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ANNEX

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ANNEX I

of the Commission Implementing Decision on the 2013 Special Measure for the Syrian population and the host communities in Jordan

Action Fiche for Syria

1. IDENTIFICATION

Title/Number	<i>“Helping the Syrian population cope with the effects of the crisis and prepare for early recovery”</i> CRIS number: ENPI/2013/024-892		
Total cost	Total estimated cost: EUR 52,750,000 Total amount of EU budget contribution. EUR 40,000,000 To be financed from the General Budget of the European Union for 2013 (EUR 12,750,000 contributions are indicatively expected from third parties – see section 4.5 indicative budget)		
Aid method / Method of implementation	Project Approach: <u>Component 1</u> – Direct Centralised Management – grants – Call for Proposals. <u>Component 2 to 5</u> – Joint Management with the United Nations Children’s Fund (UNICEF), the United Nations Relief and Works Agency (UNRWA), the United Nations Development Programme (UNDP) and the United Nations Educational, Scientific and Cultural Organisation (UNESCO). <u>Component 6</u> – Indirect Centralised Management with Kreditanstalt für Wiederaufbau (KfW).		
DAC-code	110, 120, 140, 150, 160.	Sector	Education, health, water and sanitation, government civil society, and other social infrastructure and services.

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

This action is designed to help mitigate the impact of the current crisis in Syria. It aims to complement on-going humanitarian activities in Syria by addressing the medium and long term requirements of those in need. The action supports a number of the early recovery elements of the revised ‘Syria Humanitarian Assistance

Response Plan' (SHARP) for the period January to December 2013 that will continue to be valid for the 2014 revision of the SHARP currently underway.

While many refugees are leaving Syria to escape the violence others are leaving due to the fact that they cannot access basic services and/or have no means of income. Unless the situation in Syria can be improved – in terms of basic services and income earning potential –these factors will continue to swell the number of Syrian refugees leaving for neighbouring countries, notably Lebanon and Jordan. From both a political and development perspective, it is preferable and more cost effective to address the needs of the affected Syrian population inside Syria, rather than as refugees in neighbouring countries. However, to do so during a civil war is of course challenging. Not only is there limited access due to the security situation, but also limited implementation capacity on the ground.

There is consensus that the current crisis is having a disproportionate impact on women and children. The UN estimate (June 2013) that 6.8 million people are in need of assistance in Syria of which 3.1 million are children (46 %). Other vulnerable groups include the 529,000 Palestine refugees that were residing in Syria and who are now suffering a second crisis. Furthermore, in the northern areas of Syria – which are under the control of opposition forces – the central Government is often no longer providing basic services (water, electricity, waste management, etc). While local governance structures have emerged, these are often under resourced and lack the capacity to fulfil the role of service provider.

This action has two main aims. Firstly, to improve the provision of basic services to the population in Syria in terms of: a) access to education, especially for girls; b) provide an integrated social protection package for Palestine refugees (cash transfers, health and education) and; c) help provide basic services in opposition controlled areas. Secondly, it will improve livelihoods and resilience – both now and in the future – by; a) providing income generating activities and; b) safeguarding Syrian cultural assets.

2.2. Context

2.2.1. *Syrian crisis context*

The Syrian crisis, now in its third year, has led to one of the worst humanitarian crisis in recent decades. In addition, the regional impact of the crisis has been amplified to a point that the crisis now risks destabilising the entire region, exacerbating divisions along religious, ethnic and political lines, particularly in Lebanon and Jordan.

With neither side able to gain a military victory, and barring a swift political solution, the conflict looks set to escalate in an unpredictable manner in Syria and perhaps beyond, potentially leaving a legacy of sectarian violence and conflict for years to come.

Not only have over 100,000 Syrians been killed, but 6.8 million people are in need of assistance (almost 1/3rd of the Syrian population), of which 3.1 million (46 %) are children. There are estimated to be 4.25 million internally displaced people within Syria and a further 2 million refugees in neighbouring countries (as of September 2013).

According to the UN Economic and Social Commission for Western Asia (ESCWA) GDP in Syria is estimated to have fallen by 31 % in 2012 and a further 7 % since the start of 2013. As a result, unemployment rates are expected to reach 49 % in 2013.

Similarly, the Syria Centre for Policy Research estimates that the cumulative impact of the crisis in 2011 and 2012 was that instead of achieving a 12.7 % growth in GDP, GDP fell by 22.5 %, an estimated economic loss of USD 24.1 billion. In addition, when capital damage and increased military expenditure are factored in, the total estimated economic loss in 2011 and 2012 was in the order of USD 48.4 billion.

Prior to the crisis the poverty levels had fallen from 14.3 % in 1996 to 11.4 % in 2004. While there is no data on current poverty levels, there is consensus that levels have risen significantly since the outbreak of the crisis. This is despite the Government of Syria increasing civil servants' salaries (who account for 30 % of the workforce) as these increases have not been sufficient to keep up with rising inflation. The reduced national production capacity in manufacturing and agriculture has made Syria more dependent on imports which, coupled with the continued depreciation of the Syrian pound and importation difficulties, has led to significant increases in the prices of food and other basic items.

In addition, the crisis has led to widespread damage and destruction of key infrastructure, reducing the provision of basic services (water, electricity, waste management etc.) in almost all parts of the country and especially in opposition held areas.

Regional aspects

The impacts and costs of the Syrian crisis extend well beyond Syria's borders. UNHCR estimates that by the end of 2013 the number of Syria refugees will reach 3.5 million, with 1 million refugees each in Lebanon, Jordan and Turkey and a further 500,000 in Iraq. Were this to be the case, this would mean that by the end of this year Syrian refugees would account for 25 % of the Lebanese and 16 % of the Jordanian population.

While all neighbouring countries have been affected by the crisis in Syria, its impact has been greatest in Lebanon and Jordan, which host the highest number of Syrian refugees both in absolute terms and relative to their own populations. In June 2013 the Regional Response Plan (January to December 2013) estimated that the cost of addressing the impact crisis in Lebanon and Jordan was USD 1.6 billion and USD 1.3 billion respectively. Both countries were already facing significant economic challenges prior to the crisis and by the end of 2012 total debt had risen to 136 % of GDP in Lebanon and 79.2 % in Jordan, while Government budget deficits reached 9.3 % of GDP in Lebanon and 8.8 % in Jordan. These countries are now confronted with a situation which threatens their internal stability in the absence of substantial additional international support. In addition, the fate of the 529,000 Palestine refugees that were living in Syria adds another threat to the political and stability of both countries.

2.2.1.1. National development policy

Syria's national development objectives have normally been laid out in a series of 5 year plans. The 10th five year plan covered the period 2006-2010 and while the 11^h five year plan for 2011-2015 was drafted, it was not officially adopted.

Due to the violence and unacceptable human rights situation, the Council of the European Union suspended EU bilateral cooperation with the Government of Syria in May 2011. Since then EU's economic and development assistance for the Syrian crisis under the European Neighbourhood and Partnership Instrument (ENPI) has been channelled both through UN organisations (84 %) and NGOs (16 %).

UN organisations, as well as a number of Syrian accredited NGOs, are currently working from Damascus (although a number of organisations also have offices in various governorates) and serve both Government-held and opposition-held areas (through cross-line operations). Meanwhile, a number of other NGOs are working from either southern Turkey or Lebanon and serve predominately opposition-held areas (through cross-border operations).

The main priorities with regard to both humanitarian and early recovery (development) actions are outlined in the Syria Humanitarian Assistance Response Plan (SHARP) January to December 2013 prepared in coordination between the United Nations System, the Government of Syria, and humanitarian actors in Syria. This action supports a number of the activities foreseen under the SHARP, in particular those linked to education, early recovery and livelihoods.

2.2.2. *Sector context: Challenges*

This action aims to address six main problems arising from the current crisis in Syria. These include:

a) Poorly developed civil society organisations

Civil society organisations (CSOs) are key actors in fostering peace and creating a democratic society. It was only in 2000 that a number of Syrian CSOs dealing with social and economic development issues started to emerge, albeit in a highly controlled and repressive environment. As a result, Syrian CSOs remain very weak and are yet to fully realise their potential role in Syrian society. The current crisis constitutes a series of risks for embryonic Syrian civil society organisations. It is difficult for Syrian CSOs to develop in an unpredictable and dynamic context, marked with a high level of violence, social tensions and contested authority. However, there are also a number of opportunities for CSOs to implement activities based on real needs and to represent peoples' aspirations for a future Syria.

