

## ANNEX

### Annex 1

#### **ACTION FICHE JORDAN**

#### **1. IDENTIFICATION**

Title/Number	<b>Support to the Employment and TVET (E-TVET) strategy</b>		
Total cost	EC contribution EUR 35 Million		
Aid method / Method of implementation	Sector Policy Support Programme: Sector budget support (centralised management)		
DAC-code	16110 (Employment policy & admin management) 11330 TVET (Vocational Education and Training) 11430 (Advanced technical & managerial training)	Sector	Employment and TVET

#### **2. RATIONALE AND COUNTRY CONTEXT**

##### **2.1. Country context and rationale for SPSP**

###### **2.1.1. *Economic and social situation and poverty analysis***

Jordan is a small lower-middle-income country, with a nominal per capita income of slightly above \$2,500 in 2008. Recent economic performance has been impressive. Despite a series of external shocks GDP growth averaged 6.5% over 2001-08 and is projected by the IMF to continue albeit at a smaller rate. Inflation, as for many countries was fuelled by oil and food prices reaching 17% for 2008 (and estimated 7% in 2009). Jordan has emerged as a hub for activities in Iraq and a safe haven for regional investors. However, the economy continues to be at risk of imbalances that stem mainly from the gap between resources and population (the annual population growth is 2,2%). This has led to distortions in the budget and in the current account of the balance of payments, as well as insufficiency of national income to meet total consumption. The level of external debt and debt-service burden uses up a large portion of Jordan's resources, and moves the country away from the priority need for expenditure on development interventions. IMF takes a prudent view on Jordan's medium-term economic outlook. Fiscal discipline will remain a high priority. The impact of global economic developments is expected to remain manageable, and the decline of commodity prices will ease pressure on trade deficit, budget as well as inflation. Gini index grew from 0.391 to 0.399 in 2006.

###### **2.1.2. *National development policy***

The Jordan National Agenda 2006-2015 is the outcome of a wide consultation process. Its main objective is to improve the well being of all Jordanians through raising living standards, providing social welfare and security, creating new jobs opportunities and securing basic freedom and rights. The first three national objectives of the Agenda are (i) to develop a thriving economy open to other regional and world markets, (ii) Jordanians will be well prepared for lifelong learning and progressively in higher-value-added occupations and (iii) the economy will absorb the growing inflow of Jordanian workers into the active population. It focuses on 25

economic sectors (including education and training, water, tourism pharmaceuticals). Jordan's socio-economic transition is described in 3 phases calling for a focus on productive employment for all in the period 2007-2012, upgrading and strengthening the industrial base between 2013 and 2018 and world-class competition in the worldwide knowledge economy from 2018 onwards. The first phase priorities are to (i) promote labor-intensive and export oriented industries; (ii) eradicate structural unemployment, and (iii) expand significantly demand driven vocational training and employment support.

Regarding Employment and training, the Agenda states that "unless employment support is aligned with investment development strategies, unemployment will continue to grow and could exceed 20% by 2015. Employment challenges are: 23% of the population will reach working age in the coming 10 years (around 1,3 million Jordanian) and that Jordan economy has not been developing fast enough to absorb the annual inflow of job seekers. The situation is worsened by the fragmentation and inefficiency of job placement agencies, the poor performance of the vocational training system, which lack private sector participation and has weak linkages with labour market. It is stated that this unemployment challenge can be drastically reversed by restructuring the vocational training and employment and labour market institutional settings, and launching targeted employment programs".

Jordan has established a track record for undertaking reforms, one reason for having received significant support from the donors and the IMF, from whose programmes it has successfully exited. EC's experience of budget support programmes in Jordan has been positive. In line with the National Agenda for development (NA), the Government of Jordan has elaborated designed a reform strategy in the field of E-TVET (Employment and Technical Vocational Education and Training) with a high degree of ownership and stakeholders participation. The Ministry of Labour was given the main responsibility for the set up and implementation of the ETVET reform.

