



**EN**

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

**ANNEX I**

to the Commission Implementing Decision on the Annual Action Plan in favour of the Hashemite Kingdom of Jordan for 2024

**Action Document for EU-Jordan Partnership for a Green Transition**

**ANNUAL ACTION PLAN**

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

**1. SYNOPSIS**

**1.1. Action Summary Table**

<b>1. Title OPSYS Basic Act</b>	EU-Jordan Partnership for a Green Transition Annual Action Plan in favour of the Hashemite Kingdom of Jordan for 2024 OPSYS business reference: ACT-62689 ABAC Commitment level 1 number: JAD.1428138 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe).
<b>2. Economic and Investment Plan (EIP)</b>	Yes Green transition: climate resilience, energy, and environment
<b>EIP Flagship</b>	Yes Flagship 9 – Green growth and climate action Flagship 10 – Energy, security & transition
<b>3. Team Europe Initiative</b>	No
<b>4. Beneficiar(y)/(ies) of the action</b>	The action shall be carried out in the Hashemite Kingdom of Jordan.
<b>5. Programming document</b>	Jordan Multi-annual Indicative Programme (MIP) 2021-2027 <sup>1</sup>
<b>6. Link with relevant MIP(s) objectives/expected results</b>	PRIORITY 2: Support to Green transition and to a resilient economy 2.2.1 Green Economy and energy-water-food nexus - To apply sustainable and efficient production and consumption patterns in the

<sup>1</sup> C(2022)3821

	industry sector, with particular attention to energy-intensive industries; - To develop sustainable public and private transport; - To promote circular economy.			
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>				
<b>7. Priority Area(s), sectors</b>	Transport and Storage (DAC Code 210) Energy generation, renewable sources (DAC Code 232) Business & Other Services (DAC Code 250)			
<b>8. Sustainable Development Goals (SDGs)</b>	Main SDG: 13 (Climate Action) Other significant SDGs: SDG 7 (Affordable and Clean Energy) SDG 8 (Decent Work and Economic Growth) SDG 9 (Industry, Innovation, and Infrastructure) SDG 11 (Sustainable Cities and Communities) SDG 12 (Responsible Consumption and Production) SDG 17 (Partnerships for the Goals)			
<b>9. DAC code(s)</b>	21011 Transport policy, planning and administration (15%) 21012 Public transport services (15%) 21030 Rail transport (10%) 23210 Energy generation, renewable sources - multiple technologies (40%) 25040 Responsible business conduct (20%)			
<b>10. Main Delivery Channel</b>	Central Government - 11001 European Investment Bank - 42004 Others - 50000			
<b>11. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>12. Markers (from DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**13. Internal markers and Tags**

Disabilities			
Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
EIP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EIP Flagship	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	
Tags	YES	NO	
transport	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
energy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
environment, climate resilience	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
economic development (incl. private sector, trade and macroeconomic support)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
human development (incl. human capital and youth)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
health resilience	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
migration and mobility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
agriculture, food security and rural development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
rule of law, governance and public administration reform	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
other	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
Digitalisation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES	NO	
digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tags	YES		NO
digital connectivity	<input checked="" type="checkbox"/>		<input type="checkbox"/>
energy	<input checked="" type="checkbox"/>		<input type="checkbox"/>
transport	<input type="checkbox"/>		<input type="checkbox"/>
health	<input type="checkbox"/>		<input checked="" type="checkbox"/>
education and research	<input checked="" type="checkbox"/>		<input type="checkbox"/>
Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reduction of Inequalities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COVID-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### BUDGET INFORMATION

<b>14. Amounts concerned</b>	<p>Budget line(s) (article, item): 14.020110 Southern Neighbourhood</p> <p>Total estimated cost: EUR 41 000 000.00</p> <p>Total amount of EU budget contribution EUR 41 000 000.00 of which EUR 22 000 000.00 for budget support and EUR 19 000 000.00 for complementary support.</p> <p>Additionally, EUR 15,000,000.00 for green financing, complementing the Action, will be committed via the Neighbourhood Investment Platform (NIP).</p>
------------------------------	--

### MANAGEMENT AND IMPLEMENTATION

<b>15. Implementation modalities (management mode and delivery methods)</b>	<p><b>Direct management</b> through:</p> <ul style="list-style-type: none"> <li>- Budget Support: Sector Reform Performance Contract</li> <li>- Twinning grants</li> <li>- Procurement</li> </ul> <p><b>Indirect management</b> with Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ)</p>
---	---

## 1.2. Summary of the Action

The **Overall Objective** of this action is to enhance decarbonisation efforts in Jordan while fostering green growth potential and create green jobs that benefit all of society. The **Specific Objectives** of this action are to: (1) **enhance connectivity** and use of cleaner, greener and smarter mobility and regional mobility in the country; (2) increase indirect employment and adoption of **greener and low carbon footprint production processes by businesses** in chemicals (incl. fertilizer), aluminium, hydrogen, textile and food production value chains; and (3) improve **business environment for the nascent hydrogen value chain** in Jordan.

The implementation of the Transport Strategy is facilitated through the budget support component (EUR 22 million) combined with Twinning (EUR 1.5 million), which aims to enhance policy dialogue and drive forward reforms. The action's complementary measures will address the National Green Growth Plan, National Export Strategy, and National Green Hydrogen Strategy (EUR19 million). The green financing (EUR 15 million), complementing the Action, will be channelled through the Neighbourhood Investment Platform (NIP).

The action aligns with Jordan's progressive commitment to the green transition, particularly within the transport sector and by reducing the carbon footprint of businesses across various sectors including fertilizers,

aluminium, hydrogen, textile and food production value chains. It supports the **Economic Modernization Vision** (EMV)'s goal to decarbonise transport and integrate green businesses for economic revitalization and sustainable growth. It aims to improve citizens' quality of life and enhance women's market participation. The action is aligned with goals of the **Nationally Determined Contribution** (NDC) under the UNFCCC Paris Agreement. The National Climate Change policy 2022-2050 provides strategic orientations for Jordan to build an ambitious, low-carbon, and climate-resilient society, including the transport sector as one of the priority areas, while the **National Green Growth Plan** lays the groundwork for green transitions. It also backs the **Transport Sector Strategy for 2024-2028**'s vision for a sustainable transport system. On the business front, the **2023–2025 National Export Strategy** and the draft **National Green Hydrogen Strategy** seek to boost and diversify exports.

The action is in line with **EU's New Agenda for the Mediterranean** policy area 5, focusing on green transition. Strengthened by the **Association Agreement** since 2002, the EU and Jordan have developed **Partnership Priorities** guiding their cooperation until 2027, emphasising green growth and the energy transition. The **EU's Multiannual Indicative Programme 2021-2027 (MIP) for Jordan** prioritises green transition support and economic resilience.

This action, underpinned by the **European Green Deal** and **Green Diplomacy**, aims at leveraging opportunities for collaboration with Jordan, particularly in decarbonising its economy. It supports efforts to transition to cleaner and smarter mobility in line with the **EU's transport strategy** and complements the **Sustainable transport – new urban mobility framework**, notably by encouraging the development of Sustainable Urban Mobility Plans (SUMPS). as well as the **transport and mobility agenda of the Union for the Mediterranean** for regional integration and decarbonisation. The initiative aligns with the **EU's Joint Communication on the Global Gateway** to enhance sustainable development and connectivity in the Mediterranean, encouraging regulatory convergence with European and international standards. It prepares Jordan for the **EU's Carbon Border Adjustment Mechanism**, aligns with the **EU's Hydrogen Strategy** for a global hydrogen market, and promotes environmental and social standards in line with the **EU Strategy for Sustainable and Circular Textiles**.

**EU added value** is its commitment to climate neutrality by 2050, which involves accumulating knowledge, establishing best practices, and developing innovative solutions. As a dedicated partner, the EU shares its expertise with countries like Jordan, enhancing their green transitions and sustainable growth potential.

Enhanced connectivity, greener production sites and a nascent hydrogen value chain will pave the way for Jordan to potentially integrate the future India Middle East Europe Economic Corridor (IMEC).

### 1.3. Beneficiary of the action

The action shall be carried out in the Hashemite Kingdom of Jordan, which is included in the list of ODA recipients.

## 2. RATIONALE

### 2.1. Context

Jordan is a key partner for the EU in the Southern Neighbourhood - an anchor for regional stability. The EU partners with Jordan on many regional and international files, including co-chairing the Union for the Mediterranean. This means that Jordan's socio-economic development remain essential for the EU and the region. Jordan is a relatively small economy where almost half of the workforce is employed by the public sector. In the past decades, negative geopolitical trends in the countries surrounding Jordan have constantly challenged the country's economic development and generated a vast influx of refugees. The war in Gaza has

further exacerbated Jordan's persistent economic, social, and security challenges. This has impacted Jordan's fiscal capacity and pace of political and economic reforms. The balance of payments is fragile, testament to the IMF programme and provision of EU macro-financial assistance. Therefore, growing the economy in a sustainable way and creating jobs by reducing carbon emissions in transportation and businesses is crucial.

In terms of adherence to and respect for human rights, the EU will continue its dialogue with Jordan through meetings of the EU-Jordan Subcommittee on Human Rights, Democratisation, and Governance, and in other settings, to ensure ongoing progress. The proposed action presents an opportunity for dialogue with civil society organisations to ensure user-centric transport, research-driven innovation, community informed hydrogen projects and engagement with relevant textile associations.

The proposed action aligns with policy area 5 of the **EU's New Agenda for the Mediterranean**, focusing on the green transition. The EU and Jordan have a strong partnership across numerous sectors, solidified by an **Association Agreement** since 2002. Moreover, both parties have established **Partnership Priorities** that will steer cooperation until 2027, including joint efforts to foster green growth and energy transition towards climate neutrality. Therefore, the programming document "EU's **Multiannual Indicative Programme 2021-2027 (MIP) for Jordan**" focuses under priority 2 on the support to green transition and to a resilient economy. This includes developing sustainable public and private transport, applying sustainable and efficient production and consumption patterns in the industry sector, and promoting the circular economy.