Syrian CSOs require support to improve both thematic/sectoral competencies and to build capacities in terms of organisational and financial management, project cycle management (PCM), monitoring and evaluation and strategic planning so as to create more effective and professional organisations.

b) Lack of access to education, vocational training and psychosocial services

The psychosocial impact of the crisis on both individuals and Syrian society as a whole has been very significant. The UN has warned of a “lost generation” in Syria due to the disproportionate impact that the conflict is having on children and youths. With more than four million internally displaced people, the crisis has severely reduced access to education and training. This not only reduces an individual’s future ability to earning potential but – given the scale of the problem – also threatens Syria’s long term productivity.

c) Vulnerable groups, notably Palestine refugees, are unable to meet their basic needs

Even prior to the crisis Palestine refugees were considered one of the poorest and most vulnerable groups in Syria with 27 % of them living in poverty and 12 % unable to meet their basic needs (ultra-poor). United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) estimates that currently 80 % of the 529,000 Palestine refugees in Syria are now in need of assistance and that 50 % of them have been internally displaced within Syria. Palestine refugees’ vulnerability is increased by the fact that they have limited flight options (Jordan has a no-entry policy for Palestine refugees).

d) Lack of livelihoods and increased poverty

According to the Syrian Centre for Policy Research the crisis, and resulting economic contraction, have led to a loss of 6.3 million jobs, meaning that 10 million people (equating to 47 % of the Syrian population) lack a source of income. In addition, due to the protracted nature of the crisis, many families have now exhausted any savings that they may have had. The lack of income earning opportunities has become one of the major ‘push’ factors for those fleeing Syria. Furthermore, the conflict is creating more female headed households, more of whom are having to rely on humanitarian aid and/or are resorting to negative coping strategies.

e) The destruction and theft of Syrian cultural heritage

While it is only natural that attention has focused on the immediate human impacts of the crisis, the conflict has also resulted in significant damage to Syria’s cultural heritage. All six of Syria’s world heritage sites have been damaged by the conflict, as well as numerous other buildings of high cultural significance. In addition, a number of Syria’s museums have been looted, including those in Homs and Hama. The situation is compounded by the lack of a comprehensive documentation of antiquities in the country.

Syrian cultural heritage remains a very important symbol for Syrian identity and unity, as well as a highly valuable asset for economic activities related to tourism. Prior to the conflict, tourism had been a growing sector, accounting for 12 % of the national income and generating both foreign currency and employment.

f) Lack of access to basic services

Many parts of Syria, and in particular the opposition held areas in northern and eastern Syria, are lacking basic services (including basic health and education services) as a result of damage caused by the conflict. A number of power stations have been damaged or destroyed resulting in many northern cities – including

Aleppo – being without power for prolonged periods of time (months). In certain opposition areas generators are able to provide at least a few hours of electricity per day. Similarly, most solid waste management systems in opposition held areas are not functioning leading to the possibility of environmental health hazards and contamination of water sources. In a number of areas the local population is dependent on unprotected water resources.

2.3. Lessons learnt

Given; i) the relatively recent onset of the crisis; ii) the fact that these interventions are designed to mitigate the impacts of the crisis and; iii) the on-going conflict situation; no independent reviews (Results-Oriented Monitorings, etc) or external evaluations have yet been undertaken. However, reports from on-going projects show that despite the risks and complexities of operating in Syria during the conflict, it is still possible to achieve results. Due to the dynamic nature of the conflict and shifting battle lines, there is need for a considerable degree of flexibility in implementing projects so that they can adapt to these changes while still responding to beneficiaries' needs.

In order to try to reduce tensions between communities, projects supporting vulnerable populations – such as internally displaced people or Palestine refugees – should also include host communities and other Syrians in need.

The regional nature of the crisis, as well as the twin-pronged response (both humanitarian and economic and development assistance), requires a high degree of coordination in order to avoid duplication of efforts and ensure complementarity between the various actions.

And lastly, there is a need for better reporting on the results that are being achieved. Given the protracted nature of the crisis, unless the donors can show tangible results of the current projects it may well become difficult to sustain funding to address it..

2.4. Complementary actions

The EU has responded to the Syrian crisis by progressively making available increasing amounts of funding in order to match the escalating needs. To date, the EU has contributed more than EUR 1.2 billion, with EUR 429 million coming from EU Member States and more than EUR 840 million from the EU budget, which includes EUR 515 million in humanitarian aid provided by the Commission's Directorate –General for Humanitarian Aid and Civil Protection (ECHO).

The sectors supported by this action (CSOs capacity building, education, support to livelihoods, access to basic services, etc.) are complementary to those supported by humanitarian funding. While humanitarian assistance is generally focused on immediate lifesaving activities, economic and development assistance is working the 'other side of the humanitarian line' to support measures that seek to minimise the medium to long term impacts of the crisis. The Commission continues to ensure a clear division and complementarity between humanitarian and economic and development assistance and its various funding instruments.

The actions proposed are also complementary to those funded by the Instrument for Stability (IfS) in Syria under the *'Regional Support Programme for Populations*

*Affected by the Crisis in Syria*¹ and the *Assistance to Conflict Affected Communities in Syria, including through the Support to Civilian Structures of the Opposition*². The IfS has supported the development of innovative approaches in education for Palestine refugee children as well as a micro-finance scheme managed by UNRWA in Syria, that will be complemented by the current programme. The IfS is also funding activities that support the provision of basic services in northern Syria in cooperation with Member States agencies. The planned support to the Syrian Recovery Trust Fund through the German development bank Kreditanstalt für Wiederaufbau (KfW) will complement and follow-up on these pilot actions.

Despite the suspension of bilateral aid with the Government of Syria a number of economic and development projects implemented through the UN and/or NGOs are still on-going and further projects are expected to be contracted before the end of 2013.

On-going development projects under the European Neighbourhood Partnership Instrument (ENPI) include;

i) *Creating a path to early recovery for Education in Syria*³, which is implemented through a contribution agreement with UNICEF for an amount of EUR 5.7 million. The 32 month project is expected to assist vulnerable and displaced children to access education and psycho-social support;

ii) *Engaging Youth phase II*, which is implemented through a contribution agreement with UNWRA for an amount of EUR 7.3 million⁴. The 36 month project is expected to improve employability of Palestine refugees and Syrians by providing them with technical and vocational training to improve their skills;

iii) *Protecting Vulnerable Palestine Refugees in Syria*, which is also implemented through a contribution agreement with UNWRA for an amount of EUR 2.7 million⁵. The 24 month project will end in December 2013 and provides an integrated social protection package of cash transfers, educational and health support to Palestine refugees;

iv) *Supporting Syrian Civil Society to cope with the unrest and get prepared for forthcoming transition*, which is implemented through a grant contract with an NGO for an amount of EUR 1.6 million⁶. The 24 month project is expected to build the capacity of civil society groups at community level in order to foster reconciliation and undertake small scale projects.

Additional EU support in Syria, totalling EUR 3.8 million, is provided under the European Instrument for Democracy and Human Rights (EIDHR) to support human rights defenders, the monitoring of human rights violations and the promotion of accountability, as well as supporting Syrian bloggers and independent media.

¹ C(2012)8720 adopted on 27/11/2012.

² C(2013)2602 adopted on 05/05/2013.

³ started on 5 June 2013, under decision C(2012)3815 adopted on 07/06/2012.

⁴ started on 1 February 2012, under decision C(2011)9394 adopted on 13/12/2011.

⁵ started on 16 December 2011, under decision C(2011)9394 adopted on 13/12/2011.

⁶ started on 27 March 2013, under decision C(2012)3815 adopted on 07/06/2012.

Furthermore, grants amounting to EUR 460,000 under the Non State Actor and Gender budget lines are supporting activities to address gender based violence and gender empowerment.