## **2.2. Sector context: policies and challenges**

With a population of about 5.9 million growing at 2.2% per annum, Jordan's ability to transform into a knowledge-based economy will be determined by the contribution capacity of its young (72% of the population are below the age of 29) and growing population. Although education and training have always ranked high on the government's development agenda, the educational and training systems are yet to meet the evolving labour market requirements of excellence, competitiveness, and productivity. The size of the labour market is about 1.5 million and the dependency ratio 1/4. Almost 77% of workers are in the services sector, 14% in industry, 6% in construction and only 3% in agriculture. 94% of enterprises have four workers or fewer and account for around half the total workforce. The public sector employs a third of the labour force. The informal economy is increasing faster than the formal one with a high participation of foreign labour. GoJ is looking for options to substitute foreign workers with Jordanians. Growth is strong and many new jobs are being created while unemployment (particularly of educated young people and women) is still high (13.1 % in 2007, IMF). This indicates a mismatch between the needs of the labour market and the provision of skills. Most job growth occurs at the highest and lowest ends of the occupational spectrum, whereas mid-level occupations see little or negative growth. Three main reasons explain this: the creation of jobs away from where workers live; the choice of employers to employ non-Jordanian

workers (lower costs and higher productivity); and high expectations of Jordan workers vis-à-vis the labour market. In 2006, the unemployment rate was 14%; 52% for people aged 15-24 and higher for educated young women. In 2007, 26 % of women were unemployed (men: 10.1%). Progress achieved in female education has not been translated into participation of women in the labour market (14.6% of workers, one of the lowest rates in the world).

The National Agenda recommends the global restructuring of the Human Resources institutional setting, including the establishment of inter institutional bodies (Ministries of Planning, Finance, Education, Higher Education, Labour), which allow the joint steering of the reform, namely:

- (i) **an umbrella Council**, the Higher Council for Human Resource Development (HCHRD) under the Chairmanship of the Prime Minister (draft bylaw under preparation).
- (ii) the **E-TVET Council** under the Chairmanship of the MoL (in place since October 2008)
- (iii) the Quality control and Certification Agency (approved in August 2008 by the E-TVET Council).

The E-TVET reform principally involves three ministries (Education, Labour and Higher Education) and several other institutions including social partners. The main priorities of the Agenda translated into the ETVET strategy include improving employability of labour force and first job seekers, reducing the high rate of unemployment, addressing the mismatch between labour supply and demand, increasing the participation rate of women in the labour market, developing a coherent approach to poverty reduction and reducing inequalities of participation in the labour market. Discussions on the reform of the sector are based on the radical changes proposed by the National Agenda, especially the move to a demand-driven TVET system with full participation of businesses and their representatives.

The expenditure and budget reform is dealing with many aspects starting with budget preparation to budget execution and including auditing and monitoring. The **MoF has started to work on a Medium Term Expenditure Framework** to achieve better allocation of inter institutional resources and better planning over the medium term. A project improvement on cash management has been implemented; a new budget classification is applied this year for the budget preparation of 2008-2010 according to IMF international classification of 2001. Chart of Accounts is being finalized which is considered as essential to the improvement of budget management, recording, and reporting. A 20 M global system (Government Financial management Information System) for managing public finances is going to integrate MoF and line ministries. It will allow more efficient control over expenditure and more transparency. The implementation of MTEF and Results Oriented Budgeting (ROB) will in time help to better relate the E-TVET strategy and plans to resource allocation and results monitoring.

According to suggestions of QSG 1, the ECD has provided the E-TVET Council with a first overall assessment of the cost of the ETVET reform. The expenditure in 2008 was of 57.013 M JDs For the period 2009-2013, according to the current plans,

it will be of around 273.222 M JDs<sup>1</sup>. Donors have come recently to support the reform and most of their intervention are starting now or about to do it, the biggest one is the recently approved SIYAHA II project of USAID (27 M \$). Contributions from the private sector to the ETVET fund (1% of companies' benefits, for training) are expected to decrease due to the impact of the global crisis. The financial analysis of the reform indicates that there are distortions in terms of benefits given by some training programs, and concerns on the sustainability of specific interventions (eg Army-run construction sector training project). All stakeholders (E-TVET council too) recognise the need to reinforce their costing and financial programming capacities. With EC support, the MTEF 2010-2012 will be developed by the ETVET council, with the involvement of all reform actors and under the leadership and validation of the Ministry of Finance (General Budget Department). It is expected that this will help correct the matching of resources to the real needs from a results oriented and sound financial management approach.

