

Action Fiche for Jordan

1. IDENTIFICATION

Title/Number	Support for the Implementation of the Action Plan Programme III (SAPP III) – (ENPI/2011/022-723)		
Total cost	EU contribution: EUR 13 million		
Aid method / Method of implementation	Project approach – partial decentralised mode		
DAC-code	43010	Sector	Multisector aid

2. RATIONALE

2.1. Sector context

Jordan has been a front runner among the Mediterranean partners to embark on new association ties with the EU. The first EU-Jordan European Neighbourhood Policy (ENP) Action Plan was endorsed in 2005 and stemmed from the common objective of promoting peace, stability and prosperity, joint values of both the EU and Jordan. Most recently, the ninth Association Council meeting held on 26 October 2010 endorsed the second ENP Action Plan, which gives concrete substance to the "advanced status" relationship between Jordan and the EU. This revised ENP Action Plan replaces the previous one, and goes hand in hand with the Association Agreement. Advanced status means commitments on both sides and includes new opportunities in economic and trade relations as well as the facilitation of market access and preparation for future negotiations on a Deep and Comprehensive Free Trade Agreement. The revised ENP Action Plan also aims to support national reform objectives while further integrating Jordan into European economic and social structures.

Significant efforts have been undertaken to speed up the Association Process. In addition to the Association Council and Association Committee, ten technical subcommittees, covering all the key areas of the Action Plan, have been activated to review progress and priorities in the respective sectors.

Hitherto, four programmes have been designed specifically to support the implementation of the Association Agreement (Support to the Association Agreement Programme - SAAP) and ENP Action Plan (Support to the Action Plan Programme - SAPP). Through these programmes, the capacities of the Jordanian Government and institutions have been strengthened and the Jordanian administration has advanced in converting the commitments undertaken under the Action Plan into concrete progress. Support derived from these commitments has been provided in a number of areas, particularly through technical assistance and twinning operations, complemented with the delivery of laboratory and IT equipment.

These four programmes have been designed to be demand-driven. This has been achieved through a strong linkage of the Programme to the deliberations and

conclusions of the EU-Jordan Association Agreement Committee and the ten thematic sub-committees.

The programme is coherent with the priorities set down in the Joint Communication of 8 March 2011 of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, entitled "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean". It provides a strong focus in democratic transformation and institution-building, priorities set out in the communication.

2.2. Lessons learnt

In recent years, Jordan has embarked on an ambitious process of political reform whilst maintaining a commitment to develop the EU-Jordan partnership through the European Neighbourhood Policy (ENP). In November 2005, Jordan published its National Agenda, a long-term programme that commits Jordan's current and future government reform.

In 2006, upon the directions of His Majesty King Abdullah II, an initiative under the slogan of Kuluna al Urdun (We Are All Jordan) was launched. This initiative has engaged over 700 Jordanians from all walks of life, all political parties and parliamentary blocks to develop consensus on the future reform agenda of the country, and now provides the overarching framework for all reform initiatives in the country, including the National Agenda.

In the Kuluna Al Urdun initiative, priorities were categorised in accordance with six major areas (themes): (1) political reforms; (2) economic reforms; (3) regional challenges; (4) social welfare; (5) strengthening the internal front; and (6) the Palestinian cause.

To ensure that the momentum of reform continues, a 2007-2009 3-year Executive Development Programme (EDP) for Kuluna al Urdun/National Agenda was prepared in 2007, keeping the reform initiatives focused on concrete actions, with related budget allocations. The expiry date was later extended to cover the period 2009-2011. A new EDP (2011-2013) worth JOD (Jordanian Dinar) 6 billion over a period of three years was approved in December 2010. This will allow the Government of Jordan to maintain the momentum of its multi-faceted reform process, and sustain achievements made to date.

Structural reforms have been especially successful in liberalising the private investment regime, liberalising trade, establishing modern regulations and institutions for the private sector development and privatisation. Further improvement in the business environment, both on the public and private sector levels, has been on Jordan's top priority to unlock the growth potential.

With regards to political reforms, Jordan is making significant efforts in the areas of broadening public and grassroots participation in the decision-making process, regulating political parties, and further promoting effectiveness of the judiciary. Moreover, Jordan's reform efforts in the area of promoting greater accountability of the government and combating corruption are internationally recognised.

Despite the progress made in implementing political, social and economic reforms, Jordan is still facing a number of critical challenges. Its institutional and administrative capacity remains weak compared to international administrative performance standards; and the promotion of good governance, the fight against corruption and bureaucracy, and the process of democratisation remain a challenge

for the country. Macroeconomic stability still needs to be ensured and the public deficit reduced, economic activity needs to be stimulated, the high unemployment rate should be reduced and the efficiency and effectiveness in the management of the infrastructures need to be strengthened.

The support to the Support to the Association Agreement Programme (SAAP) and later to the Support to the Action Plan Programme (SAPP) was developed to enhance Jordan's capacities to fully take advantage of the Association Agreement between Jordan and the EU in matters pertaining to trade. The demand driven approach has broadened the programme objectives, moving from technical issues related to trade to other areas of co-operation, including those identified through the sub-committees. The flexibility of the programme, also in terms of implementation modalities e.g. twinning and technical assistance (TA), ensures that the programme continues to be efficient and readily adapts to newly identified priorities.

2.3. Complementary actions

The SAPP, "being a small National Indicative Programme (NIP) within the NIP", is complementary to the other programmes identified in the Country Strategy Paper. It covers, on demand and without overlap, specific needs of the Jordanian administration, and facilitates reform in chosen areas and, where relevant, regulatory approximation with the EU.

In particular, SAPP complements EU support provided through different sector budget support programmes so far: Structural Adjustment Facilities, Support to Poverty Reduction through Local Development, Sector Reform Facility, Support to the Implementation of Kuluna al Urdun, Trade and Transport Facilitation, Support to Public Finance Management Reform and Support to the Employment and Technical Vocational Education and Training (E-TVET) Reform.

Moreover, SAPP activities will be coordinated with the activities implemented under several project-approach programmes: the Services Modernisation Programme and the Support to Enterprise and Export Development Programme.

The assistance mobilised through Technical Assistance Information Exchange (TAIEX) missions will also be complementary to SAPP activities. TAIEX is an instrument that, on the basis of the request from the beneficiary country, can quickly mobilise short-term public assistance to address well identified, focused and targeted problems in the field of approximation, application and enforcement of EU legislation.