Stemming from the **European Green Deal** agenda<sup>2</sup>, there are clear opportunities and synergies to jointly work with Jordan, a water-scarce country that is deeply affected by climate change. The Council Conclusions on **Green Diplomacy**<sup>3</sup> reaffirm the EU's commitment to work closely with partners to accelerate a global just and inclusive green transition. The action intervenes in key areas which can contribute to Jordan's economy decarbonisation. In the realm of mobility, this action supports global efforts to decarbonise the transport sector. It aligns with the **EU's transport strategy**<sup>4</sup>, which focuses on accelerating the transition to cleaner, greener and smarter mobility. Additionally, it complements the **Sustainable transport – new urban mobility framework**<sup>5</sup> as well as the **transport and mobility agenda of the Union for the Mediterranean** laid down in the **Regional Transport Action Plan 2021-2027**, which aims at regional integration, decarbonisation, and the provision of inclusive transport solutions<sup>6</sup>. Furthermore, the **EU's Joint Communication on the Global Gateway**<sup>7</sup> refers to the extension of the TEN-T in the Mediterranean as a way to foster the sustainable development of the region and strengthen connections with adjacent strategic corridors. The Global Gateway also underlines the importance of advancing the regulatory environment by fostering convergence with European or international technical, social, environmental and competition standards. Concerning greener production processes, this action is designed to enhance Jordan's preparedness for the establishment of the **EU's Carbon Border Adjustment Mechanism**<sup>8</sup> and build on the **EU's Hydrogen Strategy**<sup>9</sup> emphasizing the importance of international partnerships in developing a global hydrogen market. It also supports the EU's efforts to promote the environmental and social principles outlined in the **EU Strategy for Sustainable and Circular Textiles**<sup>10</sup>.

The action aligns with Jordan's progressive commitment to green transition policies, particularly within the transport sector and a commitment to promote private sector development in the targeted green growth sectors.

---

<sup>2</sup> Communication from the Commission The European Green Deal, COM/2019/640

<sup>3</sup> Council Conclusions on Green Diplomacy, 7865/24

<sup>4</sup> Sustainable and Smart Mobility Strategy, COM/2020/789

<sup>5</sup> Communication on The New EU Urban Mobility Framework, COM/2021/811 final

<sup>6</sup> Regional Transport Action Plan for the Mediterranean Region 2021-2027

<sup>7</sup> Joint Communication on the Global Gateway, JOIN/2021/30

<sup>8</sup> Regulation establishing a carbon border adjustment mechanism, EU/2023/956

<sup>9</sup> A hydrogen strategy for a climate-neutral Europe, COM/2020/301

<sup>10</sup> EU Strategy for Sustainable and Circular Textiles, COM/2022/141

This commitment is reflected in the **Economic Modernization Vision**<sup>11</sup> (EMV), which acknowledges the necessity and opportunity presented by decarbonising the transport and incorporates green businesses as a central element in revitalizing the country's economy, promote sustainable growth, and enhance the quality of life for its citizens over the next decade. It also includes the launch of a national sustainable transport system under the Green Economy Sector Document 2022-2033<sup>12</sup>. Additionally, the EMV aims to enhance women's participation in the marketplace. The sectors covered by the action are priorities of the country's **Nationally Determined Contribution** (NDC), which sets the country's goals and commitments at international level following UNFCCC Paris Agreement. The National Climate Change policy 2022-2050 provides strategic orientations for Jordan to build an ambitious, low-carbon, and climate-resilient society, including the transport sector as one of the priority areas, while the National Green Growth Plan lays the groundwork for green transitions'. This action also supports the goals of the newly adopted **Transport Sector Strategy for 2024-2028**, which seeks to establish a universal and sustainable transport system. On the business side, the **2023-2025 National Export Strategy** aims to increase and diversify national exports, identify new markets, highlight the quality and competitiveness of Jordanian products, and maintain the sustainability of exporting companies. Furthermore, Jordan positioning itself as a frontrunner in the production of renewable hydrogen with the nearing adoption of the **National Green Hydrogen Strategy**.

The Action will be paired with increased availability of green financing for the transport sector as well as businesses in chemicals (incl. fertilizer), aluminium, hydrogen, textile or food production value chains for more circular, smarter, greener and more localised production processes to be channelled through the Neighbourhood Investment Platform (NIP).

In terms of complementing EU-funded actions, the proposed action serves as a follow-up to the support provided to the Ministry of Transport for drafting the latest strategy and facilitating exchanges on smart mobility under TAIEX for Artificial Intelligence institutional capacity building. Although e-mobility in Aqaba does not fall under the Ministry's responsibility, best practices will be considered as they arise. It builds on the consolidated achievements of the EuroMed Transport Support project and its predecessor aiming to facilitate the implementation of the 2021 – 2027 Regional Transport Action plan (RTAP) of the Union for the Mediterranean. Support for CBAM preparedness marks a new area of intervention for the EU in Jordan. The action will also build upon the groundwork laid by the MED-GEM project, focusing on promoting development of Green Electrons and Molecules industry in renewable and green hydrogen in the Southern Mediterranean Neighbourhood. Regarding circularity, the action will complement the planned support for the Green and Circular Economy in the Southern Neighbourhood and contribute to best practices for the region. Concerning funding from other partners, the primary supporters of the transport sector currently include the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank (IsDB), and the World Bank (WB). Discussions are also underway with the European Investment Bank (EIB), the Saudi Jordanian Investment Fund, and the UAE. The primary supporters of greener production processes include the EBRD, Expertise France, GIZ, the Global Green Growth Institute (GGGI), Spark, UNIDO, USAID, and the WB.

The EU aims to become the world's first climate-neutral bloc by 2050, a goal that involves accumulating extensive knowledge, establishing best practices, formulating robust policies, and developing innovative solutions and technologies in sustainable transport and green business practices. As a committed partner, the EU is dedicated to enabling countries like Jordan to advance their green transitions and enhance their potential for sustainable growth by sharing this unparalleled body of laws, experiences, and expertise.

---

<sup>11</sup> <https://www.jordanvision.jo/en/site/about>

<sup>12</sup> <https://online.fliphtml5.com/iozid/wwmu/#p=1>

## 2.2. Problem Analysis

### **Short problem analysis: Sustainable, smart and gender sensitive mobility**

Jordan's leadership in the Arab region in adopting private electric vehicles<sup>13</sup> demonstrates its commitment to sustainable solutions, yet its experience with electric buses is still in its infancy. With a growing population, highly concentrated in Amman, mobility demand in Jordan has been increasing over the past 15 years. The country's inadequate public transportation system significantly impedes economic and social participation, particularly affecting women<sup>14</sup>. Transport inefficiencies reportedly<sup>15</sup> cost Jordan over 6% of its GDP annually. Additionally, the transport sector heavily impacts Jordan's energy expenses, with \$1.4 billion spent on petroleum imports out of a total \$3.74 billion in energy imports in 2019. This issue, coupled with cultural resistance to changing transportation habits, and limited public and private investment, presents a significant obstacle to progress. The impact on the air quality and environments is profound, with greenhouse gas emissions from the transport sector accounting for 28% of the total GHG emissions in 2016<sup>16</sup>. The economic cost of these emissions is estimated to be between US\$500 million and US\$1 billion each year, highlighting the urgent need for more sustainable mobility solutions. Also, while the identification of a comprehensive network that will define a Trans-Mediterranean Network for Transport (TMN-T) is still ongoing, Jordan is leveraging its strategic location to advance the establishment of a national railway network. This project is designed to reduce emissions by transitioning freight to more sustainable modes of transport, boost economic growth, and enhance regional connectivity with neighbouring countries. Attracting investments is crucial for this capital expenditure intensive initiative. Also crucial is the analysis of socio-economic factors related to the introduction of the railway. This includes conducting a comprehensive Economic Impact Analysis, assessing the impact on the trucking industry, evaluating tariff regulations and pricing as well as distribution of traffic between road and rail.

This situation emphasizes the need for the EU to further encourage Jordan in developing a smarter, cleaner and greener transport system. Such an initiative would not only enhance workforce participation among women, promoting gender equality and significantly reducing greenhouse gas emissions, but it would also stimulate growth and regional integration.

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

Addressing these challenges necessitates a unified effort from various main stakeholders, some of whom include the following: The Ministry of Transport takes the lead in developing sector strategies and addressing policy bottlenecks. The Ministry is the main stakeholder and will benefit from European best practices and know how in decarbonising the transport sector through peer-to-peer exchanges under Twinning. Similarly, the Land Transport Regulatory Commission, Greater Amman Municipality and other local authorities are instrumental in providing public transport services and will be associated systematically. The Ministry of Energy and Mineral Resources spearheads the national energy strategy, working in collaboration with the Ministry of Transport to facilitate the transition to e-mobility. The Ministry will be associated in activities related to e-mobility. Moreover, the Ministry of Environment will be associated as lead on the integration of climate concerns at sectoral level, advocating for low-carbon transportation modes and leading initiatives incentivising the purchase of electric vehicles. Other stakeholders will be considered during implementation of the action.

---

<sup>13</sup> In 2023, 19.6% of the cars in Jordan are hybrids or electric vehicles, with new registrations peaking that year at 70.1%.

<sup>14</sup>WB Ten-thousand Steps in Her Shoes: The Role of Public Transport in Women's Economic Empowerment,

<https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099110923132529670/p17306603670db0a30ac330cb26e7e79ecb>

<sup>15</sup> WB Public Transport Diagnostic Report,

<https://documents1.worldbank.org/curated/en/099825106052213281/pdf/P17389502814af03b0a85e0a27bbbaa260.pdf>

<sup>16</sup> Jordan 1<sup>st</sup> updated Nationally Determined Contribution: <https://unfccc.int/sites/default/files/NDC/2022-06/UPDATED%20SUBMISSION%20OF%20JORDANS.pdf>



### **Short problem analysis: Greener Production Processes**

Given Jordan's scarcity of natural resources, its economic prosperity relies on a robust and dynamic private sector that embraces sustainability and has the capacity to generate and sustain employment. Despite some progress in recent years, the value of EU imports of goods from Jordan, focusing on key industrial value chains such as fertilizers (comprising phosphate and potash), aluminium, textiles, and food production, remains relatively low, totalling €743 million in 2022. However, Jordan is making efforts to enhance its export capacity and competitiveness to meet the standards and expectations of European markets – especially the Carbon Border Adjustment Mechanism (CBAM), clean and low carbon hydrogen needs as well as the requirements of the EU textile strategy. These sectors are among the priorities identified by the EMV, holding the potential to drive economic growth, enhance productivity, and create employment opportunities. In 2022, 22% of Jordan's exports to the EU were CBAM goods. Mainly fertilisers (16%) and aluminium (5%). 21% of the country's aluminium exports and 23% of its fertilisers exports were directed to the EU. As of 2026, importers of such goods will need to buy CBAM certificates corresponding to the carbon price that would have been paid had the goods been produced under the EU ETS. As the CBAM is based on the greenhouse gases emitted when producing goods, any reduction of these greenhouse gas emissions will reduce the number of CBAM certificates an importer will need to buy.

