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signed by Mr Jordi AYET PUIGARNAU, Director

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to: Mr Pierre de BOISSIEU, Secretary-General of the Council of the European
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Taking stock of the European Neighbourhood Policy (ENP)
Implementation of the European Neighbourhood Policy in 2009:
Progress Report Jordan

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COMMISSION STAFF WORKING DOCUMENT

Accompanying the

**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT AND THE COUNCIL
Taking stock of the European Neighbourhood Policy (ENP)**

Implementation of the European Neighbourhood Policy in 2009
Progress Report Jordan

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1. BACKGROUND AND OVERALL ASSESSMENT

Jordan and the European Community first established contractual relations in 1977 by signing a Cooperation Agreement. An EU-Jordan Association Agreement entered into force in 2002. It sets out in more detail the specific areas in which the relations can be developed bilaterally. On this basis, the EU-Jordan ENP Action Plan was approved in January 2005, for a period of three to five years. It supports the national reform process, articulated in Jordan's ten-year national agenda and the initiative "*We are all Jordan*" which form the basis for Jordan's National Social and Economic Development Programme. The framework for regional co-operation is the Euro-Mediterranean Partnership, inaugurated in 1995 and reinforced in 2008 with the creation of the Union for the Mediterranean (UfM), which establishes a policy with ambitious and long-term objectives.

EU-Jordan meetings took place at the level of the Association Council, the Association Committee and the eleven subcommittees, of which ten were activated. During the reporting period the fourth round of subcommittee meetings was completed.

This document reports on progress made on the implementation of the EU-Jordan ENP Action Plan between 1 January and 31 December 2009, 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. In addition, for information on regional and multilateral sector processes, please refer to the sectoral report.

In November 2009 the EU reiterated the commitment to further strengthen the relations with Jordan within the framework of the European Neighbourhood Policy. The EU values Jordan as a very important partner in both the ENP and the Union for the Mediterranean and is committed to further developing a close, constructive and mutually beneficial partnership. As the expiry of the current ENP Action Plan approaches, the next Action Plan is being developed to further deepen and broaden EU-Jordan relations through intensified political dialogue. This dialogue will include the area of human rights and democracy as an important element of enhancement of relations, strengthen co-operation in a number of sectors and promote Jordan's participation in certain EU programmes. The EU has acknowledged the efforts of Jordan to move forward with ambitious political and economic reforms. The "enhanced status" will be based on the core values the EU and Jordan share, i.e. democratic principles including the rule of law, the respect for human rights and the organisation of fair and transparent elections.

In this context, a meeting at senior officials' level of the "*Ad hoc* Group" was held in November 2009 focussing on the enhancement of relations.

The last quarter of 2009 witnessed important changes on the political scene. King Abdullah dissolved the Parliament in November 2009 and called for pre-term elections. A new government was appointed in December 2009, tasked with an ambitious reform programme notably touching upon economic recovery and development of key sectors such as energy and transport, good governance, transparency and efficiency of the public service, decentralisation and citizens' participation.

Progress was made in the area of governance and transparency, with the start of work of the Ombudsman office and the adoption of a code of conduct streamlining the relationship between the Government and the media. Some progress was made in the areas of human rights and fundamental freedoms, such as women's protection against domestic violence and

equal treatment, the rights of the child and the fight against human trafficking. Moreover, some progress was made in the fields of transport, renewable energy, and science and technology.

2. ENHANCED POLITICAL DIALOGUE AND REFORM

Democracy and the rule of law

Regarding **electoral** reform, King Abdullah tasked the new Government (which took office in December 2009) to amend the “Elections Law” in view of the new parliamentary elections (expected no later than 2010), further to the dissolution of the Parliament in November 2009. The envisaged amendments should improve *inter alia* the access of women and some social groups to the new Parliament. The King stressed that the next elections “should be a model of transparency, fairness and integrity”.

Furthermore, the new Government pledged transparency and accountability and adopted a code of conduct to streamline the relationship between the Government and the media, including the activation of the role of spokespersons, daily meetings with the press, bi-weekly press briefings and bi-monthly press conference. The implementation of the code of conduct in practice remains to be seen.

Both Jordan’s National Agenda and the National Economic and Social Development Programme 2009-2011 emphasise the need to enhance the independence of the **judiciary**, notably to lessen the administrative dependency of courts upon the Ministry of Justice.

