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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX I**

of the Commission Implementing Decision on the financing of the individual measure in favour of the Hashemite Kingdom of Jordan for 2021

**Action Document for EU support to Green Economy in Jordan**

**ANNUAL MEASURE**

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and measure in the sense of Article 23(3) of NDICI-Global Europe Regulation.

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title</b> <b>CRIS/OPSYS</b> <b>Basic Act</b>	<b>EU support to Green Economy in Jordan</b> Annual measure in favour of the Hashemite Kingdom of Jordan for 2021 CRIS number: NDICI-GEO-NEAR/2021/043-448 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes / Jordan / Sustainable Water Management
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Jordan
<b>4. Programming document</b>	N.A.
<b>5. Link with relevant MIP(s) objectives/expected results</b>	N.A.
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area(s), sectors</b>	Green Economy, focusing in an integrated manner on the environment, energy, water, agriculture, industry and transport (DAC code 410)
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG: 13 (climate action) Other significant SDGs: 7 (clean energy), 6 (clean water), 9 (industry and infrastructure), 12 (responsible consumption), 14 (Life below water), 15 (life on land), 8 (economic growth)
<b>8 a) DAC code(s)</b>	41010: Environmental policy and administrative management
<b>8 b) Main Delivery Channel</b>	Donor Government - 11000

<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <sup>1</sup> <input type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11. Internal markers</b>	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input 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"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

<sup>1</sup> For the Neighbourhood, activities related to education shall be marked as part of the “Social Inclusion and Human Development” target, in line with the NDICI-GE programming guidelines.

<u>Connectivity</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags: transport		<input checked="" type="checkbox"/>	<input type="checkbox"/>
people2people		<input type="checkbox"/>	<input type="checkbox"/>
energy		<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### BUDGET INFORMATION

<b>12. Amounts concerned</b>	<p>Budget line(s) (article item): 14.020110 - Southern Neighbourhood</p> <p>Total estimated cost: EUR 40 000 000</p> <p>Total amount of EU budget contribution EUR 40 000 000 of which EUR 24 000 000 for budget support and EUR 16 000 000 for complementary support.</p> <p>TEI: EU, Germany, France, Spain, Netherlands, Italy as well as EIB and EBRD showed interest in contributing to the TEI in support of the water sector with an estimate of EUR 2 Billion, and particularly to the Flagship Infrastructure Project “Aqaba Amman Water Desalination and Conveyence Project” (AAWDCP), with an estimate of EUR 300-400 million in grants and loans.</p> <p>The commitment of the EU’s contribution to the Team Europe Initiatives foreseen under this action plan will be complemented by other contributions from Team Europe partners. It is subject to the formal confirmation of each respective partners’ meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise the EU action may continue outside a TEI framework</p>
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### MANAGEMENT AND IMPLEMENTATION

<b>13. Implementation modalities (type of financing and management mode)</b>	<p>Budget Support</p> <p><b>Direct management</b> through:</p> <ul style="list-style-type: none"> <li>- Budget Support: Sector Reform Performance Contract</li> <li>- Grants</li> <li>- Procurement</li> </ul> <p><b>Indirect management</b> with the entity to be selected in accordance with the criteria set out in section 4.4.3</p>
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## 1.2. Summary of the Action

Jordan’s primary national development strategy Vision 2025 has set high ambitions for the country’s socioeconomic development in the 2015-2025 period. To achieve this vision, the Government of Jordan has defined a set of priorities and actions based on strong private sector development and strengthened resilience in response to external economic shocks. The strategy lays out several priorities related to the environment, including climate change adaptation, water and energy efficiency, waste management and natural resource protection, and explicitly prioritizes the development of Jordan’s green economy in six targeted sectors: Energy, Transport, Water, Waste, Agriculture and Tourism.

In 2017 the Cabinet of Ministers approved the National Green Growth Strategy for Jordan, which builds on Vision 2025 and Jordan's 2016-2025 National Strategy for Mainstreaming Sustainable Consumption and Production and assesses Jordan's green growth potential in order to create a roadmap for achieving the transition towards green economy in the six targeted sectors. The Green Growth Action Plan (2021-2025) elaborates a multi-sector development approach, focused on strengthening an enabling environment for greener investments and private sector development.

From the six green economy sectors targeted in Jordan's Vision 2025, the green energy sector is clearly the most developed in Jordan and can provide the necessary support to other sectors. Jordan's Energy Strategy (JES) 2019–2030–2050, developed recently with EU support, comprises 6 scenarios for the development of the energy sector. The approved minimum dependency scenario focuses on increasing Jordan's reliance on local renewable sources of energy and raising energy efficiency in key sector in addition to reducing greenhouse gas emissions.

EU support to Jordan has a successful history of two green energy sector budget support actions between 2011-2020. Lessons from these actions, as well as the ongoing solid waste management sector budget support (2018 – 2023), green innovation grants, delegation agreements in the water and wastewater sectors and flagship regional programmes with the active participation of Jordan have been considered for the development of this action.

The action is aligned with the European Green Deal<sup>2</sup> and the EU's New Agenda for the Mediterranean<sup>3</sup>, and its Economic and Investment Plan<sup>4</sup>, focusing on the policy area for just green transition of climate resilience, energy and the environment. In particular, the action is prepared in conjunction with the EU support to the flagship project of desalinated water supply from Aqaba to Amman (including renewable energy generation), aiming at ensuring policy coherence in investment and environment actions.

The action is fully in line with the 2030 Sustainable Development Agenda, focusing on the SDGs for climate action, clean energy, clean water, industry and infrastructure, responsible consumption, life below water, life on land and economic growth.

The action will lead by 2026 to enabling the implementation of (i) green energy technologies (tentatively 150 additional detailed energy audits implemented in industrial facilities, 1,000 operational public transport and private e-vehicle charging stations throughout Jordan), (ii) the energy – water – agriculture nexus (tentatively award for construction of first pumped storage generation capacity, 500 additional off-grid solar water pumps installed for irrigation, afforestation rate increased to 3,000 donums / annum, (iii) construction of Marine Park Research Centre in Aqaba, (iv) circular economy processes (tentatively 15 additional integrated Resource Efficient and Cleaner Production practices implemented in industrial facilities), (v) expanded National Monitoring Information System for Waste, as well as (vi) green transition and other green growth projects implemented by municipalities, non-government organisations, civil society, academia and the private sector.

An amount of EUR 20 000 000 is foreseen from the general budget of the European Union for 2021 to be transferred from the Bilateral support to Jordan to the regional NIP budget-line as Blending Investment Grant to support the Flagship Infrastructure Project: Aqaba Amman Water Desalination and Conveyance Project (AAWDCP).