2.5. Donor coordination

Due to the regional scope of the crisis and the fact that assistance is using different delivery mechanisms ('cross-line' and 'cross-border'), donor coordination is taking place in a number of different fora at different levels. These include:

- The informal 'core group' of donors for Syria which is chaired by the EU and includes key donors (US, Japan, UK, DE, IT, FR, GCC Secretariat⁷, World Bank, and UNDP) aims to improve the effectiveness of development assistance (it does not include humanitarian activities which are coordinated by the United Nations Office for the Coordination of Humanitarian Affairs (OCHA)). To date the core group has undertaken a mapping of all development assistance to Syria and is currently undertaking a joint damage assessment of civilian structures in Syria.
- In addition, the EU is also leading donor coordination under platform 1 of the Economic Working Group of the Friends of Syrian People. Here the focus is on coordination of donor support to the opposition held areas of Syria which is mainly supported from southern Turkey (cross-border), although there is also cross line support.
- Additional coordination structures for assistance to opposition held areas include the NGO forum (Hayat, southern Turkey) and the Aid Coordination Unit (Gaziantep, southern Turkey). Additional coordination takes places among NGOs working in opposition held areas but operating from Lebanon.
- The UN co-chairs a number of sectoral coordination meetings based in Damascus.
- Lastly, coordination structures exist at both national and sectoral level in Lebanon and Jordan which address the needs of Syrian refugees in their respective countries as well as national issues.

There is very close and regular internal coordination within the Commission between the various services involved in the response and with the European External Action Service. The Joint Communication '*Towards a Comprehensive EU approach to the Syrian crisis*'⁸ helps provide the framework for coordinating all aspects of the EU response to the crisis.

In addition, the revised 'Syria Humanitarian Assistance Response Plan' (SHARP) provides a coordinated response strategy for all UN agencies and humanitarian actors.

⁷ The Gulf Cooperation Council (GCC) is a political and economic union of Arabian states bordering the Persian Gulf and includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

⁸ Joint Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions JOIN(2013)22 of 24 June 2013.

3. DETAILED DESCRIPTION

3.1. Objectives

The **Overall Objective** of the action is: "*To help the Syrian population cope with the effects of the crisis and prepare for early recovery*".

The **Specific Objective** of the action is: "*To help provide basic services and livelihoods to the Syrian population*".

3.2. Expected results and main activities

The action has six components, for which the expected results and corresponding activities are detailed below.

Component (1) – Building the capacity of Syrian NGOs and assisting them in providing services to the Syrian population

This component will be implemented by NGOs. A Call for proposals (133-773) was launched in 2012 which led to the award of five grant contracts which are currently being finalised. A further seven grant contracts have provisionally been placed on a reserve list until 31.12.2013. This component may fund additional actions from this reserve list and/or additional grants following a further call for proposals.

Expected results include:

1. The capacities of Syrian NGOs are improved.
2. NGOs are better able to provide services to the Syrian population.

Indicative activities may include:

- Providing both thematic and management training for Syrian NGOs.
- Providing basic services to the Syria population (e.g health, education, psychosocial support and waste management etc.).
- Supporting the development of independent and free media.
- Promoting dialogue among religious and ethnic communities to mitigate sectarian tensions.
- Providing sub-grants.

Component (2) - Assisting vulnerable and displaced children in Syria to access education

This component will be implemented by UNICEF and will support the scaling up of activities that are already being supported under an existing Contribution Agreement with UNICEF, which was signed in June 2013 for an amount of EUR 5.7 million. The 32 month project is expected to increase access to education and psycho-social support for approximately 500,000 children. Component 2 will scale up the project in terms of both the number of beneficiaries and its geographical scope. Furthermore,

an additional element on gender based violence will be added to the on-going intervention. The action will particularly focus on ensuring that all schools are provided with textbooks for the new academic year, which starts in September 2013. This will help ensure that the current secular curriculum is maintained and not replaced by a more radical curriculum. In addition, the scholarships for girls will be scaled up in order to mitigate the declining attendance of girls in certain parts of the country.

Expected results include:

1. An additional 1.5 million boys and girls are able to access education in Syria.
2. An additional 10,000 boys and girls benefit from psycho-social support.
3. Gender based violence is better addressed.

Indicative activities include:

- Providing remedial classes and psycho-social support.
- Improving the learning environment by rehabilitating schools and building child friendly spaces.
- Improving the capacities of teachers.
- Giving children less than 6 years old free access to school readiness programmes.
- Ensuring adolescents complete remedial education courses and continue their formal education or enrol in vocational training.
- Providing 8 million text books and other teaching materials.
- Awarding scholarships for girls formal school, remedial or vocational training programmes.
- Preventing and addressing gender based violence.

Component (3) – Ensuring equitable access to UNRWA services for poor and vulnerable Palestine refugees in Syria

This component will be implemented by UNRWA and is a scaling up and continuation of the current project “*Protecting Vulnerable Palestine Refugees in Syria*”. When the project was designed in 2011 it was estimated that 10 % of Palestine refugees had been adversely affected by the crisis. As of August 2013 this has increased to 80 % of Palestine refugees. The original project supported an integrated social protection response that covered six main areas; a) providing cash transfers to the ultra-poor; b) support to community based organisations; c) access to hospital and medical supplies; d) access to basic education; e) access to psycho-social support; f) support to UNRWA offices.

This component will reinforce and extend support in three of the original six areas. These are; a) providing cash transfers to the ultra-poor; c) access to hospital and medical supplies and; d) access to basic education.

Expected results include:

1. Resilience of the Palestine refugees' community in Syria is increased.
2. Palestine refugees have continued access to basic health care and education services.

Indicative activities include:

- Providing unconditional cash transfers to approx. 12,000 special hardship cases households.
- Providing health services to both Palestine refugees and local communities through the recruitment of medical staff, maintenance of health centres, procurement of medicines and medical equipment.
- Providing education services to both Palestine refugees and local communities through provision of remedial classes, the procurement of text books and supplementary learning materials.

Component (4) – Supporting livelihoods and income generating activities with a focus on women, youth and people with disabilities

This component will be implemented by UNDP and will aim to support quick impact projects that will create jobs, stimulate the local economies and help improve local service delivery and key community infrastructure. In doing so, it will support safety net activities that help households from falling deeper into poverty and resorting to negative coping strategies, so increasing community resilience to the crisis. This should help to reduce both displacement linked to socio-economic reasons and reliance on humanitarian aid within Syria. Lastly, the project will start to sensitise communities for the recovery process.

The component will target IDPs, host families and communities. Activities will cover the whole of Syria but will focus on Homs and Aleppo, the most affected governorates with the highest number of IDPs, pending security developments and level of open hostilities.

Expected results include:

1. Employment is increased.
2. Local service delivery is improved.
3. Community resilience is improved and vulnerable groups (women headed households, people with disabilities) are supported.

Indicative activities include:

- Providing employment to approx. 3,800 people through cash for work programmes that improve local service delivery (including rubble removal, solid waste collection and disposal, rehabilitation of basic community infrastructure)
- Providing vocational training, start-up grants and packages (e.g productive tools) to approx. 800 individuals and approx. 1,000 small businesses.
- Replacing lost assets (non-food items, productive tools etc.).
- Providing therapy (physiotherapy, psycho-social) to approx. 2,200 people with disabilities and supporting the production of prosthetic limbs.
- Increasing social cohesion and community resilience through capacity development of local approx. 70 community based organisations (CBOs) on livelihoods and early recovery (including sports, arts and cultural activities for peace).

Component (5) – Safe guarding Syrian cultural heritage.

This component will be implemented by UNESCO and will aim to safeguard Syrian archaeological and historical heritage, which is exceptionally rich and includes historic cities, archaeological sites and museum collections dating back several thousand years. This heritage is source of national identity for many Syrians.

A joint Action Plan for the protection of Syrian cultural heritage was developed during a UNESCO workshop held in Amman in February 2013. The Action Plan was endorsed by the participants including ICCROM⁹, INTERPOL¹⁰, representatives of the international art market and police and customs officers.

Expected results include:

1. Awareness is raised nationally, regionally and internationally on the importance of Syrian cultural heritage
2. Capacities to prevent illicit trafficking in Syria and neighbouring countries are improved.
3. Preventive measures to safeguard and preserve Syrian cultural heritage are put in place.

Indicative activities include:

- Developing and distributing kits on Syrian cultural Heritage
- Producing documentary videos and a Syrian “heritage passport”.

⁹ The International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM) is an intergovernmental organisation dedicated to the preservation of cultural heritage worldwide through training, information, research, cooperation and advocacy programmes.

¹⁰ The International Criminal Police Organisation or INTERPOL is an intergovernmental organisation facilitating international police cooperation.

- Training border police, customs officials and museum curators.
- Setting up information sharing networks and databases on stolen items.
- Establishing a geo-referenced (GIS) national database of sites and monuments.

Component (6) – Support to the Syria Recovery Trust Fund.