Jordan's chemical industry encompasses pharmaceuticals, fertilizers, and specialty chemicals. To further improve market access, businesses need to conduct environmental assessments, invest in energy-efficient technologies, adopt cleaner production methods, reduce hazardous chemicals, implement recycling programmes, and promote employee sustainability education. Jordan's well-developed food processing industry, covering production, packaging, and distribution, confronts environmental challenges like water scarcity and pollution. There's a significant opportunity for adopting green production methods to enhance efficiency and cut costs.

On the other hand, by 2030, all textile products placed on the EU market must be, to a great extent, made of recycled fibres. This anticipated surge in demand for recycled fibres is expected to be partially met by European recycling industries. However, there remains a significant supply gap, presenting an opportunity for the Jordanian Ready-Made Garments (RMG) sector to step in and supply recycled fibres and yarns. The RMG sector employs over 75,000 people, contributing to a quarter of national exports, and there is a notable increase in the preference utilization rate in the textile sector due to the easing of the rules of origin scheme linked to the employment of Syrian refugees. However, issues like high energy consumption, water scarcity, localization of the workforce, and considerable textile waste<sup>17</sup> pose significant barriers to sustainable growth.

In terms of clean energy, Jordan is a forerunner with the highest share of Renewable Electricity in the MENA region and it is positioning itself in the production and trade of green hydrogen, with a series of MoUs concluded with private companies over the last two years (including four European companies). Despite Jordan's promising potential for green hydrogen, marked by a high degree of renewable energy penetration as well as existing expertise and infrastructure, the country faces a significant challenge due to its severe water scarcity and the high initial investment costs involved. To mitigate the impact on already scarce water resources, priority will be given to wastewater utilisation, advanced water recycling technologies, the promotion of green hydrogen production methods that use minimal water, and investment in infrastructure improvements to enhance water efficiency throughout the hydrogen production process. A recent report from the International Renewable Energy Agency<sup>18</sup> challenges the prevailing narrative that green hydrogen is primarily a product for export from renewable-rich and industry-poor countries; rather, it underscores green

---

<sup>17</sup> GIZ Study on Circularity in the Jordanian RMG Sector, <https://www.giz.de/de/downloads/giz2023-en-jordan-circularity-rmg-sector.pdf>

<sup>18</sup> IRENA, Green hydrogen for sustainable industrial development: A policy toolkit for developing countries, <https://www.irena.org/Publications/2024/Feb/Green-hydrogen-for-sustainable-industrial-development-A-policy-toolkit-for-developing-countries>

hydrogen's potential as a catalyst for sustainable development within developing countries that can contribute to economic growth, environmental sustainability and social progress.

Overall what should be noted for all economic sectors is, that while research and innovation (R&I) are instrumental for a successful green transition, Jordan is currently underutilizing its potential and the opportunities provided under Horizon Europe. While the Jordan based Synchrotron-light for Experimental Science and Applications in the Middle East (SESAME) is producing high-quality research, the private sector is not fully leveraging this for circular economy purposes.

The EU's support offers a valuable opportunity to address these challenges and capitalize on the modernization of green growth sectors, along with Jordan's potential for sustained and stable employment.

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

Addressing these challenges necessitates a sustained effort from various main stakeholders, with the private sector taking the lead in this component. Government stakeholders include the following: The Ministry of Industry and Trade is crucial in enhancing Jordan's trade competitiveness in the EU market. Additionally, the Ministry of Environment plays a pivotal role in advancing circularity within industrial sectors, promoting environmental sustainability and resource efficiency. The Ministry of Energy is key in developing the green hydrogen economy. Beyond government ministries, other essential stakeholders include research institutions and universities, contributing through innovation, research, and development in green technologies and sustainable practices. Chambers of Industry and Commerce as well as textile and business associations also serve as key facilitators, advocates, and educators within the industry. The Higher Council for Science and Technology, in collaboration with the Network of National Contact Points for Horizon Europe, plays a crucial role in increasing Jordan's participation in Horizon Europe. Other stakeholders will be considered during implementation of the action.

Enhanced connectivity, greener production sites and a nascent hydrogen value chain will pave the way for Jordan to integrate - the currently paused - India Middle East Europe Economic Corridor (IMEC).

### **2.3. Lessons Learned**

Sustainable progress in one sector cannot be achieved in isolation. A nexus approach facilitates the identification of synergies and trade-offs between sectors, enabling more coherent and sustainable decision-making. Understanding and leveraging the interconnections between transport, energy, and water can thus significantly enhance the effectiveness and sustainability of efforts aimed at advancing e-mobility and hydrogen production.

The stakeholders to be engaged in such projects are often numerous, encompassing government bodies, private sector entities, NGOs, community groups, and international partners. Distinguishing between consultation and support roles among stakeholders in the actual projects supporting greener production processes is vital for effective project management.

It's important to recognize that there will be inherent challenges associated to the textile industry, such as environmental concerns, unfair labour practices, and exploitation of resources. Responsible and sustainable trade practices are crucial to maximize the positive impact of the industry for both the producer and consumers. Therefore, the project will require the involvement of social and environmental experts (in-house and third party) as well as due diligence systems throughout the implementation. Collaboration with the ILO and the IFC, Better Work Jordan working on improving working conditions and enhance business competitiveness in the global garment industry will be key.

Reflecting on the challenges of donor coordination, several key lessons have been learned from the experiences in navigating a diverse donor landscape, lagging coordination mechanisms, and the constraints posed by the limited local capacities. These lessons learned highlight the importance of formal or informal collaboration, transparency, and local engagement in overcoming the complexities of the donor landscape and maximizing the benefits of development initiatives. The EU will initiate formal donor coordination on transport under the budget support to the Ministry of Transport and another informal donor coordination to cover support to green business.

A crucial lesson learned from designing actions to support EU connectivity ambitions is the importance of incorporating a degree of flexibility to adapt to volatile regional contexts. This flexibility ensures that initiatives remain relevant, effective, and capable of achieving their goals despite changing political, economic, and social conditions.

## **2.4. Additional Areas of Assessment**

### **2.4.1. Public Policy**

The Ministry of Transport (MoT) is formulating and implementing essential policies to bolster both the transport sector and meteorology.

The amount allocated under the General Budget Law for the year 2024 (Chapter 3101 Ministry of Transport) for recurrent expenditures, including legal drafting, staff training and mentoring, the implementation of specific projects, monitoring and evaluation systems, and eventually procuring supplies and/or infrastructure under the responsibility of the Ministry, is increasing from approximately EUR 3,500,000.00 in 2022 to EUR 4,800,000.00 in 2026. The amount allocated for capital expenditure is set to increase from approximately EUR 30,000,000.00 in 2022 to EUR 47,000,000.00 in 2026, representing a 56.7% increase. The capital expenditure allocated for the implementation of specific projects, such as establishing a national railway network and conducting transport development studies, are projected to quadruple between 2022 and 2026.

In terms of funding gap, the Transport Sector Strategy for 2024-2028 list of projects worth approximately EUR 360 000 000.00 that require full funding across all transport sectors incl. Road Network, Passenger Transport Services, Sustainable Urban Transport, Road Freight Transport, Rail Transport, Maritime Transport and Ports, Air Transport as well as Meteorology. With the proposed action, the EU is becoming an important partner of the MoT in supporting its decarbonisation efforts.

The Transport Sector Strategy for 2024-2028<sup>19</sup>, as lead by MoT, represents a significant step forward in the ongoing reform of the country's transport sector. This strategy ambitiously aims to foster a universal and sustainable transport system, aligning with Jordan's EMV. It seeks to integrate the transport sector more closely with national priorities, including economic growth, private sector engagement, environmental sustainability, digital transformation, regional and global integration, and social inclusion. This underscores Jordan's commitment to creating a more integrated, efficient, and inclusive transport system. Specifically, the strategy's objectives to increase the transport sector's contribution to GDP by around 1% and to reduce GHG emissions from the sector by 7% demonstrate a balanced approach to economic development and environmental responsibility.

---

19

[https://mot.gov.jo/EBV4.0/Root\\_Storage/AR/EB\\_Info\\_Page/%D8%A7%D9%84%D8%AE%D8%B7%D8%A9\\_%D8%A7%D9%84%D8%A7%D8%B3%D8%AA%D8%B1%D8%A7%D8%AA%D9%8A%D8%AC%D9%8A%D8%A9\\_%D9%84%D9%82%D8%B7%D8%A7%D8%B9\\_%D8%A7%D9%84%D9%86%D9%82%D9%84\\_%D9%84%D9%84%D8%A7%D8%B9%D9%88%D8%A7%D9%85\\_2024-2028.pdf](https://mot.gov.jo/EBV4.0/Root_Storage/AR/EB_Info_Page/%D8%A7%D9%84%D8%AE%D8%B7%D8%A9_%D8%A7%D9%84%D8%A7%D8%B3%D8%AA%D8%B1%D8%A7%D8%AA%D9%8A%D8%AC%D9%8A%D8%A9_%D9%84%D9%82%D8%B7%D8%A7%D8%B9_%D8%A7%D9%84%D9%86%D9%82%D9%84_%D9%84%D9%84%D8%A7%D8%B9%D9%88%D8%A7%D9%85_2024-2028.pdf)

Moreover, the strategy demonstrates a commendable focus from the Ministry on inclusivity, targeting improved public transport accessibility for people with disabilities, the elderly, and women, alongside efforts to boost women's workforce participation. This focus is crucial for fostering a more equitable society and ensuring that the benefits of transport sector reforms are widely distributed.

