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Implementation of the European Neighbourhood Policy in Jordan Progress in 2013 and recommendations for action

Accompanying the document

JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

Neighbourhood at the Crossroads: Implementation of the European Neighbourhood Policy in 2013

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1. OVERALL ASSESSMENT AND RECOMMENDATIONS

This document reports on progress made on the implementation of the EU-Jordan European Neighbourhood Policy (ENP) Action Plan between 1 January and 31 December 2013, although developments outside this period are also taken into consideration when deemed relevant. It is not a general review of the political and economic situation in Jordan. For information on regional and multilateral sector processes readers should also refer to the Partnership for Democracy and Shared Prosperity progress report.

The high level political dialogue between senior officials on foreign and security matters continued, with the High Representative for Foreign Affairs and Security Policy/Vice President of the Commission Catherine Ashton visiting Jordan frequently. Commissioner Štefan Füle visited the country in early June while HM King Abdullah made an official visit to the European institutions in December.

Jordan continues to be affected by the Syrian crisis which is causing growing socio-economic as well as security challenges. The EU commends the Jordanian authorities and population for the support and extraordinary generosity they have shown towards people fleeing the conflict in Syria. Jordan has been facing a steady and continuous wave of refugees from Syria and by the end of December more than 576 000 were officially registered with the office of the United Nations High Commissioner for Refugees (UNHCR). The presence of the refugees is straining the country's natural resources (notably water), subduing its economy and exerting tremendous pressure on its educational system and health care services.

Acknowledging the severe impact of the crisis, the EU has provided more than EUR 225 million of humanitarian and development aid to Jordan over the last two years. This financial assistance is intended to support both the refugees and the host communities.

Despite an unstable and extremely volatile neighbourhood, Jordan has managed to preserve its domestic stability and has shown great resilience in the face of regional turmoil.

Parliamentary elections for the 17th House of Representatives took place in January 2013. For the first time, a European Union Election Observation Mission (EU EOM) was deployed across the country to assess the whole electoral process.

According to the EU EOM final report, the elections were technically well administered and were carried out in a transparent manner. They were governed by the electoral law, as amended in 2012. A number of shortcomings of this law do however undermine the protection of universally accepted principles, such as the equality of votes and universal suffrage.

In early January 2014, Parliament amended the State Security Court (SSC) law in order to bring it into line with Article 101 of the Constitution, as amended in 2011, which

restricts the scope of action of this military court, but does not eliminate the possibility of civilians being tried before it.

The amendments to the press and publications law, adopted in September 2012, entered into force in early June 2013. The amendments introduced a number of requirements relating to the operation of online news portals, which the media and civil society view as a way of imposing limits on freedom of expression and adding liabilities for the editors-in-chief and owners for the content posted on the sites.

In addition to the growing influx of refugees which has placed considerable strain on the country, Jordan's economy has also been severely affected over the last couple of years by the repeated disruptions to the flow of natural gas from Egypt, which forced the government to replace cheap gas imports with more expensive fuels. Against this background and in response to a request for financial assistance submitted by the Jordanian government, in December 2013 the European Council accepted a proposal from the Commission for Macro-Financial Assistance (MFA) to provide up to EUR 180 million (in the form of a medium-term loan). Jordan will be the first partner country in the Southern Neighbourhood to benefit from this exceptional financial instrument. The MFA will provide some relief from the adverse spill-over effects of the Syrian conflict and will complement other humanitarian and development assistance given to Jordan by the EU.

Following the official launch in December 2012 of the EU-Jordan Dialogue on Migration, Mobility and Security, two EU experts' missions took place in February and July to collect information and exchange views on certain aspects of Jordan's policy in relevant areas. In November, EU Member States agreed to open negotiations with Jordan for a Mobility Partnership, – including readmission and visa facilitation agreements . The first meeting took place in December.

In November, the European Council adopted a decision to conclude the Protocol to a Framework Agreement on the general principles for Jordan's participation in EU programmes, paving the way for closer EU-Jordan cooperation on a number of specific EU policies and programmes.