Following the Marrakesh meeting of the Friends of Syrian People in December 2012, the co-chairs of the Working Group (United Arab Emirates and Germany) on Economic Recovery and Development were tasked with establishing a Trust Fund to provide the international community with a means of challenging financial support to opposition held areas. Further to this mandate, the Syria Recovery Trust Fund (SRTF) was established and the German Development Bank KfW appointed as the trustee. The trust fund will provide an open, transparent and accountable mechanism to support the needs of Syrian people in opposition held areas based on the priorities of the National Coalition of Syrian Revolutionary and Opposition Forces.

Expected results include:

1. Provision of essential services is increased in opposition areas (energy, water, food production, etc.)
2. Employment of civil servants in opposition areas is maintained

Indicative activities include:

- Procuring and providing key equipment.
- Undertaking critical repairs to key infrastructure.
- Paying civil servants' salaries.

3.3. Risks and assumptions

The risks of operating in Syria during the conflict are clearly significant. Projects will have to include a high degree of flexibility in order to ensure that they can adapt to the changing situation on the ground. The main risk is the deterioration of the already grave security situation in Syria. Localised occurrences can be mitigated by projects either temporarily or permanently relocating staff and activities.

There is a risk of duplication of EU funding between humanitarian and development activities. This continues to be mitigated by close and frequent coordination between the relevant Commission services based on an agreed division of labour. In addition, there is a risk of duplication of EU funding for development activities given that a number of actions are addressing similar objectives. This will be mitigated by ensuring a clear targeting of beneficiaries (including geographical aspects), information sharing and coordination among the various partners, and ensuring that UN agencies adhere to their respective mandates.

The main assumptions include; i) that implementing UN organisations and NGOs are able to continue to operate effectively in Syria from Damascus; ii) that UN organisations and Damascus based NGOs are able to operate in both Government and opposition held areas (cross-line operations); iii) that NGOs are able to operate in Syria from neighbouring countries (both Lebanon and Turkey through cross-border operations).

3.4. Cross-cutting issues

All components of this action will integrate issues of human rights and gender equality into the implementing projects. Where relevant and feasible, all indicators will be broken down by gender.

3.5. Stakeholders

The direct beneficiaries are as follows: component 1 – international and Syrian NGOs; components 2 to 5 – the respective UN organisations (UNICEF, UNRWA, UNDP, UNESCO), their grant beneficiaries and selected contractors; component 6 – KfW and the Syrian Recovery Trust Fund. In all six components the final beneficiaries are the Syrian population but in addition; component 2 will focus on youths, boy and girls; component 3 will focus on Palestine refugees; component 4 will focus on women and people with disabilities and; component 6 on the population in opposition held areas.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of the Financial Regulation.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 48 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. Implementation components and modules

4.3.1. *Grant: Call for proposals (direct centralised management)*

Component 1 of the action will be implemented by a series of grants including those that have provisionally been placed on a reserve list for Call for Proposals 133-773. Additional grants may be awarded following a new call for proposals.

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The specific objectives of the grants will be threefold: i) to address the medium-term non-humanitarian needs of the Syrian population. Actions may include; support to income generating activities; support to both formal and non-formal education; provision of medium term health related services, psycho-social support etc.; ii) to pave the way for a peaceful and democratic transition. Actions may include; training of journalists and media actors; support to independent media; cultural activities; and cyber activism; iii) to build the capacities and create networks of Syrian civil society organisations (CSOs). Actions may include; sub-granting; mapping of CSOs in Syria; creation of CSOs; training and networking. Expected results include; A greater number of people having improved access to basic services; a more balanced and independent media coverage of events in Syria; and a better capacitated civil society sector.

(a) Eligibility conditions

Potential beneficiaries include non-profit making NGOs and CSOs with legal entities, natural persons or groupings without legal personality, local authorities, public bodies, international organisations, and economic actors such as SMEs. Partnerships between established international organisations and local Syrian organisations will be encouraged in order to ensure management capacity and capacity building.

(b) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(c) Maximum rate of co-financing

The maximum possible rate of co-financing is 80 %. The maximum possible rate of co-financing may be up to 100 % in accordance with Article 192 of the Financial Regulation if full funding is essential for the action to be carried out. The essentiality of full funding will be justified by the responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(d) Indicative trimester to launch the call

Last trimester 2013.

4.3.2. Joint management with an international organisation

Components 2, 3, 4 and 5 of this action will be implemented in joint management with UNICEF, UNRWA, UNDP and UNESCO, as detailed in section 3.2. This implementation is justified because; i) bilateral aid is currently suspended and; ii) each of these organisations have an international mandate to implement the activities in their respective component. Joint management with these international

organisations is in accordance with Article 53d of Financial Regulation 1605/2002 and is possible because each organisation is bound by a long-term framework agreement (FAFA) signed by the European Union and the United Nations on 29 April 2003.

These international organisations will be responsible for the award, signing and management of contracts (grants and procurement) and for making payments.

The change of method of implementation constitutes a substantial change except where the Commission "re-centralises" or reduces the level of budget-implementation tasks previously entrusted to the international organisation.

The Commission authorises that the costs incurred by UNICEF (component 2) may be recognised as eligible as of 1 September 2013 in order that the action can increase access to education for the start of the new academic year.

4.3.3. *Indirect centralised management with Kreditanstalt für Wiederaufbau (KfW)*

Component 6 will be implemented in indirect centralised management with Kreditanstalt für Wiederaufbau (KfW) in accordance with Article 54(2)(c) of Financial Regulation 1605/2002. This implementation is justified because of the mandate given to KfW by the Friends of the Syrian People group.

The agency will be responsible for procurement, signature and management of contracts and making payments.

The change of method of implementation constitutes a substantial change except where the Commission "re-centralises" or reduces the level of budget-implementation tasks previously entrusted to the agency.

4.4. **Scope of geographical eligibility for procurement in direct centralised and decentralised management**

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

In accordance with Article 21(2) of the basic act the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical links with neighbouring countries and other third countries shall be eligible for participating in procurement procedures: Turkey, Iraq. The purchase and use supplies and materials originating there shall be eligible.

In accordance with Article 27(1) of the basic act in order to ensure coherence and effectiveness of Union assistance and with regard to the regional nature of this action, the Commission decides that natural and legal persons from the following countries shall be eligible for participating in procurement procedures: Turkey, Iraq. The purchase and use of supplies and materials originating there shall be eligible.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of

extreme urgency, or if the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Module	Amount in EUR	Third party contribution (indicative, where known)
4.3.1. – Direct grants (direct centralised)	5,000,000	1,000,000
4.3.2. – Joint management with:		
a) UNICEF	10,000,000	1,000,000
b) UNRWA	7,200,000	0
c) UNDP	5,000,000	500,000
d) UNESCO	2,500,000	250,000
4.3.3 – Delegation Agreement with KfW	10,000,000	10,000,000
4.7. – Evaluation and audit	100,000	N.A.
4.8. – Communication and visibility	200,000	N.A.
Totals	40,000,000	12,750,000

4.6. Performance monitoring

Appropriate reporting measures indicators and quantitative targets will be incorporated into each contract. While primary responsibility for the monitoring of the performance of each of the components rests with the implementing organisation, the EU will closely monitor performance by each of the implementing organisations and reserves the right to carry out verification missions as necessary.

4.7. Evaluation and audit

All grants and contribution agreements (components 1-5) will include a final ‘end of term’ review as part of the contract. Contracts of 24 months or more should also include a mid-term review. These will be paid for under the respective grant contract or contribution agreement. For the delegated agreement (component 6) the EU may contract an independent evaluation to be paid from budget line 4.7.

The EU may undertake an *ad hoc* overall final evaluation covering all components 1-6 at the end of implementation if considered necessary. Any such evaluation would be contracted by the EU.

All grants (components 1) will include expenditure verifications as set out in the General Conditions applicable to grant contracts financed by the EU general budget. All contribution agreements (components 2-5) shall be subject to the auditing procedures laid down in the financial regulations, rules and directives of that organisation (as per Article 16 of the General Conditions applicable to EU contribution agreements with international organisations).

The EU may undertake an *ad hoc* overall final audit covering all components 1-6 at the end of implementation if considered necessary. Any such audit would be contracted by the EU and paid from budget line 4.7.

An indicative amount of EUR 100,000 has been allocated for evaluations and audits (budget line 4.7). This is in addition to the amounts for audit and evaluations to be contracted under the specific grants and contribution agreements.