Further progress on good governance and transparency was made as Jordan's **Ombudsman** bureau, established in 2008, became operational, i. e. receiving complaints from the public, in February 2009. Over the reporting period, the Bureau received over 2,700 complaints out of which 1,100 were accepted. In June 2009, a first Ombudsman was appointed. Efforts were made to raise citizens’ awareness on the role of the Ombudsman including through public information campaigns. In December 2009, the Ombudsman joined the Mediterranean Association of Ombudsmen. The Ombudsman Bureau is currently preparing to join the International Ombudsman Institute.

As regards perception of **corruption**, Jordan was ranked performing far better than most countries in the region. In December 2009, the Prime Minister pledged “zero tolerance” for corruption which constitutes a top priority of the Government.

Human rights and fundamental freedoms

The UN Universal Periodic Review (UPR) on the fulfilment of **human rights** obligations by Jordan took place in February 2009. The review highlighted issues such as women’s and children’s rights, freedom of expression, freedom of association, situation in the prisons, administrative detention, workers’ rights, etc. Jordan endorsed 53 and rejected 23 UPR recommendations. The UPR on Jordan was concluded in the UN Human Rights Council session in June 2009 and Jordan was also re-elected in 2009 for a three-year term to the UN Human Rights Council.

Progress can also be reported as regards **detention** conditions. The National Centre for Human Rights (NHCR) and the Public Security Directorate signed in 2009 a Memorandum of Understanding allowing unannounced visits to the facilities by several lawyers.

Following criticism by non-governmental organisations (NGOs) notably as regards the administrative and legal framework for non-governmental organisations, a revised and partially improved “Associations Act” entered into force in September 2009. The amended law no longer includes the possibility of imprisonment for breaches of the law. However, concerns remain over the conditions under which an NGO can be created, controlled and financed. For example, registration of an association continues to depend on the approval of the Registration Administration Board and grounds to deny are not clearly detailed. In practice, it is still too early to assess the actual impact of the implementation of the new law for the NGOs.

Jordan continues to apply a *de facto* moratorium on the **death penalty** executions since May 2006. Four death sentences were issued in 2009. Jordan has not yet ratified the 2nd Optional Protocol to the International Covenant on Civil and Political rights.

Some progress was made as regards the **fight against torture and ill-treatment**. In 2009, the definition of torture under the Jordanian legislation was brought in line with the UN Convention against Torture. Jordan has not yet ratified the Optional Protocol to this Convention. According to the NCHR the number of complaints of ill-treatment decreased during the reporting period.

Jordan advanced in the international indexes on **press freedom**. However, some concerns remain as regards the application of the Penal Code. The existing Press and Publications Law still authorises the imprisonment of journalists and foresees the imposition of fines on journalists (a few cases were reported in 2009) and encourages self-censorship. The EU contributes to enhancing the professionalism of journalists in Jordan and promoting respect of human rights and freedom of the press by supporting the “Jordan Media Institute”.

Regarding **freedom of assembly**, the Public Gathering Law introduced some limited positive developments, e.g. the tacit approval in the absence of response 24 hours after the request. In addition, 14 categories of gathering do no longer require prior approval. However, prior authorisation of the relevant Governor is still required for most public gatherings.

Jordan has nine pending reports under the UN Treaty Bodies. It has issued a standing invitation to all thematic procedures (2006). The visit of a UN Special Rapporteur on violence against women is pending since 2007.

Jordan continued to make progress in improving the overall situation of **women**, notably concerning the protection against domestic violence and equal treatment. However, further steps are needed to ensure effective protection of women against all forms of discrimination and violence in law and practice. In March 2009, Jordan lifted its reservation to the articles of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) which restricted movement of persons and freedom to choose residence. Women are now allowed to travel without permission from father, brother or husband and to choose their place of residence. The Civil Status Code was amended accordingly. However, Jordan still maintains reservations related to the transmission of nationality to children (affecting more than 12,000 women married to non-Jordanians) and to inheritance rights. It is not party to the optional protocol of CEDAW.

Some progress can be reported as regards honour crimes (some 20 cases still occur every year), following the Ministry of Justice’s decision to establish in August 2009 a special court to handle cases of honour killings. In October 2009 the court issued its first verdict, imposing

a 15 years imprisonment sentence on a man who committed an honour crime. However, additional efforts are needed to further treat cases of honour crimes as ordinary crimes and to make sentences less lenient.

