stress compound both the country's challenging economic situation and the impact of an on-going structural adjustment programme. The direct financial impact is estimated by the Government to around USD 615 million for the past two years¹¹ chiefly weighing on the subsidy (food items) and water sectors. The crisis also indirectly affects the country in areas such as tourism, investment climate, the labour and employment market (crowding out of Jordanian workers by Syrians willing to accept lower salaries), and health with shortage of medicines, vaccines, threat of epidemics, infrastructure rehabilitation or agriculture. The Government nevertheless remains committed to its on-going reform programme in the political, economic and social sectors and calls on its international partners to continue their support in this respect, beyond the current humanitarian crisis.

The proposed additional EUR 30 million (thus increasing the on-going provision of support to Jordan's education sector to EUR 63 million) aim to contribute financially to alleviate the impact of Syrian refugee children on the Jordanian public school system, with a view to:

- contributing to shouldering the cost of providing education services to Syrian children in the upcoming school year 2013/2014, and
- further assisting the Ministry of education in implementing the Second Phase of Education reform (ERfKE II), which has long been an area of fruitful cooperation between the EU and Jordan.

The intervention will take the form of a Rider to the ongoing Education reform Budget support programme (Financial Agreement 2011/022722 Programme in Support to the Second Phase of the Education Reform signed in 2011) and thus is fully in line with the broader EU bilateral cooperation strategy. It will be closely articulated with the on-going contribution to the action of UNICEF under the 2012 Special Measures for Syria and coordinated within the framework of the Jordan-UN Joint Appeal for Syrians and of the UN Inter-agencies response plans.

It will contribute to preserving overall development and social expenditures thus allowing Jordan to pursue its commitments under the IMF stability programme. It

¹⁰ 'Fiscal and socio-economic impact of Syrian displacement in Jordan' – draft 6 May 2013.

¹¹ MOPIC donor briefing 11 June 2013.

will complement the overall effort on the international community, including the 2013 EU Macro Financial Assistance package (EUR 180 million). More specifically however, it will aim to contribute to the costs related to the presence of refugees in the education sector.

The cost of the tuition fees for non-Jordanians for basic education is JOD 40 per students and JOD 60 for secondary education. The cost of books for basic education is JOD 28 and JOD 32 for secondary education. The salary of the contract teachers is JOD 350 per month.

The regional response plan RRP5 2013 requested USD 26 million for infrastructure costs alone (ten schools expanded mainly in Mafraq and another sixteen new schools built in Ajloun and Mafraq). The estimated number of Syrian children enrolling in schools for the school year 2013-2014 is 80,000 in host communities and 40,000 in camps according to RRP5.

In the education sector, where increases in expenditures are constrained and resources insufficient, the present SRC will thus contribute substantially to the prospects of the sector in meeting its current challenges.

3.4. Main activities

Specific activities will be carried out by the Ministry of Education under the activity plan for ERfKE II.

The budget support component of the programme aims to support the Government to secure the budgetary allocations required for the implementation of its operational plan, according to the planned timetable.

The aim of the complementary support component, constituted by TA and/or twinnings, is to strengthen local capacities in order to ensure that, over the medium-term, the capacity of the administration is enhanced and the reform may rely on the internal administrative structures of ministries and other agencies. The technical assistance and/or twinnings will aim at strengthening the local capacities mainly on:

- Planning, Monitoring and Evaluation.
- Professional Development of Education Staff.

Non key experts and studies could be mobilised by the Government according to the priorities of the education sector strategy.

3.4.1. Budget Support

The EU Delegation will pursue stakeholder dialogue around conditions and Government reform priorities, the verification of conditions and the payment of budget support, under the coordination of the Ministry of Planning and International Co-operation (MoPIC). EU will continue to participate and support the twice-yearly multi-donor review missions of the ERfKE II framework, whose conclusions feed into the bilateral dialogue as well as the appraisals preceding disbursements.

Moreover, the present action being set in the framework of the emergency response in the context of the Syrian crisis, dialogue will be pursued with UNHCR, UNICEF and UNESCO to monitor provision of basic services to Syrian refugees.

Macroeconomic aspects, in particular related to domestic revenue mobilisation, will be addressed in the macroeconomic policy dialogue conducted by the Directorate

General for Economic and Financial Affairs, in particular within the framework of its Macro-Financial Assistance.