The Support for Improvement in Governance and Management Programme will offer further support to Jordan in its reform efforts. The programme is a joint initiative of the Organisation for Economic Co-operation and Development and the European Union that aims to support partner countries in the following areas:

- Legal and administrative frameworks, civil service and justice; public integrity systems.
- Public internal financial control, external audit, anti-fraud and management of EU funds.
- Public expenditure management, budget and treasury systems.
- Public procurement.
- Policy-making and coordination.

- Better regulations.

2.4. Donor coordination

The proposed project is fully in line with the Paris Declaration, since the "on demand" mobilisation of assistance allows the EU to fully align the project to Jordanian national priorities, the implementation through Jordanian public structures respects the aid effectiveness principle and the donor coordination mechanism in place in Jordan, that will be maintained during the whole project implementation, allows donors to coordinate and harmonise their actions.

The United Nations Development Programme (UNDP) chaired "Donor/Lender Consultation Group (DLCG)" continues to meet regularly. The DLCG is a process initiated in Jordan in 2000 that aims to facilitate dialogue on priorities and programmes in Jordan, reviewing assistance to the country and improving the harmonisation of operational activities with a view to maximizing effectiveness and efficiency.

In parallel, the Ministry of Planning and International Co-operation established nine donor coordination working groups in July 2007. In early 2011, following the approval of the new Executive Development Programme, the Ministry of planning and International Co-operation increased the number of donor coordination working groups to eleven. The groups aim at providing a "structured and technical level dialogue with donors on Jordan's development needs and priorities". The working groups take place regularly and are attended by representatives from the Ministry of planning and International Co-operation, the line ministries and the donors.

In addition, regular coordination meetings with EU Member States, ensure mutual information exchange and avoid overlap in the assistance programmes. A "Matrix of EU Development Assistance", providing information by sector on ongoing programmes and projects financed by the EU Member States and the EU, is regularly updated by the EU Member State Embassies and the EU Delegation in Jordan.

Coordination with the World Bank and the European Investment Bank (EIB) is achieved under the Strategic Partnership Agreement between the three institutions, launched in 2004.

3. DESCRIPTION

3.1. Objectives

The overall objective of the programme is to support the Jordanian administration in the implementation of the EU-Jordan ENP Action Plan.

Four specific objectives have been identified:

- To improve the capacity of the relevant Government of Jordan institutions to meet the commitments undertaken in the context of the EU-Jordan Association Agreement and the ENP Action Plan.
- To enhance the efficiency of the entities involved in the implementation of the ENP Action Plan.
- To foster harmonisation of the domestic legislative and regulatory framework with EU and/or international frameworks and to facilitate subsequent enforcement.
- To facilitate future EU-Jordan negotiations.

3.2. Expected results and main activities

The Programme will aim at achieving the following results:

- Improved institutional capacities of the Jordanian Government in terms of strategic planning, policy and legislative planning, policy proposal preparation, drafting legislation, implementation, monitoring and evaluation.
- Improved efficiency and effectiveness of legislative work in the Government and Parliament.
- Improved legislative and legal framework, in approximation with the EU.
- Improved regulatory framework.
- Enhanced negotiation skills of the Jordanian administration.
- Creation of a bulk of relevant experience and competence in the Jordanian administration dealing with EU affairs.
- Increased awareness of the EU policy, of the EU-Jordan Association Agreement and ENP Action Plan in the Jordanian administration and among the Jordanian population.

No specific areas of activities have been identified at this stage. The project will put at the disposal of the Government of Jordan an "Operational Fund" to be utilised in a flexible and simple manner in order to draw resources to assist the Government of Jordan in the implementation of the ENP Action Plan.

The conclusions of the subcommittees to be held during 2011 and 2012 will identify new areas of support and prioritise the requests for funding.

Indicatively, a follow-up to the projects under previous SAPPs is envisaged. It is also envisaged to continue opening the programme up to areas of the ENP Action Plan not yet covered under SAPP I and II.

Following the above, the programme activities will have to comply with the following eligibility criteria: (i) Direct link with the implementation of the Association Agreement; (ii) Conformity with the orientations given by the ENP Action Plan; (iii) Coherence with the outcomes and guidance of the EU-Jordan dialogue; and (iv) Coherence with the on-going or foreseen activities in the context of other co-operation programmes.

In addition, SAPP III will continue financing the EU Affairs Officers Network, a network created in 2006 on the joint initiative of the EU Delegation and the Ministry of planning and International Co-operation. Its aims are: assisting the European Partnership Section at the Ministry of planning and International Co-operation and the Line Ministries in the preparations for EU-Jordan events; ensuring an awareness of EU-Jordan related policies and matters among the personnel of the line institution; assisting the line institution in implementing the commitments within the EU-Jordan Association Agreement and ENP Action Plan. It also contributes to promoting the visibility of EU assistance.

3.3. Risks and assumptions

Assumptions:

- The EU-Jordan political dialogue continues and technical subcommittees are held regularly.

- Jordanian authorities remain committed to the reform agenda and the implementation of the commitments in the ENP Action Plan.
- The Ministry of Planning and International Co-operation dedicates sufficient resources to the implementation of the programme, in identifying priorities and suitable means of implementation.
- Line ministries and institutions accept to channel requests for assistance, as per the priorities identified in the technical subcommittees, through the Ministry of Planning and International Co-operation.
- There is the will and sufficient resources in line ministries and institutions to address issues related to the implementation of the ENP Action Plan.
- The EU is able to provide timely answers to requests for assistance of the Jordanian administration.

Risks:

- Security concerns hamper Jordan's reform efforts.
- A lack of or a too weakly coordinated approach amongst the wide variety of stakeholders which prevents the reform process being coherent and comprehensive.
- There is a lack of agreement by the stakeholders regarding the priorities and methodologies to be used in the implementation of the action.
- A lack of commitment in the Jordanian administration to follow up project recommendations and translate them into legal texts (laws and regulations).

3.4. Crosscutting Issues

Crosscutting issues will be analysed in detail in the identification phase of the specific projects.

It can be anticipated that, in line with previous SAPP and SAAP objectives, good governance will be an issue systematically addressed in the design of the specific projects.

Particular attention to environmental sustainability was given in the implementation of SAAP I and SAAP II, where specific projects to strengthen the institutional capacities of the Ministry of Environment and to develop and enforce environmental legislation based on EU and international legislative standards were developed. Follow-up assistance can be considered as an individual project and/or a crosscutting issue in the identification phase of specific projects, where relevant.