The Ministry's commitment to reforms is evident in its comprehensive approach to stakeholder engagement and its strategic collaboration with the Ministry of Energy and Mineral Resources, especially regarding the transition to e-mobility. This collaboration is a testament to the strategy's relevance and adaptability to the evolving dynamics of the transport sector and its challenges.

The emphasis on measurable goals, stakeholder engagement, and alignment with broader sustainability goals reinforces its potential to drive meaningful change in Jordan's transport sector and beyond. By aligning with key SDGs - notably SDG 13 (Climate Action), SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities), and SDG 11 (Sustainable Cities and Communities) - the strategy highlights Jordan's broader commitment to global sustainability agendas. The Ministry has not yet produced an implementation report as the strategy was only launched in early 2024. The improvement of monitoring and evaluation skills will be addressed through capacity-building measures under the Twinning component.

In essence, the Transport Sector Strategy for 2024-2028 is a well-conceived, relevant, and credible policy framework that promises to significantly contribute to the achievement of budget support contract objectives. Its comprehensive approach, which balances economic, environmental, and social elements, offers a solid ground for support under the proposed budget support contract by the Commission.

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

#### 2.4.2. Macroeconomic Policy

Jordan has weathered well a series of shocks over the past few years, maintaining macro-stability and moderate economic growth thanks to adept policy making and sizable international support. Prudent fiscal and monetary policies have reduced deficits, strengthened reserve buffers, preserved financial stability, and maintained market confidence in a challenging global and regional environment. Significant progress has also been made in implementing structural reforms.

Overall, the authorities have been successful in **maintaining macro-stability** and, despite the challenging environment, Jordan's economy is growing, albeit at a modest pace of 2–3 percent per year. Inflation, which had picked up in the wake of the rise in commodity prices, has since fallen, as commodity prices eased and in response to the tightening of monetary policy. Nonetheless, Jordan still faces considerable challenges in an uncertain external environment. Risks to the outlook are large, including from a possible escalation of the conflict in Gaza. Global economic fragmentation, weak and uneven global growth, as well as climate change all pose considerable threats.

The previous arrangement under the Extended Fund Facility (EFF) approved in March 2020 was designed to help Jordan rebuild buffers and address long-standing structural obstacles to growth, as well as challenges from hosting 639,552 registered Syrian refugees<sup>20</sup>. The external environment turned out to be more difficult than originally envisaged, first as the pandemic hit and later with Russia's aggression against Ukraine and the subsequent rise in commodity prices, and most recently Israel's war in Gaza. Meanwhile, while notable

---

<sup>20</sup> As per UNHCR data (29 February 2024): <https://data.unhcr.org/en/country/jor>

progress in fiscal consolidation achieved under the 2020 EFF arrangement, public debt is still elevated and above pre-pandemic levels, and gross financing needs are large.

Bringing down the traditionally **high unemployment rate** and increasing labour market participation are important structural challenges in Jordan. Unemployment rate has reached 4.12 % during Q1 2024 with a decrease of (0.5) percentage point compared with Q1 2023, and it remained steady compared to Q4 2023.. Unemployment rate for females has reached 34.7% during Q1 2024, which shows an increase by 4.0 percentage points compared to Q1 2023. Unemployment rate among the holders of university degrees (unemployed individuals who hold a bachelor's degree or higher divided by the labour force with the same educational level) has reached 25.8% compared to other educational levels. Youth unemployment accounts for about 41% in 2024.

On 10 January 2024, the IMF approved a **new four-year arrangement under the Extended Fund Facility (EFF)** with Jordan, for an amount equivalent to SDR<sup>21</sup> 926 million (about USD 1.2 billion and equivalent to 270 percent of Jordan's quota), to support the country's economic and financial reform programme. The new arrangement replaces and succeeds the previous EFF arrangement that was approved in March 2020 and that was set to expire in March 2024. The interest and fees Jordan would pay for the new EFF are expected to be above 8%, i.e. above the rate of an April 2023 Eurobond issuance (7.5% for USD 1.25 billion; maturity of 5 ¾ years).

In the same context, The European Commission has proposed for a new Macro-Financial Assistance (MFA) operation to Jordan worth up to €500 million.

**Economic growth** has remained stable albeit relatively low (compared to regional peers), over the past years, and is expected to only slowly pick up. Following the contraction during the pandemic, GDP recovered at 2.2% growth in 2021 and 2.5% in 2022; growth expectations for 2023 were slightly revised downward to 2.6%, following the outbreak of the Israel-Gaza war in Q4. The sectors that contributed most to economic growth in 2023 were agriculture, manufacturing, tourism and mining, reflecting the still strong role of these sectors in the economy but also the rebound in tourism. While economic growth has generally remained stable, it is not strong enough to lower the very high unemployment. Important structural challenges remain to boost economic growth, in particular with respect to private sector development, where deficiencies in the business environment, access to finance, labour market flexibility and public administration persist.

**Inflation** decelerated considerably in 2023, with average inflation at 2.2% in 2023 (4.2% in 2022). Price increases moderated in response to the tightening of monetary policy and lower commodity prices. The Central Bank of Jordan (CBJ) raised its policy rates in 10 steps from 2.5% in March 2022 to 7.5% in July 2023. The CBJ decisions were necessary given the JOD's peg to the USD, to be in line with the US Federal Reserve's monetary tightening and avoid pressures on capital flows, and indeed contributed to the moderation of inflationary pressures. Inflation (normally driven by energy prices is projected to increase to 2.7% in 2024.

The **fiscal situation** remains challenging, with structurally high deficits feeding into the already high level of debt. Total public sector debt (excluding debt holdings by the Social Security Corporation, SSC) stood at 88.7% of GDP in 2023, slightly down from 90.8% of GDP in 2021, as nominal GDP growth outpaced the increase in debt. Adding debt holdings by the SSC, public sector debt reached 111.5% of GDP in 2023, after having continuously increased over the past decade (from 84.5% of GDP in 2013). In its report on the new Extended Fund Facility (EFF) arrangement with Jordan (January 2024), the IMF assessed Jordan's public debt level as sustainable; stating further that while debt sustainability risks remained, the authorities' policy efforts and the development partners' ongoing commitment to Jordan would constitute important safeguards. The

---

<sup>21</sup> Special Drawing Right

fiscal deficit stood at 5.1% for the first eight months of 2023 (4.6% of GDP in 2022), roughly in line with the average fiscal deficit of the past five years. Public sector revenue increased by 5.4% during the first eight months compared to the same period a year earlier, on the back of higher income and profit tax collection. Total expenditure grew by 2.9%, driven by higher interest payments, military expenditure and compensation of civil sector employees. In April 2023, Jordan successfully issued Eurobonds for USD 1.25 billion, despite the tightening of global financing conditions. The issuance has a maturity of 6 years at 7.5% and was oversubscribed six times, allowing the government to increase the initially sought amount. IMF's Debt Sustainability Assessment categorises Jordan's public debt as sustainable. The medium-term baseline delivers a downward path for the debt/GDP ratio, driven mainly by fiscal consolidation and growth. Public debt peaked at 89 percent of GDP in 2022, but is expected to decline starting 2023 to reach just below 80 percent by 2028. Jordan's high public debt renders it vulnerable to a tightening in financial conditions, but the large share of concessional debt provides an important cushion. Moreover, Jordan has significant buffers: FX reserves at 7 months of imports; and assets of the Social Security Investment Fund reached 40 percent of GDP.

On the external side, Jordan experiences chronic **external deficits**, driven by the persistent deficit in trade in goods, which reflects Jordan's dependence on energy, food and machinery imports. Main export items over the past years have been phosphoric acid, potash and phosphates, which have benefitted from increased demand following Russia's invasion of Ukraine. Overall, the current account deficit averaged around 6.5% of GDP in the past five years, with larger deficits in 2021-2023. Most recently, the current account deficit narrowed to 7.1% of GDP in H1 2023 (from 13% in H1 2022), on the back of an increased trade in services surplus driven by increasing tourism revenue amid the ongoing tourism rebound. Strong remittances (around 8% of GDP over the past years) from abroad also contribute to mitigating the current account deficit. The CBJ's gross **foreign reserves have remained strong**. Total foreign reserves amounted to USD 17.3 billion at the end of September 2023, covering an estimated 7.6 months of imports of goods and services.

**Credit rating** agency Standard & Poor's (S&P) has upheld Jordan's long-term sovereign credit rating at B+/B (elevated vulnerability to credit risk) with Stable Outlook in March 2024. Jordan's ratings are supported by a record of macroeconomic stability, progress in fiscal and economic reforms, and resilient financing linked to the liquid banking sector, public pension fund and international support. The ratings are constrained by high government debt, weak growth, risks stemming from domestic and regional politics, a sizeable current account deficit and net external debt that is higher than rating peers. In May 2024, Fitch Ratings has affirmed Jordan's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB-' with a Stable Outlook, while Moody's raised Jordan's long-term sovereign credit rating in local and foreign currency from B1 to Ba3 with a stable outlook – marking the first raise for Jordan's credit rating in 21 years; demonstrating resilience amid regional and global challenges. The war between Israel and Hamas has increased geopolitical risks given the uncertainty regarding the conflict's duration and the potential for the conflict to escalate. In Fitch's view, near-term risks are mitigated by strong multilateral and bilateral official support, including military and economic assistance from the US, reduced exposure to food and energy price volatility and potential supply disruptions.

Regarding **the banking sector and financial stability**, the banking sector in Jordan continued to maintain sound financial indicators and, hence, a high capability of withstanding shocks and high risks. The IMF Financial Sector Assessment Program (FSAP), which completed in March 2023, found that the banking sector appeared broadly resilient, and that Jordan's financial sector had withstood a series of large external shocks well. Moreover, banks were assessed to be well-placed to withstand further shocks, given high levels of system-wide regulatory capital and robust earnings. Non-performing loans stood at 5%, similar to previous years. The robust growth of credit to private sector observed in 2022 (as mitigation of Covid-19 impact) has slowed down in 2023 year in response to the tightening of monetary conditions and stood at 2½ percent y-o-y in September 2023.

