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## PROPOSAL

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	19 September 2016
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union

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Subject:	ANNEX to the Joint Proposal for a COUNCIL DECISION on the Union position within the Association Council set up by the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the Hashemite Kingdom of Jordan, of the other part, with regard to the adoption of EU- Jordan Partnership Priorities and annexed Compact
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Delegations will find attached document JOIN(2016) 41 final ANNEX 1.

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Encl.: JOIN(2016) 41 final ANNEX 1



EUROPEAN  
COMMISSION

HIGH REPRESENTATIVE  
OF THE UNION FOR  
FOREIGN AFFAIRS AND  
SECURITY POLICY

Brussels, 19.9.2016  
JOIN(2016) 41 final

ANNEX 1

## **ANNEX**

**to the**

**Joint Proposal for a**

**COUNCIL DECISION**

**on the Union position within the Association Council set up by the  
Euro-Mediterranean Agreement establishing an association between the  
European Communities and their Member States, of the one part, and the Hashemite  
Kingdom of Jordan, of the other part, with regard to the adoption of EU-Jordan  
Partnership Priorities and annexed Compact**

**DECISION No 01/2016 OF THE 12<sup>th</sup> EU-Jordan ASSOCIATION COUNCIL of [DAY  
MONTH YEAR]**

**Agreeing on EU-Jordan Partnership Priorities**

THE EU-JORDAN ASSOCIATION COUNCIL,

Having regard to the Euro-Mediterranean Agreement establishing an Association between the European Communities and their Member States, of the one part, and Jordan, of the other part,

Whereas:

- (1) The Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and Jordan, of the other part, was signed on 24 November 1997 and entered into force on 1 May 2002;
- (2) Article 91 of the Euro-Mediterranean Agreement gives the Association Council the power to take appropriate decisions, for the purposes of attaining the objectives of the Agreement;
- (3) In terms of Article 101 of the Euro-Mediterranean Agreement, the Parties shall take any general or specific measures required to fulfil their obligations under the Agreement and shall see to it that the objectives set out in the Agreement are attained.
- (4) The review of the European Neighbourhood Policy proposed a new phase of engagement with partners, allowing a greater sense of ownership by both sides;
- (5) The EU and Jordan have agreed to consolidate their partnership by agreeing on a set of priorities for the period 2016-2018 with the aim of supporting and strengthening Jordan's resilience and stability while seeking to also address the impact of the protracted conflict in Syria.
- (6) The Parties to the Euro-Mediterranean Agreement have agreed on the text of the EU-Jordan Partnership Priorities including the Compact, which will support the implementation of the Euro-Mediterranean Agreement, focusing cooperation on commonly identified shared interests.

HAS DECIDED AS FOLLOWS:

*Article 1*

The Association Council recommends that the Parties implement the EU-Jordan Partnership Priorities including the Compact as set out in the Annex.

*Article 2*

The Association Council decides that the EU-Jordan Partnership Priorities including the Compact as referred to in Article 1 replaces the EU-Jordan Action Plan which entered into force in October 2012.

*Article 3*

This Decision shall enter into force on the day of its adoption.

Done at xx, [day month year].

*For the Association Council*

The Chair

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## ANNEX

### EU-Jordan Partnership Priorities plus Compact

## EU-Jordan Partnership Priorities 2016-2018

### I. Context

With a view to further strengthening the solid and multi-faceted relationship between the EU and Jordan, priorities have been identified which will guide the partnership for the period 2016-2018 with a review by the end of 2018 to look into extending it for another two years in view of political, security and economic developments. The EU-Jordan partnership priorities embody the shared goals of the European Neighbourhood Policy of a common area of peace, prosperity and stability. They embody its main features; differentiation and co-ownership; but also flexibility to allow for the adaptation to changing circumstances as agreed by the EU and Jordan. The Partnership Priorities constitute a living document and imply the fulfilment of mutual commitments, specified in the annexed **EU-Jordan Compact**.

The partnership and the priority areas of cooperation will continue to be sustained through regular high-level **political meetings**; economic, trade, justice and human rights **dialogues**; the EU-Jordan **Mobility Partnership**; **the EU-Jordan Science and Technology Agreement** and other agreements; the EU-Jordan commitment to strengthen dialogue and cooperation on **security** including countering violent extremism and terrorism; as well as the on-going **bilateral cooperation** in support of the Jordanian population.

**With the Partnership Priorities a well-established relationship is confirmed, as well as the scope for deepening the mutual engagement.**

The current context is particularly conducive for consolidating the relationship between the EU and Jordan. The EU and Jordan share **common interests and face common challenges**. **The Syria crisis has been heavily impacting Jordan since 2011, the region as well as the EU.** The EU and Jordan have confirmed shared objectives and common interests in pursuing both a peace process and a return to stability and peace in Syria while fostering sustainable development.

The EU recognises the key role Jordan has been playing in national, regional and international arenas. The EU commends Jordan for its tremendous efforts in hosting large numbers of refugees that include Syrians, as well as Palestinians, Iraqis, Libyans and Yemenis, seeking a safe haven in Jordan. The EU will continue to assist Jordan in continuing providing life-saving support to refugees seeking protection in Jordan and strengthening Jordan's resilience. Moreover, Jordan has continued deploying exemplary efforts and played a prominent role in promoting peace and security in the Middle East (including Middle East Peace Process) and beyond, fighting radicalisation and terrorism, including as non-permanent member of the UN Security Council (2014-15) and through the Union for the Mediterranean (UfM) which it has co-chaired with the EU since 2012.

The Partnership Priorities build on joint achievements and areas of mutual interest. They also build on the momentum created by the London Conference of 4<sup>th</sup> February 2016 'Supporting Syria and the Region' as well as the International Compact commitments formulated by Jordan and the co-hosts of that Conference which aimed at sustaining Jordan's development gains against a background of continued humanitarian assistance and adequate host community support. The EU and Jordan aim to turn the challenges posed by the Syria crisis

into **concrete opportunities to the benefit of the population of Jordan, the Syrian refugees and the EU.**

However, specific measures taken in support of Syrian refugees will not be at the detriment of other people residing and seeking protection in Jordan.