The first Women's Complaint Bureau, launched in February 2009, addresses domestic violence and labour issues that women face, especially spousal abuse, workplace discrimination and sexual harassment. The office is responsible for collecting national data on violence against women and issuing an annual report with its findings. Furthermore, the main ministries pursued the policy of gender mainstreaming by setting up dedicated gender units.

Jordan pursued the progress made over the last years in the protection of the **rights of the child**. Actions were undertaken in 2009, in cooperation with UNICEF, to eliminate child labour (32,000 children affected) by means of inspector training, contacts with parents and schools and a social support centre in Amman. As regards combating violence against children in all settings, an action plan against teacher practices was launched to reduce violence against students by 90% in three years. A programme addressing high drop-out rates is in place.

Regarding fundamental **social rights and core labour standards**, no progress can be reported on the ratification of the ILO Convention on the freedom of association and protection of the right to organise (n° 87).

Overall, the situation of migrant workers (22.5% of the Jordanian labour force) remains a concern. Over the reporting period the Ministry of Labour submitted proposals on regulations on migrant workers and intended to put in place the ILO decent work programmes, which protect their rights. In 2009, the Labour Code was amended to cover the employment of migrant domestic workers. However, in order to meet the Action Plan commitments, Jordan needs to commit further on this issue, especially as regards the protection of female migrant domestic workers who are particularly vulnerable.

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

Jordan kept a regular dialogue with the EU on **CFSP**-related matters and international issues. Jordan remains a strong supporter of a comprehensive solution to the MEPP and continues to play a constructive role in promoting the stability of the region. The country continued to advocate, both bilaterally and in international fora, the resumption of the Israeli-Palestinian negotiations.

Jordan's commitment in further developing the Union for the Mediterranean was also acknowledged by the appointment after the reporting period in January 2010 of Ambassador Ahmad Masa'deh as its first Secretary-General.

Jordan, which was by the end of 2009 the seventh largest contributor of military and police personnel to UN international peacekeeping operations worldwide, continued to participate in various operations notably by deploying its forces in Congo, Liberia, the Ivory Coast and Haiti.

Jordan is still hosting a large number of Iraqi refugees, the overall number of whom however remains disputed. By the end of September 2009, the total number of Iraqi refugees registered by the UNHCR in Jordan was over 46,000 (in contrast with 500,000 Iraqi refugees reported

by the Jordanian Government). The Jordanian Ministry of Health continued to provide free preventive and primary health care to Iraqis and Iraqi children (more than 27 000) also continued to be able to attend government schools.

3. ECONOMIC AND SOCIAL REFORM

Macroeconomic framework and functioning of the market economy

After the recent period of robust growth, GDP growth moderated to 3% in 2009 on account of the indirect impact of the global economic crisis. The slowdown has affected growth in a number of sectors, particularly construction, real estate, and export industries. Investment fell sharply, driven by a decline in FDI from surrounding Arab states as oil earnings have shrunk. Remittances from Jordanians working abroad, which account for roughly 20% of GDP also fell but less than feared. Inflation has been declining since the third quarter of 2008 with the Consumer Price Index (CPI) going into negative territory in the second quarter of 2009. Average inflation for 2009 is expected to be about 1%. Despite the slowdown, unemployment is not expected to rise markedly given the large number of migrant workers in the sectors most affected.

Both trade and current account balance are set to narrow. The current account deficit is expected to shrink from 11.9% of GDP in 2008 to around 6.5% of GDP in 2009, strongly influenced by the decline in food and fuel prices. Jordan's banking sector has not been seriously affected by the global economic crisis on account of limited exposure to international property and equity markets. As a precautionary measure, the Government guaranteed all bank deposits until the end of 2009. Jordan's limited integration with global financial markets has buffered it from the direct impact of the global financial crisis. To deal with the impact of the crisis, the Central Bank of Jordan (CBJ) cut interest rates three times up to April 2009 bringing the benchmark rate to 5.25% (the lowest since August 2005). At the same time, the CBJ reduced banks' reserve requirements to 7% (compared with 10% in October 2008) in order to boost liquidity.

The budget deficit in 2009 is forecast to swell to 12.5% of GDP excluding grant aid, or about 8% of GDP including grant aid, on account of both a fall in tax revenue and an increase in capital spending, while the Government has aimed to cover the expansion by increased foreign grant aid. Over the medium term, Jordan is maintaining its commitment to consolidate public finances by focusing mainly on the expenditure side of the budget. In particular, the Government is considering reforms of the pension system and of the civil service. In 2008, the authorities made progress with reducing Jordan's debt-to-GDP ratio thanks to special buy-back agreements signed with bilateral creditors and the Paris Club. The burden of Government debt is, however, set to rise to around 70% of GDP in 2009 based on current projections which would easily surpass the 60% of GDP legislative ceiling. This would put further pressure on reducing expenditure in 2010. Current expenditure has been targeted for significant cuts with an additional large reduction in capital expenditure.