### **2.3. Eligibility for budget support**

Public Finance Management has been assessed in 2007 using the PEFA methodology, an initiative initiated and funded by the EC Delegation (ECD), with very positive conclusions, particularly in terms of transparency. The positive assessment of the 28 indicators encourages us to use Budget support in Jordan. PFM reform is a key driver of public administration reform.

The improved fiscal position and privatisations have contributed to a continued fall in the public-debt:/GDP ratio. Government and government-guaranteed net debt has fallen from 88.5% of GDP at end-2004 to 60% in April 2008, with the external debt component falling from 66.2% to 25% over the same period. Given Jordan's recent dynamic performance, the government's external debt service burden has been alleviated. The reduction of the debt has culminated with the pay-back of 2.4 billion USD to the Paris club in 2008. There are some concerns on the deficit, and the need to tighten fiscal discipline to ultimately further reduce the debt and reliance on donors, thus vulnerability. The authorities' plans to maintain a tight macroeconomic policy stance will help reduce external and fiscal vulnerabilities<sup>2</sup>. Jordan's record in implementing previous EC programmes through Budget Support and IMF programmes has been reasonably successful.

### **2.4. Lessons learnt**

The experience of the ECD with budget support is that some line Ministries preferred the project approach because it allows them to receive the funds directly. The new paradigm has required, in some cases, long time to be fully understood. With the *Programme in support to the Education Reform* (SBS operation) the EC was able to introduce the notion of MTEF (fully in line with MinFin macro and PFM projections). This experience proves useful (MinEduc is an important stakeholder in the ETVET Council) to introduce the concept of MTEF in line with global ROB also for the ETVET. In the past, occasionally, wrong baselines in the financial agreements have created difficulties when assessing the performance of the programme. Critical analysis of past experiences also point out to the importance of ensuring local ownership, mutual agreement on the reforms, and realism of what can be achieved

---

<sup>1</sup> Excluding the NET construction sector training project and DEV fund.

<sup>2</sup> <http://www.imf.org/external/np/ms/2008/111608.htm>

within a given time frame. The need of strengthening the link between the planning of tranches disbursement and the public financial management cycle is another lesson learned. Coordination amongst different stakeholders can be difficult and that will be a challenge for this reform.

### **Complementary actions**

EC interventions to support enterprise development, poverty reduction and decentralisation (PALD), Education Reform (including socially focussed vocational education), Public Financial Management, water sector projects, etc, are fully complementary with the approach and activities of the programme.

### **Employment and TVET**

Given the main responsibility of Min of Labour for the ETVET reform, the EC has supported its restructuring since 2007 (reducing the number of directorates from more than 16 to 6) and is currently supporting its capacity with new managers and key staff in improving their strategic planning and management capacities (project ends in May 2009). Other interventions have been identified for preparation of the Support to E-TVET strategy with SAAP 3 funds in the second semester of 2009 (preparatory studies, decentralisation of MOL, support to 2010-2012 ETVET sector MTEF, etc). ETF has supported the reform first steps with specific projects (TVET indicators development, support to social partners HRD units, gender studies, NQF, etc).

A number of donors are supporting the sector under the coordination of the ETVET secretariat, creating synergies with the EC programme, namely CIDA with the "Best" Project (6 M CD\$ supporting the E-TVET council secretariat and the E-TVET fund's change in procedures and management), World Bank with its "Employer Driven Skills Development Project" (7.5 M \$ Loan focusing mainly on DCU, secretariat and VTC management restructuring and private sector participation), USAID (SABEQ project to support the first phase of MOL local offices, and SIYAHA II for development of the tourism sector with more than 27 M \$ till 2013), JICA and KOIKA (on pilot Centres), ILO supporting the employment strategy and new social security overall scheme (maternity leave, employment benefits), GTZ with PPP programme. Some MS have interventions linked to the sector like Denmark (on promoting women access to labour market<sup>3</sup>), and others have indicated interest in supporting the sector (UK, Netherlands, France, Italy, etc).