In 2013, Jordan acted upon a number of key recommendations contained in last year's ENP progress report, notably the adoption of an anti-corruption strategy and the ratification of the regional Convention on pan-Euro-Mediterranean preferential rules of origin. Other key recommendations made previously remain valid. In line with the commitments agreed in the ENP Action Plan, Jordan should pursue the reforms process and enforce the laws adopted. Jordan is particularly invited:

- as stipulated by the Constitution, to repeal or amend by 1 October 2014 all laws, regulations and other legislative acts in force relating to the Constitutional amendments adopted in 2011;
- to continue building a more consensual, inclusive, participatory and open political system where all Jordanians feel represented, by amending accordingly the electoral legal framework;

- to strengthen the independence and impartiality of the judiciary and its administrative capacity;
- to take concrete steps to eradicate violence against women and promote further integration of women in politics, economic affairs, education and employment, e.g. by ensuring that the law on protection against domestic violence is enforced;
- to move forward with the ratification of the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment;
- to ensure freedom of expression and freedom of the media, including by amending the relevant provisions of the Penal Code such that violations relating to freedom of expression and freedom of the media are no longer referred to the State Security Court;
- to ensure freedom of association by relaxing current regulations and creating a conducive environment for active participation on the part of citizens;
- to continue implementing the stand-by agreement with the International Monetary Fund (IMF), including addressing the issues of tax reform, to increase tax collection and the progressivity of personal income taxation through legislative measures;
- to take determined action to improve the business and investment environment through legislative and regulatory measures, with a view to enhancing growth; and
- to continue the modernisation of public finance control institutions, in accordance with international best practices and to implement the Anti-Corruption Strategy 2013-2017.

2. POLITICAL DIALOGUE AND REFORM

Democratic elections were held at national and local levels. No additional steps were taken in 2013 to advance **political, administrative and financial decentralisation** which would give more power to local government.

Parliamentary elections for the 17th House of Representatives took place on 23 January 2013, with a turnout of 56.7% of registered voters. The EU EOM, invited by the Independent Elections Commission (IEC), deployed over 80 observers from all EU Member States across the country to assess the whole electoral process. In addition to foreign observers, thousands of local observers were trained and mobilised by international and domestic civil society organisations (CSOs). The elections were the first to be administered by the IEC, which was established in 2012 and is financially supported by the EU. According to the EU EOM final report, the elections were ‘organised and conducted in a transparent and credible manner. They were technically well-administered despite serious inadequacies in the legal framework’. It was widely acknowledged that the IEC had performed its tasks in a professional way.

On 23 April, the new government of Prime Minister Abdullah Ensour received a vote of confidence in the lower house of Parliament with a majority of 82 votes.

Municipal elections, which had last been held in 2007, took place on 27 August 2013. The elections were administered by the Ministry of Municipal Affairs, while the IEC monitored the process. Official election voter turnout was 37.3%. The official turnout did not however reflect the approximately 1.25 million members of the armed- and security

forces who abstained from participating in the elections following government instructions, despite the fact that, by law, they are eligible to vote in the municipal elections. For the first time in Jordan, thousands of volunteers from local CSOs observed the elections.

The legal provisions and practices on **freedom of association** remained unchanged. The law on societies maintains the right of the authorities to reject applications to register an organisation or receive foreign funding.

Concerning freedom of assembly, public protests directed towards both domestic and regional affairs continued in Jordan throughout 2013, albeit on a smaller scale than has been experienced in previous years. The police have generally handled protests in a professional manner, and have sought to maintain a peaceful atmosphere. Arrests of activists and protesters have continued however and several have been charged with participating in ‘unlawful gatherings’ under Article 165 of the Penal Code and referred to the military State Security Court (SSC).

Arrests relating to **freedom of expression** continued in 2013. In March, five students from Al-Bayt University were arrested and tried before the SSC on charges of doctrinal and sectarian incitement for engaging in ‘devil worship’. They had allegedly desecrated a copy of the Holy Qur’an. The students remained in detention until mid-May, when the charges were dropped. In early July 2013, two activists were arrested in Amman and charged with ‘inciting anti-regime sentiment’ after attending a debate on the impact of the press and publications law. Cases relating to peaceful expression of opinions continued to be referred to the SSC on charges of crime other than those defined in the 2011 constitutional amendments.

As regards **media freedoms**, the amendments to the press and publications law, adopted in September 2012, entered into force in early June 2013 (after the expiration of a nine-month grace period granted by the authorities). Access to around 250 websites was blocked as they had not registered with or obtained a licence from the the government agency responsible for press and publications. Only those who have been members of the Jordan Press Association for a period of at least four years are eligible to occupy the post of editor-in-chief of an online publication. Editors-in-chief and owners of online publications are legally responsible for all content posted on their sites, including contributions from users. The government stated that the intention of the law was to regulate and professionalise the country’s media, emphasising that penalties had been waived and reduced since the introduction of the Law. Local and international CSOs referred to the law as an attempt to regulate online communication and publications in violation of the provisions of the Constitution. The Universal Periodic Review published in October 2013 by the UN Human Rights Council made 20 recommendations to Jordan relating to freedom of expression while only one was made in 2009. The EU will continue to support civil society and media (through a EUR10 million programme) and aims to develop the skills and infrastructure needed for an independent, quality-based media sector, as well as strengthening the capacity of community-based organisations and non-governmental organisations to build awareness among citizens of the importance of independent media.