As well as a weak budgetary position, Jordan's other main macroeconomic vulnerability remains the large current account deficit. It is driven by a narrow export base which has meant that Jordan has historically suffered from a large trade deficit in goods. While the trade and current account deficits narrowed in 2009 due to the fall in commodity prices, efforts to permanently expand the export sector are still paramount. The surge in FDI inflows over the recent period has been curtailed by a shortage of regional FDI on account of falling oil

revenues. At the same time there has been wider global interest, in particular from Asia, in investing in public-private partnership initiatives in transport and utilities.

Employment and social policy

Poverty remains a concern with 10% of the population living with less than 1 JD (EUR 0.96) a day. The Coordination commission for social solidarity became operational in 2009 and coordinates all programmes on poverty reduction. Implementation of the 2008 poverty reduction strategy continued over the reporting period. Finally, the Poverty division of the Department of statistics, created in July 2009, carried out an household expenditure and income survey collecting information on a sample of 13 000 Jordanian families. The outcome of the survey is not yet available. It is the first poverty division in a statistical office in the Arab World.

Jordan continued to face major challenges in the field of **employment** due, in particular, to the demographic growth. The unemployment rate for 2009 was 12.9% with big gender and geographical disparities. The Unemployment fund has not yet been created.

The number of working children between 15 and 17 years old is estimated at 32,000.

The Ministry of Labour presented in October 2009 a number of recommendations to ensure that big investment projects (so called ‘Megaprojects’) translate into massive job creation for Jordanians. Based on those recommendations, the Prime Minister issued a directive to the various Ministries concerned with Megaprojects to involve the Ministry of Labour in all negotiations of contracts.

After consultations with stakeholders, the draft strategy on employment and technical and vocational education and training was presented in March 2009 but it has not been adopted.

In May 2009, the Cabinet of Ministers approved amendments to the Labour Law, notably including domestic workers and agricultural workers in the law, imposing sanctions against violence and adding a new article on compulsory work (trafficking). These still need to be adopted by the Parliament.

In the area of **social dialogue**, the draft law establishing a tripartite committee dealing with the regime of approval of labour union has not yet been adopted. The committee will be responsible for approving new labour unions and branches but also for reviewing the relevant international conventions. The President of the Economic and Social Council was appointed in May 2009. Additional efforts are needed to train the staff of the Council. Four working committees on economic, social, education and labour affairs were created in September 2009.

In the area of **social inclusion and social protection**, preparations for the draft social security law continued over the reporting period.

The draft law includes the creation of employment and maternity funds and the extension of coverage to a larger group of workers. It includes measures to ensure the sustainability of the social security scheme. The Government foresees to adopt the social security law by decree in 2010. Jordan allocated 50 million JD (EUR 48.5 million) to the development of decent housing. The National aid fund, the governmental body in charge of providing social “safety nets”, received for the year 2009 an increase of 40% of its budget to address the consequences of the global crisis on the more vulnerable population.

As regards the promotion of **women's** participation in social and economic life, the female participation rate of 15% of the labour market remains amongst the lowest in the world but the social security reform reportedly focuses on women, offering increased social rights and incentives to private companies to hire them.

Jordan continued over the reporting period to implement **sustainable development** policies through its National Agenda and the "*Kulluna al Urdun*" initiative, resulting in strategies and initiatives designed to achieve *inter alia* environmentally sustainable economic development and greater social inclusion.

4. TRADE-RELATED ISSUES, MARKET AND REGULATORY REFORM

In 2009 bilateral **trade** between Jordan and the EU slowed down to EUR 2.8 billion with a decrease in Jordanian exports to the EU of 40.8% and a reduction of 12.0% of EU exports to Jordan.. In the reporting period tariff dismantling proceeded in accordance with the EU-Jordan Association Agreement, including for products listed in Annex IV. In December 2009, Jordan and the EU concluded negotiations on the text of the Protocol for the Dispute Settlement in bilateral trade disputes. During the reporting period Jordan continued working on the development of the National Foreign Trade Strategy, National Investment Strategy (NIS), Export Promotion Strategy and Services Sector Strategy. Moreover, the national strategy for transport adopted by the Government in June 2009 includes a chapter on trade facilitation, covering such issues as improving the institutional capacity of the National committee for transport and trade facilitation, enhancing regional cooperation to support trade and ease border-crossing traffic, upgrading customs services and border-crossing facilities and developing multimodal and intermodal transport systems. Concerning regional integration, in the reporting period Jordan signed a Free Trade Agreement with Turkey in December 2009. An action plan to set up a customs union with Egypt was adopted in December 2009. The two countries have agreed to aim for a unified customs law, common external tariff and to harmonise other relevant laws.

