

Annex 4

ACTION FICHE FOR JORDAN

1. IDENTIFICATION

Title	Support to the implementation of the Action Plan II (SAPP II) – ENP/2008/020-478		
Total cost	20 M €		
Aid method / Management mode	Project approach – <i>decentralised</i>		
DAC-code	43010	Sector	Multisector aid

2. RATIONALE

The entry into force of the Association Agreement on 1 May 2002 introduced a new dimension of enhanced EU-Jordan cooperation in the political, economic and social spheres. The EU-Jordan relationship has been strengthened by the implementation of the European Neighbourhood Policy (ENP) and the signing of the EU-Jordan Action Plan on 11 January 2005. The Action Plan, adopted for a period of five years, aims to support national reform objectives while further integrating Jordan into European economic and social structures.

Significant efforts have been undertaken to bring the Association Process rapidly up to speed. Intense institutional cooperation between Jordan and the EU enables experts from both sides to agree on specific measures and deliverables and discuss possible obstacles. 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.

Three programmes have been designed specifically to support the implementation of the Association Agreement (SAAP) and Action Plan (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 deriving 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 three 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 Ministry of Planning and International Cooperation (MoPIC), which manages the Programme, responds to the conclusions of this Committee and Sub-Committees. This linkage offers a practical way to continuously keep the Programme well oriented towards its overall objective.

As an outcome of the above mechanism, the Government of Jordan requested the EU, during the 7th Association Council meeting, held in Brussels on 10th November 2008, to enhance the relations between Jordan and the European Union by way of according Jordan "an Advance Status". A paper was presented setting the

background for the upgraded relationship, exploring the way to enhance the political dimension and to deepen the economic relationship, exploring the possibilities for Jordan to benefit from EU agencies and programmes and covering the human dimension and cultural interaction of the future cooperation.

The present project is designed to continue the above initiatives, keeping unaltered the design of the previous programmes, having the overall objective of supporting the Jordanian administration in the implementation of the EU-Jordan Action Plan and in enhancing EU-Jordan cooperation.

2.1. Sector context

In recent years, Jordan has embarked on an ambitious process of political reform whilst maintaining commitment to developing the EU-Jordan partnership through the 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 3-year Executive Programme (2007-2009) for *Kuluna al Urdun*/National Agenda was prepared in 2007, keeping the reform initiatives focused on concrete actions, with related budget allocations. The Executive Programme supports a bold reform and modernisation of the country's economic, institutional and political infrastructure. It included 833 programmes and projects with a total expected cost of JD 2.6 billion over the years 2007-2009, covering priority economic and developmental programs and projects.

Actions identified under the Executive Programme were included in the Jordanian state budget for 2007 for a total cost of JD 804 million. Executive Programme projects were also included in the 2008 budget for an approximate value of JD 921 million.

In this context and taking into consideration Jordan's determination to move forward with the reforms and projects stipulated in the Executive Programme 2007-2009, as well as taking into consideration the emerging socioeconomic needs and challenges, the Executive Programme was extended to cover the period 2009-2011. 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, 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.

2.2. Lessons learnt

The Support to the Association Agreement Programme was initially developed in 2002 to enhance Jordan's capacities to take full advantage of the EU-Jordan Association Agreement in to the area of trade. The demand-driven approach has broadened the programme objectives in the design of SAAP II, moving from economic and technical issues related to trade, to other areas of cooperation identified in the Action Plan and to new priorities emerging from the subcommittee dialogue.

A mid-term review of SAAP confirmed the relevance and impact of the programme and each project under it. Deficiencies in the start-up were corrected during implementation, thanks also to considerable efforts by the Ministry of Planning and International Cooperation to build capacity within the Project Administration Office (PAO), enabling the PAO to manage its planning, coordination and management tasks.

The availability for the Government of Jordan of an Operational fund to be utilised in a flexible and dynamic way to support the implementation of the Association Agreement and of the Action Plan has proved to be a key instrument in upgrading the Jordanian public institutions and in the approximation of policies and regulations in the sectors concerned.

The fund allows for adapting actions taking account of progress made and newly identified priorities. In addition, the fund offers the possibility to adapt the implementation methodology - technical assistance or twinning - to the institutional capacity and needs of the final beneficiary, thus increasing the efficiency of the assistance delivered and the sustainability of the results achieved. Complementary support in upgrading the laboratory and infrastructure of the final beneficiaries has allowed the EC to have a comprehensive approach towards identified problems, increasing the effectiveness and sustainability of the aid.

A mid term review of the results achieved under the Action Plan and under the Country Strategy 2007-2013 is under implementation during 2009, the results of which, together with the results of the final evaluation of SAAP I, will be taken in due consideration in the preparation of the programme estimates and of the projects to be financed out of SAPP II.

2.3. Complementary actions

The SAPP, "being a small 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 EC support provided through budget support programmes (Structural Adjustment Facilities, Support to Poverty Reduction through Local Development, Sector Reform Facility, Support to the Implementation of Kulluna al Urdun, Support to Public Finance Management Reform and Support to the Employment and TVET Reform).

SAPP activities will be coordinated with the activities implemented under the "Service Modernisation Programme", the "Trade and Transport Facilitation Programme" and the "Support to Enterprise and Export Development Programme".

The assistance mobilised through TAIEX (Technical Assistance Information Exchange) 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 approximation, application and enforcement of EU legislation.