Gender analysis will be elaborated in the project design. In a country like Jordan, where, on the one hand, a number of educated and skilled women participate in the political, social and economic life of the country, and, on the other, many women are still subject to the traditional patriarchal power relations, the gender perspective will assume particular interest and relevance.

3.5. Stakeholders

The project targets all the entities of the public sector responsible for the implementation of the Association Agreement and of the European Neighbourhood Policy Action Plan.

Project final beneficiaries are selected by the Jordanian authorities and the Commission taking into account the priority actions identified under the EU-Jordan ENP Action Plan.

Ministries and institutions identified as beneficiaries under previous programmes include:

Jordan Institution for Standards and Metrology, the Royal Scientific Society, the Ministry of Agriculture, the Jordan Food and Drug Administration, the Ministry of Industry and Trade, the Customs Department, the Jordan Securities Commission, the Ministry of Environment, the Ministry of Justice, the National Research Centre (NRC), the Public Security Directorate, Department of Statistics, the Ministry of Public Sector Development and the National Institute for Training, the Ministry of Labour, the Ministry of Municipal Affairs and Jordan Enterprise, Telecommunication Regulatory Commission, Department of Land and Survey, the Gendarmerie, Civil Aviation Regulatory Commission.

Most of these institutions have already proved their commitment to reform and complying with EU standards, as well as their capacity to absorb a technical assistance or twinning project. All the participating institutions have actively cooperated with EU experts and have implemented most of the recommendations received.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The project will follow the same implementation modalities of SAAP I, SAAP II, SAPP I and SAPP II: decentralised project management in the framework of a financing agreement, with the government of Jordan in accordance with Articles 53c and 56 of the Financial Regulation

The Ministry of Planning and International Co-operation, which is the National Coordinator, will be the Beneficiary and Implementing Agency for the project.

The Commission controls *ex ante* all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies *ex ante* control for procurement contracts > EUR 50,000 and may apply *ex post* for procurement contracts • EUR 50,000. The Commission controls *ex ante* the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

Works	Supplies	Services	Grants
< EUR 300,000	< EUR 150,000	< EUR 200,000	• EUR 100,000

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country.

4.2. Procurement and grant award procedures/programme estimates

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Article 21(7) ENPI.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the General Budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is [indicate rate, which normally should not exceed 80% of the total accepted costs of the Action, Full financing may only be applied in the cases provided for for general budget: in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the General Budget.
- Derogation to the principle of non-retroactivity (only where applicable, otherwise delete): a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with for general budget: Article 112 of the Financial Regulation applicable to the General Budget

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

4.3. Indicative budget and calendar

The budget of the project, which is 100% financed by the European Union, is broken down as follows (on an indicative basis):

Management Fund	EUR 500,000
Operational Fund	EUR 12,000,000
Audit and Evaluations (*)	EUR 300,000
Contingencies (**)	EUR 200,000
TOTAL	EUR 13,000,000

(*) to be managed directly by the European Commission.

(**) may only be used with the prior written agreement of the European Commission.

The Management Fund includes provisions for the European Affairs Officers Network. The Management Fund for SAPP III will start to be utilised upon exhaustion of the Management Fund allocated in previous SAAP and SAPP programmes.

It is anticipated that the project will be implemented through grant agreements (mainly twinning) and technical assistance contracts. Supply contracts could be approved if complementing ongoing activities under technical assistance or twinning. The specific budget for each action will be decided during the identification phase of each specific project.

The project will be implemented during the 48 months following the signature of the Financing Agreement.

4.4. Performance monitoring

Monitoring of the specific projects will be carried out by the staff of the Programme Administration Office (PAO) of the Ministry of Planning and International Co-operation, the focal points and the EU Delegation. Possible indicators for SAPP III could be the rate of disbursement of the operational fund and the percentage of projects achieving their indicated results. Specific performance indicators for each specific project to be financed under SAPP will be developed in the formulation phase of the individual project.

4.5. Evaluation and audit

Internal financial monitoring will be carried out by the PAO. The PAO will undertake internal audits and evaluations as necessary as part of their quarterly progress reports. An auditor will be contracted by the PAO to carry out quarterly audits and Annual Programme Estimates.

The project will be the subject of an external audit every 12 months, to be undertaken by independent auditors directly contracted by the EU.

The audit missions should verify the following:

- The correctness of financial information submitted in the 4 quarterly reports.
- The legality and regularity of all contracts or similar legal commitments concluded during the previous year.
- The legality and regularity of all payments made.
- The soundness of the control framework in which the project is carried out.
- The management of the PAO.

If irregularities are found by the audit missions or during other controls, the provisions of Article 103 of the Financial Regulation for the general budget adopted by Council Regulation N. 1605/2002 and amended by Council Regulation n° 1995/2006 should apply.

Two independent evaluations - one after two years of implementation and another at the end of the project - will be carried out by contractor(s) recruited by the EU.

4.6. Communication and visibility

Appropriate communication and information activities will be planned and implemented by the PAO and the beneficiaries of each specific project under the programme, in line with Commission guidelines for the visibility of external

operations. These activities will target both Jordanian public institutions and the Jordanian public at large, with the aim of promoting a wider understanding of the relationship between Jordan and the EU in the context of the European Neighbourhood Policy.

Action Fiche for Jordan

1. IDENTIFICATION

Title/Number	EU Support for the second phase of education reform (ENPI/2011/022-722)		
Total cost	EU contribution: EUR 23 million		
Aid method / Method of implementation	Sector Policy Support Programme (SPSP): - Sector budget support (centralised management) - Project Mode (centralised management)		
DAC-codes	11120, 11130, 11240, 11330	Sector	Education

2. RATIONALE AND COUNTRY CONTEXT

2.1. Country context and rationale for SPSP

2.1.1. *Economic and social situation and poverty analysis*

In 2009, the country had a gross national income of USD 5,840 per capita (in purchasing parity terms)¹, and is classed as a lower middle income country². 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 76.³ The UNDP Multidimensional Poverty Index (MPI)⁴ is low at 0.010, with less than 2% of the population living on less than USD 1,25 (PPP) a day.⁵

2.1.2. *National development policy*

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

¹ World Development Indicators database, World Bank, September 2010.

² World Bank List of Economies, September 2010.