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<sup>2</sup> COM(2019) 640, 11.12.2019

<sup>3</sup> JOIN(2021)2, 9.2.2021

<sup>4</sup> SWD(2021)23, 9.2.2021

## **2. RATIONALE**

### **2.1. Context**

Jordan faces persistent economic, social and security challenges which affect the pace of political and economic reforms. The COVID-19 pandemic has stretched public finances further.

The EU and Jordan have a strong partnership across many sectors and have been linked by an Association Agreement since 2002 (advanced status since 2010). The EU encourages Jordan to pursue growth and stability-oriented policies under the current arrangement with the International Monetary Fund (IMF) and the so-called “Five-Year Reform Matrix”. The EU will also continue dialogue to maintain progress on women's rights and judicial cooperation, and to push for further reform in other key areas such as freedom of expression, freedom of association and torture.

The updated Partnership Priorities give impetus to the latest EU policy orientations, notably under the European Green Deal, digitalisation and social inclusion. The EU's New Agenda for the Mediterranean focuses on 5 policy areas: (1) human development, good governance and the rule of law, (2) resilience, prosperity and digital transition, (3) peace and security, (4) migration and mobility, (5) green transition of climate resilience, energy and the environment.

Stemming from the EU global strategy that calls for a more comprehensive approach to external action, and particularly the European Neighbourhood Policy that is set to boost economic development in line with the 2030 Agenda for Sustainable Development and its Sustainable Development Goals and the Paris Agreement on climate change, the EU has clear mutual policy interest with Jordan to enhance good governance, economic growth and ensure the achievement of sustainable development goals. With the EU Green Deal, there are further clear opportunities and synergies to jointly work with Jordan on boosting sustainable economic development, with a focus on climate change actions, and supporting green economy development. Jordan's young population demands new sustainable and innovative economic opportunities.

In the EU support provided to Jordan in the past years, the green economy was touched on through support to green energy and solid waste management, green innovation and research, trade and transport facilitation, sustainable economic development, water and wastewater infrastructure enhancement, as well as complementary actions via the EU regional programmes notable in green energy, circular economy, sustainable consumption and production, municipal planning, integrated water management and enhancing innovation and small and medium size enterprises (SMEs).

Jordan's primary integrated multi-sectoral national development strategy Vision 2025 has set high ambitions for the country's socioeconomic development in the 2015-2025 period. With this strategy, Jordan had hoped to achieve an economic growth rate of 7.5% in 2025, while striving to get the poverty and unemployment rates as low as 8% and 9.17% respectively. The priorities for post-COVID-19 recovery are established in the Government's executive programmes, pending the revision of the Vision. The Government of Jordan (GoJ) has defined a set of priorities and actions based on strong private sector development and strengthened resilience in response to external economic shocks. The strategy lays out several priorities related to the environment, including climate change adaptation, water and energy efficiency (EE), waste management and natural resource protection, and explicitly prioritizes the development of Jordan's green economy in six targeted sectors. Investment needs are estimated exceeding USD 1.8 billion (United States Dollars) up to 2025 in line with Jordan's Nationally Determined Contributions (NDC) under the Paris Agreement: Energy (USD 85.3 million), Transport (USD 167 million), Water (USD 964.29 million), Waste (USD 248.25 million), Agriculture (USD 193.9 million) and Tourism (USD 172.7 million).

In 2017 the Cabinet of Ministers approved the National Green Growth Strategy for Jordan, which builds on Vision 2025 and Jordan's 2016-2025 National Strategy for Mainstreaming Sustainable Consumption and Production and assesses Jordan's green growth potential in order to create a roadmap for achieving the transition towards green economy in the six targeted sectors. Four driving principles were identified: (i) transparent governance processes and enforcement of legislation, (ii) mechanism to incentivise green growth, (iii) integrated planning processes that value societal impacts, and (iv) behavioural shifts and capacity building.

Jordan's National Green Growth Action Plan (2021-2025), also considering the challenges posed by the COVID-19 economic recovery was endorsed in June 2020 to elaborate a multi-sector development approach, aligned with the 2030 Sustainable Development Agenda and Sustainable Development Goals (SDGs) as well as Jordan's Nationally Determined Contribution (NDC) under the Paris Agreement. The NDC requires more than USD 5.1 billion in international financial support in order to achieve the 14% emissions reduction (1.5% unconditional and 11.5% conditional to availability of finance) by 2030). The Action Plan is focused on strengthening an enabling environment for greener investments and private sector development. A further increase in the emissions reduction target towards 25% by 2030 is under analysis.

The Action Plan elaborates and mainstreams green growth, climate change and sustainable development goals into strategic frameworks for each of the six green growth sectors, aiming to encourage the formulation of greener projects and implementation of priority policies that will strengthen the enabling environment for greener investments and private sector development. In developing the Action Plan, the Ministry of Environment (MoEnv) has worked in partnership with other key national stakeholders. Close collaboration with sectoral focal points was maintained and ministerial leadership was engaged through the Higher Steering Committee for Green Economy.

The Action Plan has the following objectives, which will lead to a more resilient economy against regional and global challenges by creating an enabling environment for developing green projects: (i) climate change adaptation and mitigation, (ii) enhanced natural capital, (iii) sustainable economic growth, (iv) social development and poverty reduction, and (v) resource efficiency. In parallel, Jordan is putting special focus on complementary development sectors that can boost economic development, such as digitalisation, research and innovation, as well as necessary reforms in education and health, which can contribute to green growth.

The latest Government Indicative Executive Programme for 2021-2024 also fully considers the effects and challenges posed by the COVID-19 pandemic. Under its Pillar Three, Transforming into a Digital and Green Economy, the commitments of the National Strategy for Green Growth 2021-2025 are addressed for the transformation towards a greener economy. Several priority projects have links with the EU Jordan Partnership Priorities and green growth in particular, notably the Green Economy Programme (EUR 200 Million), Private Sector Recovery and Resilience Project (EUR 300 Million), Developing the Agriculture Sector and providing employment opportunities (EUR 250 Million), Water Desalination and Aqaba-Amman National Water Conveyance Project (EUR 1.6 Billion) and the Intelligent Transport System (EUR 120 Million), among other relevant initiatives.

An amount of EUR 20 000 000 is foreseen from the general budget of the European Union for 2021 to be transferred from the Bilateral support to Jordan to the regional NIP budget-line as Blending Investment Grant to support the Flagship Infrastructure Project: Aqaba Amman Water Desalination and Conveyance Project (AAWDCP).