No progress can be reported in enhancing the effectiveness and independence of the **judiciary**. The Judicial Upgrade Strategy has not been revised. The draft law on judicial independence is still awaiting revision by the Cabinet and the draft juvenile law has not yet been submitted to Parliament. An EU-funded project supported the creation of 13 juvenile courts and the drafting of a specialised curriculum to be followed by those wishing to qualify as juvenile judges. Two EU-funded projects continue to provide support for improvements to the criminal justice system. During 2013 civilians continued to be prosecuted before the SSC on charges relating to speech or demonstrations, as defined in the Penal Code. No progress has been seen in limiting the use of pre-trial and administrative detention.

Corruption remained an issue of widespread concern in Jordanian society. Jordan was ranked 66th out of 177 countries in the 2013 Corruption Perceptions Index. On 30 June 2013, the government approved the Anti-Corruption Strategy 2013-2017. The strategy includes developing national anti-corruption legislation in accordance with international standards and strengthening the Anti-Corruption Commission (ACC). The EU assisted with the drafting of the strategy through a twinning project, which also offered support to the ACC and other relevant agencies in other ways e.g. by providing training on investigation skills, asset recovery, mutual legal assistance and social media. On 22 December 2013, the Cabinet approved the amended law for the ACC, which extends its powers by allowing it to open branches throughout the Kingdom and to investigate corruption cases. The Royal Committee for Enhancing National Integrity held consultative meetings in governorates in order to develop a set of values to foster national integrity. The National Integrity Charter was adopted and formally launched in December 2013.

Other human rights and governance-related issues

Jordan was reviewed during the second cycle of the Universal Periodic Review at the UN Human Rights Council on 24 October. Jordan received 173 recommendations of which it accepted 126, rejected 34 and chose to consider the remaining 13. An inter-ministerial committee, chaired by the Ministry of Foreign Affairs, has been set up as a result of the Review to monitor progress made in implementing the recommendations.

A *de facto* moratorium on the application of the **death penalty** continued to apply. The last execution in Jordan took place in 2006. It is estimated that 106 individuals are currently on death row. Five people were sentenced to death in 2013. The number of Penal Code crimes punishable by the death penalty remained unchanged.

Jordan did not take the steps necessary for signing the Optional Protocol to the Convention against Torture (OPCAT). **Impunity for offenders** within the police remained a concern as police prosecutors continue to have authority over the investigation of complaints of torture against officers, as standard practice, and trials take place in special police courts. More ad hoc training was provided to security forces and prosecutors following the introduction of guidelines by the Ministry of Justice in 2012.

The UN Special Rapporteur on **freedom of religion or belief** visited Jordan in September 2013. Jordan was praised for 'taking the lead in promoting peaceful inter-

religious coexistence in the region'. Jordan continued to encourage inter-faith tolerance and respect, and to promote the 'Amman Message'. It hosted the 16th General Conference of the 'Royal Aal al-Bayt Academy for Islamic Thought' in August and a two-day conference on 'The Challenges Facing Arab Christians' in September, which gathered religious leaders from the region and beyond.

Jordan has not lifted the remaining reservations under the **UN Convention on Elimination of All Forms of Discrimination against Women (CEDAW)**, those being articles 9(2) and 16 (c, d and g). The law on nationality continued to deny a Jordanian woman married to a foreigner the right to confer her citizenship on their children. The EU continued to provide substantial support to the cause of Jordanian women's rights in various areas such as political participation, economic empowerment and violence against women. It also supported activities implemented by "UN Women" at regional level. A regional EU-project funded several meetings which brought together governments and CSOs of the region to prepare recommendations for the Ministerial Conference of the Union for the Mediterranean that took place in Paris in September. Women's organisations continued to call for reference to gender as ground for discrimination under Article 6 of the Constitution.

The Syrian refugee crisis has increased the problem of child labour significantly. According to the Ministry of Labour, Syrians account for almost 70% of all child labour in Jordan.

The Democratic Empowerment Programme (dubbed 'Demoqrati') was launched in June 2013. The programme is implemented by the King Abdullah II Fund for Development and aims to promote the values of democracy, to develop democratic practices in society and to push forward the process of change in Jordanian society.

Cooperation on foreign and security policy, regional and international issues, conflict prevention and crisis management

In December 2013, Jordan was elected, for the third time, as a non-permanent member of the UN Security Council for the 2014/2015 term.

Jordan and the EU remained aligned on a number of foreign- and security policy-related issues. Jordan continued to advocate both a political solution to the ongoing civil war in Syria and, with regard to the Middle East peace process, direct negotiations between the parties to resolve the conflict.