³ UNDP Human Development Report 2010:144 (HDI) and 157 (GDI).

⁴ The MPI represents the share of the population that is multi-dimensionally poor, adjusted by the intensity of the deprivations suffered.

⁵ UNDP Human Development Report 2010:161.

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.

2.2. Sector context: policies and challenges

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 **5-year Strategic Plan 2010-2014** (Ministry of Education, 2009) 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.

The programme is coherent with the priorities set down in the Joint Communication of 8 March 2011 of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, entitled "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean". It provides a strong focus in the improvement of the education system, one of the priorities set out in the communication.

Sector budget and its medium term financial perspectives

Up until 2008, the national budget had a faster growth rate than the budget of the Education sector. This tendency was reversed from 2009 onwards. In 2009, the national budget was more severely cut, as a result of the financial crisis, than the budget of the Ministry of Education. In 2010, the actual expenditure of the Ministry of Education will be larger than the budgeted figure of Jordanian Dinar (JOD) 555 million (10.2% of the national budget), since an increase in teachers' salaries by 15% was decided after the budget law was passed. This increase will add around JOD 50 million to the Ministry of Education budget, raising the Education sector expenditure to around 11% of the national budget. More raises in teachers' salaries should take place in the future. The cost of the ERfKE II programme has been estimated at around USD 410 million, with $\frac{3}{4}$ of that amount devoted to infrastructure. The financial contribution of the Government to the programme stands currently at USD 69.5 million. Although three donors have confirmed their contribution to the programme (United States Agency for International Development (USAID),

Canadian International Development Agency (CIDA) and Japan International Co-operation Agency (JICA)), there is still a financial gap of USD 141 million.

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 budget, with a forecast for the period of 2008-2010, and repeated annually ever since. The 2011-2013 MTEF, to be ready this year will therefore be the fourth one to be prepared, which means that the country is still at an early stage of the MTEF introduction. 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.

Sector and donor coordination framework: Overall, the Ministry of Planning and International Co-operation is responsible for coordinating donor activities, and an annual meeting on Human Resources (including education) has been held for the last two years. Although results so far are good, the experience of the current EU programmes in the education sector shows that coordination should be further strengthened in the future, so as to have more effective results. This was also a conclusion of the most recent Results Oriented Monitoring mission to the country.

Institutional setting and capacity assessment: The Government has continued the reform momentum through ERfKE II which was 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. 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.

Performance monitoring system: The extension of the monitoring and evaluation capacity of the education sector has emerged in the last few years as a major priority for the Ministry of Education. Currently, a review of structures and functions is underway and will be followed by a review of processes, roles and responsibilities. The restructuring process of the Ministry of Education is expected to receive final approval soon, following the formulation of the Planning and Educational Research Management Directorate, and the subsequent establishment of four departments within the Directorate, including a specific directorate for Educational Research and Studies including monitoring and evaluation. Progress in terms of strengthened strategic planning processes, including strengthening of the performance monitoring system, is visible to a considerable degree. 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).

Macroeconomic framework: Given the international financial crisis and economic slowdown experienced in the world economy over 2009, Jordan has been less unfortunate than other countries. Nonetheless the economy was affected and growth shrunk from 7• % in 2008 to 2• % in 2009 (International Monetary Fund (IMF) Article IV Consultations 2010 updated figures). Due to a decline in growth and a

shortfall in external grants, pressures on the fiscal position intensified in 2009 and the budget deficit rose to 8.8% of GDP including grant aid and 12.5% excluding grant aid, at the beginning of 2010. This widening of fiscal imbalances occurred despite vigorous efforts taken by the authorities to reduce spending in the second half of 2009, by limiting current spending and applying large cuts to capital spending. Consequently, the Ministry of Finance maintained its stringent fiscal policy adopted since beginning of 2010 to address the overall deficit, and reduce it by 1% each year for 5 years to reach 3% of GDP. The 2010 budget illustrates this approach. It shows noticeable reduction in public expenditure while providing sufficient funds for the major initiatives that are in line with the government of Jordan national priorities such as water, energy and transportation projects. The government appears to be confident that the economy will achieve a growth rate of over 3.5% in 2010 and an average of 5% in the medium term.

Public Financial Management (PFM): The Government of Jordan has made considerable progress in advancing PFM reforms in particular in the fields of debt management, external scrutiny and audit, financial reporting as well as transparency. Furthermore, progress was made in creating a formal cash flow mechanism that aims at providing cash revenue forecasts on a weekly basis and improving coordination between the Treasury and revenue collecting agencies.

2.3. Eligibility for budget support

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.

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 operations 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.⁶

Also, experience from the ongoing formulation process regarding the forthcoming EU-funded support to E-TVET shows that the number of involved institutions should

⁶ European Commission Guidelines No. 3, *Making Technical Co-operation More Effective*, March 2009.

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.

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.

Almost all the Technical Assistance (TA) under ERfKE II will be financed from grants support. USAID, CIDA and JICA have already committed substantial grant funds for this purpose. The Islamic Development Fund and the Arab Fund are also interested. USAID in particular is an important partner in the area of pre-primary education and professional development, with complementary actions predominantly in the area of infrastructure renovation and the improvement of learning conditions in kindergartens.

2.6. Donor coordination

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.

3. DESCRIPTION

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 – ERfKE II).

3.2. Expected results and main activities

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

- (e) the strengthening of capacities at the Ministry of Education's central and field directorate level, particularly regarding monitoring and evaluation.
- (f) the strengthening of the Planning and Educational Research Management Directorate.
- (g) an operational Education Management Information System aligned with current monitoring and evaluation requirements.
- (h) the continued extension of access to, and quality of, early childhood education particularly in underprivileged areas.
- (i) 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.
- (j) strengthened special needs education strategies leading to an enhanced provision of special needs education.

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.

3.3. Risks and 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; and (iii) that managers and staff of monitoring and evaluation are engaged in the organisational restructuring of the sector and the foreseen deconcentration/decentralisation process.

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).

3.4. 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.

3.5. Crosscutting Issues

Education is not only a human right (for both genders) but also a very meaningful tool for achieving inclusion and other human rights related to disabilities, equal empowerment of disadvantaged groups, non-discrimination, environmental concerns, etc. As much as possible, this Education support programme will put an emphasis on equal representation of both genders in training activities. In addition, the ERfKE programme also tries to generate important linkages to the strengthening of decentralised levels of the education system, thus creating inter-sectoral bridges to other initiatives in this regard.