4.8. Communication and visibility

To date the visibility of the EU's support to the Syrian crisis has been insufficient. The public perception is that the EU is not addressing the Syrian crisis, when in fact it is the largest donor, contributing over EUR 1.2 billion in both humanitarian and development assistance. The lack of visibility to the EU's actions weakens the EU's political traction in the region and its standing in Europe.

While EU visibility within Syria should be judged on a case-by-case basis, as it could jeopardise the safety and security of an implementing organisation's staff, any reduction in the visibility should be compensated by an increase in other means, for example by ensuring that beneficiaries are regularly informed by word-of-mouth that the support they are receiving is from the EU. In addition, visibility actions by implementing partners outside the area of conflict should be stepped up.

Each implementer (grant or Contribution Agreement) will have to draw up a comprehensive visibility and communication plan and submit a copy to the EU Delegation. In addition, the European Commission services are looking to launch a service framework contract for a comprehensive information and communication campaign on the EU's response to the Syrian crisis. An amount of EUR 200,000 has been provided for this in budget line 4.8.



Brussels, 10.10.2013
C(2013)6795

ANNEX

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ANNEX II

of the Commission Implementing Decision on the 2013 Special Measure for the Syrian population and host communities in Jordan

Action Fiche for Jordan

1. IDENTIFICATION

Title/Number	Development of Northern Jordan Programme CRIS number: ENPI/2013/24-927		
Total cost	Total estimated cost and EU budget contribution: EUR 5,400,000		
Aid method / Method of implementation	Project Approach Partially decentralised management with the Hashemite Kingdom of Jordan		
DAC-code	32130 - SME development	Sector	SME development

2. RATIONALE AND CONTEXT

2.1. Summary of the action and its objectives

Events unfolding in Syria in the last two years are affecting stability in the region, and in particular that of its immediate neighbours. Since the beginning of the crisis in March 2011, Jordan has maintained an open border policy to displaced Syrians, who for the largest part found shelter in host communities. The movement of refugees towards Jordan, Lebanon Turkey and Iraq reached critical levels, calling for targeted responses in each country to deal with the related humanitarian needs, but also the longer-term consequences of the crisis.

The relatively small population of Jordan and its endemic economic challenges make it vulnerable to strong socio-economic tensions, which are widely perceptible in the country at present.

The Ministry of Labour of Jordan has highlighted concerns over the increased number of job seekers on the Jordanian labour market brought about by the protracted Syrian crisis. In many of Jordan's northern cities, refugees are competing with Jordanians for low-wage jobs. According to UNDP estimation, out of the 44,000 Syrian refugees in working age, no less than 30,000 refugees have found a job, half of them in the governorates of Irbid and Mafraq while according to ILO estimation approximately 160,000 Syrians are working with irregular status in Jordan, in the construction, agriculture and services sectors. These regular and irregular workers are competing for jobs in areas where about 15.6 %¹ population is

¹ DOS 2008 Employment and Unemployment Survey.

unemployed, creating an exacerbation of tensions with host communities and, in some cases, with migrant labour communities.

As part of the comprehensive response to the Syrian Crisis, the “**Development of Northern Jordan Programme**” (DNJP) aims at enhancing the growth prospects of Jordanian Northern governorates and improve the overall welfare of the population, contributing to ease the pressures generated by the large influx of refugees into these areas. This will be achieved through increasing the number of manufacturing and services enterprises in the governorates of Al-Mafraq and Irbid, and by assisting existing companies, in all sectors including agriculture, in those governorates to enhance their productivity and efficiency, thus contributing to increasing employment and incomes, improving the overall welfare of the local population.

The proposed programme therefore:

- responds to the Joint Communication "Towards a comprehensive EU approach to the Syrian Crisis";
- falls in the priority 2 of the Jordan Country Strategy 2007-2013, “Support to Trade, Enterprises and Investment Development”;
- is fully in line with the SPRING Communication and priorities, which set as one of the key objectives “supporting sustainable inclusive growth and economic development with a particular emphasis on Small and Medium-sized Enterprises”;
- complement other EU on-going programmes aimed at supporting the development of the Jordanian Private Sector.

2.2. Context

2.2.1. Country context

2.2.1.1. Economic and social situation and poverty analysis

Jordan’s economy is one of the smallest in the Middle East with limited natural resources but a strong educated human capital base. The economy is characterised by relative openness and a high dependency on expatriate worker remittances, tourism receipts, foreign direct investments (FDI) and foreign grants for the foreign reserves. Jordan has very limited natural resources, imports 96 % of its energy sources and its energy bill constitutes about 20 % of GDP, whereas it is the world’s fourth poorest country in terms of per capita share of fresh water and is completely dependent on grain imports. Its economy is therefore very vulnerable to global and regional market volatility.

Over the past years Jordan continued to face multiple external shocks. High prices for imports of oil and food; repeated and extensive periods of interrupted natural gas flow from Egypt due to the sabotage of energy infrastructure (gas pipeline), sluggish pickup of foreign direct investment flows, and the persistent unrest in Syria continued to have a negative impact on Jordan’s economy, having resulted in a sharp

and unsustainable deterioration of its fiscal and external balances. *Achieving the balance between lowering the deficit and stimulating growth remains one of the main challenges for Jordan in the year to come.*

Gross Domestic Product (GDP) grew at an average annual rate of 6.65 % between 2005 and 2011 but the challenging regional and international environment, led to GDP growth rates dwindling to 2.6 % in 2011, increasing slightly to 2.8 % in 2012, as IMF figures indicate.

On the economic front, the Government needs to sustain austerity measures to contain the deficit and comply with the IMF's loan requirements, while at the same time it must propel economic growth to levels higher than those achieved last year, given that inflation almost doubled. The IMF's estimates for inflation are now up to 5.9 %, although the Government sees this figure going further up to 7 %, pushed by hikes in the prices of energy, transport and crops.

In the past decades, Jordan made substantial progress in terms of human development thanks to consistent levels of spending on human development like education, health, pensions, social safety nets (more than 25 % of the GDP). Its Human Development Index value for 2011 is 0.698, above the average of other countries in the lower middle-income group. In terms of poverty reduction, the related Millennium Development Goal is considered achieved, although income inequality and the widening poverty gap remain a concern (GINI increased between 2008 and 2010). The **absolute poverty rate** in the Kingdom stood at 13.3 % in 2008, 14.4 % in 2010 (**19.2 % in Mafraq, and 15 % in Irbid the latter being also the governorates registering the second highest number of poor households with 22,381 households or 163,933 individuals**)². With population growth, the total number of households falling under the absolute poverty line has actually increased. Moreover, while incidence of poverty is higher in rural areas (16.8 %) compared to urban areas (13.9 %), there are in fact vastly greater numbers of poor in urban areas (80 %) compared to rural areas (20 %).

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

Recent economic growth has failed to generate sufficient quality jobs for young Jordanians, which in turn has been the cause of further 'brain-drain'. Young people between 15-24 years of age constitute 22 % of the total population and 50 % of the unemployed, most of them high school and university students. The IMF estimates that to absorb the 60,000 new labour market entrants each year, Jordan would require an annual real GDP growth rate of around 9.3 %, which is about 6 percentage points higher than current medium-term projections (set at 3.5 % in 2013, 4 % in 2015 and 4.5 % in 2017).

² Household Expenditure and Income Survey (HEIS 2010), DOS.

The refugee crisis continues to weigh heavily on Jordan in terms of social tensions particularly in the Northern governorates, and exerting a strain on the already ailing service providers. Jordan continues to provide the large influx of refugees with shelter, food, water, sanitation, education, health, electricity and other services. The latest update from the Ministry of Planning and international Co-operation (MoPIC) states the number of Syrian refugees at 537 083 on 26 May (with 240,000 having arrived in 2013 alone), most of them in urban areas, in camps around 136,400. Given the current rate of entry, and the Government of Jordan's commitment not to close the borders, the UNHCR is estimating that by the end of 2013 the total number of Syrian refugees in Jordan will surpass 1 million, constituting more than 16 per cent of the population. The Government estimates that hosting over a million refugees will result in an additional cost of JOD 851 million at the end of 2013, depletion in resources, and a strong competition for job opportunities.

Given the lack of potential for economic stimulation through public spending, the **Government is looking at the private sector to take the lead in stimulating growth and creating more jobs, particularly in regions outside the capital** where unemployment is critical, fuelling social unrest.