In principle Jordan maintained an open-border policy towards refugees fleeing Syria, but there were areas where restrictions were applied. As of 31 December there were more than 576 000 registered Syrian refugees in Jordan, of which around 124 000 are living in the Zaatari camp, 3 700 in the Emirati camp and 448 300 in local communities, according to UNHCR figures. The EU continued to support Jordan by alleviating the burden placed on the country by the Syrian refugee crisis. More than EUR 225 million of EU funds had been allocated to Jordan by December 2013, excluding bilateral aid from Member States.

Implementation of two EU projects relating to conflict prevention and crisis management began in spring 2013. The objective of the projects is to tackle violence at universities by equipping and educating selected local youth CSOs to deal with this problem and to reduce tensions between host communities and Syrian refugees using measures based on conflict sensitivity and prevention and peace-building. Measures for improving security conditions relating to the refugees, funded by EUR 22.9 million of EU support, have begun to be implemented by the UNHCR and IOM.

Jordan, Iraq and Lebanon strengthened the basis of their trilateral cooperation and expressed willingness to exchange best practices with the EU in the field of Chemical, Biological, Radiological and Nuclear (CBRN) disaster prevention, preparedness and response. The EU made plans for the implementation of a project with the three countries to improve the countries' respective national teams' competence in dealing with HAZMAT (Hazardous Materials). On 25 June, the EU CBRN Risk Mitigation Centre of Excellence Regional Secretariat for the Middle East officially opened in Amman. It aims to mitigate CBRN risks of criminal, accidental or natural origin by promoting a coherent policy, improving coordination and preparedness at national and regional levels and offering a comprehensive approach covering legal, scientific, enforcement and technical issues.

Jordan and the EU started a dialogue on **the control of exports of dual-use goods**. The Ministry of Foreign Affairs was designated the national focal point and organised a round-table meeting with all Jordanian stakeholders in October to assess the possible next steps towards further cooperation.

3. ECONOMIC AND SOCIAL REFORM

Macroeconomic framework¹

Jordan's macroeconomic performance was mixed during 2013. Adverse external factors, including the Syrian conflict and the resulting refugee crisis, higher oil prices, and the gas supply problems with Egypt were broadly offset by the rebound of budget grants (reaching 3.6% of GDP by the end of the year, up from 1.5% in 2012) and prudent financial management, linked to the implementation of the adjustment programme agreed with the IMF in 2012. **Real GDP** was estimated to increased by 3.3% compared to 2.7% in 2012, backed by increased capital spending by the government and domestic consumption. On the supply side, growth was mainly driven by services, in particular those related to tourism and the financial sector, while activity in both agriculture and the mining sector contracted, partly due to disruptions to transport related to the Syria crisis.

Consumer price inflation intensified in 2013 reaching an average of 5.5%, up from 4.8% in the previous year. This reflected higher global commodity prices and domestic efforts to liberalise fuel and electricity prices.

¹ Figures are from the national statistical office, the central bank or the IMF, or are estimated by Commission staff, as indicated in the Statistical Annex. When other data sources are used, these are indicated.

The losses made by the state-owned electricity company NEPCO (estimated at 1.3% of GDP), caused mainly by repeated interruptions to natural gas supplies from Egypt and their complete suspension since July, continued to weigh on public finances. The mounting number of Syrian refugees also placed a heavy burden on the state. The **general government deficit** (including grants) reached 14.6% of GDP by the end of 2013, up from 8.9% of GDP in 2012. Implementation of fiscal structural reforms continued, although the pace of change was slower than expected, especially in the areas of taxation and social security where delays in the adoption of the respective pieces of legislation were identified. Additional external borrowing put upward pressures on public debt, which reached 87.7% of GDP by the end of 2013, compared to 80.2% one year earlier.

The **current account deficit** fell to 11.1% of GDP from 17.3% in 2012, backed by the lower energy import bill in the first half of the year. Owing to the improvement in the balance of trade, to the sizeable grants from the Gulf Cooperation Council countries and to the issuance of two successful USD-denominated domestic bonds, official reserves had increased substantially reaching an equivalent of six months' imports by the end of 2013 (compared to just 3.9 months at the end of 2012).

Social situation, employment and poverty reduction

Job creation and employment remained among the most critical challenges for Jordan, with the highest rates among youth. Overall, unemployment in 2013 was estimated at 12.7%, compared to 12.2% in 2012 and it continued to be high among those holding a bachelor's degree or higher qualification.