4. IMPLEMENTATION ISSUES

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

4.1. Method of implementation

The Sector Budget Support component will be implemented through direct centralised management.

The project component will be implemented through direct centralised management.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI⁷. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) of the ENPI regulation.

2) Specific rules for Grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Union.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget of the European Union.

4.3. Indicative budget and calendar

The total allocation for this programme is EUR 23 million.

The allocation for the sector budget support component is estimated at EUR 20 million. Four tranches of budget support disbursements are indicatively foreseen.

The allocation for complementary support measures for the programme is estimated at EUR 2.4 million for twinning and/or technical assistance activities and at EUR 0.6 million for evaluation, audit, communication and visibility.

Indicative Budget Breakdown

Component	Total amount (EUR million)	Implementation mode
Budget Support	20	Centralised
Twinning/s and/or Technical Assistance	2.4	Centralised
Audit, evaluation and visibility	0.6	Centralised
Total	23	

The programme is indicatively foreseen to have an operational duration of 36 months as from the date of signature of the respective Financing Agreement.

⁷

Regulation (EC) No 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, OJ L 310 of 9/11/2006.

4.4. Performance monitoring and criteria for disbursement

The performance evaluation preceding the disbursement of the tranches will be undertaken by the European Commission through monitoring missions, mobilised in principle twice a year. In each year, the first mission will review that the programme is on track ensuring that a common understanding exists among stakeholders concerning the processes and time-frame of actions required to meet the specific conditions. The second mission will undertake the detailed performance monitoring of the general and specific reform benchmarks.

It will be ensured that key performance indicators for this programme are part and parcel of already existing indicators for monitoring the performance of ERfKE. During performance monitoring for the programme, government monitoring systems will be used whenever possible. These systems may be complemented by additional sources of information if necessary.

4.5. Evaluation and audit

Provisions for evaluation and audit are included in the budget. A final evaluation at the end of the programme is compulsory. Other evaluations may be undertaken by the Commission if necessary. Detailed arrangements for audits will be included in the technical assistance and twinning contract(s) as necessary.

4.6. Communication and visibility

Discussions between the EU and government at Ministerial level will be utilised for providing high visibility of the programme and the reform, especially by organising media coverage of such events. All studies, reports, trainings and seminars supported under this programme will highlight the EU's financial support. All training materials, logos, stickers and banners printed for those events will also highlight very clearly this support. Likewise, training certificates issued will also carry the EU logo next to the logos of the issuing authority/ies. In general, contractors will be expected to familiarise themselves with the EU Visibility Guidelines.⁸

⁸ *Communication and Visibility Manual for European Union External Actions*. EuropeAid: July 2009 available at http://ec.europa.eu/europeaid/work/visibility/index_en.htm.

Action Fiche for Jordan

1. IDENTIFICATION

Title/Number	Renewable energy and energy efficiency Programme in Jordan (ENPI/2011/022-721)		
Total cost	EU contribution: EUR 35 million		
Aid method / Method of implementation	Sector Policy Support Programme (SPSP): - Sector budget support (centralised management); - Project mode (centralised and partially decentralised).		
DAC-code	23030	Sector	Energy

2. RATIONALE AND COUNTRY CONTEXT

2.1. Country context and rationale for SPSP

2.1.1. *Economic and social situation and poverty analysis*

Jordan has been adversely affected by the global and regional economic crisis. However, prudent fiscal and monetary management has minimized the effects of these external shocks on the domestic economy. Jordan's population growth rate has declined in recent years and is currently 2.3%. Real Gross Domestic Product (GDP) per capita has grown by 4-5% per year over the past decade. The percentage of those who live on less than USD 1 a day in Jordan has been now reduced to less than 1%. Despite developmental problems brought about by the global financial crisis, Jordan succeeded in capping and slightly reducing the absolute poverty rate from 14.2% in 2002 to 13.3% in 2008. According to Jordan's Department of Statistics, almost 13% of the economically active Jordanian population residing in Jordan was unemployed in 2008, although unofficial estimates cite a higher unemployment rate. Unemployment among the youth (including graduates) and women remains a major challenge.

2.1.2. *National development policy*

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 energy, the National Agenda refers to the challenges facing Jordan as a big importer of energy, with oil and gas imports making up around 20% of its GDP. Energy demand growth is projected at 4% yearly for electricity, and 3% yearly for oil products towards 2020, which is another challenge.

2.2. Sector context: policies and challenges

Sector context: While Jordan depends on imports for 96% of its primary energy requirements, renewable energy provides a minimal contribution to energy supply: solar water heating is officially estimated at 1.6% of total primary energy requirements. Hydroelectricity, biogas, solar and wind energy altogether contribute

to 0.5% of electricity generation, or 0.2% of primary energy supply. Present hydropower installed capacity (10 megawatt (MW)) is close to the total potential of available sites (except the Red Sea-Dead Sea project, which would offer a 400-800 MW capacity). But other forms of renewable energy have an attractive potential (i.e. wind energy; solar potential; electricity generation and hot and geothermal springs). Energy consumers in all economic sectors have made limited efforts to save energy and improve energy efficiency related productivity. High energy saving potentials have been identified by the government of Jordan in all sectors: commercial sector 20%, industrial 20% – 40%, residential 20%, transport 20%, street lighting 30%, and water pumping (irrigation, drink water) 30%. Virtually no investment to combine heat (steam) and electricity generation has been undertaken, particularly in industry, because of low electricity tariffs and lack of other incentives. As a result, the energy intensity of the Jordanian economy for the year 2009 is 0.38 toe (tonnes of oil equivalent) per USD 1,000 of GDP, compared with 0.1 in most EU Member States.

A Renewable Energy and Energy Efficiency Temporary Law was passed in February 2010, which deals with two issues: i) conditions under which electricity generating facilities based on renewable energy can be financed, constructed and connected to the grid, and ii) creation of a Renewable Energy and Energy Efficiency fund (JREEEF).

This EU programme is in line with the EU-Jordan Action Plans and particularly with the latest one, which reflects the advanced status of Jordan and where energy is clearly identified as a key sector for partnership and networking within the region.

The programme is coherent with the priorities set down in the Joint Communication of 8 March 2011 of the European Commission and the High Representative of the Union for Foreign Affairs and Security Policy, entitled "A Partnership for Democracy and Shared Prosperity with the Southern Mediterranean". It provides a strong focus in sustainable and inclusive growth, economic development and support to Small and Medium Enterprises (SMEs), priorities set out in the communication.