## 2.2. Problem Analysis

Short problem analysis:

The following key challenges are currently identified in Jordan's green growth sectors, also taking into consideration the need for green recovery from the COVID-19 pandemic:

- Lack of sufficient coordination amongst vital green growth sectors for joint planning of services and resources especially within energy, water and agriculture sectors;
- Lack of implementation, monitoring and reporting on national plan notably the National Renewable Energy Action Plan (NREAP) that reflects the demand-supply balance, the National Energy Efficiency Action Plan (NEEAP) and the Green Growth National action plan;
- Pressure on already limited resources (securing efficient energy and water supply and basic services) due to the large influx of refugees;
- Insufficient resource efficiency schemes within the industrial sector;
- Slow shift to e-mobility and sustainable transport solutions in both public and private sectors;
- Slow public private partnership (PPP) development in the field of the green economy (energy and environment service companies);
- Degradation of terrestrial and marine habitats;
- Lack of behavioral mind-set fostering the green economy (readiness to invest in new technologies that normally have higher capital cost).

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

- Ministry of Finance (MoF) / General Budget Department (GBD): Responsibility for State Budget and Policy financing.
- Ministry of Planning and International Cooperation (MoPIC): Main role to reflect the national development policies into sector strategies and to ensure the overall coordination of international donors.
- Ministry of Environment (MoEnv): Main policy maker mandated to follow up the implementation of the Green Growth Action Plan and ensure coordination among all sectors, as well as preserving the environment, natural resources and biodiversity (including environmental police rangers).
- Ministry of Energy and Mineral Resources (MEMR): Main policy maker in the energy sector, working to ensure the security of energy supply and implement the JES 2018-2030-2050 which focuses on the diversification of energy resources, especially Renewable Energy (RE), Energy Efficiency (EE), and enhances working synergies with associated sectors.
- Ministry of Water and Irrigation (MoWI): Main entity managing the water resources in Jordan, interested in sustainable energy supply at an affordable cost.
- Ministry of Agriculture (MoAgr): Main entity to develop, regulate and enhance the development of the agriculture and forestry sector, with a clear need to focus on synergies with other sectors, notably water and energy (nexus), and work on enhancing product development and trade opportunities.
- Ministry of Transport (MoT): Main policy maker governing transport sector development for land, marine and aviation, in need of aligning sustainable energy solutions to the sector.
- Ministry of Industry, Trade and Supply (MoITS): Responsible for setting national policies for the sustainable production and consumption in Jordan.
- Ministry of Local Administration (MoLA), along with Greater Amman Municipality (GAM) and Aqaba Special Economic Zone Authority (ASEZA): Responsible for managing municipalities in

Jordan and particularly implementing a comprehensive approach to solid waste management, including waste to energy facilities.

- Royal Scientific Society (RSS), along with other academic and research institutions: Working on applied research to set examples and bridge the gap between government and the private sector as well as to implement projects, e.g. enhancing the integration of RE and EE within local and rural communities as well as public authorities, and also working on sustainable consumption and production themes laying the base for circular economy.
- Private sector: Main developers in different sectors such as energy, water, industry, agriculture, tourism and trade, with increasing opportunities for greening development and job creation.
- Civil society: Key facilitators and enablers of sustainable greening development in Jordan, including non-government organisations (NGOs).

## **2.3. Additional Areas of Assessment**

### **2.3.1. Pre-condition on Fundamental Values**

Jordan is party to nine international human rights conventions. While a party to the CAT, the country has not ratified the Optional Protocol to the Convention (regarding a national preventive mechanism, confidential inquiries and individual complaint procedures) and the Jordanian Penal Code falls short of CAT standards – including in criminalising torture merely as a misdemeanour (Art. 208). Similarly, while a party to the ICCPR, it has not ratified the First and Second Optional Protocols (individual complaint procedure and abolition of the death penalty). Jordan holds reservations on CEDAW provisions (concerning equal rights with regard to nationality of children, equal rights and responsibilities in marriage and at its dissolution, equality of rights and responsibilities of parents, equal personal rights, including the right to choose a profession and occupation) that, together with the Personal Status Law, which upholds male guardianship, seriously impact the status of and sustain discrimination against women in the country. Jordan also holds reservations on the Convention of the Rights of the Child (including the right to choose religion) and permits exceptions to child marriage (authorised by Sharia judges for children over 15 years and three months old).

Jordan accepted 149 recommendations out of 226 made by the UN's Human Rights Council at the Third Universal Periodic Review (UPR) held in November 2018. Main concerns raised by the Working Group, the National Center of Human rights (NHCR) and other NGOs related to gender equality, women's empowerment, the treatment of detainees and inmates at police stations and prisons (including alleged use of torture), infringement of civil and political rights, namely restrictions of the freedom of expression and the right to peaceful assembly. The Law Governing NGOs, Cybercrime Law, Antiterrorism Law, Press and Publications Law are still not compliant with Jordan's international obligations. The Conclusions of the 12th meeting of the EU-Jordan Subcommittee on Human Rights, Democratisation, Rule of Law and Governance, held on 4 March 2020, also recommended to further address challenges in the fields of women's rights, freedom of expression and association, with a focus on supporting a conducive environment for the civil society. Fundamental freedoms (expression, association and assembly) have, however, deteriorated in the context of Covid-19 restrictions (even if the scope of the state of emergency relates only to the pandemic). And the dissolution of the Jordanian Teachers' Association in July by the Attorney General's Office (rather than suspension by court order and dissolution by court order, which only took place in December) points to a general regression in the Rule of Law and highlights interference in the administration of justice.

Provincial governors continue to make use of the 1954 Crime Prevention law, which allows them to place individuals in administrative detention without warrants or judicial review, denying them legal safeguards (information on the reason for their arrest, access to a lawyer and to a doctor, being brought before a judge without delay). While in direct contravention to the Criminal Procedure Law, this practice is used to detain individuals in the special court system, including on allegations of violating the counterterrorism or

cybercrimes laws, and is extensively used to detain women for reasons relating to “honour crimes”, allegedly for their protection. A consequent problem is the lack of documentation of cases and protection of those detained. As far as women’s detention is concerned, the MoSD established a shelter in July 2018 to provide an alternative to the administrative detention of women at risk, in “protective custody”, and other shelters are run by the Jordanian National Council for Women are in place, but these are underused. According to the Family Protection Division of the Public Security Department, gender-based violence offences have steadily increased, with 71,000 domestic and sexual violence cases reported in April 2020. The 2017 concluding observations of the CEDAW committee pointed out the persistent discriminatory normative and cultural stereotypes faced by women in Jordan, including those to access justice, due to their limited knowledge of their rights and challenges to uphold these rights, particularly migrant and refugee women. The government has amended a number of laws to promote gender equality, such as the Protection from Domestic Violence Act No. 15 of 2017; established a national plan to implement Security Council resolution 1325 on Women, Peace and Security and elaborated the 2020-2025 National Strategy for Women aiming to reduce all forms of gender-based violence (GBV) and discrimination, and seeking to realise full human rights and equal opportunities for women and girls to achieve inclusive and sustainable development.