At its Plenary meeting of October 2021, the Financial Action Task Force, (FATF) added Jordan on its list of "Jurisdictions under Increased Monitoring". This decision was based on the Mutual Evaluation Report of the



MENAFATF from November 2019. Consequently, in January 2022, Jordan has been included to the EU list of high-risk third countries for **Anti Money Laundering and Terrorism Finance** (AML/CFT) purposes. The new Money Laundering and Terrorist Financing Law entered into force in mid-September 2021, and was already addressing many shortcomings related to the legislative aspects. On 5-7 September 2023, the FATF carried-out a joint mission with the European Commission (represented by DG FISMA) to assess the level of implementation of Jordan's action plan. The compliance mission established that the high level of commitment remains in place, the progress are concrete as well as sustainability is ensured, which led Jordan's delisting from the AML/CFT "grey list". The new EU AML list (removing Jordan)<sup>22</sup> has in February 2024 entered into force.

At its annual revision of country classifications in July 2023, the **World Bank downgraded Jordan's economy** from upper-middle-income (UMIC) status to lower-middle-income (LMIC) classification. Jordan has moved between the two categories in the recent past: it was classified as UMIC in 2016, then downgraded to LMIC in 2017 and then upgraded again in 2018 until its reclassification now. Jordan's GNI/capita is in the border zone between the two categories and any change can modify its classification. The WB defines lower-middle-income countries by a per capita national income ranging from USD 1,136 to 4,465. Jordan's reclassification this year was reportedly **driven by an upward revision of Jordan's population** (+8.6% to 11.3 million) by the UNPD reflecting new data from the latest population census. Jordan is the only country with a downward classification change this year. The reclassification could affect guarantees and interest rates on international loans and might negatively impact the perception of Jordan as an investment destination, consequently affecting the private sector.

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

### 2.4.3. Public Financial Management

A **PEFA<sup>23</sup> assessment** has been carried out in 2021 through EU support. The final report was received from the assessors in the beginning of December 2021, and was validated by stakeholders in June 2022. PEFA check has been also issued by the PEFA Secretariat. The Government finalised - with donor assistance - the PFM Reform Strategy in October 2022, which is based on the most recent PEFA findings as well as IMF Fiscal Transparency Evaluation FTE (2021).

The **new Public Financial Management Strategy<sup>24</sup>** (2022-2025) aims to identify the government's direction regarding the development and reform of public finance mechanisms in line with national goals and government priorities and the financial reform programme agreed with the International Monetary Fund (IMF), to improve public finance performance, strengthen fiscal discipline and promote economic growth and raise the standard of living for citizens. Hence, this strategy is a continuation of previous strategies that the government, led by the Ministry of Finance and the concerned authorities have implemented during the past years.

The new strategy consists of five strategic pillars targeting a total of twelve sub-pillars, as follows:

#### **Strategy Pillars:**

##### 1. Budget Reliability and Execution

- Increasing Domestic Revenues
- Public Procurement and Tenders Management
- Improving Cash Management

---

<sup>22</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32024R0163>

<sup>23</sup> Public Expenditure Financial Accountability (PEFA)

<sup>24</sup> [https://www.mof.gov.jo/ebv4.0/root\\_storage/en/eb\\_list\\_page/pfm\\_strategy\\_\(2022-2025\).pdf](https://www.mof.gov.jo/ebv4.0/root_storage/en/eb_list_page/pfm_strategy_(2022-2025).pdf)

2. Public Finance Transparency
  - Dissemination of Financial Reports
  - Budget Law Documents
3. Financial Forecasting
  - Macroeconomic and Financial Forecasting
4. Asset and Liability Management
  - Public Investment Management
  - Public Debt Management
5. The Strategy for PFM of Hashemite kingdom of Jordan (2022-2025) SEPD
  - Public Assets Management
6. Control
  - Internal Audit
  - External Audit – Audit Bureau
  - Accounting and Reporting

The strategy attaches activities to achieve the goals with a timeline. The strategy is also costed and indicates the stakeholders; it therefore satisfies the criteria described in PEFA Volume IV manual.

In line with the IMF programme and the wider policy framework, there is a strong commitment from the authorities **to improve tax administration and public financial management**, not just to improve budget outcomes but to increase public trust. GoJ is implementing its revenue mobilisation plan developed with the support of the IMF's Fiscal Affairs Department (FAD) in 2021. The plan encompasses both tax policy and administration, including a focus on implementing recent and ongoing legislative reforms.

Under public finance management, fiscal policy measures, the GoJ made significant progress toward closing tax loopholes, while ISTD has made substantial inroads into improving compliance. Building on the substantial progress in recent years, the Government aims at continuing to increase revenue collection by further broadening the revenue base, including by further reducing remaining exemptions where feasible, and improving compliance in line with the revenue administration reform plan, notably by increased digitalization of taxpayer services and data capture and analysis.

Going forward, the **tax administration reform** plans of the GoJ include: (i) upgrading the Income and Sales Tax Department's (ISTD) IT infrastructure, including a new Integrated Tax Administration System (ITAS); (ii) expansion of the application of the new transfer pricing rules (currently it is applicable to multinationals and related parties, mid-sized companies and family-owned companies will be included by end 2024, while Phase III will extend it to related parties); (iii) to curb smuggling, the ISTD has already successfully introduced a digital track-and-trace for tobacco products and for alcohol is under completion; (iv) use of an AI-based e-audit system, with well-defined benchmarks covering all tax returns; (v) the introduced e-invoicing system covering all sales transactions (by end 2024) subject to GST will allow enhanced monitoring of economic activities, will address under-invoicing, and hence strengthens the audit function of the sales-tax framework.

The **restructuring and reduction in customs tariffs**, combined with the inclusion of the ASEZA zone in the broader customs administration, has already resulted in a significant increase in revenues, notably in GST collection. The Custom Administration will continue to enhance the National Single Window, which already encompasses 55 entities. Additionally, the establishment of the single border authority will be instrumental in facilitating expedited and predictable goods clearance for both exports and imports, including through the mandatory use of the digital licensing hub platform for the 5 largest control entities (JSMO, Ministry of Environment, JFDA, Ministry of Agriculture, Customs), allowing companies to obtain licenses ahead of arrival of goods.



With a view to promoting a high level of good tax governance, in September 2020, Jordan ratified the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (Multilateral Convention or MLI), underlining its strong commitment to prevent the abuse of tax treaties and base erosion and profit shifting (**BEPS**) by multinational enterprises. Moreover, Jordan also signed and ratified the Convention on Mutual Administrative Assistance in Tax Matters (**MAC Convention**), which entered into force in December 2021. Since 2019, Jordan is also member of **the Global Forum on Transparency and Exchange** of Information for Tax Purposes, which is the leading international body working on the implementation of global transparency and exchange of information standards around the world.

In the area of public investment management, GoJ endorsed the **PIM - PPP Governance Framework** (2019). The Public Private Partnership (PPP) secondary legislation was approved by the Council of Ministers and published in the Official Gazette in November 2020 and April 2021, respectively. The bylaws regulate the four PPP project phases, namely the selection, preparation, tendering and implementation phases. They further regulate the creation of a “Technical Committee of Fiscal Commitments”, a “Public Private Partnership Projects Account” at the central bank and a “National Registry of Public Investment Projects Regulation”. The PPP secondary legislation is in line with international best practice, as confirmed by the World Bank, which has assisted Jordan throughout the drafting process. A dedicated Public Investment Management Unit has been established by Government, guidelines for projects appraisal methodology was introduced and almost 200 public investment project proposals were assessed in accordance with these Public Investment Management Guidelines.

The government furthermore rolled out the National Registry of Investment Projects (NRIP), comprising of the Public Investment Project (PIP) Databank and the Public-Private Partnership (PPP) Project Databank; which is collecting the necessary information on approved PPPs. The NRIP also includes all public investment projects in the 2023 General Budget with a value of greater than JOD 1 million.

To further improve public financial management, particularly in the areas of fiscal risk analysis, public investment management, macro-fiscal analysis, and cash management, the GoJ will launch a centralized single database of all PPP contracts approved since the 2020 PPP law came into effect and data, with analytical tools, to enhance fiscal risk analysis by identifying critical risk factors. Based on the C-PIMA recommendations, the GoJ will refine project scoring system and strengthen methodologies for project appraisal, providing more detail in appraisal guidelines in complex areas such as the assessment of climate impacts and resilience.

In order to increase transparency and efficiency in the **public procurement system**, the government is working on the full operationalisation of the electronic tendering system. The Jordan Online E-Procurement System (JONEPS) shall be used for all procurements of public authorities to unify the previously fragmented procurement process in Jordan.

The Audit Bureau Law (2018) strengthened the Bureau’s functioning and independence. Work is ongoing to strengthen **external audit** covering both performance in service delivery and the content and quality of financial reporting. Risk based and IT audits are further reinforced through the recently closed (07/11/2023) EU twinning project at the Audit Bureau.

As for debt management, the updated **Debt Management Strategy** for 2023-2027<sup>25</sup> has been published with the objective to decrease percentage of gross debt to GDP to 82.6% in 2027.

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

---

<sup>25</sup> [https://www.mof.gov.jo/ebv4.0/root\\_storage/ar/eb\\_list\\_page/summary\\_jordan\\_debt\\_strategy\\_2023\\_-\\_2027-eng.pdf](https://www.mof.gov.jo/ebv4.0/root_storage/ar/eb_list_page/summary_jordan_debt_strategy_2023_-_2027-eng.pdf)

#### 2.4.4. Transparency and Oversight of the Budget

The Government of Jordan has met the entry point of the general condition on transparency and oversight of the budget as it is defined in the EU Budget Support Guidelines of December 2017. The GoJ has in fact published the enacted budget of the past budget cycle within the same fiscal year.

A Royal Decree approving the General Budget Law for the fiscal year 2024 was issued on 6 March 2024 and was subsequently published in the Official Gazette<sup>26</sup>.