### **Skills and Training needs in crucial economic and strategic sectors**

Three sectors have been identified, in consensus with GoJ, private sector and donors, during the formulation phase, as new, innovative and employment friendly, needing state-of-the-art training.

#### **Water sector**

Jordan is one of the four most water stressed countries in the world. Moreover, the loss of water in the pipes is estimated at around 40%. Technicians and operators are vital in preventive maintenance and the longevity of infrastructure, the safety and quality of drinking water and of waste water discharged into the environment. Better training through the establishment of a Vocational Centre for Water and Environment will save money, and enhance performance and water quality and

---

<sup>3</sup> Engendering the Public Sphere' promotes women's access to labour market (among other things).

availability. The EC is one of several donor supporting the sector<sup>4</sup> (with USAID, GTZ, AFD, etc). A feasibility study<sup>5</sup> has been produced and a task force created to advance with the proposal (with private sector and EC).

### **Pharmaceutics sector**

The pharmaceutical sector is one of the most dynamical sectors of the country and employs mostly Jordanians. The association of pharmaceutical industries (with more of 18 companies) is behind the promotion of a quality centre for pharmaceutical training and testing (with a regional perspective). The plans for the implementation of the project are well advanced.

### **Renewable and alternative energies**

The EC is the key actor in this field in Jordan and will be more so with the upcoming Capacity-Building in Wind Energy and Concentrating Solar Power (WECSP) project that tries to promote renewable and alternative energies (mainly industry oriented). The programme will complete the efforts made by WECSP and other EC initiatives in this area by focusing on the provision of trained workforce to deal with these technologies and energy efficiency (especially at the household level), promoting them to reduce energy dependence of the country whilst fostering job creation.

## **2.5. Donor coordination**

The Ministry for Planning and International Cooperation (MOPIIC), as part of its ongoing efforts to further enhance donor coordination, chairs ten sectoral working groups to establish a structured and technical level dialogue with donors on developmental needs and priorities, and better coordinating assistance efforts. One of them focuses on education and vocational training. In addition, the Donor/Lender Consultative Group (DLCG), of which the UN holds the secretariat, has established six thematic groups, in which EC and EU Member States (MS) play an active role. One of them, deals with education and Human Resources Development, including E-TVET.

To date, the EC is the only donor supporting the ETVET reform by following the SWAP and SBS modality and thus, avoiding the creation of an additional external project management unit. All other donors (CIDA, WB, JICA, KOIKA, USAID) rely on their procedures, TA and PMUs. **The ECD is therefore providing support (and this is one major aim of the present sector support program) to ensure over the medium term the national capacity to sustain the reform by reducing the reliance on external TA of the Jordanian Institutions, in particular those in the HRD sector.** During the identification and formulation phases, several meetings took place with MS to discuss on the reform and on possible modalities and focus of the intervention. Other meetings with donors in the sector were held to ensure articulation with other actors.

---

<sup>4</sup> 5 M water sector project until 2009. 12 M 2008 Zarqa water project running. 10 M project being identified.

<sup>5</sup> Funded by GTZ

### 3. DESCRIPTION

#### 3.1. Objectives

The main priorities of the National Agenda focus on raising employment rates and labour force participation in the labour market and employability (see above under 2.1.2) in particular of women. As regards employment and demand driven vocational and technical education and training, the major objectives of the NA for the period 2007-2012 are: 1) To promote labour-intensive and export-oriented industries 2) To tackle structural unemployment. 3) To expand significantly demand driven vocational training for better employability and to promote employment.

The ETVET sector reform is strictly linked to the NA. The reform objective is to provide Jordanians with opportunities and competences to support the competitiveness and social cohesion of the country.

The general objective of the EC 4-year ETVET sector programme is to support Jordan's ETVET reform in order to improve the relevance, efficiency, equity, as well as Institutional and financial sustainability of the Jordanian ETVET system over the long term.