There was evidence of slight progress being made in addressing the strong mismatch between the current labour market supply and demand. Sector-specific Surveys were launched and the first results from the Jordan Occupational Projection Model provided information on the economy's needs in terms of different professions or skills. The EU provided assistance for the implementation of the National Employment Strategy 2012-2020, whose aims include increasing the participation of women in the labour market and increasing youth employment. Jordan took steps to increase the participation of women in the workforce by promoting networking and modern ways of communicating job opportunities. The International Youth Foundation contracted an independent IT company to revise and improve the National Electronic Employment System.

There was no evidence of progress on **labour standards**. Jordan has not ratified the International Labour Organisation Convention No 87 on 'Freedom of Association and Protection of the Right to Organise'.

In January, a **poverty reduction** Strategy for 2013-20 was launched. Its overall objective is to contain and reduce poverty, vulnerability and inequality through the adoption of a holistic and results-oriented approach targeting poor and below middle-class households.

The **Social Security Corporation** began implementing its strategic plan 2012-2016 in January, the EU technical assistance team having completed the necessary work in its supporting role. Statistics confirmed that 2012 targets for social security coverage were

met and that coverage stood at 62.3%. The social security law, needed to ensure the sustainability of the progress achieved, remained however with Parliament.

4. TRADE RELATED ISSUES, MARKET AND REGULATORY REFORM

EU-Jordan total trade amounted to almost EUR 3.8 billion in 2012.² **Bilateral trade** flows increased slightly: EU exports to Jordan increased by 5.6%, consisting mainly of machinery and transport equipment; EU imports from Jordan increased by 6.5%, consisting mainly of chemicals, machinery and transport equipment. In 2012, the EU was Jordan's second-largest source of imports (accounting for 17.5% of total imports) after Saudi-Arabia (23.6%). Jordan meanwhile was the EU's 66th-largest trade partner, which has resulted in a significant trade deficit for Jordan vis-à-vis the EU. On the other hand, the Jordanian balance of trade in services is positive and has been improving since 2009.

Preparatory process for launching negotiations on a Deep and Comprehensive Free Trade Area (DCFTA) with Jordan is well advanced (two meetings took place in 2013). Formal negotiations are expected to start during the first semester of 2014.

In relation to **free movement of goods and technical regulations**, Jordan continued to work towards establishing an adequate institutional and legal basis for the three priority sectors (electrical products, gas appliance and toys) negotiating the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA). The question of an amendment to the standardisation and metrology law remained with Parliament. Once adopted, it will define new product safety requirements for businesses and will establish a new conformity assessment and market surveillance regime in Jordan consistent with EU practices. The government has decided not to establish an independent accreditation body but to integrate accreditation functions into a separate department within the Jordan Standards and Metrology Department (JSMO).

The Commission continued horizontal and sectoral assessment of legislation. The draft Jordanian legislation on the restriction of the use of certain hazardous substances in electrical and electronic equipment complies with the *acquis*. All European standards relevant to the three priority sectors were adopted in April 2013. Jordan is an observer on ten technical committees of the European Committee for Standardisation (CEN) and on two technical committees of the European Committee for Electrotechnical Standardisation (Cenelec). JSMO will be the single Notifying Authority responsible for notification of future Notified Bodies (NBs). Three potential NBs (one for each sector) have been pre-assessed and gaps were identified. An annual plan for the implementation of the market surveillance strategy has been drafted. The National Market Surveillance Committee, though not yet formally established, already holds regular meetings.

Work on **customs procedures** has progressed. An automated single window is available at 50% of customs houses using ASYCUDA World which contains integrated risk management. Little progress has been made however in simplifying customs procedures

² Data for 2013 was not available at the time of writing.

at the border control at Aqaba port. No progress can be reported concerning the adoption of a new customs law. In August, Jordan ratified the Regional Convention on pan-Euro-Mediterranean preferential rules of origin.

An animal identification system was introduced as the next step in developing a traceability system to increase food safety and address **sanitary and phyto-sanitary** issues. A draft food law was submitted to Parliament, but has not yet been adopted.

Jordan remained in 119th place³ (out of 189 economies) in the ease of doing business ranking in the World Bank's 'Doing Business 2014' annual report. The **business climate** would significantly improve if progress were made in the areas of access to finance, resolving insolvency, investment protection and contract enforcement. Jordan dropped to 68th place (out of 148) in the World Economic Forum 'Global Competitiveness Report 2013-2014'. The main difficulties encountered in doing business were restrictive labour regulations, tax rates, access to finance, inefficient government bureaucracy and policy instability. With the aim of improving the **investment climate**, Jordan adhered to the OECD Declaration on International Investment and Multinational Enterprises in November. In May, the government sent a draft investment law to parliament.

No progress has been made in finalising the **services** development master plan, which is expected to provide a comprehensive strategy for the services sector and was initially developed under the EU-funded Jordan Services Modernisation Programme. Jordan reiterated its intention to maintain services as part of the negotiations on the DCFTA.