In the **Open Budget Survey (OBS)** 2023 (released 29/05/2024) Jordan scored 60/100 on budget transparency, which is considered sufficient to enable the public to engage in budget discussions in an informed manner and is substantially higher than the global average of 45. Since the 2015 Survey (which was updated in 2016), Jordan has increased the availability of budget information, however there are still weaknesses with the compilation and dissemination of the Mid-Year Reviews. The EU Delegation is closely following up the regional IBP<sup>27</sup> project in relation with the OBS.

As for budget oversight by the legislature Jordan scored 39/100, reflecting weak oversight by the legislature and the supreme audit institution. To improve oversight, recommendations include enhancing the legislative debate on budget policy, ensuring timely submission and approval of budget proposals, and strengthening audit processes.

The EU is supporting transparency and oversight through several projects, such as the i), “Ma’an – Together” accountability and integrity project in Jordan, implemented by OECD; ii) twinning with the Audit Bureau in Jordan; as well as the iii) regional International Budget Partnership (IBP) programme (“Building Alliances for Budget Accountability in the Southern Neighbourhood”).

The **IMF Fiscal Transparency Evaluation** of October 2021 also concluded that although further improvement is needed, in Jordan the fiscal reports have become more comprehensive and cover a high proportion of public sector institutions. The frequency of in-year reporting is at an advanced level, as is the timeliness of publication of the government’s annual financial statements. Fiscal statistics are disseminated in accordance with international standards (SDDS). Fiscal forecasts and budgets have become more forward looking and policy oriented with the introduction of a five-year medium-term budget framework and a programme classification.

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

### 3. DESCRIPTION OF THE ACTION

#### 3.1. Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to enhance decarbonisation efforts in Jordan while fostering green growth and green jobs that benefit all of society.

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

1. Enhanced connectivity and use of **cleaner, greener and smarter mobility and regional mobility** in the country;

---

<sup>26</sup> <https://www.gbd.gov.jo/en/releases/law-min/2024>

<sup>27</sup> Regional International Budget Partnership (IBP) programme (“Building Alliances for Budget Accountability in the Southern Neighbourhood”)

2. Increased indirect employment and adoption of **greener and low carbon footprint production processes** by businesses in chemicals (incl. fertilizer), aluminium, hydrogen, textile and food production value chains;
3. Improved business environment for the **nascent hydrogen value chain** in Jordan.

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

- 1.1. contributing to Outcome 1 (or Specific Objective 1) improved cleaner, affordable, accessible, predictable, healthier, gender smart urban mobility alternatives, while encouraging the update of Sustainable Urban Mobility Plans (SUMPs) in coherence with the EU SUMP methodology;
- 1.2. contributing to Outcome 1 (or Specific Objective 1) enhanced regulatory framework in rail transport to support regional connectivity and encourage investments in the sector, including Public-Private Partnerships (PPP), while encouraging regulatory convergence with European standards;
- 1.3. contributing to Outcome 2 (or Specific Objective 2) increased accessibility to green know how for businesses;
- 1.4. contributing to Outcome 3 (or Specific Objective 3) strengthened development of the nascent hydrogen sector.

The **Direct Outputs** to be delivered by this action contributing to the corresponding Induced Outputs are:

- 1.1.1 contributing to Induced Outputs 1.1 and 1.2: Improved opportunities for effective and participatory dialogue within the transport sector in Jordan.
- 2.1.1 contributing to Induced Output 1.2: Increased opportunities for R&I driven carbon-reducing partnerships between Jordanian, Regional and European entities.
- 2.1.2 contributing to Induced Output 1.2: Increased understanding of carbon pricing, including carbon markets and carbon taxes.
- 2.1.3 contributing to Induced Output 1.2: Up-scaled technical capacities of local experts.
- 3.1.1 contributing to Induced Output 1.3: Up-scaled technical capacities of local experts.
- 4.1.1 contributing to Induced Output 1.4: Established common hydrogen infrastructure.
- 4.1.2 contributing to Induced Output 1.4: Established decentralized circularity infrastructure hubs, piloted.
- 4.1.3 contributing to Induced Output 1.4: Circular economy practices for water piloted within the hydrogen value chain.

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

Contributing to Outcome 1 (or Specific Objective 1):

- 1.1. Increased fiscal space and enhanced predictability;
- 1.2. Improved opportunities for effective and participatory dialogue within the transport sector in Jordan;
- 1.3. Strengthened technical capacities of the Ministry of Transport, along with other actors under its oversight;
- 1.4. Enhanced availability of feasibility studies, along with capacities for user-centric planning, assessing, and mitigating socio-economic impacts of railway introduction, and measuring the impact of greener transport solutions.

Contributing to Outcome 2 (or Specific Objective 2):

- 2.1. Enhanced understanding of CBAM requirements, among businesses in the fertilizers, aluminium, and hydrogen value chains;
- 2.2. Enhanced understanding of CBAM logic, among businesses in the chemicals, textiles, and food products value chains;

- 2.3. Increased awareness of businesses in Jordan about the environmental and economic benefits of CBAM compliance;
- 2.4. Increased opportunities for R&I driven carbon-reducing partnerships between Jordanian, Regional<sup>28</sup> and European entities;
- 2.5. Increased understanding of carbon pricing, including carbon markets and carbon taxes;
- 2.7. Up-scaled technical capacities of local experts within the chemicals (incl. fertilizer), aluminium, hydrogen, textile or food production value chains.

#### Contributing to Outcome 3 (or Specific Objective 3):

- 3.1. Established common **hydrogen infrastructure** as per recommendations of ongoing EBRD study or similar studies and agreed in consultation with the Government of Jordan and European Companies with MoUs<sup>29</sup>;
- 3.2. Established decentralized circularity hubs infrastructure, piloted, as per MED-GEM recommendation;
- 3.3. Circularity in the use of water for the hydrogen value chain piloted;
- 3.4. Increased knowledge of national regulators on relevant EU hydrogen legislation.

### **3.2. Indicative Activities**

Activities related to Output 1.1-1.6 include, but are not limited to:

- Performance assessment and transfer of EU funds to the Treasury;
- Policy dialogue on green and clean transport sector; smart transport sector; gender smart transport sector;
- Provision of technical assistance to support the Ministry of Transport in conducting consultations and drafting documents (for regulations, feasibility studies, procurement etc.);
- Institutional cooperation with Public Administration(s) of EU Member State(s), Ministry of Transport, along with other actors under its oversight.

Activities related to Output 2.1-2.7 include, but are not limited to:

- Assess CBAM readiness of businesses incl. fertilizers, aluminium, hydrogen value chain as well as their exposure to CBAM regulations and identify key gaps for action.
- Engage with government agencies, industry associations, businesses, academia, and civil society organisations to raise awareness about CBAM regulations and solicit feedback. Establish a multi-stakeholder advisory committee or task force to oversee the development and implementation of CBAM-related initiatives.
- Conduct workshops, seminars, and public consultations to facilitate dialogue and collaboration among stakeholders.
- Design and implement comprehensive CBAM training and capacity-building activities, tailored to the needs of key industries and their service providers.
- Establish an emissions monitoring and reporting system to track carbon emissions from key industries.
- Develop new or adapt existing service lines for industries on introducing green production processing, carbon measuring and reducing measures. Collaborate with international partners, research institutions, and technical experts to access best practices, knowledge sharing, and capacity-building resources.
- Support collaboration projects between companies and research institutions (in Jordan and Europe) to facilitate knowledge exchange and partnership formation in view of submitting proposals on common research and innovation priorities in climate change, and renewable energies<sup>30</sup> under Horizon Europe.
- Support collaboration between SESAME and private sector on circular economy.

---

<sup>28</sup> Like SESAME

<sup>29</sup> Amarengo (France, Ireland), A.P. Moller – Maersk (Denmark), ENERTRAG Service GmbH (Germany), Hynfra (Poland)

<sup>30</sup> The respective roadmaps namely on Climate Change and Renewable Energy available at: <https://ufmsecretariat.org/platform/ufm-regional-platform-on-research-and-innovation/> received the official endorsement at the UfM Ministerial on Research and Innovation on 27 June 2022

- Raise awareness and promote exchange of best practices, host annual “EU-Jordan Green Innovation Forums/Marketplace” focused on clean tech and green practices, including an award for businesses achieving significant reductions, promote and showcase clean tech investment deals between EU companies and Jordan counterparts. Produce and distribute a series of case study videos and articles showcasing successful green transformations using local media and tailored events.
- Support specialised trainings on green jobs for young graduates and upskilling of workforce from relevant sectors – with special focus on gender balance.
- Plan and finance greener production processes, including social and environmental impact assessments.
- Technical assistance for the financing greener production processes to ensure European and/or international technical, social and environmental standards are followed.
- Identify digitalization needs and opportunities, audit and strategic planning for digital transformation, followed by the deployment of smart technologies, software development, and capacity building for greener production processes.

Activities related to 3.1-3.4 include, but are not limited to:

- Conduct design, planning, procurement for the construction or rehabilitation of common infrastructure and decentralized hydrogen facilities.
- Conduct a research-led study to identify, assess, and optimize processes for reusing, recycling, or transforming water-related by-products from selected industries into valuable resources for the hydrogen value chain. Supply minor equipment or other material inputs for their implementation.
- Provide technical support for policymakers and industry stakeholders to facilitate the understanding, transposition, implementation, and enforcement of relevant EU hydrogen legislation.

### **3.3. Mainstreaming**

#### **Environmental Protection, Climate Change and Biodiversity**

##### **Outcomes of the Strategic Environmental Assessment (SEA) screening**

The principal objective of the action is the ambition to reduce GHG emissions. It covers sectors such as greener and smarter mobility, the adoption of greener production modalities in line with CBAM requirements, as well as green hydrogen and textiles. Notably, the maturity of the policies and strategies supported by the action is significant. The SEA screening concluded that no further action was required.

##### **Outcomes of the Environmental Impact Assessment (EIA) screening**

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

##### **Outcome of the Climate Risk Assessment (CRA) screening**

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

#### **Gender equality and empowerment of women and girls**

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that gender mainstreaming will be taken into consideration throughout the project design and implementation. With respect to access to sustainable urban mobility, special efforts will be made to ensure gender equality, taking into account the different barriers that may influence women's use of public transport, such as safety, predictability, and accessibility as per Code of Conduct to regulate passenger, driver and operator conduct in public transport<sup>31</sup>.