During the reporting period the Jordanian customs authorities continued the implementation of their Strategic Plan for 2008-2010. The revised customs law, the adoption of which was expected in 2008, is still discussed at governmental level. The computerisation of the customs administration is ongoing: by the end of the reporting period, 95 % of all customs houses, including the major ones, were connected to the customs declaration processing system ASYCUDA World. The Single Window concept is now applied in more than 20 customs houses, including the special economic zone of Aqaba and the major border crossing points and cargo airports. To enhance inter-agency cooperation, the representative of the Ministry of Agriculture, of the Jordan Institution for Standards and Metrology and of the Jordanian Food and Drugs Administration working at the border were given access to ASYCUDA and opening hours of agencies concerned are streamlined. There is also permanent training and strengthening of the capacity of customs officials. Furthermore, work is ongoing in order to reduce waiting time at the borders; working hours were extended; a project for the use of an 'electronic gate' is ongoing and Jordan signed a Memorandum of Understanding with Syria on the use of the ASYCUDA system. The number of companies participating in 'The Golden List' programme, facilitating trade for reliable traders, increased in the reporting period. In July 2009 the Jordanian Customs tightened the conditions necessary to obtain a customs broker licence; by the end of 2009 only two licenses were issued.

Concerning **free movement of goods and technical regulations**, Jordan still continued its preparations to negotiate an Agreement on Conformity Assessment and Acceptance (ACAA) of Industrial Products. In 2009, a detailed and exhaustive ACAA roadmap was approved by the Jordanian authorities. Amendments to the law on standards and metrology as well as a draft accreditation law have not yet been adopted by the Parliament. A draft technical regulation on product safety and a draft law on product liability are under preparation. Some European standards were transposed and draft regulations were prepared in some priority sectors (e.g. pressure equipment) in the view of approximation to relevant EU directives, although the adoption of the two horizontal laws is necessary to move forward with the process. A draft Consumer Protection Law is also being prepared. A draft market surveillance strategy was prepared and the establishment of a National Market Surveillance Committee is underway. Training of market surveillance inspectors was organised.

In the area of **sanitary and phyto-sanitary** issues, Jordan further advanced the preparation of a new food law aiming at approximation with EU rules. Jordan linked up to the external window of the EU's Rapid Alert System for Food and Feed.

As regards the **right of establishment**, there are currently no plans to adopt a regulation enabling 100% foreign ownership in transport services, insurance agent services, travel agencies and tour operators.

No progress can be reported on the adoption of the revised **company law**. In the meantime, an amendment of the existing law in 2008 reduced the minimum required capital of the Limited Liability companies from 30,000 JD to 1,000 JD (approximately from EUR 30,700 to EUR 1,000) and shortened the registration period. Apart from the three manuals of code of corporate governance, the Companies Control Department plans to issue a new code of corporate governance manual for companies. Jordan continued to improve its **business environment**, slightly improving its ranking in international surveys on the ease of doing business.

An assessment on the impact of liberalising the **services** sector on the national economy was finalised in 2009. Jordan expressed interest to enter into bilateral negotiations on the liberalisation of trade in services and the right of establishment in 2010.

In the field of **financial services**, despite the global economic and financial crisis in 2009, prudent financial oversight and proactive supervision by the Central Bank of Jordan (CBJ) shielded banks from exposure to troubled international banks, structured products, and wholesale financial markets. The CBJ continues to implement the Basel II principles for effective banking supervision.