2.2.1.2. National development policy

The development planning process is led by the Government and reflects a strong national ownership. The National Agenda (2006-2015) is the guiding document setting the key strategic development direction of Jordan. In addition to these strategic framework documents the development planning system in Jordan comprises the National Executive Programme (NEP), Jordan's national development plan, which covers the period from 2011- 2013 (currently under revision) and a number of sector based strategies that serve as planning instruments for implementation, among the most relevant one the National Employment Strategy (2011-2020), the Poverty Reduction Strategy (2013-2020), the Industrial Development Strategy, the Export Strategy and Microfinance Strategy. A National Strategy for the Micro Small and Medium Enterprises Development (2013-2017) is currently under finalisation.

The Government's vision as laid down in the National Agenda 2006-2015, 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.

The development of Micro, Small and Medium Enterprises (MSMEs) is increasingly recognised as important to the economic, social and human development and is a clear priority of the Government. Supporting MSMEs is identified in the National Agenda 2006-2015 as one of the elements of a holistic approach to stimulate economic development and improve social welfare and security. The Executive Development Plan 2011-2013 states “empowering and building the capacity of MSMEs” and “stimulating new start-ups” as short-term objectives for enhancing the competitiveness of the national economy, noting that the challenge is to increase investments in high-valued sectors in order to create more job opportunities. MSME

development is also a tool for alleviating some of the economic and social disparities between the various regions of Jordan.

Improving the competitiveness of small and medium enterprises, creating employment opportunities through the promotion of export oriented, labour intense industries, education and infrastructure development, and developing high value added sectors in the knowledge economy is imperative.

Over the last 10 years, the Government of Jordan with the support of donor organisations facilitated and supported the establishment of private sector development organisations with regional outreach. Jordan Enterprise Development Corporation (JEDCO), was established in 2003 by the Government and was mandated to support the establishment and the development of enterprises throughout their life-cycle, upgrading and enhancing their competitiveness and promoting their exports in targeted international markets.

In July 2011, His Majesty King Abdullah announced the creation of a JOD 150 million fund targeting the governorates to be implemented in partnership with the private sector. The fund aims at creating sustainable jobs, leveraging the public-private partnership to improve the social development and enhancing the living conditions and standards of the governorates by introducing innovative financing tools and investing in income generating projects identified by the local community and expected to generate the maximum economic development, social welfare and financial returns. The fund is investing in productive and income generating projects (SMEs and large projects) located in the governorates, whether start-ups or existing companies operating in the services, manufacturing, industrial and agro-business sectors.

In July 2012, by the Prime Ministry resolution number 617 JEDCO was mandated to design the overall structure of the Fund, to manage the day to day activities of the Fund as “Fund Manager” and to be the Anchor Investor by representing the Government interest. 54 projects have been pre-selected to date, for which JEDCO is implementing feasibility studies.

2.2.2. Sector context: policies and challenges

The 2011 General Economic Establishments Census showed that MSMEs represent 98 % of Jordanian enterprises, employ 70 % of the total labor force employed by the private sector; produce outputs that contribute 40 % towards national GDP, and account for 45 % of total exports. Services accounts for almost 67 % of GDP a figure similar to that in developed countries and employs more than 72 % of the total workforce.

The total number of operating enterprises is 165,879, of which 135 are non-Jordanian owned, 45.8 % are located in Amman, 16.7 % in Irbid and 14.8 % in Zarqa. In terms of company legal form, the number of individuals - owned (sole proprietorship) enterprises is 135,904 making up 86.7 % of the total number of enterprises, followed by the joint-liability establishment at 8.9 %. The percentage of enterprises employing less than 5 workers is 91.5 % of the total number of enterprises, while enterprises that employ more than 20 workers accounted for 1.9 %. Enterprises with an income

of less than JOD 5,000 accounted for 35.2 % of the total number of enterprises, while those with an income more than JOD 500,000 constituted 1.4 %. This reveals that Jordan continues to have a shortage of enterprises with over 50 employees, making it a nation of very small enterprises.

The number of private sector workers has been increasing steadily since 2000 and the distribution of employment has been shifting in favour of larger enterprises over time. According to the Department of Statistics data, in 2003, over half of private enterprise employment was in enterprises with fewer than five workers, 76 % in enterprises with fewer than 50 workers, and about 19 % in enterprises with 100 or more workers. In 2009, only about 35 % were employed in enterprises with fewer than five workers, 62 % were employed in enterprises with fewer than 50 workers, and the employment share of enterprises with 100 or more employees had risen to 32 %. So even though large enterprises are few in number, they contribute substantially to share of employment and this share has been increasing.

The 2011 Jordan Human Development Report (JHDR) explains the dominant role of larger enterprises in net employment creation by the privatisation of several state-owned enterprises and the development of Qualified Industrial Zones (QIZs). However, almost a quarter of the labour force in Jordan is comprised of foreign workers so much of the net job-creation in larger enterprises was not for Jordanian workers. **The MSMEs are much more likely to be creating employment for Jordanians.**

In spite of efforts to improve MSMEs's access to financing through microfinance, loan guarantees, Government grant and subsidy scheme to boost MSMEs activity, and the launch of venture capital funds, the financial market for MSMEs remains severely underdeveloped. The unmet demand for micro-finance is estimated at JOD 150 to 200 million, bank lending to MSMEs comprises less than 10 % of the business loan portfolio, the volume of the loan guarantees to GDP is only 0.7 % and the new venture capital funds are only sizeable enough to make few investments.

In addition to the lack of financing, a weak entrepreneurial culture, lack of entrepreneurial and management skills and capacity, coupled with inadequate access to business development, advisory and diagnostic support services, especially in the governorates, difficult market access, lack of innovation and technology adoption/development and legal, regulatory and administrative challenges remains the main constraints specific to MSMEs to flourish and create sustainable growth and employment.

2.3. Lessons learnt

The Jordanian authorities, with the support of the EU have launched three programmes, managed by JEDCO, aiming at increasing and diversifying exports and to strengthen the institutional capabilities to provide upgrading services to MSMEs. The Services modernisation programme (JSMP)³, with an EU contribution of EUR 15 million, whose implementation began in early 2008, aims to strengthen Jordanian

³ Services Modernisation Programme (SMP), C(2007)6207 adopted on 14/12/2007.

MSMEs in service industries, working both on policy and regulatory issues as well as through the provision of direct support to companies. This programme is close to completion. The “Support to Enterprise and Export Development” (SEED/JUMP II)⁴ programme, with an EU contribution of EUR 25 million, building on the EU-funded Euro-Jordanian Action for the development of enterprise (EJADA) programme⁵, which was completed in 2006, targets manufacturing and agro-business MSMEs. The programme “Reinforce and Expand the Modernisation of the Services Sector in Jordan” (JSMP II)⁶ with an EU contribution of EUR 15 million, seeks to consolidate the achievements of JSMP and to provide further support to services MSMEs to upgrade and internationalise and was launched in 2012.

The experience under JSMP I & II and SEED/JUMP II demonstrates that the programmes are addressing a real need of Jordanian MSMEs. Judged on the basis of the number of proposals received and the grants allocated under these programmes the approach pursued by these programmes is responding to the requirements of MSMEs. The programmes so far supported more 1000 companies through direct grants, technical assistance and enabled participation in trade fairs. New business opportunities have been created in Amman, Irbid, Ajloun, Madaba, Karak, Tafleeh and other municipalities where poverty and unemployment have reached a critical level. An in depth impact evaluation of the JSMP project is currently on-going. A preliminary assessment of the impact of the grants on the beneficiaries’ performance and on the Jordanian economy suggests that most of the objectives of the programmes are being achieved, and that they are to a large extent contributing to MSMEs upgrading and internationalisation.

In addition to the EU financed programmes, the entrepreneurship support system includes various Government and non-governmental organisations that offer project based programmes to address financial and non-financial needs of MSMEs. However despite the presence of some good initiatives among these programmes, and despite the large number of institutions and programmes providing financial and business development support services to MSMEs, the programmes suffer from limited funding and lack of coordination that hinder their effectiveness.

JEDCO is well suited to enhance its role in being the one stop shop for entrepreneurs, providing upgrading and internationalisation support services to Jordanian MSMEs. JEDCO in the last five years has enhanced its human resources capacities, and established adequate internal systems and procedures to effectively manage MSMEs support programmes.