There were no substantial regulatory changes in the area of **establishment, company law and movement of capital**.

Other key areas

There has been no progress made towards adopting the draft law on **income tax**, the aim of which is to introduce a more progressive structure of rates. The Income and Sales Tax Department started referring cases to courts to claim back tax arrears. In July 2013, the government increased the special tax on mobile phones from 8% to 16%, and the tax on mobile phone subscriptions from 12% to 24%. Telecom service providers and sector representatives warned of the negative impact of this decision on the local market.

The area of **intellectual property rights** did not undergo any significant legislative developments. In June, Jordan hosted a regional workshop organised by WIPO and the Ministry of Industry and Trade on the topic of building respect for intellectual property.

Some progress was made towards boosting **competitiveness**. A national innovation strategy was finalised in May and a national entrepreneurship and micro, small and medium enterprises development strategy and an export promotion strategy were in the final stages of approval (TBC). Jordan continued to show an active commitment to the ten aspects of the Euro-Mediterranean Charter for Enterprise. An assessment of the small

³ Comparison is made with the 'Doing Business 2013' ranking, which was adjusted for changes in methodology and any revision of data due to corrections. For more information, see <http://www.doingbusiness.org>.

and medium-sized enterprise (SME) policy environment was carried out with reference to the Euro-Mediterranean Charter for Enterprise and the Small Business Act for Europe. Preliminary findings showed that the most significant development is the elaboration of a new SME development strategy for 2014-2018. There has been limited progress on regulatory reform, except for the introduction of a single company identification number and the approval of legislation regulating the establishment of private credit bureaus. At regional level, Jordan contributed to the implementation of the 2013-2014 work programme on Euro-Mediterranean industrial cooperation and exchanged good practices in the area of SME development and in the textiles and clothing sector.

The Jordan Enterprise Development Corporation further cemented its role as the main player in the area of SME development. It continued to receive substantial financial support from the EU.

No substantial developments can be reported in the area of **statistics**. Implementation of a twinning project began, which aims to enhance the capabilities of the Jordanian Department of Statistics, in terms of compilation, analysis and reporting of statistical data, by introducing good practices closely aligned to European standards. The population census, scheduled to take place in 2014, was postponed to 2015 due to budget restrictions and the Syrian refugee crisis.

There have been no significant legislative developments in the area of **public internal financial control**. In order to ensure that the wider modernisation of internal controls and audit currently underway also brings national legislation into line with international best practices, as laid down by the International Organisation of Supreme Audit Institutions (INTOSAI), the capacity building plan, adopted for internal control units of ministries, continued to be implemented. On **external audit**, a twinning project designed to introduce a standardised financial audit methodology has been launched. The project includes measures such as adopting financial manuals, supporting an overarching anti-fraud and anti-corruption strategy and strengthening environmental audit.

There were no substantial regulatory changes in the areas of **competition policy, state aid, public procurement and consumer protection**.

5. COOPERATION ON JUSTICE, FREEDOM AND SECURITY

Two technical expert missions took place in February and July 2013 as part of the EU-Jordan Dialogue on **Migration, Mobility and Security**. They covered issues relating to legal migration and mobility, international protection, border management, travel and identity document security and the fight against organised crime and terrorism. The discussions proved to be fruitful and, as a result, negotiations on a joint declaration establishing a Mobility Partnership between the EU and Jordan were launched in December. In March, the Commission adopted a list of supporting documents to be supplied by Jordanian nationals applying for Schengen-visas. In October, Jordan signed an agreement under which it formally recognised the Interpol travel document which will facilitate the movement of Interpol staff across different countries.

In relation to the addressing trafficking in human beings, the EU continued to support measures taken by Jordan to improve the conditions of irregular migrant workers, promote the rights of workers in the domestic and agricultural sectors and strengthen the role of civil society and reviewing existing legislation. Jordan made progress in improving the protection of migrant workers, but more work is required in this field, including through the development of a new action plan on trafficking in human beings and regular meetings of the National Committee for the Prevention of Trafficking in Human Beings.

Jordan amended the law on narcotics and psychotropic drugs in May 2013. First time users will now be sent to an Anti-Narcotics Department rehabilitation centre instead of to prison. In order to improve the operational capacity of the Jordanian Gendarmerie, in accordance with international standards and EU best practices, another twinning project was agreed in August.

In terms of strengthening Jordan-EU Member States **cooperation in police and judicial matters**, a treaty between Jordan and the UK on mutual legal assistance in criminal matters entered into force in June. The treaty allowed Jordan to bring back Abu Qatada to stand trial on charges of terrorism.