### **2.3.2. Public Policy**

In addition to the Green Growth Action Plan 2021-2025, the Strategic Plan 2020 – 2022 of the Ministry of Environment was also developed in 2020, including in its six strategic / institutional goals the Transition towards Green Economy: Achieve and promote sustainable economic growth that entails preserving the environment and taking the social dimension into consideration in order to bring about sustainable development through setting and implementing policies in the various development sectors. The expected impacts of the green economy goal are: gradual shift towards green growth and the promotion of sustainable consumption and production patterns, investment opportunities through the recycling project (circular economy), and reduction of the quantities of industrial wastewater and use as an irrigation source for trees.

From the six green economy sectors targeted in Jordan’s Vision 2025, the green energy sector is clearly the most developed in Jordan and can provide the necessary support to kick-start each of the other sectors, as demonstrated next:

1. Transport: promoting electro-mobility, building charging stations (in line with the holistic World Bank study currently under way in Jordan) and enhanced public transport networks;
2. Water and wastewater: efficient water pumping, optimized load management and implementing pumped storage projects;
3. Solid waste: fostering less materials in industry, applying reduce, reuse and recycle principles and building waste to energy plants (in complementarity to EU’s ongoing solid waste management sector budget support to Jordan);
4. Agriculture: utilizing renewable energy (RE) for water pumping, efficient pumping technologies and new irrigation technologies;
5. Tourism: enhancing economic competitiveness through reducing the high running costs of tourism facilities using EE and RE retrofitting as well as implementing the green building codes.
6. Comprehensive applications: Sustainable consumption and production, circular economy, and Nexus models notably energy-water-food.

It is noted that Jordan’s Energy Strategy (JES 2019–2030–2050), developed recently with EU support, comprises 6 scenarios for the development of the energy sector. The approved minimum dependency scenario (comprising US\$ 5 billion investments in power generation up to 2030) focuses on increasing Jordan’s reliance on local renewable sources of energy and reducing greenhouse gas emissions in addition to raising EE, including in particular the following green growth parameters: improvement of EE by 9% until 2030 (compared to 2018), improvement of EE in the water sector by 15% until 2025 (compared to 2018), and

increasing the transport sector's reliance on compressed gas and the use of electric transport vehicles (e-vehicles).

A strong multi-sectoral coordination of the multiple identified stakeholders for the implementation of green growth activities is required. This should be under the leadership of MoPIC, highlighting the importance of green growth to national development, and MoEnv, which is the competent sectoral Ministry for providing the necessary cross-sectoral monitoring of green growth. A further necessary coordination factor is the allocation of appropriate budget resources by MoF to all institutions participating in green growth activities. It is noted that the current institutional capacity of MoEnv for the cross-sectoral monitoring of green growth is weak and should therefore be strengthened through the provision of direct Technical Assistance within the present EU support to Green Economy in Jordan 2021 – 2024 action. The action's multi-sectoral Steering Committee will also ensure alignment with the Higher Steering Committee for Green Economy, formed during the recent development of the Green Growth Action Plan in Jordan. A specialist Technical Committee within the action, with the participation of various stakeholders, will further enhance their cooperation.

In conclusion, the green growth policy of Jordan 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.

### **2.3.3. Macroeconomic Policy**

The authorities are committed to persevering with their efforts to reliably lift growth, create jobs, and reduce poverty, while preserving stability. Despite the severe impact of the COVID-19 pandemic, with unemployment reaching record high levels at 25 percent, Jordan has successfully maintained macroeconomic stability. On 30 June 2021, the Executive Board of the IMF completed the second review of Jordan's program supported by the Extended Fund Facility (EFF). The Board also increased access under the four-year EFF arrangement by about USD 200 million to a total of about USD 1.5 billion. Jordan had already benefitted from about USD 400 million under the Rapid Financing Instrument last year to cope with the impact of the pandemic.

In the same context, the EU's third Macro-Financial Assistance (MFA) to Jordan, for an amount of EUR 700 million, was signed in October 2020 to continue the EU support to Jordan to preserve macro-economic stability. The first tranche of EUR 250 million was disbursed in November 2020. The second tranche of EUR 250 million was released in July 2021. The third tranche of EUR 200 million will be released upon achievement of agreed reform targets.

The Central Bank of Jordan maintains an adequate level of international reserves to support the Jordanian Dinar's US\$ peg. The second review of the IMF-supported program confirmed that international reserves are projected to remain adequate, at above the 100% of the reserve adequacy matrix and should provide continued credibility to the dollar peg. Monetary policy has been appropriately accommodative since the onset of the pandemic.

Fiscal space is very constrained but the IMF has revised fiscal targets in the short-term to allow critical spending on health and social protection. Implementation of the Income Tax Law together with strengthening of tax administration is critical for domestic revenue mobilization to pave the way for gradual fiscal consolidation as the economy starts to recover gradually. However, other specific measures are needed. In this respect, implementation of the Financial Sustainability Roadmap for the power sector remains crucial, while a roadmap for water sector financial sustainability should also be prepared shortly.

Jordan's public debt is currently assessed as sustainable by the IMF. There is, however, a significant risk to debt sustainability if the envisaged fiscal outlook falls short of expectations and concessional external financing does materialise as anticipated. The IMF review concluded that the consolidated public debt to GDP ratio would approach 90% in short term, while the new medium-term policy framework will anchor at around

80% (by 2025). Servicing the energy and water sectors' existing debt burden weighs heavily on the public finances while major infrastructure investments projects are being prepared in the water sector in particular.

Jordan has been undertaking various measures to boost growth as part of the five-year Reform Matrix (2019) which is currently under review by the Government. The country is focusing on reducing the cost of doing business, strengthening governance and regulatory frameworks as well as increasing labour market flexibility and promoting digital economy. Energy, water, transport and tourism are the main sectors under focus. It is also aiming to enhance the overall competitiveness in the economy as well as efficiency of the public sector.

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

#### **2.3.4. Public Financial Management**

Between 2016 and 2018 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 a new PFM Strategy (2018 – 2021) that builds on the previous Strategy (2014-2017). The priorities and activities of the current strategy are still highly appropriate to address existing weaknesses and the reforms are meaningfully sequenced with clear institutional arrangements.