## **II. Priorities**

The Partnership Priorities reflect shared interests and focus on areas where co-operation between the EU and Jordan is of mutual benefit. It is in that light that the EU and Jordan are committed to furthering cooperation on **cross-cutting** issues ranging from stabilisation and security to rule of law and human rights, gender equality and empowerment of women, dialogue with civil society, migration and mobility, addressing violent extremism and radicalisation and sustainable use of natural resources.

For instance, the partnership **focuses on youth and employability**, to contribute to the cohesion of society, to generate sustainable economic opportunities, including on the basis of high quality education and vocational training and to foster a culture of entrepreneurship and innovation. Initiatives in the cultural sector, including those aimed at the development of a cultural and creative industry, should be considered given its significant contribution to promoting intercultural dialogue and socio-economic development.

In the area of migration and mobility, progress on the effective implementation of the different components of the **Mobility Partnership** is a cross-cutting priority. A well-managed and sustainable framework, which would also contribute to ensure that persons can move regularly and more easily between Jordan and the EU, can foster human capital development and economic growth.

- i) The EU and Jordan are solid **partners in foreign and security policy**. Strategic and operational cooperation will be pursued bilaterally as well as in multilateral fora, regionally including through the co-presidencies of the UfM. It is in the mutual interest of the EU and Jordan to promote stability and peace in the region and globally, by continuing cooperation in support of political transition and peace-building in Syria, amongst other. Both the EU and Jordan aspire to be models of tolerant societies, which is another reason for enhancing cooperation in the foreign policy domain.
- ii) The second priority focuses on sustaining Jordan's macro-economic stability and **enhancing Jordan's social and economic development** in line with "Jordan 2025 – National Vision and Strategy", in addition to enhancing Jordan's resilience to deal with the impact of the Syrian crisis and regional instability.

A strong and stable Jordanian economy supported by an additional relaxation of the trade regime between Jordan and the EU and an enhanced investment climate (through business environment reforms) will act as powerful incentives for **job creation** for Jordanians; and Syrian refugees where applicable. The modernisation and diversification of the economy will be further enhanced by support to innovation-driven growth and knowledge sharing. In the same context, cooperation will intensify on improving employability, **skills development and related educational reform**, to promote the role of youth in

the economy and society.

Enhancement of the existing Association Agreement through negotiation of a Deep and Comprehensive Free Trade Area (**DCFTA**) that includes addressing all market access challenges that hinder Jordan from fully benefiting from the opportunities under the Association Agreement, will also enhance Jordan's **integration into the EU market** and create new opportunities for trade, investment and development.

- iii) Strongly linked to these two priorities, the third partnership priority focuses on supporting efforts by Jordan to **strengthen governance, the rule of law, democratic reform and human rights**. Human rights and fundamental freedoms as embodied in international, regional and national laws, constitute shared values. The respect of democratic principles and fundamental human rights constitutes an essential element of the relations between the EU and Jordan.

### **1. Strengthening cooperation on regional stability, security including counter-terrorism**

The EU recognises all relevant efforts made by Jordan. The EU and Jordan should continue close co-operation in addressing the destabilisation of the region including the increased security threat following the wider spread of Dae'sh and other terrorist groups. The EU and Jordan share similar objectives in the **Syria** crisis. Work in the context of the International Syria Support Group and in other fora should continue, as well as cooperation in the context of the EU-Jordan Enhanced Security/Counter-Terrorism Roadmap with a special emphasis on joint projects and information sharing.

The EU and Jordan should also intensify '**bridge building**' in other conflict contexts, including the Middle-East Peace Process and the situation in the Horn of Africa (Aqaba process). Beyond the immediate conflict dimension, in the context of the Union Civil Protection Mechanism the EU and Jordan will strengthen cooperation on disaster management and civil protection.

The EU and Jordan are partners in promoting and fostering inter-religious and inter-cultural dialogues, at global and regional levels where Jordan has been playing a leading role.

The **fight against terrorism, violent extremism** and radicalisation must remain high on the agenda. In that view and complementing regular political and thematic dialogue, the EU and Jordan will intensify concrete co-operation and information sharing to address these challenges within the rule of law. The EU and Jordan will work together, including through mutually agreed education programmes and involving a broad scope of Jordanian civil society organisations.

### **2. Promoting economic stability, sustainable and knowledge-based growth, quality education and job creation**

- a) The Syria crisis and the protracted refugee presence it caused have impacted heavily the socio-economic fabric of Jordan, its scarce natural resources and the provision of basic services exacerbating an already fragile economic situation. **Economic dialogue and cooperation on macro-economic issues** will therefore be further developed with a view to promoting sound macro-economic and structural policies which foster growth potential and increase the



resilience of the Jordanian economy along the objectives of "Jordan 2025". Efforts to preserve macro-economic stability should continue including in the context of the new International Monetary Fund (IMF) programme that the EU can complement through a new programme of macro-financial assistance.

Besides sound fiscal and budgetary management, cooperation will be further pursued on **reforms in Jordan's public sector** in view of improving public finance management, but also its overall efficiency and service delivery capacities.