3.4.2. Complementary support

Complementary support will be mobilised to ensure monitoring of the specific performance indicators attached to the present action, which consists in topping-up an on-going sector support programme. It will be implemented in close articulation with the support provided under this initial programme.

Moreover, upgrading the EMIS (education management information system) as foreseen in the initial programme, remains as relevant as ever to ensure an adequate identification of need at school level and consequent planning, as approved by the Ministry of Education. An open EMIS system accessible to the Ministry can only be established by UNESCO (who, alone, provides such as system free in use) as requested by the Government of Jordan.

3.5. Donor co-ordination

Donor coordination in Jordan is mainly done through three mechanisms, i.e. (i) the involvement of Development Partners in the General Policy Steering Committee and its four sub-committees; (ii) the involvement of Ministry counterpart teams in all donor technical assistance initiatives to ensure the engagement of Ministry personnel and the development of sound processes and working relations in the deployment of coaching, mentoring, training and authentic capacity building; and (iii) the use of regular reporting mechanisms between the Ministry implementation groups and the Development Partners (DPs). The implementation of previous EU programmes was based on strong and effective partnerships between various levels of Ministry staff, funding representatives and groups of DPs through steering committees, counterpart relationships, internal working groups and sub-groups of DPs.

With regard to the actions specifically addressed to Syrian refugees, the Ministry of Planning and International Cooperation ensures donor co-ordination through regular meetings and running of the Jordan Aid information management system (JAIMS) database, established in 2009, which records on-going bilateral or multilateral projects. This Ministry stated its commitment to ensure closer donor coordination on the Syrian crisis response.

The intervention is set in the framework of the Jordan-UN appeal for assistance and of the UN interagency Response Plans, under the overall co-ordination of UNHCR. In the education sector, UNICEF holds regular donor co-ordination meetings including UNESCO and partners, with the Ministry of Education and key actors in the field to assess the response and needs of displaced Syrian children.

The EU Delegation to Jordan chairs monthly EU co-ordination meetings that include these aspects as well. Weekly meetings are held between the Delegation and the Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO) field office.

3.6. Stakeholders

The final beneficiaries will be the students in Jordan since they will be affected directly by an improved education system particularly in terms of management and quality. Key stakeholders are education administrators at central and field directorate levels, as well as practicing educationalists such as teacher trainers (university lecturers), kindergarten and school teachers and head-teachers. Additional

stakeholders include the Ministry of Education at central and field directorate levels, the Ministry of Planning and International Co-operation, National Centre for Human Resources Development (NCHRD), the Economic and Social Council and the society at large.

Major stakeholders are the Ministry of Education, Ministry of Planning and international co-operation, UNHCR, UNICEF, education and vocational education providers and key non-governmental organisations including Questscope, Save the Children among others. The host communities and district level local authorities (Directorate of Education) will also play an important role in the project implementation.

3.7. Conclusion on the balance of risks (2.6.) and expected benefits/results (3.2.)

The on-going crisis in Jordan has already taken a heavy toll over national finances and resources. The Jordanian Government maintains continuous support to Syrian refugees. The effects of competition over basic services and subsidised commodities are felt already. On this basis, and taking into account the already strained economic situation of the country, international partners – among which the EU – agree that assistance must be provided in the most efficient and swift way to cater for refugee needs as well as the host communities.

4. IMPLEMENTATION ISSUES

The programme will be implemented through a combination of Budget and Project Support modalities.

4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of the Financial Regulation. All activities will be implemented through direct centralised management, with the exception of the project component on EMIS, which will be implemented through Joint Management with UNESCO.

4.2. Indicative operational implementation period

The programme is indicatively foreseen to have an operational duration of 48 months (36 + additional 12) as from the date of signature of the respective Financing Agreement.