The main priorities of the Government are:

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

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 are needed not just to improve budget outcomes but also to increase public trust.

Measures initiated by the Government in order to strengthen public financial management are expected to improve the management of fiscal risks and the monitoring of financial commitments, thereby preventing the continued accumulation of arrears. The GoJ is committed to put an end to the flow of new arrears and off-budget expenditures.

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 have been made to contain the rising public debt before the COVID-19 pandemic, and significant steps were taken in the area of Public Investment Management to managing all investments according to standards set by the new PIM framework. The Government has reviewed the pipeline of priority projects and aims at increasing concessional finance given the risks to debt sustainability.

The EU Delegation is currently carrying out an update of the PEFA together with a Climate PEFA having Jordan as a pilot, also to inform the Government's next phase of PFM reforms and strategy in the post-COVID-19 context.

In conclusion, the public finance management reform strategy (2018-2021) is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

### **2.3.5. Transparency and Oversight of the Budget**

The budget proposal for 2021 was endorsed by Cabinet on 29/11/2020 and was published on the GBD website the following day. The legislature approved the budget in February 2021. The Royal Decree was then issued and gazetted.

In 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.

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 appointed President of the Audit Bureau to further strengthen the institution.

The Government has put in place a number of fiscal and monetary measures to address the socio-economic impact of COVID-19. Such measures include tax/duties reductions or deferrals, employment protection programmes, cash transfers and concessional lending schemes for citizens and companies most affected.

In agreement with the IMF, Jordan is committed to publish COVID-19 related spending, including beneficial ownership information for large transactions. Ministry of Finance (MOF) is continuously publishing the COVID-19 spending since September 2020 on the MOF website including beneficial ownership information for large transactions.

The authorities have also undertaken an ex-post audit of all spending directly related to efforts to prevent, detect, control, treat and contain the spread of COVID-19. An independent audit firm selected through a competitive tender conducted this audit.

For spending in 2020, the audit was conducted by PKF Jordan and is publically available<sup>5</sup>.

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 contribute to the development of a green, environmentally sustainable and socially inclusive post COVID-19 economy through the enhanced implementation of Jordan's green growth strategy and action plan.

The Specific(s) Objective(s) (Outcomes) of this action are:

1. enhanced sustainable and efficient production and consumption patterns in the industrial sector;
2. enhanced coordination and sustainable resource management in the energy, water and agriculture sectors (nexus);
3. enhanced sustainable public and private transport;
4. enhanced circular economy and improved biodiversity and nature conservation in local development.

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<sup>5</sup> [https://www.mof.gov.jo/EBV4.0/Root\\_Storage/EN/CORONA/1454\\_001.pdf](https://www.mof.gov.jo/EBV4.0/Root_Storage/EN/CORONA/1454_001.pdf).

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

- contributing to Specific Objective 1:

*Direct outputs:*

1.1 Increased Energy Efficiency in Jordan's industry sector

1.2 Resource Efficiency & Cleaner Production participation in Jordan's industry sector;

- contributing to Specific Objective 2:

*Induced outputs:*

2.1 Better coordination among stakeholders (including public, private, local authorities, NGOs, CSOs, Academia actors) to foster green economy initiatives;

2.2 Developed energy – water – agriculture nexus culture in public sector planning;

*Direct outputs: ...*

2.3 More conducive and better coordinated activities for the development of green growth and the green economy of Jordan;

2.4 Pumped storage feasibility study finalised and tendering for pumped storage launched;

2.5 Increased installation of off-grid solar water pumps for irrigation;

2.6 Progressed implementation of Jordan's Green Growth National Action Plans 2021-2025, National Renewable Energy Action Plan (NREAP) 2020-2025 and updated National Energy Efficiency Action Plan (NEEAP) 2021-2023;

- Contributing to Specific Objective 3:

*Direct outputs:*

3.1 Increased availability of sustainable public transport and number of private e-vehicle charging stations;

- Contributing to Specific Objective 4:

*Induced outputs:*

4.1 Developed circular economy culture in private and municipal sector planning;

4.2 Adopted best available technologies and achieved green innovation.

*Direct outputs: ...*

4.3 Increased forestation and marine biodiversity protection and conservation;

4.4 Expanded National Monitoring Information System for Waste (NMISW) and elaborated hazardous waste management plans (complementary support);

4.5 Implemented green growth projects by municipalities, NGOs, civil society organisations (CSOs), academia and the private sector.

### **3.2. Indicative Activities**

Activities related to Output 1.1 and 1.2:

- Detailed energy audits conducted in industrial facilities
- Integrated RECP practices implemented in industrial facilities

Activities related to Output 2.1 and 2.2:

- Multi-stakeholder consultation meetings implemented relating to green growth and green economy issues across 2 or more sectors (especially between water – energy and water – agriculture);
- Integrated progress reports for the energy, water, agriculture, transport sectors and buildings/infrastructure sector;
- Support for construction of pumped storage RE generation capacity;

- Off-grid solar water pumps installed for irrigation.

Activities related to Output 3.1:

- Operational sustainable public transport and private e-vehicle charging stations

Activities related to Output 4.3, 4.4 and 4.5:

- Support for afforestation and establishment of the marine reserve and construction of Marine Park Research Centre
- Expanding NMISW to include remaining landfill sites and transfer stations and elaborating waste management plans for selected hazardous waste streams

### **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 B (not requiring an EIA, but for which environment aspects will be addressed during design).

##### **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 G1. This implies that gender equality and women's and girl's empowerment is a significant objective of the action. Measures to support the involvement of women in the Jordan's green growth labour market have been emphasised in the frame of the action's identification and consultative process with all stakeholders. Increasing women's empowerment is foreseen in different components of the action, including policy development, strategies and action plans, as well as in providing job opportunities in the Green economy. Green Growth Strategy also refers to gender mainstreaming and Youth empowerment.

#### **Human Rights**

The action will lead in an integrated manner towards inclusive green growth, with no areas and no one left behind, which are directly in line with the Government of Jordan's green growth objectives as well as the EU Green Deal. The protection of human rights is a cross-cutting theme embedded in all of the action's green growth activities.

#### **Disability**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as D1. This implies that the inclusion of persons with Disabilities is a significant objective of the action. The action ensures all rights of vulnerable groups and safeguards their inclusive access to its benefits.

#### **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 green growth sectors,

e.g. through cross-sector institutional capacities and coordination at policy and implementation levels, enhanced results-oriented budgeting, monitoring and evaluation, as well as the increased involvement of local government, NGOs, CSOs and the private sector.