Other key areas

The Government approved a temporary **tax** law which entered into force in January 2010. The law includes a series of amendments to the income tax system with the purpose of unifying several categories of taxes and upgrading the efficacy of tax collection. The new tax law aims at making Jordan more attractive for foreign investment by reducing the tax rates applicable to trade and industry and by exempting foreign investors from the obligation to pay a 10% tax on profits transferred abroad. The newly adopted law also covers the improvement of the administration of the tax system, including voluntary compliance, filing, audit requirements and the appeal system. In December 2009 the Ministry of Finance adopted a Department Strategic Plan (2010-2014) for the Income and Sales Tax Department outlining the strategic

inputs, key activities and annual key performance indicators. The plan's strategic objectives are: increase efficiency and efficacy of the tax management system in the areas of income and sales tax; improve voluntary compliance by means of additional tax awareness, transparency and increased quality of the tax services; collect sufficient financial resources for the public treasury.

In the field of **competition**, limited progress was made. The 2004 law amendments are still being prepared and the planned establishment of an independent competition commission did not take place.

No progress can be reported in the field of **intellectual property** rights. The Patent Law amended in May 2007 was a step towards Jordan's accession to the Patent Cooperation Treaty (PCT). The by-laws, *i.e.*, the trademarks and patents regulations are currently being drafted. Adoption of the patents regulations will enable the implementation of the Patent Cooperation Treaty.

Legislation in the **public procurement** area is being prepared for mid 2010. Jordan continues to negotiate the accession to the WTO Government Procurement Agreement, for which the adoption of a compatible procurement law will be necessary. Jordan continued its activities under the e-procurement programme. The overall objective of the e-procurement programme is to increase the efficiency and transparency of the procurement process and to improve services at lower costs.

In the area of **statistics**, Jordan cooperated fully over the reporting period in the regional working group bringing together representatives of the statistical offices of Egypt, Israel, the Palestinian Authority and Jordan which aims in particular at defining a work programme to reduce asymmetries in the future. Work continued over the reporting period to reinforce the Department of Statistics.

With regard to **public internal financial control**, the Ministry of Finance prepared a reform strategy document for the period 2010-13 but the detailed scheduling of reform to the internal control system have not yet been determined. Effective reform will require improved co-ordination with the Jordanian Audit Bureau including definition of respective roles as regards the internal control system and public external audit.

On **enterprise policy**, Jordan implemented actively the key areas of the Euro-Mediterranean Charter for Enterprise. Jordan has progressed in its preparations of an enterprise strategy in the view of streamlining business support activities. There is currently no specific policy on Small and Medium Sized Enterprises (SMEs). The Jordan Enterprise Development Corporation has many advice and training services for enterprises. Jordan also participates in a pilot project on entrepreneurial skills development in the higher education. An export promotion strategy is still being prepared.

5. COOPERATION ON JUSTICE, FREEDOM AND SECURITY

The fourth meeting of the EU-Jordan subcommittee on Justice and Security and the Working Group on social affairs, covering also migration issues, took place in June 2009. Both meetings allowed Parties to continue to discuss issues of common interest in these areas.

Cooperation with Jordan on **border management** progressed steadily. While Jordan acknowledges the critical role migration management and border control play in combating

crime, it lacks qualified experts in immigration control and resources for security and inspection equipment. Training on document examination, profiling and counter-trafficking was delivered in 2009 through EU assistance to officers and personnel, improving overall border management efficiency as well as enhanced information and experience exchange between Jordan and EU Member States.

In the area of **migration and asylum**, by the end of 2009 the overall number of foreign domestic and agricultural workers with legal permits was approximately 335,000. The number of workers from Egypt, the Philippines and Indonesia is increasing, as well as the number of Bangladeshi workers employed in Qualified Industrial Zones. The large numbers of refugees continue to put severe strains on the Jordanian society and infrastructure, particularly on its medical services, the education system and water supply. The EU has continued to provide assistance to Jordan, with a focus on education for the most vulnerable refugees, water loss reduction measures and the resettlement from Jordan of the most vulnerable refugees.

Jordan ratified the 2003 United Nations Convention against Trans-national **Organised Crime** in April 2009, and acceded to its First Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children in June 2009. In 2009 Jordan adopted the Anti-Human Trafficking Law and formed a national committee responsible for drawing up policies and plans to prevent human trafficking and ensuring their implementation. The Ministry of Justice established a new section to coordinate legal aid and protection for victims of trafficking as well as training for judges and prosecutors. A five year action plan (2010-15) to combat trafficking in human beings was approved in February 2009 focusing on prevention, prosecution and protection. Public awareness and cooperation with NGOs form a major part of the latter. 60 judges received training on **trafficking in human beings** in 2009 under the auspices of the Ministry of Justice and the Judicial Council.