The specific objectives of the intervention are both systemic and operational:

**Enhance Employment and labour market effectiveness:** Support the capacity of MoL and ETVET council in their new mandate to promote employment by: i) Reinforcing the capacity of MoL to manage and implement the new employment and labour market strategy, ii) raising the participation rate of the workforce, in particular women, to the labour market iii) Improving efficiency of job search and labour matching services, iv) Developing adequate career guidance and counselling strategy and services, and v) Enhancing capacities in providing systematic qualitative and quantitative Labour market and Human Resources Information for use in planning, decision-making and R&D in E-TVET.

**Enhance the overall quality of the TVET system by:** i) Supporting the development of the foreseen Centre of Quality Control and Certification, ii) Support the design and implementation of a national qualifications framework through pilot sectors, iii) Support the demand driven modernisation of TVET centres and the development of full fledged decentralised/local training centres of excellence in key and innovative sectors (water, pharmaceuticals, renewable and alternative energies, etc).

#### 3.2. Expected results and main activities

The expected results of the reform according to the E-TVET strategy are: Result 1: Effective E-TVET Sector Governance, planning and result oriented budgeting are enhanced; Result 2: Employment Services are improved, , Result 3: Effective and performance based funding of initial and continuing training is established, Result 4: Labour market driven quality of TVET delivery system is enhanced, Result 5: Role of the Private Sector in the planning, implementation and other aspects of E-TVET reform is enhanced and systematically ensured, Result 6: Status of Jordan E-TVET is adapted to regional and international environment and challenges.

Sector dialogue with the GoJ has allowed the identification of crucial components which contributes to the reform objectives. The activities included in the Sector Support Programme are therefore in some cases broader than those contained in the strategy itself. These include key interventions like extending the social security

coverage for all workers, the introduction of the maternity leave<sup>6</sup> and unemployment benefits funds (which are included in the new social security law, recently submitted to the Parliament); increasing the capacities of kindergarten (to incentive women with small children to access labour market); the operationalisation of the Economic and Social Council and tripartite committees to foster social dialogue, etc. These components are meant to reinforce the expected outcomes of the ETVET strategy whilst addressing the key axes of the reform itself.

Among other human resources development indicators, the release of the variable part of the progressive tranches will be linked to the following results and indicators:

- Expansion and upgrade of the network of local employment offices (with equipment and training of staff, etc) to provide better employment and career guidance and counselling services in collaboration with VTCs, MOE schools, municipalities, community colleges, etc.
- Coherent career guidance and counselling system and strategy developed and applied involving MOL, Ministry of Education Schools, Ministry of Higher Education, Universities, Municipalities, etc.
- Development of a Labour Market and HRD information and decision support systems with social partners' participation and that of other stakeholders (MOE, MHE, National Centre for HRD, etc)<sup>7</sup>.
- Increased national GER of children in kindergarten (incentive for women with children to work).
- Operationalisation of the Economic and Social Council, functioning of tripartite committee and creation of sector committees to strengthen social dialogue and matching of market needs.
- Establishment and operationalisation of the Maternity and Unemployment funds and the social security coverage (on a phased and sequence approach) of all workers until 2011.
- Higher Council for Human Resources Development operational and HRD Strategy updated.
- Establishment of a Quality Control and Certification Agency and development of qualification frameworks and curricula for pilot sectors (tourism, water, pharmaceuticals, renewable & alternative energies, ICTs, manufacturing, agriculture, etc) as inputs for a national qualifications framework.
- Establishment and functioning of at least 3 training centres of excellence in key development sectors for the country (water and environment, pharmaceuticals, renewable and alternative energies).
- Increased access for people living with special needs to ETVET services by eliminating physical barriers to E-TVET institutions and increasing initiatives for their insertion in the labour market.

---

<sup>6</sup> Maternity fund included in the current draft Social Security law. ILO feasibility and costing study for the Maternity Fund produced in 2008. According to it, the maternity fund will contribute to encourage employers to contract women, giving them better chances to join the labor market in private sectors (Currently participation of women in the private sector 12% and 37% in public sector).