6. TRANSPORT, ENERGY, CLIMATE CHANGE, ENVIRONMENT, THE INFORMATION SOCIETY, RESEARCH AND DEVELOPMENT

A new 20-year strategy on national **transport** expected to be finalised in 2014 has not been adopted yet. The first joint committee on the EU-Jordan Euro-Mediterranean Aviation Agreement, signed in December 2010, took place in January. Air carriers had not reaped yet the expected benefits from the Aviation Agreement due to the economic and political crisis. However, Jordan made significant efforts to meet its obligations regarding the implementation of EU aviation legislation. Implementation of the twinning project on aviation started in August 2013 with the aim of strengthening the capacity of the Civil Aviation Regulatory Commission, in approximating the legislative and regulatory framework to EU standards. Jordan has worked more closely with the European Aviation Safety Agency and the agency's experts visited Jordan in July to advise on airport safety issues. A master plan for the highway network, identifying both short- and long-term investment programmes, was finalised. Implementation of the twinning project on road safety with the Jordan Traffic Institute started in September. At the regional level, Jordan provided active leadership in its role of the Southern UfM Presidency in the Euro-mediterranean transport cooperation.

There were no significant developments concerning the implementation of a long-term **energy strategy**. Government purchases of energy imports continued to have major budgetary implications. Interruptions to deliveries of **gas** from Egypt continued throughout the year. In August, the government raised **electricity** tariffs for a number of sectors as part of the stand-by arrangement with the IMF. On 1 January 2014, electricity tariffs were raised for private households consuming more than 600 kWh per month, as well as for agriculture and industrial sectors consuming more than 10 000 kWh per month. Efforts to diversify energy supplies continued, with Jordan reaching an agreement with Iraq in September on a list of qualified companies for the Basra-Aqaba

pipeline. The authorities carried out a tender for the construction of a liquefied natural gas terminal in Aqaba. In addition, Jordan signed a memorandum of understanding with a Chinese consortium in September for the possible future extraction of shale gas.

The Atomic Energy Commission (AEC) designated an area near Amra desert castle as the future site of the country's first **nuclear power plant**. Civil society continued to oppose the plans. The Nuclear Safety Unit continued to support Jordan's nuclear regulator by helping it to develop expertise and bringing the national legal and regulatory frameworks in line with EU and International Atomic Energy Agency standards. In October, the AEC announced that a Russian company had been selected to construct two 1000-megawatt reactors for the nuclear power plant by 2023. Although authorities maintained that launching construction was still subject to two years of environmental impact assessment, the announcement sparked further protests involving local residents, environmentalists and civil society.

In November, financial contracts for the first large-scale **on-shore wind farm** in Jordan were signed. With financial support from the European Investment Bank, the Tafila wind farm is projected to provide 10% of Jordan's renewable energy target by 2020. A government decision in September set a target of 20% of electricity consumed in public buildings being generated from renewable energy by 2020. The government adopted a national energy efficiency action plan, which was supported by the EU regional project Energy Efficiency in the Construction Sector in the Mediterranean (MED-ENEC).

In May, Jordan adopted a policy on climate change. Its objectives include making communities and institutions better able to adapt to change, increasing the resilience of natural ecosystems and water, and optimising mitigation opportunities. The **Ministry of Environment** designated a national focal point for the regional EU programme CLIMA South and actively participated in its activities, including welcoming a fact-finding mission in the country.

In July, as part of the national strategy to diversify **water supplies**, Jordan completed the first phase of the Disi water conveyance project which pumps water from southern Lebanon to Amman and other major population centres in the north of the country. The government further decided to begin the first phase of the Red Sea-Dead Sea project. The Ministry for Water and Irrigation started to implement energy-efficient pumping schemes and to take action against illegal wells.

Jordan participated in EU-funded regional projects including the Sustainable Water Integrated Management project and those falling under the Horizon 2020 Initiative for the de-pollution of the Mediterranean. Jordan is one of the five ENP countries to have started an enhanced cooperation with the European Environment Agency (EEA).

In the area of information society, the draft **telecom** law remained under revision. The current draft law is not expected to bring national law in line with EU practice on liberalisation and competition between operators. Few further steps were taken to strengthen the independence and administrative capacity of the Telecommunications Regulatory Commission (TRC). Regulation is lacking in areas such as e-payment, video on demand and mobile phone applications. The work has advanced on the e-signature regulation. The twinning project designed to strengthen the TRC resulted in a Green

Paper on the convergence of telecommunication and new media and intensified cooperation between the TRC and European telecommunication regulators and agencies. TRC will chair the EU-South Med group of regulators for electronic communications in 2014 and hosted the regional seminar on the promotion of e-signatures for e-business development in November 2013.