2.4. Complementary actions

JEDCO is the implementing agency for the SEEDP/JUMP II programme and JSMP and JSMP II and has also a key role in the implementation of other donor-supported MSME development initiatives and in programmes launched by the Government of

⁴ Support to Enterprises and Export Development, C(2008)6087 adopted on 23/10/2008 and C(2012)8738 adopted on 10/12/2012.

⁵ Industrial Modernisation Programme/EJADA, C(1999)4490 adopted on 16/12/1999.

⁶ Reinforce and expand the modernisation of the services sector in Jordan, C(2011)8349 adopted on 15/10/2011.

Jordan. In this regard, is worth mentioning the “SME Financing Programme”, co-financed by the USAID (loan guarantee scheme) and AFD (technical assistance); and the five years JOD 150 million Governorates Development Fund, financed by the Government of Jordan, which is directly managed by JEDCO.

JEDCO is seeking to build synergies between these programmes, and restructuring its organisation and operations in order to more effectively administer all the programmes under its responsibility. JEDCO is reinforcing its presence at local level, through the opening Business and Development Units (BDU) in governorates. These offices will work in close co-ordination with the local communities, municipalities, consulting counsels and other social and development agencies located in the governorates to identify the potential projects based on the needs of the community and on the available human expertise, natural resources and governorates’ comparative advantages. A feasibility study for the development of the BDUs was completed by the WB, the final report was submitted in April this year.

A comprehensive entrepreneurs training programme for governorates has been developed under the SEED/JUMP II programme and is implemented with the Euro-Jordanian Advanced Business Institute (EJABI). The programme's first phase was successfully completed in 11 governorates (excluding Amman) and will be replicated during 2013 and 2014. The training shows entrepreneurs and small business owners how to be more productive, more profitable and more efficient.

Synergies will be created with the USAID programmes to be launched in the sector. In addition USAID is examining the possibility of channelling part of their financial support to the JEDCO and the Jordanian MSMEs through the EU, recognising the results of the implemented projects and JEDCO as key Jordanian institution to support MSMEs. This possibility is explored with other potential donors.

Due to the increasing tension between the Syrian refugees and the Jordanian host communities, many donors are considering support to the host communities and are in the process of defining their support, which is expected to include measures targeting unemployment and MSMEs. Only USAID, Japan and the World Bank have committed funds insofar.

USAID allocated USD 45 million to 2 American NGOs, Mercy Corps and Cooperative Housing Foundation (CHF), 20 million to the former for water and sanitation (also for Ajloun, Jerash) and 25 million to the latter for community mobilisation (also for Tafileh).

Japan allocated USD 4 million to a UNDP response project. Switzerland and Norway are considering contributions as well. UNDP was quick to mobilise expertise early this year to identify needs of Jordanian vulnerable host communities. The project is built on a two-pronged strategy: (Pillar 1) to invest in interventions for rapid employment creation and support to basic social services, that are geared towards sustaining stability, in particular in the Northern governorates; (Pillar 2) to translate these into longer-term gains and durable solutions to contribute to some of the issues addressed in national development plans and strategies, in particular with regard to sustainable employment creation, enhanced capacity for service delivery and local

economic development. Regarding SMEs support, UNDP is only contemplating supporting joint venture operations.

The proposed programme will co-ordinate with these initiatives, aiming to reinforce JEDCO in its co-ordination role in supporting entrepreneurs and MSMEs.

In addition, the programme will also complement other types of EU support provided to Jordan, such as the provision of Macro-financial assistance of EUR 180 million (in loan) to the Government of Jordan adopted by the Commission in April 2013 in order to help stabilising the economic situation, which is negatively affected by the Syrian crisis.

2.5. Donor co-ordination

Donor co-ordination will be ensured throughout the programme by means of a number of mechanisms. Co-operation between EU Member States in Jordan is mainly carried out through meetings chaired by the EU Delegation. Heads of Mission meet monthly, with a special emphasis on taking forward the previously agreed 'EU road map for donor harmonisation and alignment' and the 'Matrix of EU Development Assistance'. Regular meetings of Development Assistance group ensure coordination on financial assistance matters.

In July 2007, the Ministry of Planning and International Cooperation (MoPIC) established nine donor co-ordination working groups. In early 2011, following the approval of the new Executive Development Programme, MoPIC 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". At the same time a Donor/Lender Consultation Group (DLCG) continues to ensure coordination between major donors in a number of thematic areas.

In addition, in response to the Syrian crisis, coordination has been initiated on the humanitarian front under the leadership of UNHCR as Humanitarian Coordinator (UNHC). A UN Humanitarian Country Team (HCT) was established in March 2013 under the leadership of the Humanitarian Co-ordinator to ensure that non-refugee humanitarian matters, such as the situation of vulnerable Jordanians (host communities), also receive adequate attention and co-ordination.

With the increasing number of funding pledges for support Jordanian communities in the North, the UN Resident Co-ordinator (RC) has approached the Ministry of Planning and International Co-operation to establish the so called "Jordan Host Community Support Platform" that would gather under Government leadership, relevant UN agencies and donors to (i) provide strategic guidance to the elaboration of a Government-led Resilience Plan; (ii) mobilise donors and partners for effective implementation of the plan through technical and financial resource mobilisation (ii) coordinate efforts to contribute to the Plan's execution.

In parallel, UNDP has established end of June two sub-national coordination committees under the umbrella of the Governors of Mafraq and Irbid. These committees will mainly aim at mapping on-going and planned interventions targeting

host communities and coordinating the elaboration and implementation of a response plan mobilising Government, humanitarian and development actors.

3. DETAILED DESCRIPTION

3.1. Objectives

The **overall objective** of the “Development of Northern Jordan Programme” (DNJP) is to enhance the growth prospects of Jordanian Northern governorates in the current challenging environment and improve the overall welfare of the population, contributing to ease the pressures generated by the large influx of refugees into these areas. This will be achieved through increasing the number of manufacturing and services enterprises in the governorates of Al-Mafraq and Irbid, and by assisting existing companies, in all sectors including agriculture, in those governorates to enhance their productivity and efficiency, contributing therefore to increasing employment and incomes, improving the overall welfare of the local population.

The **specific objectives** of the programme are the following:

- With exclusive attention to the governorates of Al-Mafraq and Irbid, support the establishment of new enterprises in the manufacturing and services sectors.
- Support the growth, modernisation and competitiveness of existing manufacturing, services and agricultural MSMEs in the selected governorates by upgrading their capacities, thus allowing for their increased participation in the local and national markets; and,
- Contribute to employment generation in the respective governorates, thus assisting in improving overall welfare of the local population.

The DNJD aims at providing financial support to Jordanian citizens aiming to start-up new enterprises, and to Jordanian MSME’s, located in the selected governorates in order to contribute to improving their productivity and competitiveness. The DNJP aims at achieving its overall and specific objectives through the funding of Call for Proposals, through which MSME’s can access, through a competitive procedure, to grants to finance the start-up of new manufacturing and services firms, and the upgrading of existing firms in those sectors as well as agricultural undertakings.

The project will be implemented in the governorates of Irbid and Mafraq that are currently the two governorates that are mostly affected by the influx of Syrian refugees. However, it can be expanded to other northern governorates (Ajlun and Jerash if additional funding will be available from the EU or from other donors)

3.2. Expected results and main activities

In order to be able to ease the pressures generated by the large influx of refugees into these areas and to create sustainable economic development and job opportunities in the governorates of Irbid and Mafraq the programme proposes to work through an existing structure (JEDCO) and mechanism (business counselling, entrepreneurial training and call for proposals) that have proved to be successful in supporting

Jordanian MSMEs in previous EU programmes and that can be quickly reinforced in the two target governorates.

In the last 5 years JEDCO has been strengthened as an effective modern SME development agency and has been recognised by the Government of Jordan as the country's central institution for enterprise and export development. However additional support is needed in order to enable JEDCO to respond to new initiatives in the sector and to continue to efficiently manage the EU funded projects.

JEDCO is already present in the governorates covered by the project, through Al Urdonia Lil Ebda business incubators (North Innovation Centre in Irbid focusing on general industrial and agricultural enterprises, launched in 2006 and the Irbid ICT business incubator launched in 2008), and through a representation in the Irbid Chamber of Commerce and in the Irbid Chamber of Industry. A representation office of Al Urdonia Lil Ebda business incubators has been opened as well in the Mafraq Chamber of Commerce.