<sup>7</sup> Information and decision support systems will provide data by gender, geographic location, special needs, etc

- Reinforcement of the capacities of the E-TVET and HRD councils' secretariats, MOL, Agency for Quality Control, and Labour market and HRD decision support systems.
- Consolidation of the ETVET strategy and operational plans including timeframe, targets, indicators, clear costing & funding (rolling MTEF fully in line with central ROB under leadership of MinFin).

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

#### **Risks:**

- MoL encounters difficulties with overall coordination of the E-TVET reform;
- The macro-economic and public finance situation may deteriorate due to exogenous/endogenous shocks (eg. global crisis, regional conflict, etc) and jeopardise the sustainability of the SBS.

#### **Assumptions:**

- Allocation to the sector will increase to comply with the principle of additionality by being fully consistent with macro economic and PFM medium-term forecasts of MoF.
- Public budget transfers related to the interventions of this programme and other contributions from donors are effective carried out and on a timely basis.
- Substantial TA is provided to MoF who will assist line ministries with the implementation and evaluation of the results-oriented approach.
- Social Security law and coverage for all workers, maternity and unemployment funds are approved before 2010.
- The E-TVET Council will meet regularly and the HCHRD will be operational from 2009.

### **3.4. Stakeholders**

The ultimate beneficiary is the Jordanian society (especially women and people with special needs) who will receive opportunities of better employment services, improved technical and vocational training provided through different modalities and incentives for accessing labour market.

Among the main beneficiaries of the Programme we can highlight:

- E-TVET Council and the future Higher Council for Human Resources Development along with their respective secretariats and the National Centre for Human Resources Development (NCHRD).
- Ministries of Labour (including VTC/vocational training centres) and Education
- Agency for Quality Control and Certification.
- Social Security Corporation (SSC)
- Social Partners (Trade Unions and Entrepreneurs)

Other stakeholders of the reform are: The E-TVET fund, Al-Balqa applied university, private training providers, Ministry of Social Development, etc. MOPIC and Ministry of Finance will play a vital role in the planning, coordination and funding of the programme.

### **3.5. Crosscutting Issues**

#### **Gender**

Different factors (cultural and policies-, employers disincentives to hire women, etc) are behind the 14.6% of participation of women in the labour market (one of the lowest in the world). This impact indicator is out of the direct scope/length of the SPSP. However, the programme aims at tackling it through the monitoring of the access of women to employment programs and TVET (information and decision support systems and indicators will be broken by sex) and the promotion of incentives for the access of women to work, like the establishment and application of a new maternity fund and the expansion of MOE kindergarten network.

#### **Poverty alleviation and local development**

The present sector support program (SSP) has a substantial social inclusion dimension by targeting people living with special needs and poorer social groups. The intervention advocates socioeconomic and geographical equity at both sides of the formula E and TVET to respond to local needs. The SSP will be articulated with the 2009 Project in support to the municipalities and local development under preparation, so as to better complement recent GoJ decisions to enhance job creation, employability and local development as a response to the financial crisis. MOL local offices will network with MOE schools, municipalities, community internet centres and NGOS to provide, information on labour market and training opportunities, employment services, career guidance and counselling as well as on access to funding for job creation initiatives at local level.

#### **Good governance**

The reform includes the coordination of different entities (either from public or private sectors) to secure the sound policy formulation and implementation of the strategy and policies. Stakeholders and social partners are represented in the key decision instances and will play a decisive role in the new labour market and HRD decision support systems. The programme will further promote good governance in the ETVET system. Social dialogue will be promoted through the operationalisation of the Economic and Social Council and functioning of tripartite committee and the creation of sector committees (to better match market and specific sector needs).

#### **Environmental sustainability**

The potential of renewable and alternative energies (especially eolic and solar) has a huge potential in Jordan. Their promotion, in line with the plans of the *Mediterranean Union*, and GoJ's plans on reduction of energy dependency and poverty, is fully at centre of the SSP with interventions and indicators linked to the enhancement of technical skills through a training centre and the follow up to measures established on the energy law to increase the use of these energies at the household level.