#### **Human Rights**

---

<sup>31</sup> Currently under preparation by the Ministry of Transport with support from the WB

Human Rights considerations are integral to the formulation of the action which focuses on fostering green growth potential and create green jobs that benefit all of society. The mainstreaming of the Human Rights Based Approach will be taken into consideration throughout the project design and implementation.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This indicates that the inclusion of persons with Disabilities is a significant objective of the action. This ensures that the rights of all vulnerable groups are protected, promoting equitable access to the benefits of the action.

### **Democracy**

The action is designed with a strong focus on the participation of transport users, the private sector, and universities. It underscores a comprehensive approach to ensuring that the green transition is inclusive, equitable, and reflective of diverse societal needs and inputs. Strengthening the mechanisms for engagement, ensuring equitable representation, and enhancing the impact of stakeholder contributions are essential steps towards a truly democratic and sustainable green transition.

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

Addressing climate migration is a pivotal objective of this initiative, aimed at fostering the green growth potential in Jordan. This approach is anticipated to prevent the socio-economic and environmental conditions that can lead to conflict and displacement.

### **Disaster Risk Reduction**

Disaster risk reduction is not targeted by the action.

Digitalization is a significant objective of the action, as identified in the EU Green Deal, where it is deemed a critical cross-sectoral enabler for achieving the SDGs and fostering green growth. Emphasizing digitalization, state-of-the-art technologies, and innovation will be among the key focus themes of the green growth projects included in the action's complementary support.

## **3.4. Risks and Assumptions**

<b>Category</b>	<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
1-External environment	Impact on the economy due to regional or global situations (e.g., Gaza war) on priorities related to the Green Transition.	<b>M</b>	<b>M</b>	Focus the action on the partnership with the private sector to mitigate any potential risk posed by external factors that may impact the fiscal space and reform momentum and the pace of reform process.
2-Planning, Processes, and Systems	Inadequate integration of green initiatives within existing planning frameworks and systems.	<b>M</b>	<b>M</b>	Develop and implement an integrated planning and monitoring framework based on the NGGP M&E framework, which aligns green initiatives with existing processes. Further enhance system capabilities to support new green technologies and methodologies.
3-People and the organisation	Inadequate institutional setup	<b>M</b>	<b>M</b>	The proposed action includes the establishment of a multi-stakeholder

	and coordination among public and private stakeholders.			governance framework. This framework should include clear roles and responsibilities, regular coordination meetings, and the appointment of a lead agency or coordination body with the authority and resources to drive the initiative forward. Additionally, fostering a culture of collaboration through shared goals, transparency, and mutual accountability mechanisms can enhance stakeholder engagement and ensure effective partnership management.
3-People and the Organisation	Lack of expertise or capacity within the organisation to effectively manage and implement green transition approaches.	<b>M</b>	<b>M</b>	Invest in targeted training and capacity building for staff on green technologies and sustainable practices. Recruit specialists in green transition strategies to fill knowledge gaps and lead implementation efforts.

### External Assumptions

- Systemic change, balancing environmental sustainability with economic growth and social equity leads to green growth.
- The socio-economic and political climate will remain conducive enough not to derail or significantly hinder the progress towards green transition objectives.
- Existing infrastructures and systems can be adapted or upgraded to support greener, cleaner, and smarter mobility solutions without prohibitive costs or delays.
- There will be a steady availability of skilled labour and professionals with the necessary expertise in green technologies and sustainable practices to support the project's objectives.
- Public and private sector stakeholders will maintain a high level of engagement and cooperation throughout the project lifecycle.
- Technological advancements in green technologies will continue at a pace that supports the project's implementation timelines and objectives.

### 3.5. Intervention Logic

The underlying intervention logic for this action advances that IF activities—including consultations, feasibility studies, training programmes, and the establishment of partnerships—are successfully undertaken AND IF key assumptions such as stakeholder cooperation, the availability of funding, and public acceptance hold true, THEN the planned Outputs will be realized. These Outputs include the enhancement of the regulatory framework, the introduction of sustainable urban mobility solutions, the development of circular common hydrogen infrastructure, and the digitalization of circular textile infrastructure.

IF these Outputs are delivered AND IF assumptions at the output level, such as the implementation of recommendations, adherence to quality standards, and successful stakeholder engagement, hold true, THEN the Outcomes, including more decarbonised transport and businesses, will be realized. This expectation is based on evidence and past experiences that suggest comprehensive public private partnerships, enhanced

infrastructure, and capacity building lead to more sustainable practices and innovation in mobility and production processes.

IF these Outcomes are achieved AND IF assumptions at this level, such as sustained policy support, ongoing investment in green technologies, and continued public and private sector engagement, hold true, THEN the action will contribute to the desired Impact of fostering green growth and creating green jobs. This is BECAUSE enhanced connectivity and reduced environmental footprints directly contribute to economic growth, innovation, and job creation in sustainable sectors, as has been demonstrated by similar initiatives globally.



**3.6. Indicative Logical Framework Matrix**

Results	Results chain	Indicators (max. 15)	Baselines (value and year)	Targets by the end of the budget support contract (2028)	Sources of data (1 per indicator)
<b>Indicative Impact of the policy</b>	Enhance decarbonisation efforts in Jordan while fostering green growth and green jobs that benefit all of society.	% of carbon emissions from the transport sector as per updated NDC	28% (2016)	21%	Ministry of Transport Reports
		# of companies contributing to climate mitigation	57 (2023)	120	Ministry of Environment Report
<b>Expected Outcomes of the policy</b>	SO1: Enhanced connectivity and use of cleaner, greener and smarter mobility and regional mobility in the country.	% of additional urban transport users per year, disaggregated by sex and age (OPSYS predefined indicator).	TBD	TBD	Ministry of Transport Reports
	SO2: Increased indirect employment and adoption of greener and low carbon footprint production processes by businesses in chemicals (incl. fertilizer), aluminium, hydrogen, textile and food production value chains.	share of indirect FTE jobs supported under Jordan's initiative to create 1 million jobs by 2030 as outlined in the Economic Modernisation Vision, disaggregated by sex, age, disability and country/region whenever possible (ILO's model for estimating indirect jobs using data from the progress report). (EFSD+).	0	0.2%	Project reports
	SO3: Improved business environment for the nascent hydrogen value chain in Jordan and for EU investment deals in the clean tech sector	% of companies with ongoing activities in the hydrogen value chain.	0 (2024)	TBD	Ministry of Energy Reports
		Share of clean tech investment deals concluded by EU companies in Jordan	TBD	TBD	Category to be added to EU Survey and Mapping of EU investments in Jordan

<b>Induced Outputs</b>	SO1: Improved cleaner, affordable, accessible, predictable, healthier, gender smart urban mobility alternatives;	Length (km) of new or upgraded urban transport lanes/network (OPSYS predefined and EFSD) constructed with EU support	0 (2024)	TBD	Ministry of Transport Reports
	SO1: Enhanced regulatory framework in rail transport to support regional connectivity and encourage investments in the sector, including PPP.	% of PPP in the railway sector increased	0 (2024)	TBD	Ministry of Transport Reports
<b>Direct Outputs</b>	SO1: Improved opportunities for effective and participatory dialogue within the transport sector in Jordan.	# of dialogues hosted by MoT with at least 60 relevant government, private sector and user representatives, of the transport sector.	0	8	Ministry of Transport Reports
	SO2: Increased opportunities for R&I driven carbon-reducing partnerships between Jordanian, Regional and European entities.	# of Horizon Europe proposals submitted with the support of the EU where Jordanian entities participate	0	8	Horizon Europe Reports
	SO2: Increased understanding of carbon pricing, including carbon markets and carbon taxes.	TBD	TBD	TBD	TBD
	SO2: Up-scaled technical capacities of local experts.	# of staff in the businesses sector, disaggregated by type of supported entity, type of support, by sex and age (EFSD+)	TBD	TBD	Project reports
	SO3: Established common hydrogen infrastructure.	# of components completed	0 (2024)	TBD	TBD
	SO3: Established decentralized circularity infrastructure hubs, piloted.	# of decentralised circularity hubs piloted	0 (2024)	TBD	TBD
	SO3: Circular economy practices for water piloted within the hydrogen value chain.	# of innovative circularity solutions tested	0 (2024)	TBD	TBD

## **4. IMPLEMENTATION ARRANGEMENTS**

### **4.1. Financing Agreement**

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

### **4.2. Indicative Implementation Period**

The indicative operational implementation period of this action, during which the activities described in section 3.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this financing Decision and the relevant contracts and agreements.

### **4.3. Implementation of the Budget Support Component**

#### **4.3.1. Rationale for the Amounts Allocated to Budget Support**

The amount allocated for the budget support component is EUR 22 000 000.00, and for complementary support is EUR 19 000 000.00. This amount is based on a review of Government budgetary estimates as per the Draft General Budget Law for the year 2024 for the components supported through EU's budget support, validated against the costs and existing funding sources for ongoing projects under the responsibility of the concerned line Ministry (Chapter 3101 Ministry of Transport<sup>32</sup>). The amount allocated for recurrent expenditures, including legal drafting, staff training and mentoring, the implementation of specific projects, monitoring and evaluation systems, and eventually procuring supplies and/or infrastructure, is increasing from approximately EUR 3,500,000.00 in 2022 to EUR 4,800,000.00 in 2026. The amount allocated for capital expenditure is set to increase from approximately EUR 30,000,000.00 in 2022 to EUR 47,000,000.00 in 2026, representing a 56.7% increase. The capital expenditure allocated for the implementation of specific projects, such as establishing a national railway network and conducting transport development studies, are projected to quadruple between 2022 and 2026.

In terms of funding gap, the Transport Sector Strategy for 2024-2028 list of projects worth approximately EUR 360 000 000.00 that require full funding across all transport sectors incl. Road Network, Passenger Transport Services, Sustainable Urban Transport, Road Freight Transport, Rail Transport, Maritime Transport and Ports, Air Transport as well as Meteorology. With the proposed action, the EU is becoming an important partner of the MoT in supporting its decarbonisation efforts.