- b) A main socio-economic challenge for Jordan is to promote **employment and employability**, in particular of **young Jordanians** and the most vulnerable where applicable; by creating jobs, supporting entrepreneurship and innovation, developing skills and qualifications and by fostering targeted training, education and research. The Partnership Priorities aim to address this by applying various policy tools: trade; business development; education and training; increased mobility. The aim across these instruments is also to strengthen the economic empowerment and participation of women
  - a. **Trade-for-Development** constitutes a key element of the Partnership Priorities/Compact. Job creation triggered by a relaxation by the EU of the rules of origin between Jordan and the EU and accompanying measures will benefit both Syrian refugees and Jordanian host communities. This relaxation of the rules of origin will not prejudice continued efforts by the EU and Jordan towards a DCFTA. The EU and Jordan remain committed to launching the negotiations on the latter, including addressing all market access challenges for Jordanian products for export to the EU. In parallel, the EU and Jordan will continue dialogue, to encourage harmonisation in areas such as Sanitary and Phyto-Sanitary Measures (SPS), Technical Barriers to Trade (TBT) or services.
  - b. The EU and Jordan will prioritise and multiply their efforts in view of: **improving the business climate** and attracting investments; **supporting private sector development** (including through regulatory and administrative reform and lending to companies); **creating the right set of knowledge and skills** required in the Jordanian labour market. Also, strengthening knowledge-based sectors is important for the creation of sustainable and decent jobs, particularly among the youth.
  - c. **Education** is another powerful instrument for enhancing social and economic development. It will be central to delivering on this priority to benefit all those living in Jordan, including refugees. **Upholding and promoting quality public education for all children at all levels** will guide EU-Jordan cooperation to ensure that everybody has an opportunity to study and build an own future. Vocational training deserves particular attention and dedicated support as well.
- c) The EU and Jordan will continue to foster innovative research and knowledge-based solutions and cooperation on **renewable energy, energy efficiency and**

**sustainable natural resource management, including water and waste management** and the results of the Paris agreement on Climate Change.

#### EU Jordan Cooperation in response to the Syrian refugee crisis

Complementing bilateral cooperation between the EU and Jordan, the EU will continue to support Jordan in providing life-saving assistance to Syrian refugees seeking protection in Jordan, including through the following measures:

- I. a relaxation by the EU of the rules of origin for Jordan and accompanying measures fostering exports to the EU market and job creation benefiting both Jordanians and Syrian refugees;
- II. improving Syrian refugees' skills and capacities, also in view of the reconstruction of the future Syria;
- III. quality education and training, for all children living in Jordan, so as to ensure that every child gets an opportunity to study and to build its future where applicable and in accordance with the national legislation;
- IV. accompanying support to Jordan and the vulnerable host communities.

The annexed EU-Jordan Compact including its mutual commitments provides further detail.

### **3. Strengthening democratic governance, the rule of law and human rights**

In line with Jordan's continued reform process despite all regional turbulence, the EU and Jordan will continue to work together with the aim of further strengthening: the democratic and justice system in Jordan; the rule of law; gender equality; human rights and fundamental freedoms; the legal working environment for civil society conducive to the development of a vibrant civil society.

Targeted cooperation will be in support of: justice reform and access to justice as well as international judicial cooperation; the electoral process (including follow up on recommendations of EU Election Observation Missions); further strengthening of the political party system and the oversight and legislative role of Parliament; the process of decentralisation; pluralistic media.

The EU and Jordan will continue to hold a regular **dialogue on democracy and good governance, justice, the rule of law and human rights**, in a mutually agreed format. The dialogue will build on Jordan's international, regional and national achievements and commitments. Civil society organisations can be jointly invited to provide input.

As regards **human rights** specifically, regular dialogue will address amongst other: freedom of expression; freedom of association including the working environment for civil society; women's rights and women's empowerment in political and public life. An accountable, transparent, efficient and inclusive public administration is essential to implement these

targets, and to further promote and strengthen Jordan's democracy and good governance and its fight against corruption.

The dialogue will take duly into consideration existing commitments made by Jordan at the multilateral level. Economic, Social and Cultural rights, for example on education and labour, will also be covered in this dialogue. The dialogue will relate in particular to areas retained in the Partnership Priorities.

### **III. Mechanisms for dialogue and mutual cooperation**

The general framework for relations between the EU and Jordan is set by the Association Agreement which entered into force in 2002 and the Advanced Status achieved in 2010. A review of the Association Agreement, almost 15 years into its existence, or a **rationalisation of its implementation** through a thorough rethinking of the dialogues and sub-committees will be important. Grouping the sub-committees into a few thematic dialogues according to the partnership priorities and complementing the political dialogues will allow advancing cooperation in the agreed main strands of work.

The Partnership Priorities will be reviewed in 2018. The outcome will be subject to endorsement by the Association Council. Should circumstances so require Jordan or the EU can request a review at any time during this period.

Also, to support the delivery of the EU-Jordan Compact, regular review of the Compact will take place in the context of the bilateral cooperation between the EU and Jordan as well as other relevant dialogues and meetings. Where appropriate and in line with the principle of greater ownership of the ENP, the EU will take part in coordinating mechanisms with the Government of Jordan and other partners, including civil society and local authorities.

Matching the ambitions outlined in the Partnership Priorities and the annexed Compact, the EU is committed to sustain financial support and engage within the international community in support of Jordan.

## **Annex to EU-Jordan Partnership Priorities**

### **EU-Jordan Compact**

The purpose of this document is to complement the EU-Jordan Partnership Priorities, outlining mutual commitments as well as review mechanisms.

The EU-Jordan Compact, announced at the London Conference "Supporting Syria and the Region" of 4 February 2016 is a positive response to Jordan's proposal for a 'Compact' with the international community, advocating a holistic approach for dealing with the Syrian refugee crisis. The EU-Jordan Compact is a living document, requiring regular update, and reflecting the three pillars and the spirit of the 'International Compact' for Jordan undersigned by the Government of Jordan and the London conference co-hosts. The EU-Jordan Compact builds on the Jordan Response Plan (JRP) 2016-18 and the "Jordan 2025 – National Vision and Strategy" amongst others. It focuses on strengthening the economic resilience of Jordan while enhancing economic opportunities for Syrian refugees, through increased protection and access to employment and quality education.

The EU-Jordan Compact, aiming at implementing the EU-Jordan Partnership Priorities, goes beyond the International Compact, by spelling out mutual commitments and review mechanisms for the different Partnership Priority areas retained. In doing so, the EU-Jordan Compact fully builds on: policy dialogues and cooperation in the context of the EU Jordan Association Agreement; the 2014-17 Single Support Framework (SSF) for EU Support to Jordan; the Jordan 2025 Strategy and its three-year executive development programmes.