### **Conflict sensitivity, peace and resilience**

The green growth path will reduce the risks of conflict and overall fragility in Jordan, through mitigating pressure on limited resources, water in particular, due to the large influx of refugees. Migration is a significant objective of this action on transitioning towards a resilient green economy in Jordan, which will ultimately lead to conflict prevention and peace.

### **Disaster Risk Reduction**

Disaster risk reduction is a significant objective of the action technical assistance. The improved resilience of central Amman to rainfall, through the construction of stormwater drainage facilities, is an example green growth project to be included in the action’s technical assistance support.

COVID-19 response is a principal 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. While 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 investments that will be mobilised through this action will also address the long-term global climate crisis and accelerate the transition to a green economy.

Digitalisation is a significant objective of the action. This is identified in the EU Green Deal as a critical cross-sectoral enabler for attaining the SDGs and green growth. Digitalisation, state-of-the-art technologies and innovation will be one of the key focus themes of the green growth projects included in the action’s complementary support.

### **3.4. Risks and Lessons Learned**

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
1-External environment	The Jordanian economy is facing a serious socio-economic situation and challenges, associated with the influx of refugees, with increased unemployment and poverty rates, that may trigger negative social reactions and social unrest.	<b>M</b>	<b>H</b>	The action will support the development of the green economy in line with national plans and strategies and special resilience plans for the refugee influx. The action will ensure synergies through the proposed activities and serve to reduce social tension and political risks through the provision of more job opportunities and basic services.
	The impact of the political crisis in the region, and the Covid-19 pandemic	<b>M</b>	<b>H</b>	The action will enhance the active participation of local government, NGOs, CSOs and the private sector along with the

	is significant and prolonged, including slowing down the implementation of reforms and other activities.			competent line ministries, which will mitigate the impact of regional unrest.
2-Planning, processes and systems	Sectoral allocations of state budget to green growth support by GBD in Jordan are not sufficient to fully achieve targets.	<b>M</b>	<b>H</b>	The policy dialogue will be leveraged to ensure close monitoring and evaluation of the budgeted actions. Guidance from the action's Steering Committee to the different stakeholders and multiple ministries will ensure proper sectoral allocations to implement the action's objectives according to the annual work plan.
2-Planning, processes and systems	MoEnv may encounter difficulties in the implementation of proposed reforms and coordination of activities and enhancing its institutional capacities and capabilities while coordinating with line ministries. Stakeholders in the various sectors do not fully cooperate, consequently preventing change and improvement.	<b>M</b>	<b>M</b>	The creation of the action's Steering Committee under the leadership of MoEnv and MoPIC will ensure monitoring and alignment, in close coordination with the Higher Steering Committee for Green Economy formed during the recent development of the Green Growth Action Plan. A specialist Technical Committee within the action, with the participation of various stakeholders, will ensure enhanced cooperation. The TA will further enhance the needed institutional, regulatory, legal and technical capacities within MoEnv as well as the different stakeholders.

### Lessons Learned:

EU support to Jordan has a successful history of two green energy Sector Budget Support actions between 2011 and 2020. Throughout this period, there were some delays from public sector institutions in achieving the set indicators. Some of the set indicators were not appropriate (e.g. regarding EE) and some of the reform benchmarks over-optimistic. Furthermore, appropriate risk mitigation measures were not initially defined. Nevertheless, both actions were implemented effectively, with the contribution of donor coordination and complementarity in the initial period in particular. The expected impact was reached, in a manner that facilitates the continuous and sustainable penetration of RE throughout Jordan and the universal consideration of RE penetration as an important national success story. Pilot projects and complementary actions proved positive impacts and opportunities for replicability and scaling-up.

These lessons are being taken into consideration in the formulation of this action, which comprises a much broader sectoral coverage to green energy. Further lessons from the EU's ongoing solid waste management Sector Budget Support (2018 – 2023), green innovation grants and delegation agreements in the water and wastewater sectors, as well as flagship regional programmes with the active participation of Jordan (e.g. SWITCH-MED, CLIMA-MED, WES, RTAP) are also being considered.

### 3.5. Intervention Logic

The underlying intervention logic for this action is that if the 4 Outcomes (Specific Objectives) are achieved, then the action will contribute to the desired Impact (Overall Objective) of the development of a green, environmentally sustainable and socially inclusive post Covid-19 economy through the enhanced implementation of Jordan's green growth strategy and action plan. This is because each of the action's sectoral Outcomes, i.e. focusing on industry, the energy - water – agriculture nexus, transport and local development (including biodiversity and nature conservation), will contribute in an integrated and coordinated manner to Jordan's green growth economic recovery.

The action is in line with the GoJ's green growth objectives as well as the European Green Deal. It reflects the clear EU understanding of the needs for Jordan to develop its green economy in recovering from the COVID-19 pandemic and move to deliver more tangible outcomes represented by different activities, as well as achieve SDGs and fight climate change. The expected results of the action, which are totally in line with the priorities of Jordan, are equally important to the European Green Deal policy and for minimising the negative impacts of climate change. The action will lead by 2024 to the direct output results analysed in the Logical Framework presented. The Outcome is particularly in line with all the objectives of Jordan's Green Growth Action Plan (which also considered the challenges posed by the COVID-19 economic recovery) and achievement of its NDC under the Paris Agreement, i.e. climate change adaptation and mitigation, enhanced natural capital, sustainable economic growth, social development and poverty reduction and resource efficiency.

An important focus element of this action is a multi-sectoral policy dialogue with multiple stakeholders, including international donors, in Jordan's transition towards a green economy. A specific output under the budget support component is to encourage more conducive and better coordinated activities for the development of green growth and the green economy of Jordan, through regular multi-stakeholder consultation meetings involving the energy, water, agriculture, transport and building infrastructure sectors.

The EU engaged in high-level policy dialogue as well as technical exchanges throughout the programme preparation process, and will continue with this process during implementation, building on existing structures notably the Green Growth High Level Committee, the Climate Change High-level Committee, National Determined Contributions coordination platforms as well as technical working groups on green growth and sector national plans.