Specific Objective 2 of this action focusing on green production processes does not directly fall under the implementation of the budget support component but contributes to the overall objectives of the programme. This explains why the complementary support under this action is quite high in relation to the budget support intervention.

#### **4.3.2. Criteria for Disbursement of Budget Support**

##### **a) Conditions**

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

- Satisfactory progress in the implementation of the Transport Sector Strategy for 2024-2028 and continued credibility and relevance thereof or of the subsequent policy.

---

<sup>32</sup> <https://www.gbd.gov.jo/uploads/files/gbd/draft-min/2024/en/3101.pdf>

- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement that may be used for variable tranches may focus on the following policy priorities:

- Green and clean transport sector;
- Smart transport sector;
- Gender smart transport sector.

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

#### c) Modifications

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante or at the latest by the end of the first quarter of the period under review applicable to the indicators and targets.

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

#### d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

### 4.3.3. Budget Support Details

The following disbursement calendar and profile proposed for the action is indicative. The actual disbursement calendar and profile will be set out in the financing agreement and may remain subject to change.

	<b>Year 1 2025</b>	<b>Year 2 2026</b>	<b>Year 3 2027</b>	<b>Year 4 2028</b>	<b>Total</b>
Fixed tranche in MEUR	5	0	0	0	5
Variable tranche in MEUR	0	5	5	7	17
<b>Total in MEUR</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>22</b>

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Jordanian Dinar (JOD) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

## **4.4. Implementation Modalities**

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>33</sup>.

### **4.4.1. Direct Management - Twinning Grants**

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

The grant will contribute to achieving Specific Objective 1 - Improve connectivity through cleaner, greener and smarter mobility (incl. technical assistance and compliance with budget support conditions reviews).

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

Applicants must be EU Member State administrations or their mandated bodies.

### **4.4.2. Direct Management - Procurement**

Procurement will contribute to achieving Specific Objective 1 - Improve connectivity through cleaner, greener and smarter mobility.

### **4.4.3. Indirect Management with a pillar-assessed entity**

A part of this action may be implemented in indirect management with the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ). This implementation entails greener production processes and support to the nascent hydrogen value chain - directly contributing particularly to SO<sub>2</sub> and SO<sub>3</sub>. The envisaged entity has been selected using the following criteria: a significant, sector-relevant presence in Jordan, including core technical expertise in greening production processes and hydrogen (i), as well as logistical and management capacities (ii), with successful sector-relevant programmes previously implemented in Jordan (iii). Since 2020, GIZ has been focusing on the development of the green private sector, emphasizing approaches to the green economy that lead to employment opportunities. In terms of concrete leverage effect, technical expertise, GIZ is implementing various relevant projects: the Innovative Private Sector Development for Employment (IPSD) with the Ministry of Industry and Trade (01/24 – 06/27), Green Action in Enterprises (GAIN) with the Ministry of Environment (07/20 – 06/26), the Jordanian-German Energy Partnership with the Ministry of Energy and Mineral Resources (10/18 – 12/23), the Development Programme for Green Hydrogen Projects with the Private Sector (11/21 – 12/25), the PtX Hub with the Ministry of Energy and Mineral Resources (06/22 – 03/24), and the EU-funded regional MED GEM with the Ministry of Energy and Mineral Resources (01/23 – 06/25). Green transition generally but especially in private sector development are important topics of German development cooperation in Jordan. Water has been a priority of Jordanian-German cooperation since 2001, which is invaluable for the circularity approach anticipated for the hydrogen component of the action as water is an essential component for the production of hydrogen.

In case the envisaged entity would need to be replaced, the Commission's services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

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

If the implementation modality under indirect management as defined in section 4.4.3 cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by grants under direct management would be used.

(a) Subject matter of the grant (s): greener production processes

---

<sup>33</sup> [EU Sanctions Map](#)

b) Type of applicants targeted: local authorities, NGOs, CSOs, academic institutions and other public bodies, economic private operators such as small and medium enterprises with a particular link to the green transition. be used using the following criteria:

- Presence of the entity in Jordan;
- Core technical expertise in supporting business with greener production processes;
- Logistical and management capacities of the entity in areas linked to this action.

If the implementation modality under direct management as defined in section 4.4.1. and 4.4.2. cannot be implemented due to circumstances beyond the control of the Commission, the modality of implementation by indirect management with a pillar-assessed entity would be used according to section 4.4.3.

#### 4.5. Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply, subject to the following provisions.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

#### 4.6. Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution (in EUR)</b>
<b>Budget support</b> - cf. section 4.3	<b>22 000 000.00</b>
<b>Implementation modalities</b> – cf. section 4.4	
<b>Specific Objective 1</b> composed of	
Twinning – cf. section 4.4.2	<b>1 500 000.00</b>
Procurement (direct management)	<b>1 400 000.00</b>
<b>Specific Objective 2</b> composed of	
Indirect management with GIZ – cf. section 4.4.3	<b>4 000 000.00</b>
<b>Specific Objective 3</b> composed of	
Indirect management with GIZ – cf. section 4.4.3	<b>12 000 000.00</b>
<b>Evaluation</b> – cf. section 5.2	<b>100 000.00</b>
<b>Audit</b> – cf. section 5.3	
<b>Strategic communication and Public diplomacy</b> – cf. section 6	will be covered by another Decision
<b>Totals</b>	<b>41 000 000.00</b>

#### 4.7. Organisational Set-up and Responsibilities

A Steering Committee (SC) for the EU-Jordan Partnership for a Green Transition will form under SO1, meeting annually to guide strategic directions and programme execution. As the signatory of the Financing Agreement, the SC will be chaired by Ministry of Planning and International Cooperation (MoPIC) and co-chaired by the EU Delegation, it includes key ministry and agency (incl. Transport and Energy) representatives to foster policy dialogue and oversee the green transition efforts. The SC, serving as the pinnacle of policy

dialogue, will also incorporate private and civil society participants as appropriate, aiming to enrich the green transition dialogue. The SC's responsibilities include monitoring action implementation, progress review, coordination across areas, and guiding towards objective achievement. It approves reports and work plans, ensuring cohesive coordination among Jordanian entities involved in the action.

Additionally, a Technical Committee (TC), led by the Ministry of Transport and reporting to the SC, will convene thrice annually to support activity implementation, including technical and financial planning. It comprises the EU Delegation's technical team and invites representatives from involved institutions and partners based on discussion needs.

For the complementary measure, the EU Delegation will engage in SC and technical meetings to oversee the progress and efficacy of the Green Transition partnership activities.

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

## **5. PERFORMANCE MEASUREMENT**

### **5.1. Monitoring and Reporting**

For performance measurement and to ensure aid effectiveness, donor coordination meetings on transport shall be co-chaired by the Ministry of Transport and MoPIC. This mechanism will meet biannually to coordinate reforms.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its Outputs and contribution to the achievement of its Outcomes, and if possible at the time of reporting, contribution to the achievement of its Impacts, as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Arrangements for monitoring and reporting, including roles and responsibilities for data collection, analysis and monitoring:

- The monitoring framework for the implementation of national and sectoral policies is generally robust. For the monitoring of the progress under the EMV, the Prime Minister's Delivery Unit (PMDU) was established to follow up the most important initiatives proposed and overcome the obstacles facing their implementation in order to assure commitment and effective implementation;
- MoPIC is the main Government institution in charge of national and multi-sector planning. Its main role is to reflect the national development policies into sector strategies and to ensure the overall coordination of international donors;
- As far as the Transport Strategy is concerned, MoT will coordinate the execution of the implementation plan in collaboration with the ecosystem;



- The EU will rely on national statistical systems and official published reports but will also ensure close monitoring through the technical and steering committees and cross-checking data with other ongoing programmes, in particular the Reform Matrix.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action (addressing the improvement of monitoring and evaluation skills), and will guide the focus of the EU Technical Assistance towards ensuring cross-sectoral alignment and gradual enhancement and elaboration of the green growth monitoring and reporting system in Jordan.

## 5.2. Evaluation

Having regard to the nature of the action, a final evaluation will be carried out for this action or its components via independent consultants.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that how the different components are interlinked and how they contribute to the overall objective of this action and its sustainability.

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

The Commission shall inform the implementing partner at least 1 month in advance of the dates envisaged for the evaluation exercise and missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination<sup>34</sup>. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

## 5.3. Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

## 6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

All entities implementing EU-funded external actions have the contractual obligation to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. To that end they must comply with the instructions given in the 2022 guidance document [Communicating and raising EU visibility: Guidance for external actions](#) (or any successor document).

This obligation will apply equally, regardless of whether the actions concerned are implemented by the Commission, the partner country, service providers, grant beneficiaries or entrusted or delegated entities such

<sup>34</sup> See best [practice of evaluation dissemination](#)

as UN agencies, international financial institutions and agencies of EU Member States. In each case, a reference to the relevant contractual obligations must be included in the respective financing agreement, procurement and grant contracts, and contribution agreements.

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

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

Communication and visibility activities might be coordinated with Jordan's communication on the policy itself and/or its results. Strengthening Jordan's capacities to communicate on its policy, on the related actions and on the expected/achieved results may also be considered in this context. Actions related to communication and visibility will be coordinated with the strategic communication actions of the EU Delegation, to ensure coherence of narrative and message, as well as horizontal strategic communication.

## Appendix 1: IDENTIFICATION OF THE PRIMARY INTERVENTION LEVEL FOR REPORTING IN OPSYS

The present Action identifies as:

<b>Contract level</b> (i.e. Grants, Contribution Agreements, any case in which foreseen individual legal commitments identified in the budget will have different log frames, even if part of the same Action Document)		
<input checked="" type="checkbox"/>	Single Contract 1	SO1 – Budget Support
<input checked="" type="checkbox"/>	Single Contract 2	SO1 – Twinning
<input checked="" type="checkbox"/>	Single Contract 3	SO1 – Procurement
<input checked="" type="checkbox"/>	Single Contract 4	SO2 Greener production processes & SO3 Hydrogen - Indirect Management