#### **Protection and Development Opportunities for Syrian Refugees**

Jordan hosts around 1.3 million Syrians out of which 630,000 are refugees registered by UNHCR; over 70% are women and children and two out of three refugees are reported to live below the Jordanian absolute poverty line. Jordan stands by its ongoing commitment to provide access to its territory to vulnerable persons fleeing conflict and the EU commends Jordan's continuous efforts in providing access, protection and assistance to the Syrian refugees since the beginning of the crisis.

Jordan will also continue to provide an appropriate protection environment and conditions for a dignified life including a legal status for Syrian refugees, living inside or outside camps. An appropriate protection environment for refugees is important for addressing the emergency needs and, as such, protection will remain at the core of the EU humanitarian operation in Jordan.

In support of Jordan's efforts, the EU will continue to provide a sustained level of humanitarian assistance, the EU will continue focusing on core life-saving assistance, responding to the basic needs of the most vulnerable refugees living in camps and urban settings, as well as of new arrivals, with a specific emphasis on children's and women's needs. Both sides will identify the most cost-efficient support measures for the most vulnerable refugee populations

Fully acknowledging the priority for Jordan to generate stability and security along its borders and in the country, the EU-Jordan Compact reflects the ambition to strengthen cooperation in the fight against terrorism and the prevention of radicalisation and violent extremism, while

sustaining an environment ensuring access and protection to asylum seekers in need.

With the Syrian refugee presence having evolved into a protracted situation, and with Jordan positively accepting that the bulk of the refugees will remain in Jordan until the situation in Syria allows for their return, the international community including the EU have highly welcomed Jordan's commitment to allow Syrian refugees access to livelihoods opportunities and accepted to support Jordan accordingly.

With the support of the international community, notably the EU's engagement to review its system of rules of origin, linked to the creation of job opportunities for Syrian refugees along the host population, the Government has announced its intention to allow Syrian refugees to work in a number of sectors where there is little competition with Jordanian workers. This breakthrough is very welcome and also places substantial responsibility on the donor community to turn the Syrian refugee crisis into a development opportunity.

Support to Syrian refugees will not be to the detriment of other people residing and seeking protection in Jordan; the EU will continue its close cooperation in that regard with the Jordanian authorities, UN and other international and national implementing partners.

The EU will continue its efforts in view of sustaining its support, as well as the support by the broader international community, for affected host communities and refugee populations in Jordan.

Overall, the EU and Jordan will prioritise strengthening development opportunities and prospects for Jordanians, including vulnerable hosting communities as well as refugees until the conditions are favourable for their return to their home country. In the meantime, the EU and Jordan will work together to allow refugees who fled the Syrian conflict to live with dignity alongside the local population in Jordan, ensuring the required legal and administrative framework and accompanying access to livelihoods, education and affordable health care. In that spirit, the Jordanian commitment to enable refugees to obtain work permits, set up small businesses and engage in trade activities where applicable and in accordance with the national legislation, is central.

1. EU-Jordan trade facilitation in view of enhancing investments, export, job opportunities including for Syrian refugees

The International Compact calls for measures opening up the EU market, specifically through simplified rules of origin, conducive to engendering investments and creating jobs for Jordanians and Syrian refugees. In a positive response, the EU has committed to simplify its rules of origin for a ten-year period for specific goods produced in production facilities located in pre-determined Special Development Zones (SEZ) and Industrial Areas, as long as these are linked to job opportunities under the same conditions for both Jordanians and Syrian refugees (15% of jobs in first two years; 25% thereafter), with the overall aim to reach the target of 200,000 job opportunities for Syrian refugees at Country level, as per the International Compact statement. Once the latter target is achieved, the EU will consider further extending the Rule of Origin derogations and simplifying the conditions necessary for producers in Jordan to benefit from these new rules of origin regime. The EU and Jordan agree to involve international organisations with relevant expertise such as the International Labour Organisation (ILO) and/or the World Bank in supporting and contributing to the employment generation and future monitoring process.

The EU commends Jordan for the concrete steps taken to let Syrian refugees access temporary working permits, as initially formulated in its *Economic Response to the Syrian Refugee Crisis: Piloting a Holistic Approach*". A larger formal labour market has beneficial and multiplying effects on national public finance. Jordan's holistic approach introduces the idea to allow Syrian workforce to participate in the labour market in: 18 "Special Economic Zones (SEZ)"; in refugee camps; certain sectors (e.g. agriculture and construction according to predetermined quotas); and for municipal public works funded by donor community grants (infrastructure or other labour-intensive community services), provided that Syrians do not replace Jordanian labour.

The creation of labour opportunities in SEZ is a central point of the Jordanian proposal. These zones are expected to attract investments from Europe and other regions, including, most importantly, from the Syrian diaspora in search of "*a safe haven*", and to foster exports towards the EU.

To accelerate this, upon Jordan's request and as specified above, the EU is committed to soften Rules of Origin for products manufactured with refugee labour in the Jordanian SEZ as well as other Industrial Areas of the territory. The EU is also ready to support specific needs for labour market-oriented training and skills development to enhance productivity in SEZ and beyond.

It is worth recalling however that, under the existing Jordan-EU Association Agreement, Jordan already has duty-free and quota-free access to the EU market for industrial products, as well as a very wide access for agricultural products. However, Jordanian producers have not yet taken full advantage of this because they are not yet able to meet the rules of origin and the technical standards applied under the Agreement

The EU has offered and Jordan welcomed the possibility of a Deep and Comprehensive Free Trade Area (DCFTA), whose negotiations yet remain to be launched. The EU has also offered the possibility of negotiations over an Agreement on Conformity Assessment and Acceptance of industrial products (ACAA) to enable Jordanian products from selected sectors to enter the EU market without additional technical controls. Jordan has advanced well in the ACAA preparations and approximation to EU legislation in the selected sectors, even if some technical support might still be needed. Expert level stock-taking should take place between the Jordanian authorities and EU services. Subsequently, the ACAA negotiations could be launched. Sustained efforts will be necessary to strengthen the bilateral trade and investment framework, to encourage investment and support Jordanian exporters in making fuller use of preferential access to the EU Market.