### **3.6. Indicative Logical Framework Matrix**

Results	Results chain	Indicators (max. 15)	Baselines (2020)	Targets by the end of the budget support contract (2024)	Sources of data (1 per indicator)
<b>Indicative Impact of the policy</b>	To contribute to the development of a green, environmentally sustainable and socially inclusive post Covid-19 economy through the enhanced implementation of Jordan's green growth strategy and action plan.	% contribution of energy, water, agriculture, transport, solid waste management and industry sectors to Jordan's GDP	-2.2%	2.5%	MoF and MoPIC annual reports
<b>Expected Outcomes of the policy</b>	1. Enhanced sustainable and efficient production and consumption patterns in the industry sector	National plans and Annual national investment budget for Jordan's industry sector (JD)	0	270 M JOD	MoITS and MoF annual reports
	2. Enhanced coordination and sustainable resource management in the energy, water and agriculture sectors(nexus)	High-level and technical committees, national plans reporting and Annual national investment budget for Jordan's energy, water and agriculture sectors (JD)	0	25 M JOD	MEMR, MoWI, MoAgr and MoF annual reports
	3. Enhanced sustainable public and private transport	National plans and Annual national investment budget for Jordan's transport sector (JD)	-	290 M JOD	MoT and MoF annual reports
	4. Enhanced circular economy and improved biodiversity and nature conservation in local development	National plans on Resource efficiency and Annual national investment budget for Jordan's environment and local administration sector (JD)	-	7 M JOD	MoEnv, MoLA and MoF annual reports

<b>Induced Outputs</b>	2.1 Better coordination among stakeholders (including public, private, local authorities, NGOs, CSOs, Academia actors) to foster green economy initiatives;	Mainstreaming green growth at the level of policy planning	Minimal	Sectoral strategies / action plans prioritizing green growth	MoPIC, MoEnv, MEMR, MoWI, MoAgr, MoT and MoITS annual reports
	2.2 Developed energy – water – agriculture nexus culture in public sector planning	Indexes for the consumption of water and energy in the agricultural sector	0	2	MEMR, MoWI and MoAgr annual reports
	4.1 Developed circular economy culture in private and municipal sector planning	Availability of strategy/plan for circular economy in the industry sector	National Strategy and Action Plan for Sustainable Consumption and Production 2016-2025	Adoption and implementation of National Action Plan for RECP in Jordan	MoEnv and MoITS annual reports
	4.2 Adopted best available technologies and achieved green innovation	Number of innovative green growth projects being implemented in Jordan	Minimal	Promotion of innovative green growth case studies implemented in Jordan	MoEnv, MEMR, MoWI, MoAgr, MoT and MoITS annual reports

<b>Direct Outputs</b>	1.1 Increased EE in Jordan's industry sector	Number of additional detailed energy audits conducted in industrial facilities	0	150	Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) progress reports on NEEAP, National Energy Research Centre NERC progress reports, JCI+ACI annual reports
	1.2 Increased RECP participation in Jordan's industry sector	Number of additional integrated RECP practices implemented in industrial facilities	12	15	Jordan RECP plan RSS+JCI+ACI annual reports
	2.1 Better coordination among stakeholders (including public, private, local authorities, NGOs, CSOs, Academia actors) to foster green economy initiatives	Number of additional multi-stakeholder consultation meetings implemented relating to green growth and green economy issues across 2 or more sectors	0	12	MoPIC and MoEnv annual reports
	2.4 Pumped storage feasibility study finalised and tendering for pumping storage launched	First 220 MW pumped storage RE generation capacity	0 Feasibility study	Finalise feasibility study and launch construction tender	MoWI, MEMR and Energy & Minerals Regulatory Commission (EMRC) annual reports
	2.5 Increased installation of off-grid solar water pumps for irrigation	Number of additional off-grid solar water pumps installed for irrigation with EU co-financing, without over-exploiting water resources	320 (from REEE II)	500	Implementation monitoring reports (including quality assessments)

	2.6 Progressed implementation of Jordan's Green Growth National Action Plans 2021-2025, NREAP 2020-2025 and updated NEEAP 2021-2023	Number of integrated monitoring reports on the implementation of the Green Growth National Action Plans 2021-2025, NREAP 2020-2025 and NEEAP 2021-2023	0	6	Integrated green growth and EE progress reports on energy, water, agriculture, transport and buildings
	3.1 Increased availability of sustainable public transport and private e-vehicle charging stations	Number of operational public transport and private e-vehicle charging stations throughout Jordan	50	1,000	MoT and MEMR annual reports
	4.3 Increased forestation and marine biodiversity protection and conservation	Annual afforestation level (donums) and progress in implementation of the marine reserve and Marine Park Research Centre	550 donums of forests / Designation of 1 marine protected area	3,000 donums of forests / Establishment of the marine reserve and Marine Park Research Centre	MoEnv and MoAgr annual reports
	4.4 Expanded NMISW and elaborated hazardous waste management plans (complementary support)	% of Jordan's landfilled waste monitored in NMISW	65%	100%	Implementation monitoring reports
	4.5 Implemented green growth projects by municipalities, NGOs, CSOs, academia and the private sector (complementary support)	Number of new green growth projects by municipalities, nature protection and environment NGOs, CSOs, industries, SMEs, academia and young entrepreneurs	0	10	Award decisions and final reports of green growth projects under the CFP



## **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 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this 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 24 million, and for complementary support is EUR 16 million. This amount is based on the identification and formulation analysis that showed the need to focus on Jordan's green growth strategy and action plan, in which green energy, water, agriculture (i.e. the nexus), as well as transport, solid waste management and circular economy must be prioritised. All improved performance (budget support) and green growth facilitation (complementary support) outputs are associated with specific investment needs included in Jordan's Green Growth Action Plan (2021-2025):

1. Energy sector: Electric vehicle charging stations and services provision (USD 16.3 million, associated with output 3.1), national energy storage action plan (USD 10 million, associated with output 2.4);
2. Water sector: Support water efficiency in industry (USD 4.14 million, associated with output 1.2), improve irrigation efficiency in the Jordan Valley and energy efficiency in the well fields and pumping stations (USD 99.5 million, associated with output 2.5);
3. Agriculture sector: Develop and implement a national afforestation programme (USD 40 million, associated with output 4.3);
4. Transport sector: Develop national electric mobility action plan and implement public transport electric mobility pilot in Amman (USD 6 million, also associated with output 3.1);
5. Waste sector: Establish national centre for excellence and implement behavioral change campaign on the circular economy (USD 25 million, also associated with output 1.2 and 4.1), develop and implement a masterplan for national hazardous waste management and the rehabilitation of Swaqa hazardous waste landfill (USD 35 million, associated with output 4.4).

The action therefore contributes to the development of a green, environmentally sustainable and socially inclusive post COVID-19 economy in line with Jordan's Green Growth Action Plan.

#### **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 Jordan's Green Growth Action Plan (2021-2025) and relevant national plans such as NEEAP & NREAP and continued credibility and relevance thereof or of the subsequent policy.

- 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 policy priorities:

1. Efficient industry sector;
2. Strengthened energy, water and agriculture nexus;
3. Sustainable transport sector;
4. Enhanced green growth.

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, at the latest at the beginning 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 for complementary support to a Budget Support**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>6</sup>.

