

## Action Fiche for Jordan

### 1. IDENTIFICATION

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

### 2. RATIONALE

#### 2.1. Sector context

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

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

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

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

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

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

## **2.2. Lessons learnt**

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

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

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

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

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

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

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

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

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

### **2.3. Complementary actions**

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

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

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

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

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

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

- Better regulations.

## **2.4. Donor coordination**

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

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

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

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

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

## **3. DESCRIPTION**

### **3.1. Objectives**

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

Four specific objectives have been identified:

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

### **3.2. Expected results and main activities**

The Programme will aim at achieving the following results:

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

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

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

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

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

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

### **3.3. Risks and assumptions**

#### **Assumptions:**

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

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

**Risks:**

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

### **3.4. Crosscutting Issues**

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

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

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

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

### **3.5. Stakeholders**

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

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

Ministries and institutions identified as beneficiaries under previous programmes include:

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

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

#### **4. IMPLEMENTATION ISSUES**

##### **4.1. Method of implementation**

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

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

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

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

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

<b>Works</b>	<b>Supplies</b>	<b>Services</b>	<b>Grants</b>
< EUR 300,000	< EUR 150,000	< EUR 200,000	≤ EUR 100,000

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

#### 4.2. Procurement and grant award procedures/programme estimates

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

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

##### 2) Specific rules for grants

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

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

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

#### 4.3. Indicative budget and calendar

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

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

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

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

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

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

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

#### **4.4. Performance monitoring**

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

#### **4.5. Evaluation and audit**

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

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

The audit missions should verify the following:

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

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

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

#### **4.6. Communication and visibility**

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

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