## 2. Promoting macro-economic stability, smart and sustainable growth

Jordan stresses the need to receive more grants in order to reduce its debt level. Jordan also stresses the need, for further concessional financing including through the International Compact, to reduce a sizeable financing gap. While needs in the country including those engendered by the impact of the refugee crisis will require further grant-financing, Jordan is also confronted with much needed infrastructure investments. The EU, under the Neighbourhood Investment Facility (NIF), makes available significant financial resources at concessional terms for large-scale investment projects including in view of developing a regional transport system. Similarly, the EIB maintains a flexible approach towards its funding priorities in Jordan in support of government objectives, job creation and private sector/SME promotion. The EBRD operates along similar lines.

Given the high level of Jordanian public debt, new loans should prioritise investments with a high rate of return, e.g. infrastructures conducive to easier exports, business incubators, etc. that would have positive repercussions on the employment level in Jordan, as well as on productivity growth and government revenues as second round effect.

In addition, consistent with its London Conference commitments and following the Government of Jordan's request (Jordan requested EUR 350 million), the European Commission proposed on 29 June 2016 a second Macro-Financial Assistance (MFA) operation for Jordan in the amount of EUR 200 million. In light of the fiscal challenges and extraordinary circumstances Jordan faces as a result of hosting about 1.3 million Syrians and given that the EU is a key partner to Jordan, the EU will consider in 2017 a new proposal for extending MFA to Jordan, upon the successful conclusion of the second MFA and provided that the usual preconditions for this type of assistance are met, including an updated assessment by the European Commission of Jordan's external financing needs. This assistance, critical for Jordan would help the country maintain macroeconomic stability while also preserving development gains and continuing with the country's reform agenda.

The EU will encourage the modernisation and diversification of the Jordanian economy, including by support to innovation-driven growth, promoting knowledge capacity building and knowledge transfer and by engaging and supporting talents, particularly among youth and women, in setting up innovative businesses.

### 3. Improving an environment conducive to private sector development, innovation and job creation

In line with the International Compact, the EU-Jordan Compact focuses on sustaining a sound macro-economic framework and creating an environment conducive to investment, export, GDP growth, innovation and job creation. Jordan is keen to improve the business climate and to implement structural reforms to enhance productivity and labour market conditions.

The EU stands ready to support these efforts, for instance through budget support for Private Sector Development that will enable the much-needed improvement of services delivered to companies as well as investment climate improvements. Similarly, the EU through Skills and Development budget support actions aims at removing obstacles to creating employment opportunities and at equipping vulnerable categories with a relevant and updated set of working skills. The EU is open to provide further support to Jordan in view of enhancing innovation and entrepreneurship and to upgrade the competitiveness of its private sector and the quality of its export potential, for instance by maximising the possibility that EU product standards can be met. Also, with its private sector focus the European Bank for Reconstruction and Development (EBRD) will be a key partner for achieving private sector development in Jordan.

At the same time, endogenous GDP growth opportunities exist and can turn the increase in the population into an opportunity. Domestic companies are called to satisfy a larger domestic demand and dispose of affordable and often sufficiently skilled workforce, thus having quick avenues to increase productivity. Available donors' financial support in grants or concessional financing must be programmed and co-ordinated with the utmost efficiency, if Jordan wants to revamp growth and set an example for the region and beyond.

### 4. Quality Education for Social Inclusion and Development

The Government is making a huge effort to allow the largest possible number of Syrian refugees to participate in public education. The EU-Jordan Compact reflects Jordan's ambition, as confirmed in the International Compact, to ensure that every child in Jordan be in education, including Syrian refugees ('no lost generation'). This weighs heavily on public finance and the EU will continue its commitment to contributing to alleviating the burden and to sustaining both the quantity of school infrastructure and the quality of education.

The EU has provided substantial support to the education sector since 2012 and is planning further support in budget. As the acceptance of some 143,000 pupils into the public system on a temporary basis resulting from the Syrian refugee presence has over-crowded public schools and is adversely affecting the quality of education, the plan of the Ministry of Education to scale up refugee education in school year 2016-2017 to 193,000 pupils would need an additional 100 double shift schools on a temporary basis until the required financial resources for operational expenses are made available and the new schools are built within two to three years as per the Jordan Compact.

Given that school extensions and construction must be addressed as a matter of urgency, Jordan has guaranteed the quickest possible reaction time. This would also allow 15,000 Syrian children currently on the reserve list to access public schools, with others granted access to vocational and educational training (VET) wherever there is spare capacity.

In the unfortunate event of protracted war or instability in Syria, this will allow Jordan to include refugee pupils into the mainstream public school system so giving them hope for the future and the opportunity to be educated according to Jordanian standards, hence actively countering the risk of violent extremism. Efforts should also be made towards young people out of the school system through non-formal learning schemes. In the mid-term, it would also have the benefit of widening the offer of workers in the labour market, having them contribute to economic development in their host country.

Supplementary actions on ensuring access for Syrian students to higher education during their stay in Jordan will also be envisaged

## 5. Sustainable use and management of natural resources

The protracted presence of a large number of Syrian refugees has not caused an energy shortage in Jordan, just amplified the chronic problem of energy scarcity in Jordan. The recent paper "Rebuilding Host Communities" presented by the Ministry of Planning and International Cooperation (MOPIC) of Jordan as a spin-off of the JRP 2016-2018 identifies the overall needs in this domain for the next 3 years as EUR120 million. Synergies with the substantial EU support earmarked since 2011 could be fostered, as Renewable Energy and Energy Efficiency activities require a large and diversified workforce, including and enhanced research and innovation effort.

Moreover, the JRP 2016-2018 identifies water and sanitation as one of the sectors most in need of support, including for local communities. The EU has already substantial support in this domain that can be scaled up and guide future activities in this field. Moreover, the EU will finance a large programme in Solid Waste Management that would increase the quality of life of Jordanians, while making it possible to engage vulnerable and unskilled people with benefits on local economy.



Beyond this, the EU is able to quickly mobilise at Government's request technical assistance, across a range of sectors. Complementarity with EU programmes such as the EU Research and Innovation Programme Horizon 2020 will also be ensured.