4.3. Criteria and indicative schedule of disbursement of budget support

- The general conditions for disbursement of all tranches are as follows:
- Satisfactory progress in the implementation of the National Education reform and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the Public Finance Management Reform;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

Performance indicators for the action are as follows:

Results Area	Indicator
<i>1. Capacities at MoE central and field directorate level strengthened, particularly regarding M+E (including strengthening of the Planning Department and the full operationalisation/alignment of information provision with current M+E requirements)</i>	<i>1. Extent to which MoE is making available data for continuous monitoring of the 31 ERfKE Indicators¹²</i>
<i>2. Teacher professional development in pre-service and in-service contexts improved, including the adoption of a strategy for continuous professional appraisal of teachers</i>	<i>2.1 Number of teachers having completed the Induction Programme</i>
	<i>2.2 Increased number of teachers following the National Teacher Professional Standards through active application in educational practice</i>
<i>3. Access to, and quality of, early childhood education continuously extended, particularly in underprivileged areas</i>	<i>3.1 Gross enrolment rate (GER) in KG 2 (pre-school education)</i>
	<i>3.2 Gross enrolment rate (GER) in KG 2 (pre-school education) in underserved areas</i>
	<i>3.3 School Readiness in Grade 1</i>
<i>4. Special needs education strategies sustainably and effectively strengthened, and the provision of special needs education enhanced</i>	<i>4.1 Number of students enrolled in special education programmes for gifted students</i>
	<i>4.2 Number of students enrolled in special education programmes for disabled students</i>
<i>5. Improvement of learning environment</i>	<i>5. Improvement of Learning Environment in priority areas</i>

Monthly updates on all the targets (distribution of Syrian children, teachers deployed, schools rehabilitated, etc) with breakdown to the school level will be provided by the Ministry of Education.

Ministry of Education will work with partners (UNICEF, UNESCO, etc) on the identification of needs and development of the response whereby required. The upgrade of the Education Management Information System will allow a better and more accurate planning and reporting.

The Ministry of Education will in the meantime proceed with the new Open EMIS solution proposed by UNESCO.

The indicative schedule of disbursements for the budget support component for the additional indicators of rider 2 is summarised in the table below (all figures in EUR millions) based on fiscal year of the partner country.

¹² Commonly referred to as “Key Performance Indicators“ (KPIs), see indicator definition in Appendix 1 for details.

Country fiscal year	2013	2014				Total
Type of tranche	Q4	Q1	Q2	Q3	Q4	
Base tranche	15					15
Variable tranche			14.6			14.6
Total	15	14.6				29.6

4.4. Indicative budget

The EUR 33 million of the on-going Programme in Support to the Second Phase of the Education reform (the initial EUR 23 million plus the 10 additional from SPRING funds) will be increased by EUR 30 million with the current action (funds from the third special measure for Syria).

Budget line	Initial Financing Decision	Additional resources through SPRING	Additional resources with Modifying Decision	Total
Budget Support	EUR 20 million	EUR 10 million	EUR 29.6 million	EUR 59.6 million
Twinning/s and/or Technical Assistance	EUR 2.4 million		EUR 0.4 million	EUR 2.8 million
Audit Evaluation and visibility	EUR 0.6 million			EUR 0.6 million
Total	EUR 23 million	EUR 10 million	EUR 30 million	EUR 63 million

4.5. Performance monitoring

Performance monitoring includes both internal and external monitoring and evaluation. The internal monitoring and evaluation of the reform will be the responsibility of the Directorate of Research and Studies whilst the external monitoring and evaluation will be done by the National Centre for Human Resources Development (NCHRD). Performance monitoring of ERfKEII will continue to be conducted through the multi-donor review missions twice a year. Specific performance monitoring of the present intervention will be carried out by the EU Delegation with the support of external experts using the evaluation and Audit, evaluation and visibility budget line of the programme in Support to the Second Phase of the Education Reform.

The programme will be subject to the Commission's Results Oriented Monitoring (ROM).

4.6. Evaluation and audit

The SRC will be subject to 6 monthly assessment, notably prior to disbursement of budget support instalments. A final external evaluation, managed by the EU Delegation to Jordan will take place at the end of the programme using the evaluation and Audit, evaluation and visibility budget line of the programme in Support to the Second Phase of the Education Reform.

Use may be made of the Commission's specific framework contracts for these purposes, or another appropriate means of procurement.

4.7. Communication and visibility

Communication activities pertaining to the implementation of ERfKE II and visibility of the EU's support will be financed in accordance with the EU Visibility Guidelines for External Actions.

Use may be made of the Commission's specific framework contracts for these purposes, or another appropriate means of procurement using the evaluation and Audit, evaluation and visibility budget line of the programme in Support to the Second Phase of the Education Reform.