## **4. IMPLEMENTATION ISSUES**

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

The modality will be a Sector Policy Support Programme (SPSP) in the form of a Sector Budget Support (SBS) addressing the main aspects of the reform, such as improving employment and labour market management on the one hand and the

demand driven quality and relevance of TVET delivery on the other hand by achieving the highest impact and relevance.

Technical Assistance and/or twinning in key areas (internal know how and capacities, reform costs and funding, strategic planning, information and decision support systems, etc) will be necessary to empower institutional stakeholders and allow them to fulfil their roles in the reform implementation.

All contracts and payments will be centralised. The budget of the programme in support to the ETVET reform programme will have a centralised management and be broken down as follows:

- (1) A sector budget support programme
- (2) A Technical Assistance (TA) component (long and short term).
- (3) A follow-up, evaluation and audit component,
- (4) Contingencies
- (5) A visibility and communication component

#### 4.2. Procurement and grant award procedures

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

#### 4.3. Budget and calendar

The operational duration will be 4 years. The total amount of EC support is EUR 35 million, out of which EUR 29 million is in the form of budget support and EUR 6 million as technical assistance and management supporting interventions. The EUR 29 million will be progressively disbursed directly to the Treasury in four tranches (initial fixed tranche + 3 mixed fixed/variable). The other components will have the following indicative breakdown: EUR 5 million will be earmarked for technical assistance (fully in line with the principles of the recently adopted backbone strategy), EUR 500 000 for evaluation and audit and EUR 200 000 will be earmarked for visibility and communication purposes. Finally, EUR 300 000 will be reserved for contingencies.

#### Budget

<u>Components</u>	<u>EUR</u>
<b>Budget Support</b> (initial tranche+3)	29 000 000
<b>Technical Assistance</b> (key and non key expertise)	5 000 000
<b>Audit and Evaluation *</b>	500 000
<b>Contingencies **</b>	300 000
<b>Visibility and communication</b>	200 000
<b><u>Total</u></b>	<b>35 000 000</b>

\* To be managed directly by the EC

\*\* May only be used with prior written agreement of EC

The amounts not used under the other budget lines after the Final Date for Contractualisation (d+3 clause) may be added to the last tranche of the Budget Support budget line.

#### **4.4. Performance monitoring and criteria for disbursement**

A Steering Committee of the programme, that will meet at least once a year, will be established to endorse strategic orientations, oversee project execution, and facilitate implementation of the activities. It is expected that the Director of the E-TVET council secretariat, and one representative of each of the following institutions: Ministries of Labour, Education, Finance/GBD, and Planning and International Cooperation, Social Security Corporation, private sector (Vice-Chair of ETVET council), VTC, NCHRD and Ministry of Higher Education, will be part of the committee.

One of the objectives of the programme is to create labour market and HRD information and decision support systems allowing an efficient decision making, planning and management through better data collection and analysis. This will be supported by a first TA mission and thus help the further monitoring of the strategy and of the EC SPSP. Indicators, targets, baselines and weithing will be refined during the TAPs preparation. Indicators will have clear definitions and sources of verification.

Disbursement of sector budget support will be conditioned to the stability of the macro-economic framework, efficient public expenditure management and of the implementation of the sector strategy, a regular up-date and the respect of the sector medium term expenditure framework, effective government-led donor coordination and attainment of performance indicators.

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

The implementation of the programme will be subject to regular follow-up by the EC Delegation. The ECD will be assisted by independent qualified experts who will carry at least one follow-up and supervision mission per year. Some missions will assess the level of achievement of the targets set for the different indicators according to the disbursement calendar. The programme will undergo regular ROM and an external final evaluation managed by the EC at the end of the implementation period. Dispositions of article 18 of the General Clauses of the Agreement relative to general audit by the Court will apply.

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

The EC Delegation will monitor that the EU visibility guidelines are respected, ensuring adequate perception of EU efforts among the key stakeholders and beneficiaries. Specific actions on tangible interventions like the centres of excellence or the local employment offices of MOL will have priority on the visibility strategy of the programme.