6. Stability and Security, including Countering Terrorism, Preventing Radicalisation and Violent Extremism

Internal security is a high priority for Jordan. In terms of counter-terrorism Jordan has an effective and robust system that has proved to be efficient in reducing or eliminating the terrorist threat. However, the region is increasingly attracting international jihadists due to the protracted conflict in Syria and the situation in Iraq and beyond.

The fight against terrorism, violent extremism, radicalisation and inter/intra-religious intolerance are common goals. The EU and Jordan benefit from working closely and exchanging experiences to tackle these phenomena, focusing on prevention and response and abiding with the rule of law. The EU and Jordan will continue to engage in a broad and comprehensive approach on security matters, both bilaterally and in regional and international fora; on specific crises such as Syria as well as on global issues (counter-radicalisation).

The EU and Jordan have agreed at the EU-Jordan CT/Enhanced Security workshop of 15 March 2016 to take work forward in three domains: countering violent extremism; countering the financing of terrorism; aviation and border security. In addition, under the umbrella of the Middle-East regional Secretariat of the EU Chemical, Biological, Radiological and Nuclear (CBRN) Risk Mitigation Centres of Excellence Initiative, hosted in Amman, the establishment of a regional training centre in Jordan is being funded.

The EU will invest in the analysis of the underlying vulnerabilities and drivers of radicalisation and has allocated EUR10 million to support the Government of Jordan's efforts to counter violent extremism. Jordan is encouraged to participate in relevant 'counter-radicalisation' calls under the EU Research and Innovation Programme Horizon 2020.

Further financial support and thematic expertise are available. Appropriate actions may include improving inter-community dialogue, creation of economic opportunities, housing, and support to actors in a position to counter extremist narratives. This would be an important step in fighting the common threat of terrorism more effectively.

The EU and Jordan will sustain their partnership in fostering understanding and stability at global and regional level. Beyond actions in view of countering radicalisation, regional science diplomacy initiatives will be continued such as 'SESAME' (*Synchrotron-light for Experimental Science and Applications in the Middle East*), hosted by Jordan. 'PRIMA' (*Partnership for Research and innovation in the Mediterranean Area*) is another such initiative. It is expected to mobilise joint research on two of the most urgent challenges to the Euro-Mediterranean area: the efficiency and sustainability of food production and water provision.

In the area of disaster risk management, the EU and Jordan will explore the option to conclude a bilateral arrangement on civil protection. Within the framework of the Union Civil Protection Mechanism, the EU and Jordan are also committed to strengthening cooperation in the area of disaster risk management, notably through exchange of lessons, joint trainings and the potential development of a regional training hub, capacity building on disaster prevention and preparedness including the identification and assessment of risks.

## 7. Mobility and Migration

On the 9<sup>th</sup> October 2014, the EU signed a Mobility Partnership (MP) with Jordan. The Mobility Partnership is a set of agreed political commitments undertaken by the EU, 16 participating Member States and Jordan and is the outcome of an EU-Jordan Dialogue that started in December 2013. It provides a coherent framework for actions in the area of migration, mobility and security and contains a number of actions in an Annex identified by all parties to implement the MP. The main challenge ahead is to ensure a full and effective implementation of the MP.

Visa facilitation towards the EU (with a concomitant Readmission Agreement) is an important objective for EU-Jordan relations and for enhancing mobility and people-to-people contact across the territories of the two sides. Equally readmission of irregular migrants is also important for orderly management of migration flows. Negotiations for agreements between the EU and Jordan on visa facilitation and readmission will start simultaneously in autumn 2016.

Under the EU-Jordan Compact, development impacts of migration and mobility are pursued, including the potential of diaspora for economic development, 'brain circulation' schemes and through increased regional and international exchanges of students and economic actors.

## 8. Justice and political reform, democratic elections and human rights

The EU and Jordan will continue to cooperate on strengthening the judiciary system in Jordan and increasing its accessibility. Jordan is committed to improving the functioning of the justice system and to ensure judicial independence, as demonstrated through recent legislative reforms such as the Judicial Independence Law and the Juvenile Justice Law. Jordan has made progress in the electronic notification and interconnectivity system and provided substantive training programmes for judges.

The EU, through budget support and technical assistance, provides support to the Ministry of Justice, the Judicial Training Institute, and the Judicial Council. Jordan and the EU are strongly committed to continue to work towards reducing the use of pre-trial detention, increasing legal aid especially for vulnerable groups, and reducing recidivism through the use of alternative sanctions and post-care schemes.

Jordan, by enacting legislation on a new electoral framework, decentralisation, municipalities, and political parties has confirmed its commitment to continue with political reform, as part of efforts to advance on its path towards a parliamentary government with enhanced political participation.

The EU is committed to continuing supporting Jordan's efforts to strengthen democratic governance. The EU will continue to provide support to the effective functioning of key democratic institutions, in particular the Parliament and the International Election Commission.

The promotion of and respect for human rights is a cornerstone of the EU-Jordan cooperation, and is reflected through regular dialogue in multilateral and bilateral frameworks, as well as specific actions including in support of civil society, pluralistic media, gender equality and women's rights.

Jordan's National Plan for Human Rights 2016-25 is among the benchmarks for EU-Jordan engagement, and so are Jordan's international commitments (made through international conventions and UN platforms, such as the Universal Peer Review).

### Way forward

The EU-Jordan Compact priority actions will be taken forward in policy and thematic dialogues. Commitments and review mechanisms foreseen under the EU-Jordan and International Compact will be mutually compatible and reinforcing.

Funding will come from a variety of EU budgetary instruments and be aimed at actions in Jordan implemented with State and local authorities, EU Member State agencies, Non-Governmental Organisations and UN and other International Organisation. Funding will include amongst other budget support as well as further macro-financial assistance and concessional financing, if criteria are met. The EU Regional Trust Fund for response to the Syria crisis (Madad Fund) is available to provide support to Jordan for the Syrian refugees and affected host communities in the form of grants. The Jordanian authorities are regularly consulted on the process and proposed actions and are encouraged to submit proposals for financing. They are invited to attend the Board meetings of the Madad fund.