The policy dialogue under this programme will be inclusive (state and non state actors), and will feed into the regular sector review in the framework of the programme steering committee as well as the EU-Jordanian sub-committee on energy, environment and transport; with emphasis on renewable energy and energy efficiency applications.

Sector Budget and its medium term financial perspectives: The 2007-2020 energy strategy foresees investments in the range of USD 13-17 billion to cover the diversified sources of energy, out of which USD 1.5-2 billion to cover renewable energy investments to reach the 10% target set by the strategy for 2020. Public budget spending in the energy sector is minimal, compared to the contributions to the GDP of the electricity, oil and gas sectors; public budget expenditure dedicated to the development of renewable energy and to energy efficiency improvements needed by Jordan economy is negligible, compared to the impact of fossil fuels imports (11.8% of GDP in 2009, 18-19% in 2006-2008). According to the Jordanian General Budget Department, current public expenditure in the sector is around Jordanian Dinar (JOD) 16 million on running cost and JOD 47 million for capital cost, covering the cost of different institutions linked to the sector and energy sources. The government

is planning to introduce soon a Medium-Term Expenditure Framework (MTEF) for the main sectors, including the energy sector.

Performance monitoring: The Ministry of Energy and Mineral Resources is aware of the budget support context, since it has already different support programmes with different donors, and is familiar with the use of performance monitoring and performance measurement as a means for determining disbursement on budget support programmes. The extension of the monitoring and evaluation capacity of the energy sector has emerged in the last few years as a major priority for the Ministry of energy and mineral resources. Currently, the ministry is undertaking a review of the structures and functions, followed by a review of the processes, roles and responsibilities of the Ministry and of the different Regulatory commissions who monitor the energy sector development.

Assessment of institutional capacity: The government understood the need to set up instruments to be able to impose new norms, induce changes in behaviours and encourage investment in renewable energy and energy efficiency. In this respect, two institutions are in place and have already acquired strong experience in these areas, but need further support: the Ministry of Energy and Mineral Resources itself and the National Research Centre / Energy Programme (NRC/Energy). A new institution, the Jordan Renewable Energy and Energy Efficiency Fund (JREEEF) is also being established, and commitments have been made to provide financial support for large grid-connected renewable energy investments.

Macroeconomic framework: Jordan has been also affected by the international financial crisis and economic slowdown experienced in the world economy since 2009, although less than other countries. Its pace of economic growth was significantly reduced, from 7• % in 2008 to 2• % in 2009 (International Monetary Fund (IMF) Article IV Consultations 2010 updated figures). Due to this decline in growth and a shortfall in external grants, pressures on the fiscal position intensified in 2009 and the budget deficit rose to 8.8% of GDP including grant aid and 12.5% excluding grant aid, at the beginning of 2010. This widening of fiscal imbalances occurred despite vigorous efforts taken by the authorities to reduce spending in the second half of 2009, by limiting current spending and applying large cuts to capital spending. Consequently, the Ministry of Finance maintained its stringent fiscal policy adopted since beginning of 2010 to address the overall deficit, and reduce it by 1% each year to reach 3% of GDP at the end of the next 5 year period.

Public Finance Management (PFM): With the support of the EU, through two ongoing budget support programmes, the government has made considerable progress in advancing PFM reforms, in particular in the fields of debt management, external scrutiny, audit, financial reporting and transparency. Furthermore, progress was made in creating a formal cash flow mechanism that aims at providing cash revenue forecasts on a weekly basis and improving coordination between the Treasury and revenue collecting agencies.

2.3. Eligibility for budget support

Jordan continues to be eligible for Sector Budget Support (SBS) and is also expected to maintain these conditions during the implementation of the present programme. The conclusions on the three eligibility criteria for budget support follow:

- The analysis of the sector policy set out above confirms that a strategy dedicated to the development of renewable energy and energy efficiency, responding to the challenges and problems faced by Jordan, has been defined. The proposed sector policy is an appropriate basis for the provision of EU sector budget support
- Satisfactory progress in maintaining a policy of macro-economic stability has been continuously achieved, as evidenced by the latest IMF Article IV Consultation report released in September 2010.
- Satisfactory progress in the area of PFM is attested by the latest PFM Annual Monitoring Report, which was prepared by the EU Delegation to Jordan in November 2010.

The satisfaction of the three criteria above shows that Jordan continues to be a strong candidate for SBS operations.

2.4. Lessons learnt

Jordan's energy policies, particularly related to the development of renewable energy and energy efficiency, are regularly debated in various forums, including regional programmes funded by the EU; these include the Euro-Mediterranean energy partnership and the EU Mashrek natural gas programme. As part of these programmes, specific reviews and reports were produced for Jordan, highlighting the achievements as well as current issues, and pointing to reform priorities and expected initiatives. An Energy Efficiency (EE) Roadmap for Jordan was written by a group of officials from the Ministry of Energy and Mineral Resources, the NRC/Energy, the Ministry of Planning and International Co-operation and the Ministry of Environment, with the support of donors and external consultants. This energy efficiency Roadmap builds upon the National Energy Strategy of 2007 and the World Bank's Energy Efficiency Framework for Jordan 2009. Through this document, the Ministry of Energy and Mineral Resources recognises that "currently, there are almost no policies to mandate or encourage energy efficiency, such as benchmarking of energy consumption in certain industries, enforcement of regulations to reduce energy consumption in buildings, and labelling of machinery, equipment and appliances to facilitate customer choice based on energy efficiency." The energy efficiency Roadmap recommends the introduction of mandatory regulations and standards, the creation of tax and financial incentives to mobilise energy consumers and investors and provision of adequate information to the public. Regarding institutional aspects, this document recommends the creation of an Energy Efficiency Office (EEO). The energy efficiency Roadmap clearly states that this EEO should not be an implementation body. EEO's responsibilities are clearly defined: coordinate national energy efficiency action plans with all stakeholders; suggest programmes and activities; follow up, monitoring and evaluation; report to higher levels within the Ministry of Energy and Mineral Resources. In fact, its responsibilities should not differ from those of the existing Alternative Energy and Energy Efficiency Department of the Ministry of Energy and Mineral Resources, or from what this department should do; therefore, the EEO does not need to be established outside of the Ministry of Energy and Mineral Resources, except if it can facilitate recruitment of capable staff.