With regards to **counter-terrorism**, during the June 2009 Sub-Committee meeting on Justice and Security, Jordan underlined that the EU should capitalize on Jordan's experience in fighting radicalisation and confirmed its willingness to cooperate with the EU to support the integration of Muslims in EU Member States, including on the dissemination of the 'Amman message' which aims at countering radicalisation by promoting the positive values of Islam.

In June 2009, Jordan adopted a National Strategy on the fight against **drugs**, focusing on the law enforcement, prevention, harm-reduction and rehabilitation measures. In line with the same, the Anti-Narcotics Department of the Public Security Directorate took measures to increase public awareness of the drugs phenomenon, in cooperation with government bodies, universities, schools, youth clubs, the media and civil society groups. Counter-narcotics cooperation was pursued on the basis of bilateral agreements with its immediate ENP neighbours as well as Hungary, Iran, Iraq, Pakistan, Romania, Saudi Arabia and Turkey. Jordan remained engaged in international cooperation against drug trafficking through its membership of Unified Arab Law, Interpol, the League of Arab States and the Organisation for Social Defence against Crime. In addition, it expressed an interest to join the Council of Europe's Pompidou Group in December 2009. The resources of law enforcement agencies need to be deployed as effectively as possible to take account of existing and future challenges.

With regard to the fight against **money laundering**, a new regulation was passed in July 2009 to include real estate agents and gold and silversmith wholesale and retail outlets under the terms of the 2007 Law. Jordan underwent its first mutual evaluation under MENAFATF in May 2009 providing recommendations on how best to improve its reporting regime beyond

the banking and insurance industry. Work commenced on the establishment of a joint reporting data base with customs. The Anti-Money Laundering Unit located within the Central Bank referred 115 cases of suspicious transactions to the Public Prosecutor's Office by the end of 2009.

Due diligence, KYC ('know your customer') and KYB ('know your business') practices continued implementation within financial institutions in line with statutory obligations alongside customised training for judges, prosecutors and lawyers on the applicable legal framework. In the reporting period, Jordan decided to apply for membership of the Egmont Group.

Jordan participated actively in Euro-Med regional programmes on **police and justice** (Euro-Med Justice II, Euro-Med Police II and Euro-Med Migration III). In the framework of these programmes, contacts and exchanges were improved with judicial, police and other law enforcement counterparts across the region on areas such as cybercrime, the fight against terrorism and combating child pornography. While it has not ratified any instruments under the Hague Conference on Private International Law, Jordan participated in the Third Judicial Conference on Cross-Frontier Family Law Issues in June 2009 and joined the Working Party on Mediation under the Malta Process.

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

A revised national strategy for **transport** for the years 2009- 2012 was approved by the cabinet in June 2009. It includes recommendations based on goals, policies and work plans designed jointly between stakeholders from the private and the public sectors. The objectives are to ensure a safe, competitive and environmentally-friendly transport sector and to substantially increase the transit traffic, as well as to transform Jordan into an international hub for the region. The Ministry of planning fixed the objective for the revenues of the transit traffic to represent 5 % of GDP in 2017 against less than 2% presently.

In line with this revised strategy Jordan intends to establish a single regulatory body for land transport (passenger, railway and road freight), responding to the parliamentary request to rationalize institutions. The Government declared its intention to develop the use of public-private partnership arrangements to attract private capital investment into development of key infrastructure and public services. In the rail sector, a major railway network project interconnecting the railway network of the Gulf Cooperation Council countries, the Middle East ports, Syria and Israel is at an early stage of preparation. In Jordan, the core of the project is the construction of a new dryport at the transport junction in Al-Mafraq. The study on the strategic development of the Jordanian railway system has been prepared; a transaction advisor is assisting in the implementation of required investments in cooperation with the private sector in the form of public private partnerships.

In the aviation sector, the revised national transport strategy calls for the completion of the regulatory framework of the sector and the enhancement of the civil aviation safety & security standards in Jordan. Under the revised strategy Jordan will continue to implement liberalization policies while preserving the interests of Jordanian airline companies. The authorities and the European Commission continued negotiations in 2009 on a Euro-Mediterranean aviation agreement that will ensure the establishment of common standards in

the field of air transport and the progressive opening-up of the markets. After the reporting period, the agreement was initialled (March 2010).

The main challenge for maritime transport is to restructure the port sector, in particular to review the market related regulations. The revised national transport strategy recommends a review of all the aspects related to port and shipping in order to improve the overall efficiency. The focus is on integrating maritime transport in the multimodal and logistics chains.