## Addendum 1: Jordan, EU Commitments

Jordan Commitments	EU Commitments
<b>Enhancing macro-economic stability (including objectives of International Compact)</b>  <i>Review mechanism: economic dialogues, International Compact monitoring</i>	
<p>1) Maintain macro-economic stability and work for the adoption of an Extended Fund Facility programme with the IMF.</p> <p>2) Develop a sound investment programme with limited impact on the debt burden and in view of sustaining growth, stability, job creation</p>	<p><b>Bilateral</b></p> <p>a) Support through a new programme of Macro-financial assistance over the period 2016-17 conditional on financial arrangement with IMF. Beyond this MFA, commitment to looking into follow-on macro-financial support should the situation require and formal modalities permit.</p> <p>b) Neighbourhood Investment Facility (NIF) makes available significant financial resources at concessional terms for large scale investment / infrastructure projects;</p>
<b>Private sector development, business climate, trade and investment, job creation</b>  <b>(including objectives of International Compact)</b>  <i>Review Mechanism: relevant Sub-Committees and/or thematic meetings, Association Council, International Compact monitoring</i>	
<p>1) Strengthen the framework for bilateral trade and investment (ex: DCFTA, ACAA).</p> <p>2) Improve the business environment (legislative and regulatory framework) enabling investment, economic growth, and job creation; encouraging entrepreneurship and public-private partnership</p> <p>3) Establish operational one-stop shops for investors</p> <p>4) Promote utilisation by Jordan companies of the existing trade benefits born from the existing Free Trade Agreement between EU and Jordan</p> <p>5) Enhance support to companies (export market) in view of meeting European / international quality standards.</p>	<p><b>Bilateral</b></p> <p>a) Launch negotiations for an enhanced free trade agreement and provide relevant support to facilitate their implementation</p> <p>b) Expedite preparations to launch negotiations of an Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) to enable Jordanian products of selected sectors to enter the EU market without additional technical controls.</p> <p>c) Support the Government of Jordan in its work to improve the business environment, innovation and the investment climate</p> <p>d) Assist the Government of Jordan and private sector to upgrade the competitiveness and quality of their products to facilitate</p>

<p>6) Establish an attractive system for investment in designated zones and to allocate residence / work permits to Syrian refugees (equivalent to at least 15% of jobs in production facilities in 18 designated economic zones and industrial areas to go to Syrian refugees for the first and second year; then 25% from the third year) with the overall target of reaching about 200,000 jobs for Syrian refugees in Jordan, as per International Compact). Third party monitoring (International Labour Organization, ILO )</p> <p>7) Scale-up labour-intensive approaches that employ both Syrians and Jordanians</p> <p>8) Facilitate the administrative status of Syrian refugees to enable their access to employment and basic services, and capacity to establish a business within and outside camps</p> <p>9) Approve a national policy for tackling the informal labour market (in line with ILO recommendations)</p> <p>10) Strengthen the economic empowerment and participation of youth and women</p> <p>11) Organise a Business and Investors' Conference in Jordan</p>	<p>compliance with international standards and boost exports (e.g. to set up a regional hub for food safety, including laboratories for monitoring sanitary and phyto-sanitary standards).</p> <p>e) Provide support to Business and Investors' Conference in Jordan</p> <p><b>Syrian refugees</b></p> <p>a) Temporarily relax rules of origin regime for period of 10 years, for specific products and in 18 designated economic zones and industrial areas, with created jobs benefiting both Syrian refugees and Jordanian citizens and consider to further extending Rule of Origin derogations once the target of 200,000 jobs for refugees is achieved, under control of third party monitoring (ILO).</p> <p>b) Facilitate access to credit by using a differentiated approach: i) European and international financial institutions to establish credit lines to be managed by Jordanian financial institutions; ii) Provide credit, seed funding and support to micro, small and medium enterprises that employ both Syrians and Jordanians; iii) Support micro-credit mechanisms.</p> <p>c) European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD) increase concessional financing in line with their respective mandates</p>
<p><b>Quality Education and Training for Social Inclusion and Development (including objectives of International Compact)</b></p> <p><i>Review mechanisms: thematic meetings, International Compact monitoring</i></p>	
<p>1) Increase labour market oriented education and increase access to quality education and reinforce the Employment and Technical and Vocational Education and Training (ETVET) Council regulatory framework</p> <p>2) Support policies towards matching skills and labour market needs; improving academy-industry cooperation and</p>	<p><b>Bilateral</b></p> <p>a) Increase the number of people from disadvantaged segments of society benefiting from trainings between 2016 and 2019</p> <p>b) Increase funding through budget support to the Ministry of Labour to allow for the provision of pro-active labour market</p>

<p>development of students' employability skills</p> <p>3) Foster social inclusion by increasing the number of people in education and training and other active labour market measures, in particular women, youth and people with disabilities</p> <p>4) Scale up public education provision to 190,000 Syrian refugees at primary and secondary level in the school year 2016-2017, while safeguarding quality of education</p> <p>5) Accelerating Access to Quality Formal Education to Syrian refugees and disadvantaged Jordanians</p> <p>6) Provide access to vocational training for Syrians and to tertiary/higher education opportunities for all vulnerable youth (Jordanian and Syrian) will be increased.</p>	<p>services</p> <p>c) Sustain commitments until finalisation of agreed school constructions</p> <p>d) Increase funding for higher and technical education for students from the Syrian refugee community and disadvantaged Jordanians</p> <p>e) Increase opportunities under the Erasmus+ programmes aimed at: i) facilitating the mobility of students, staff, young people, youth workers, volunteers between Jordan and Europe; ii) modernising higher education institutions in Jordan through cooperation projects.</p> <p>f) Promote brain circulation schemes, mobility of students and researchers under Horizon 2020</p> <p><b>Syrian refugees</b></p> <p>Increase funding through budget support to cover incremental expenditure for teachers, text books, school fees and operational costs; as well as support to the extension of school facilities for Syrian pupils</p>
<p align="center"><b>Sustainable use and management of natural resources</b></p> <p align="center"><i>Review Mechanism sub-committee meetings, thematic consultations</i></p>	
<p>1) Enhance coordination in view of sustainable waste water management</p> <p>2) Energy efficiency and renewable energy: attain reduction of energy use by 2020 by 20% and improve contribution of renewables in electricity generation to 15% at least</p> <p>3) Enhance the research and innovation efforts in renewable energy, water and waste management</p>	<p><b>Bilateral</b></p> <p>a) Budget and Neighbourhood Investment Facility (NIF) support for Renewable Energy and sustainable use of limited natural resources</p> <p>b) Support for capacity building and training in view of developing appropriate expertise</p> <p>c) Support for energy efficiency programmes, including in view of creating jobs</p> <p>d) Support for research and innovation cooperation in renewable energy and energy efficiency</p> <p>e) Facilitate the establishment of regional</p>