In line with the general and specific objectives the programme's indicative results/activities are:

Result 1: Increased number of start-ups, and innovative start-ups in the manufacturing and services sectors in Irbid and Mafraq governorates.

Activities:

- Support start-ups through external assistance, i.e. outreach/open training in relevant matters such as how to draft a project proposal, how to prepare a budget, how to prepare a business plan, feasibility studies, financial and strategy planning, accounting, marketing etc.
- Support start-ups and innovative start-ups through Grant Scheme(s). Call for proposals for two Grant Schemes will be launched:
 - Design calls for proposals for:
 - Grant Scheme 1 "Support for start-ups in the services sector";*
 - Grant Scheme 2 "Support for manufacture start-ups".*
 - Run calls, evaluate results and award grants.
 - Continuously monitor the progress of the grants.
- Support beneficiary start-ups through coaching during the implementation of the grants action plans.

Result 2: MSMEs in Irbid and Mafraq governorates are strengthened and sustainable employment opportunity are created

Activities:

- Support MSMEs through external assistance, i.e. outreach/open training in relevant matters such as how to draft a project proposal, how to prepare a budget, how to prepare a business plan, feasibility studies, financial and strategy planning, accounting, marketing etc.
- Support upgrading of MSMEs through Grant Scheme(s). Call for Proposals for four Grant Schemes will be launched:
 - Design calls for proposals for Grant Schemes:
 - Grant Scheme 3: Support for MSMEs upgrading in the services sector;*
 - Grant Scheme 4: Support for MSMEs upgrading in the manufacturing sector;*
 - Grant Scheme 5: Support for MSMEs upgrading in the agricultural sector;*
 - Run calls, evaluate results and award grants.
 - Continuously monitor the progress of the grants.
- Support beneficiary MSMEs through coaching during the implementation of the grants action plans.

An additional Grant Scheme contributing to both results (*Grant Scheme 6: Support for small scale investments in all economic activities*) will be designed to support start-ups in manufacturing and services activities which require limited initial investment; as well as supporting small scale investments by existing agricultural, manufacturing and services establishments aiming at contributing with the upgrading of the firms' capabilities and generating new employment opportunities for the local population

3.3. Risks and assumptions

Risks

- Security situation deteriorates;
- Increase of tensions within host communities and with Syrian refugees.

Assumptions

- Jordan's commitment to enhanced competitiveness of SMEs is maintained, and political will exists to follow through with needed regulatory reforms to ensure a positive and conducive business environment.
- The commitment and willingness of the Jordanian business community to upgrade existing business, start new businesses, become innovative and creative, and exploit new business opportunities in the governorates of Mafraq and Irbid continues;

- The Jordanian bodies responsible for private services sector development, particularly JEDCO, have the resources and mandate to pursue development of MSMEs across Jordan.
- The envisaged support measures can be designed so as to impact strongly on private services sector capacity to introduce new businesses, upgrade and develop new export markets in the two selected governorates.

3.4. Cross-cutting issues

All cross-cutting issues included in the project's design will be duly taken into consideration by relevant project actors during its implementation. Cross-cutting issues concerned are:

- **Environmental sustainability**: It will be taken into account in prioritising direct support activities with services sector start-ups, microenterprises and MSMEs. Particular attention will be paid to finance projects that encourage water and energy saving.
- **Gender equality**: The project will pay attention to enterprises run by business women. Although gender sensitive, the project is not designed to exclusively support women in business. It will, however, prioritise income-generating opportunities for women.
- **Youth employment**: Youth unemployment is a dominant economic problem in Jordan, which is expected to become of even greater importance in the future. The project will prioritise young businessmen/women and business initiatives expanding youth employment opportunities in the services sector.
- **Human rights**: At the different stages of the project execution as well as in the composition of the local staff team of the project, the Beneficiary will treat men and women equally without any type of discrimination and promote respect for human rights.

3.5. Stakeholders

The key partner in the project is JEDCO as it has the mandate for supporting the establishment and growth of MSMEs throughout their company lifecycle.

Action will be coordinated with the Ministry of Industry and Trade, who is chairing JEDCO board, with the Jordan Investment Board and with the Jordan Industrial Estates Corporation, members of JEDCO board. At governmental level action will be closely coordinated as well with the Ministry of Interior and Ministry of Municipal Affairs, the municipalities and governorates and economic and social productivity programmes financed by the Ministry of Planning and International Cooperation and implemented by the Royal Scientific Society.

Other stakeholders who will be key to the successful implementation of the programme are the chambers of commerce and industries and other professional associations at a national and governorate level, banks and financial institutions

offering financial services to enterprises and universities and educational institutions located in the 2 governorates.

Participation of Jordanian entrepreneurs (namely start-ups, innovative start-ups and MSMEs) is key to the success of the project.

A detailed table of stakeholders and programmes/initiatives supporting MSMEs is annex to this action fiche.

4. IMPLEMENTATION ISSUES

4.1. Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of the Financial Regulation.

4.2. Indicative operational implementation period

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 48 months, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements.

4.3. Implementation components and modules

4.3.1. *Partially decentralised management with the partner country*

This action with the objective of enhancing the growth prospects of Jordanian Northern governorates and improve the overall welfare of the population, contributing to ease the pressures generated by the large influx of refugees into these areas will be implemented in partially decentralised management with the Hashemite Kingdom of Jordan in accordance with Article 53c and 56 of Financial Regulation 1605/2002 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control 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 will control ex ante the contracting procedures for all grant contracts.

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

Works	Supplies	Services	Grants
< EUR 300,000	< EUR 300,000	< EUR 300,000	≤ EUR 100,000

The financial contribution partially covers, for an amount of EUR 540,000, the ordinary operating costs deriving from the programme estimates.

The change of method of implementation constitutes a substantial change except where the Commission "re-centralises" or reduces the level of budget-implementation tasks previously entrusted to the beneficiary partner country.

In accordance with Article 262(3) of the Rules of Application, the partner third country shall apply for procurement rules of Chapter 3 of Title IV of Part Two of the Financial Regulation. These rules as well as rules on grant procedures in accordance with Article 193 of the Financial Regulation will be laid down in the financing agreement concluded with the partner country.

Jordan Enterprise Development Co-operation (JEDCO) will be the Executing Agency and will carry out the management and implementation of the programme.

4.4. Scope of geographical eligibility for procurement in direct centralised and decentralised management

Subject to the following, the geographical eligibility in terms of place of establishment for participating in procurement procedures and in terms of origin of supplies and materials purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 21(7) of the basic act; on the basis of the unavailability of products and services in the markets of the countries concerned, for reasons of extreme urgency, or if the eligibility rules would make the implementation of this action impossible or exceedingly difficult.

4.5. Indicative budget

Activity	Amount in EUR	Third party contribution
Decentralised management with the Government of Jordan	4,840,000	
- Grant schemes (Calls for proposals -decentralised management)	3,900,000	
- Technical Assistance	400,000	
- JEDCO operational costs	540,000	
Communication and visibility	100,000	
Evaluation and audit	200,000	
Contingencies	260,000	
Totals	5,400,000	

4.6. Performance monitoring

The programme will be supervised by a Programme Steering Committee (PSC) composed from the JEDCO board members. The Ministry of Planning and International Co-operation will be a member of the Steering Committee and the EU Delegation will participate as an observer.

At the start of the project a number of indicators should be agreed between the JEDCO and EU to gauge the progress and monitoring of the activities. The indicators will be approved by the Project Steering Committee.

The project will also benefit from the European Commission's system of external Results Oriented Monitoring (ROM) missions.

4.7. Evaluation and audit

The programme will be subject to an annual external financial audit launched by the Commission.

A mid-term and final external evaluation for the whole programme will be contracted by the Commission (making use of an appropriate framework contract or another suitable means of procurement) with the aim to provide an independent and reliable assessment with conclusions, recommendations and lessons learned which should assist policymakers and managers in the implementation of the programme and/or planning of future interventions.

4.8. Communication and visibility

Communication and visibility are considered a key component of the project. A comprehensive communication strategy will be developed at the inception phase in coordination with all the stakeholders. Activities to improve awareness are envisaged, including workshops, visibility materials and the media.

EU visibility guidelines⁷ are to be respected by the JEDCO and the respective grant beneficiaries. The EU Delegation in Amman will check the visibility component of the actions through field visits and ask to increase visibility when it is appropriate.

⁷ http://ec.europa.eu/europeaid/work/visibility/documents/communication_and_visibility_manual_en.pdf.