The SIGMA Programme, Support for Improvement in Governance and Management, will offer further support to Jordan in its reform efforts. The programme is a joint initiative of the Organisation for Economic Cooperation and Development (OECD) 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 regulation

2.4. Donor coordination

The proposed project is fully in line with the Paris Declaration, since the "on demand" mobilisation of assistance allows the EC 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 "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. The EC assumed the chairmanship at the end of 2007.

In parallel, the Ministry of Planning and International Cooperation (MOPIC) established nine donor coordination working groups in July 2007. The groups aim at providing a "structured and technical level dialogue with donors on Jordan's development needs and priorities". They include representatives from MoPIC, the line ministries and the donors, and have met several times.

In addition, regular coordination meetings with donors, and EU Member State participation in the subcommittees, ensure mutual information 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 EC, is regularly updated by the EU Member State Embassies and the EC Delegation in Jordan.

Coordination with the World Bank and the 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 Action Plan.

Four specific objectives have been identified:

- (1) 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;
- (2) To enhance the efficiency of the entities involved in the implementation of the Action Plan and the ENP;
- (3) To foster harmonisation of the domestic legislative and regulatory framework with EU and/or international frameworks and to facilitate subsequent enforcement;
- (4) 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 Action plan in the Jordanian administration and among the Jordanian population.

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 Action Plan.

The conclusion of the subcommittees to be held in the last quarter of 2008 and in 2009, and the finalisation of the Overall Programme Estimate for SAPP, will identify new areas of support and prioritise the requests for funding currently received by the MoPIC.

Indicatively, it is expected that a number of follow-up projects linked to issues previously addressed by twinning projects, in areas such as standards and labour, employment support structures and support to the trade sector will be implemented. It is also envisaged to open the programme to areas of the Action Plan not yet covered under SAAP, such as i) enhancing the capacity of the Parliament, ii) developing the administrative capacity of the national authorities in the field of gender mainstreaming, iii) improving the institutional environment for business and support to business-to-business dialogue, iv) supporting e-Government reform in delivering services to Jordanian Citizens and Enterprises, v) supporting local development and vi) supporting regional cooperation in the field of research (SESAME)

The order of priorities in the intervention logic and identification of new priorities to be addressed during the life of the project will be defined jointly by the ECD and the Jordanian authorities. Special attention will be paid in this phase and during the identification of the specific projects to cross-cutting issues.

The project will be implemented mainly through grant agreements (especially twinning programmes) and technical assistance contracts. Supply contracts could be approved if complementing activities under technical assistance or twinning.

In addition, SAPP II will keep financing the EU Affairs Officers Network, a network created in 2006 on the joint initiative of the EC Delegation and the Ministry of Planning and International Cooperation. Its aims are: assisting the European Partnership Section at MoPIC 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. 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 Action Plan.

Ministries and institutions identified as beneficiaries under previous programmes include:

Jordan Institution for Standards and Metrology (JISM), the Royal Scientific Society (RSS), the Ministry of Agriculture (MoA), the Jordan Food and Drug Administration (JFDA), the Ministry of Industry and Trade (MoIT), the Customs Department (CD), the Jordan Securities Commission (JSC), the Ministry of Environment (MoEnv), the Ministry of Justice (MoJ), the National Energy Research Centre (NERC), the Public Security Directorate (PSD), Department of Statistics, the Ministry of Public Sector Development (MoPSD) and the National Institute for Training (NIT), the Ministry of Labour (MoL), the Ministry of Municipal Affairs (MoMA) and Jordan Enterprise (JE).

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.

3.4. 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 Action Plan.
- The Ministry of Planning and International Cooperation 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 MoPIC.
- There is the will and sufficient resources in line ministries and institutions to address issues related to the implementation of the 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).

3.5. 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 SAPP 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.

4. IMPLEMENTATION ISSUES

4.1. Implementation method

The project's implementation modality will be decentralised management through the signature of a financing agreement.

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

The Commission controls *ex ante* the contracting procedures for procurement contracts >50.000 EUR and for all grant contracts, and *ex post* for procurement contracts • 50.000 EUR.

The 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.

Through the programme estimates, payments are decentralised for operating costs and contracts up to the following ceilings:

Works	Supplies	Services	Grants
< €300.000	< €150.000	< €200.000	• €100.000

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. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in article 21(7) of the ENPI Regulation.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. They are established

in accordance with the principles set out in Title VI 'Grants' of the Financial Regulation applicable to the general budget. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

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

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. Budget and calendar

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

Management Fund	500,000 EUR
Operational Fund	18,000,000 EUR
Audit and Evaluations (*)	500,000 EUR
Contingencies (**)	1,000,000 EUR
TOTAL	20,000,000 EUR

(*) to be managed directly by the EC;

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

The Management Fund includes provisions for the European Affairs Officers Network. The Management Fund for SAPP II 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 signing of the Financing Agreement.

4.4. Performance monitoring

Monitoring of the specific projects will be carried out by PAO staff, the focal points and the EC Delegation.

Specific indicators for SAPP could be the rate of disbursement of the operational fund and the percentage of projects achieving at least three-quarters of planned results.

Specific performance indicators for each specific project to be financed under SAPP will be developed in the formulation phase of that 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. A local audit 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 EC.

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 the contractor(s) recruited by the EC.

4.6. Communication and visibility

Appropriate communication and information activities will be planned and implemented by the Programme Administration Office 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.