No developments took place in **audiovisual policy**.

In the area of **research and innovation**, Jordan significantly increased its participation in the Seventh Framework Programme (FP7) in 2013, reaching a total of 55 projects. The EU contribution to Jordan's participation in these projects totalled EUR 6.3 million. Jordan continued to participate actively in the ERA-WIDE projects, which aim to integrate neighbours into the European Research Area. The main areas of cooperation included environment and energy, health and ICT. Two new FP7 projects (R2I-Research to Innovation) involving four Jordanian stakeholders were launched with total EU funding of around EUR 2 million. These projects are intended to foster research-industry partnerships, support Jordan's capacities in innovation and facilitate the commercial exploitation of research results. A new FP7 regional project, ERANETMED, involving the Higher Council for Science and Technology (HCST) was launched in November. This aims to increase coordination between the national research programmes of EU Member States, associated countries and Southern Mediterranean countries. In May 2013, the HCST launched a national strategy for science, technology and innovation for the period 2013-2017.

Jordan continued its participation in the technical assistance EU-funded project on the **Integrated Maritime Policy** in the Mediterranean (IMP-MED).

In the area of **civil protection**, Jordan takes part to the second phase of the flagship Programme for Prevention of, Preparedness for, and Response to natural and man-made disasters (PPRD South II) which was launched in September. The Programme aims at strengthening a sustainable system of prevention, mitigation and management of natural and man-made disasters in the region.

7. PEOPLE-TO-PEOPLE CONTACTS, EDUCATION AND HEALTH

Continued progress was made in **education reform**, including in the management, monitoring and evaluation of schools under the School Development Improvement Programme. The planned review of the assessment system, including of the general secondary examination, Tawjihi, has not yet however been carried out and no further progress was made on the question of the selection of teachers in accordance with merit-based criteria and standards. An additional EUR 30 million of direct EU support for education was announced in the light of the Syrian crisis and its impact in Jordan. These funds are intended to address the decline in educational achievement and support the enrolment of Syrian refugee children in the formal education system. Currently 106 000 refugee children are registered in the education system and a further 60 000 are receiving alternative education. The EU also provided support of more than EUR 25 million through UNICEF to help fund education for Syrians. Construction of new schools continued despite budgetary constraints.

The **technical and vocational education and training** (TVET) sector continued to be a main recipient of support from the EU and other donors to make it a recognised and attractive pathway for young people. In this context, the Jordanian Employment and Technical and Vocational Education and Training Council started planning a new TVET strategy for the next five years. Development of a National Qualifications Framework has also commenced. Mapping of TVET governance in Jordan was launched as part of the new project "Governance for Employability in the Mediterranean".

Jordan continued to play an active role in the **Tempus** programme. New projects involving Jordan increased from five in 2012 to eleven in 2013, thanks in part to the budget increase for the Southern Mediterranean region and the growing experience of Jordanian higher education institutions in working with the programme. Three projects were coordinated by Jordanian institutions. A total of 148 students and staff from Jordan were selected to receive scholarships enabling them to study at a European higher education institution under new **Erasmus Mundus** partnerships. In addition, four Master's students were awarded scholarships to take part in Erasmus Mundus joint programmes of excellence. Since 2007, eight Jordanian researchers have been funded by **Marie Curie Actions** and eight Jordanian organisations benefited from this programme. The new Horizon 2020 programme will also offer further opportunities for the Jordanian research community to benefit from Marie Curie Actions.

Young people and youth organisations in Jordan continued to participate in the **Youth in Action** programme, with 91 projects reaching 242 beneficiaries.

Cultural cooperation between Jordan and the EU continued, including through a number of specific projects carried out as part of the Euro-Med Heritage Programme. This programme supports the mobility of artists and social entrepreneurs, promotes Jordan's creative industries, cultural expression and public debates advocating human rights. The 'May of Culture' was dedicated to celebrations of 9 May (Europe Day).

Jordan participated in the EU-funded 'Episouth Plus' project, which aims to improve **health security** in the Mediterranean region and South-East Europe. Policy-makers from Jordan attended a TAIEX multi-country workshop on the EU *acquis* on prevention and control of communicable diseases, and participated in the EU-supported Mediterranean Programme for Intervention Epidemiology Training project, which supports training infrastructure and a regional network of competent field epidemiologists, in order to contain cross-border health threats.

Jordan's health system faced additional demands for medical services from refugees having fled the crisis in Syria. The EU provided humanitarian assistance to help meet the refugees' health needs, and also provided EUR 10 million to help finance improvements to wastewater services and sanitation in communities hosting Syrian refugees. In August, the Higher Population Council launched a national strategy on reproductive health, which focuses on improving family planning and the quality of health services.