	energy markets
<b>Strengthening cooperation on stability and security including Counter-Terrorism (CT)</b> <i>Review Mechanisms: CT Dialogue, Sub-Committees and/or thematic meetings, Association Council</i>	
1) Foster inter-departmental cooperation and facilitate international donor coordination in view of furthering implementing rule of law based CT/CVE (countering violent extremism) strategies  2) Further intensify cooperation on prevention of youth radicalisation and de-radicalisation initiatives, including through education and job creation programmes  3) Commit to strategic CT cooperation and dialogue with the EU  4) Disaster Management: Reinforce Inter-ministerial coordination; Strengthen training of civil defence officers in the field of civil protection and disaster risk management and grant appropriate resources; enhance the capacity of the National Centre for Security and Crisis Management to act as a regional hub for training and exercises; awareness raising in local communities.	<b>Bilateral</b>  a) Continue support to Jordan's efforts to prevent and counter radicalisation, violent extremism and terrorism.  b) Expand cooperation on aviation security, judicial cooperation, border management; support to fight against money laundering and the financing of terrorism  c) Security/Counter Terrorism: cooperation amongst other with EU and Member State specialised agencies  d) Disaster Management: Support strengthening early warning, prevention and preparedness capacity and offer closer partnership to the Union Civil Protection Mechanism
<p style="text-align: center;"><b>Well-Managed Refugee, Migration and Mobility Policies</b></p> <p style="text-align: center;"><i>Review Mechanism: Mobility Partnership and/or relevant Sub-Committees, Association Council</i></p> <p>The EU and Jordan signed a Mobility Partnership in October 2014. They agreed to implement the mutual political commitments contained therein and all the actions in the related Annex, in line with the following priorities identified:</p> <ul style="list-style-type: none"> <li>• Promote well-managed legal migration and mobility</li> <li>• Strengthening the capacity of the relevant Jordanian authorities to manage borders and prevent irregular migration</li> <li>• Strengthening the nexus between migration and development</li> <li>• Enhancing the protection of migrants in accordance with international obligations.</li> </ul>	

The EU and Jordan commit to giving a stronger push towards the implementation of the Mobility Partnership focusing primarily on the actions in the Annex, with the knowledge that the Annex is a living document that can be updated with time as long as still in line with the political commitments of the Mobility Partnership.

### **Justice and political reform, democratic elections and human rights**

*Review Mechanisms: UN human rights mechanism, Human Rights Dialogues, political dialogues, Association Council*

<p>1) Further developments towards an independent judiciary</p> <p>2) Improved access to legal aid</p> <p>3) Continuing political reforms, with the aim to ensure Jordan's long-term stability and democratic governance.</p> <p>4) Strengthen the role of democratic institutions</p> <p>5) Continue with the organisation of democratic elections</p> <p>6) Enhance mechanisms for civil society participation in a number of pilot sectors</p> <p>7) Implementation of National Plan for Human Rights 2016-25</p> <p>8) Promotion of and respect for human rights, including women's rights and women's participation in public life</p> <p>9) Implementation of commitments and obligations under international and national human rights law</p> <p>10) Framework sustaining pluralistic media</p>	<p><b>Bilateral</b></p> <p>a) Budget support for the reform of the justice sector</p> <p>b) Capacity building and monitoring and impact assessments support</p> <p>c) Support to Parliament, and for actions in support of political parties</p> <p>d) Support to Independent Election Commission</p> <p>e) EU Election Observation Missions (upon invitation by Jordan)</p> <p>f) Continued support to Government programmes and non-governmental initiatives for the promotion and respect of human rights, along the EU global priorities on human rights and in support of Government of Jordan's Human Rights Agenda 2016-25</p> <p>g) Continued support for gender equality and human rights, including on the basis of the Gender Action Plan</p>
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## Addendum 2: Benchmarks

The following quantitative benchmarks are proposed to monitor progress in the implementation of the EU-Jordan compact. Monitoring will occur on a regular basis and at least once a year, in the context of the foreseen review mechanisms and the meetings related to the bilateral cooperation between the EU and Jordan.

Jordan commitments	EU commitments
<p>- 50.000 jobs for Syrian refugees by end 2016; 75.000 by end 2017; 100.000 by end 2018, provided there is sufficient demand for working permits</p> <p>- Education: public and free of charge education is provided to at least 140,000 Syrian children in 2016 and to at least 190,000 children at the end of 2017</p>	<p><b>Bilateral</b></p> <p>Overall a minimum of EUR 747 million of new funding is committed in 2016 and 2017, including:</p> <ul style="list-style-type: none"> <li>▪ Macro-Financial Assistance loan of EUR 200 million, provided pre-conditions are met</li> <li>▪ EUR 108 million humanitarian assistance 2016-17</li> </ul> <p><b>Syrian refugees</b></p> <p><b>The EU applies simplified Rules of Origin requirements to Jordan exports towards the EU at the following conditions:</b></p> <ul style="list-style-type: none"> <li>▪ 10 years duration</li> <li>▪ in 18 designated economic zones and industrial areas.</li> </ul>