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<sup>6</sup> [www.sanctionsmap.eu](http://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.

#### **4.4.1. Direct Management (Grants)**

##### **a) Purpose of the grant(s)**

The grants scheme will support the activities related to Specific Objective 4: implemented green growth projects by municipalities, NGOs, CSOs, academia and the private sector by implementing pilot green growth projects which will apply the best available technologies, research and innovation, in order to set practical models for enhancing the green economy of Jordan and promote the cooperation between municipalities, NGOs, CSOs, academia and the private sector around green growth initiatives.

##### **b) Type of applicants targeted**

Potential applicants include local authorities, NGOs, CSOs, academic institutions and other public bodies, economic private operators such as small and medium enterprises with a particular link to the green economy.

#### **4.4.2. Direct Management (Procurement)**

Procurement will contribute to achieving Specific Objectives 1, 2, 3 and 4, as presented under section 3.1.

#### **4.4.3. Indirect Management with entrusted entity**

A part of this action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria: a Member State organisation that has a track record in developing such systems, as well as sound experience in the solid waste and hazardous waste management, planning and monitoring, with relevant experience in Jordan or the region.

The implementation by this entity will entail to expand the National Monitoring and Information System of Solid Waste (NMISW) in Jordan, as well as elaborating on hazardous waste management plans and contribute to the specific objective 4. Building on previous EU support, the new phase entails expanding the NMISW, currently covering 65% of waste landfilled in Jordan, to include the remaining landfill sites and transfer stations, as well as elaborating waste management plans for selected hazardous waste streams (which is the most acute waste management problem in Jordan).

#### **4.4.4. Changes from indirect to direct management (and vice versa) mode due to exceptional circumstances (one alternative second option)**

If the indirect modality as per section 4.4.3 cannot be implemented due to circumstances outside of the Commission's control, the Commission will shift to direct management through a grant as per section 4.4.1.

#### **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

<b>Indicative Budget components</b>	<b>EU contribution (amount in EUR)</b>
<b>Budget support</b> - cf. section 4.3	<b>24 000 000</b>
<b>Implementation modalities</b> – cf. section 4.4	
<b>Indirect management with MS Organisation</b> – cf. section 4.4.3	<b>6 000 000</b>
<b>Grants</b> - total envelope under section 4.4.1	<b>5 000 000</b>
<b>Procurement</b> - - total envelope under section 4.4.2	<b>4 000 000</b>
<b>Evaluation</b> – cf. section 5.2	<b>500 000</b>
<b>Audit</b> – cf. section 5.3	
<b>Communication and visibility</b> – cf. section 6	N.A
<b>Contingencies</b>	<b>500 000</b>
<b>Totals</b>	<b>40 000 000</b>

#### 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 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 Green Economy in Jordan 2021 – 2024 action and will meet at least three times a year to endorse strategic orientations, oversee the action’s execution and facilitate implementation of the activities. The SC will be chaired by the MoPIC. It will include representatives from the MoEnv, MEMR, MoWI, MoAgr, MoT, MoITS, MoLA, MoF, RSS and EU Delegation, and its composition will reflect the variety of stakeholders in the programme. 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 green economy.

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. The Steering Committee will at all times ensure alignment with the Higher Steering Committee for Green Economy, formed during the recent development of the Green Growth Action Plan in Jordan.

A specialist Technical Committee, chaired by the MoEnv 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 will reflect the variety of stakeholders in the green economy and growth effort. It will include at least one representative of each of the following institutions: MoEnv, MEMR, MoWI, MoAgr, MoT, MoITS, private sector (represented by the Chamber of Commerce, Associations and Foundations, Vocational

Training Corporation and Higher Council of Science and Technology) and civil society (including rights holders such as youth, women organizations and organizations representing vulnerable and marginalized groups). The EU Technical Assistance will participate in the Technical Committee as an advisor. The stakeholders will be called for meetings every 3-4 months and more often if deemed necessary. The other line ministries, semi-governmental institutions, private sector and civil society organisations will be called upon when needed.

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 MoEnv Secretariat of the Technical Committee will be responsible for the required data collection, analysis and monitoring, with support from the EU Technical Assistance as necessary. Official sources of information will be the annual reports of MoF, MoPIC, MoEnv, MEMR, MoWI, MoAgr, MoT, MoITS, MoLA and EMRC, JREEF progress reports on NEEAP, the Jordan RECP plan, specific activity monitoring reports (including quality assessments), as well as the award decisions and final implementation reports of the green growth projects (output 4.2.2). A novel important source of information will be the annual integrated green growth and EE progress reports for the energy, water, agriculture and transport sectors and buildings infrastructure, which will be systematically prepared by the MoEnv Secretariat of the Technical Committee, with specific support from the EU Technical Assistance for the first edition in particular. These reports will be particularly important for policy dialogue and multi-stakeholder coordination on green growth and are expected to become the key integrated tool for monitoring the transition progress of Jordan's green economy and growth.

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, and will guide the focus of the EU Technical Assistance towards ensuring cross-sectoral alignment and gradual enhancement and elaboration of the green economy monitoring and reporting system in Jordan. Data systems are assessed credible but further capacity building is foreseen to strengthen national systems.

## 5.2. Evaluation

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

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the intention to launch a second phase of the action.

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 the integrated implementation of green growth needs to be enhanced in Jordan, and also because some of the activities (such as integrated RECP practices implemented in industrial facilities, the construction of pumped storage RE generation capacity, sustainable e-vehicle charging stations, the Marine Park Research Centre, SME support for green transition, as well as the innovative green growth projects implemented throughout Jordan) are particularly innovative and can be considered as a pilots.

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

The Commission shall inform the implementing partner at least one month in advance of the dates 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 action's 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. COMMUNICATION AND VISIBILITY

Communication and visibility is a contractual obligation for all entities implementing EU-funded external actions, to advertise the European Union's support for their work to the relevant audiences.

To that end they must comply with the instructions given in the [Communication and Visibility Requirements of 2018](#) (or any successor document), notably with regard to the use of the EU emblem and the elaboration of a dedicated communication and visibility plan, to be completed for every action at the start of implementation.

These obligations apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country (for instance, concerning the reforms supported through budget support),

contractors, grant beneficiaries or entrusted entities. 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.

Communication and visibility measures may be funded from the amounts allocated to the action. 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 concerned EU Delegation/Office fully informed of the planning and implementation of specific visibility and communication activities before work starts. 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 communicating on Team Europe Initiatives, the EU and its Member States can rely on the specific guidance on the Team Europe visual identity.

It is envisaged that a contract for communication and visibility may be contracted.

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