2.5. Complementary actions

Ministry of Energy and Mineral Resources, NRC/Energy and JREEEF are the beneficiaries of various institutional support projects, such as:

- An EU funded Capacity Building project for the National Research Centre (NRC) (Energy programme), in the form of a twinning agreement with its Greek counterpart Centre for Renewable Energy Studies, was completed in 2009. It covered wind energy, photovoltaic energy efficiency and photovoltaic laboratory accreditation.
- The EU also provided/provides important support to other Jordanian energy sector institutions, including the Electricity Regulatory Commission (ERC), and the Nuclear Regulatory Commission on nuclear safety (EUR 1 million financing agreement was signed in July 2009).
- A financing agreement was signed on 31 May 2010 for the EUR 10 million EU-funded project "Capacity-Building in Wind Energy and Concentrating Solar Power (CSP)", with NRC as the main counterpart; its main objective is to install and test pilot wind energy and CSP facilities and to help the country build up local and regional expertise in the field.
- Geothermal resources are being studied by the Natural Resources Authority and NRC, which has a small co-operation agreement with Darmstadt University (Germany).
- A building draft thermal code is being developed by the Ministry of Public Works and Housing, with limited resources and so far some exchange with essentially the UK, Japan and the USA.
- A pilot programme on lighting in residential buildings and public lighting is being implemented with *Agence Française de Développement* financing (EUR 0.3-0.4 million).
- The EU has financed regional projects Med-Enec I and II, which have achieved some visibility but have generated limited concrete projects in Jordan.
- The EU regional programme "Euro-Mediterranean Energy Market Integration Project" (MED-EMIP) has also given a good support in Jordan part of which touching on renewable energy and energy efficiency.
- The latest EU programme: "Paving the way for the Mediterranean Solar plan" is the new EU funded regional project assisting the Mediterranean Partner Countries to contribute to a significant increase in deployment of sustainable energy systems based on renewable energy sources.
- Support to Cooperation between the Euro-Mediterranean Energy Regulators Project (**MEDREG II**). The project aims at strengthening cooperation between the EU energy regulators and those of the Mediterranean Partner Countries helping them to develop a modern and efficient regulatory framework.

2.6. Donor coordination

A donor-government working group on energy is chaired by the Ministry of Planning and International Co-operation; a need to enhance coordination in this field is however necessary, especially with the latest developments in this sector during

2010. A clear consensus among different Jordanian administrations and institutions involved in renewable energy /energy efficiency related policies and future reforms would also be beneficial to attract and optimise foreign support.

The activities foreseen in the present programme will be closely coordinated with the Jordanian Authorities and other relevant international donors and organisations. For each one of the activities listed below, the likely complementarities with other projects are indicated.

3. DESCRIPTION

3.1. Objectives

The general objective of the programme is to contribute to the development and implementation of effective policies which will enable Jordan reaching the renewable energy and energy efficiency goals set by the government for 2020.

The programme has two specific objectives:

- To assist the government in completing the already undertaken institutional and legislative reforms, in order to create the enabling environment for public and private actors to achieve the goals of 10% energy from renewable sources and 20% of energy savings by 2020. It is also to develop appropriate regime in Jordan for enabling the introduction of right initiatives that will help infrastructure development for renewable energies.
- To contribute to full scale implementation of activities foreseen in the government strategy, in order to induce behavioural changes in the society and to foster investments towards the in-country production of energy.

3.2. Expected results and main activities

The main activities include:

- Institutional Technical Assistance to the Ministry of Energy and Mineral Resources, NRC/Energy and JREEEF as well as other related institutions.
- Support and monitor wind and solar investments, as a supplement to the EU funded project “Capacity-Building in Wind Energy and CSP”: resource measurement, testing, demonstration, technical and economic studies, training, taking into consideration the involvement of Small and Medium Size Enterprises (SMEs).
- Implement demonstration projects and related activities in the fields of bio-energy (bio-mass and bio-gas), taking into consideration the involvement of Small and Medium Size Enterprises (SMEs).
- Support the thermal code development: the standardisation process has been initiated by the National Building Council (NBC) under the Ministry of Public Works and Housing, but according to international experience it is likely that this process will take from 5 to 10 years, as it requires continuous co-operation with all parties involved and feedback from actual implementation.
- Advise the NBC on solutions to promote and enforce thermal building regulation and standards.

- Support academic institutions and research centres in developing activities related to renewable energy and energy efficiency in the construction sector.
- Awareness campaign and debates on energy efficiency and renewable energies allowing proper involvement of the civil societies in the process.

Accordingly, the programme will have two main components:

- *Sector Budget Support*: This component will support the government measures related to the development of renewable energy and the promotion of energy efficiency.
- *Project support*: This component aims to build the capacity of key public institutions such as the Ministry of Energy and Mineral Resources, NRC/Energy and JREEEF and provide assistance to support the development of renewable energy and energy efficiency. This component will also provide grants for renewable energy and energy efficiency demonstration projects in buildings which will be pilots to set a base for best practices to facilitate a full implementation of the renewable energy and energy efficiency strategies for Jordan.

The expected results of this programme include the following:

- Sustainable renewable energy and energy efficiency strategies, with detailed budgeted action plans and activities and an accurate assessment of their impacts, have been elaborated and approved by the government, including the legal and regulatory framework.
- The Ministry of Energy and Mineral Resources has a renewable energy/energy efficiency department capable of elaborating the renewable energy and energy efficiency detailed strategies and budgeted action plans mentioned above, and including their plan to attract investments in this field.
- The National Research Centre NRC/Energy is functional and enforced, and will act as a technical arm for the Ministry of Energy and Mineral Resources and JREEEF.
- Public awareness and mobilisation in Jordan about energy efficiency and renewable energies is raised.
- Legislation and a code on energy efficient buildings have been elaborated.
- Institutes and laboratories involved in standardisation and equipment testing have received adequate complementary equipment.
- Demonstration projects in existing and new buildings have been implemented.
- Wind and solar investments have received adequate support (e.g. fiscal incentives) from the government institutions and are closely monitored.
- Demonstration projects and related activities in the fields of bio-energy (biomass and biogas), cogeneration and geothermal energy have been implemented, and are followed by further industrial development.
- Project outputs are complimentary to EU regional energy programmes and all synergies among these programmes are made clear and reflected on Jordan's renewable energy and energy efficiency Strategy and action plans.

3.3. Risks and assumptions

Assumptions

It is assumed that this budget support programme will have the expected leveraging effect on the expected government investments in the sector, and that it will provide a sufficient incentive and capacity for the government to strengthen the Ministry of Energy and Mineral Resources, the NRC/Energy and to establish the JREEEF. It is also assumed that the execution of this budget support instrument will be based on the experience acquired by the different Jordanian ministries with previous similar programmes. It is assumed that the government, namely the Ministry of Public Works and Housing and the authorities responsible for delivering permits, will be able to enact the new thermal building code and to enforce it, thereby creating incentives for project promoters in public, residential and commercial sectors to submit projects following the call for proposals for demonstration projects.

Risks

Regarding demonstration projects, the risk of overspending with limited results is minimal, as subsidies will be disbursed only when renewable energy and energy efficiency investments have been properly implemented and have been duly monitored. The technical assistance component will be geared to assist project promoters and professionals during the implementation phases.

The main risk for the whole programme is that the political will for the necessary reform and ensuing investments is not pursued, and therefore institutions remain in their present status: the Ministry of Energy and Mineral Resources would keep a very small unit responsible for renewable energy and energy efficiency; the government would not enforce the role of NRC/Energy as a renewable energy/energy efficiency Centre to take the responsibility for technical oriented actions; JREEEF might have funds but no strategy to act in specific renewable energy and energy efficiency areas. This might be the result of administrative, budgetary and/or parliamentary constraints.

3.4. Stakeholders

The main stakeholders for this programme include:

- (i) the government and related institutions: Ministry of Energy and Mineral Resources, NRC/Energy, JREEEF, the Ministry of Planning and International Co-operation, the Ministry of Public Works and Housing, National Building Council, the Ministry of Environment, ERC and Jordan Institute for Standards and Metrology.
- (ii) Academic institutions and universities, which will participate in some activities.
- (iii) Small and medium enterprises and investors who will benefit from the establishment of the new financing facilities, industrial and commercial enterprises, and their professional associations.
- (iv) Technical centres and
- (v) civil society.

A Programme Steering committee will be established and meet in order to hold in -depth dialogue on the progress, achievements, challenges of the government's renewable energy and energy efficiency strategies and the results achieved under this programme. The Steering Committee will undertake this review in due time to feed

into the relevant ENP subcommittee and progress report exercises. The Steering Committee members will include the above-mentioned stakeholders.

3.5. Crosscutting Issues

Sustainable energy is the main scope of the programme, which will contribute to demonstrate to the public that environmentally friendly and decentralised solutions can work. The whole programme will have positive impacts on climate change (this has been quantified in 3.2). Finally, the programme may also have positive impacts on water management, reduction of soils and air pollution, and biodiversity. The programme will also contribute to the introduction or strengthening of standards and metrology in Jordan. As for good governance and human rights, the programme can set a good example of how the government administrations can help the public to understand and implement new behaviours and projects.

4. IMPLEMENTATION ISSUES

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

4.1. Method of implementation

Direct centralised management is the implementation method of the Sector Budget Support component.

The project support component will be implemented through centralised and through partial decentralised management. A Financing Agreement will be signed with the Government of Jordan in accordance with Articles 53c and 56 of the Financial Regulation

The contracts implementing the sub-component "renewable energy/energy efficiency demonstration projects in buildings" shall be concluded by the Beneficiary. The contracts implementing the other sub-components (technical assistance, visibility, audit and evaluation contracts) shall be concluded by the European Commission on behalf of the Beneficiary.

The Commission controls ex ante all the procurement procedures except in cases where programme estimates are applied, under which the Commission applies ex ante control for procurement contracts > EUR 50,000 and may apply ex post for procurement contracts • EUR 50,000. The Commission controls ex ante the contracting procedures for all grant contracts. Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The Responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below:

Works	Supplies	Services	Grants
< EUR 300,000	< EUR 150,000	< EUR 200,000	• EUR 100,000

The change of management mode constitutes a substantial change except where the Commission "re-centralises" or reduces the level of tasks previously delegated to the beneficiary country.

4.2. Procurement and grant award procedures

1) Contracts

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question. Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the ENPI⁹ regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in art. 21(7) of the ENPI Regulation.

2) Specific rules for grants

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No. 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Union.
- Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 112 of the Financial Regulation applicable to the general budget of the European Union.

(3) Specific rules on programme estimates:

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question (i.e. the Practical Guide to procedures for programme estimates).

4.3. Indicative budget and calendar

The overall budget of this programme is EUR 35 million, out of which EUR 29 million is in the form of Sector Budget Support and EUR 6 million in the form of complementary support (see table below with indicative amounts). With regards to the budget support component of EUR 29 million, four tranches are indicatively foreseen. The operational duration foreseen is 48 months from the signature of the Financing Agreement.

⁹

Regulation (EC) No 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, OJ L 310 of 9/11/2006.

Indicative Budget Breakdown

Component	Implementation Mode	Total amount (EUR million)
Budget Support	Centralised	29
Capacity Building, Support to renewable energy/energy efficiency development (mainly Technical Assistance)	Centralised	2
Renewable energy/energy efficiency demonstration projects in buildings (grants)	Decentralised	3
Audit, evaluation and visibility	Centralised	0.6
Contingencies	Centralised	0.4
TOTAL		35

4.4. Performance monitoring and criteria for disbursement

The performance evaluation preceding the disbursement of the tranches will be undertaken by the European Commission through monitoring missions, mobilised twice a year. Each year, a first mission will review the progress of the programme, ensure that it is on track and that the actions to take to meet the following reform benchmarks are well understood by all stakeholders. The second mission will undertake the detailed performance monitoring of the general and specific reform benchmarks for that year.

4.5. Evaluation and audit

The European Commission will carry out a final evaluation of the programme. The European Commission may also carry out a mid-term evaluation if deemed necessary. Both evaluations will be carried out by independent consultants recruited directly by the Commission under specific Terms of Reference. All contracts passed under the complementary support components will be subject to audits, according to the terms to be detailed in those contracts.

4.6. Communication and visibility

The necessary visibility, public relations and publicising activities will be undertaken to ensure that the programme will raise the awareness of specific or general audiences of the reasons for the actions, for the EU support for the actions, as well as the results and the impact of this support. To this end, appropriate use will be made of the "Communication and Visibility Manual for EU External Actions" available at http://ec.europa.eu/europeaid/work/visibility/index_en.htm.