On **energy**, the EU and Jordan consolidated their cooperation including in the context of the 2007 Joint Energy Declaration. Jordan, an energy dependent country, pursued sector reform by implementing the energy components of the National Social and Economic Development Programme for 2009-2011 and the energy master plan for 2007-2020.

The draft integrated energy and minerals law, which includes establishment of an energy regulator, was taken back from Parliament in December 2009 for amendments tackling minerals and oil refineries. Previously part of the integrated energy and minerals law, a new Renewable Energy Law was passed as temporary law in January 2010. In the oil sector, in September 2009, the Government gave, exclusive concession rights (with guaranteed prices) to Jordan Petroleum Refinery Company with a view to expanding and upgrading the refinery. Jordan continued to work on expanding independent power production and reducing electricity network losses. Jordan pursued development of indigenous gas and oil shale resources by signing agreements with private investors.

Jordan stated its plan to play a role in the EU's energy security. Among other things, the Arab gas pipeline, passing through Jordan, should become an important factor in the implementation of the plan. In this context, Jordan started a study regarding a possible link between the Risha gas field and Iraqi gas resources. It continued to assess possibilities to introduce gas distribution for households. Jordan pursued work towards regional electricity interconnection. It developed plans to upgrade the undersea cable with Egypt, completed a feasibility study on an additional link with the West Bank and reinforced the interconnection with Syria. Jordan pursued to assess oil import options *inter alia* by studying the feasibility of an Aqaba-Zarqa pipe. Oil imports from Iraq were re-launched.

Jordan sustained its efforts to promote energy efficiency and use of renewable energy sources. It launched a study for a first concentrating solar power plant in the context of the Mediterranean Solar Plan. It developed other solar plans and stated its aim to equip 30% of household with solar water heating by 2020. Jordan wishes to install 600 MW of wind power by 2015 and launched several projects in this area.

In 2009, Jordan made further preparations for constructing of nuclear power plants. A consultant was selected for a study regarding the possible location of the plant. A tender was launched to select an adviser for the preconstruction phase. Jordan signed an agreement with investors in view of the exploitation of domestic uranium. The country ratified the Convention on nuclear safety, which entered into force in September 2009. It acceded to the Convention on the Physical Protection of Nuclear Material, which entered into force in October 2009. Amman University continued to prepare the construction of a nuclear research reactor and worked on the development of nuclear expertise. In July 2009, the EU and Jordan signed a project, under the Instrument for nuclear safety, to develop and strengthen the Jordan Nuclear Regulatory Commission.

In the field of **climate change**, Jordan prepared its Second National Communication to the UN Framework Convention on Climate Change, including a greenhouse gas inventory, vulnerability assessment and adaptation measures. The participation to the national committee on climate change was upgraded to the level of Secretary Generals of sector ministries in order to further promote mainstreaming of climate issues. Jordan continued to prepare Clean Development Mechanism (CDM) projects, even if no new projects were registered at UN level, leaving the overall number of registered projects at one. Jordan associated itself with the Copenhagen Accord and provided information on actions that it will implement.

The Ministry of **Environment** continued to implement the strategic plan for 2007-2010, *inter alia* with regard to environment integration and strengthening of environmental impact assessment procedures. The national environment action plan was reviewed. The legislative framework continues to require further development, in particular with regard to implementing legislation. In this respect, Jordan is planning a revision of its Environment Framework Law.

New legislation on monitoring and inspections and the environment fund was adopted in 2009 as along with a regulation on protecting the environment from pollution. Jordan continued preparing new legislation on air quality, water and waste management and environment liability. The Jordan Water Strategy (2008-2022) was adopted in 2009 and an implementation plan is being prepared. Work continued on developing a policy strategy on solid waste as well as policy on waste streams. Continued attention is required to implement existing strategies and plans and to further enhance monitoring and enforcement.

Jordan took further steps to pursue the decentralisation of environment responsibilities. Further strengthening of administrative capacity is still a major challenge, and coordination between authorities involved also requires attention. Reform of the water sector policy and institutional set-up continued. The draft water sector law will redefine the institutional set-up and establish the water sector regulatory Commission. Decentralisation and commercialisation of the water services sector is advancing. Monitoring and auditing of the sector are being enhanced. Some further activities took place to promote integration of environment considerations into other policy sectors, such as transport and tourism. Some steps were taken to revise the permit system.

The state-of-the environment report, finalised in 2008, has still not been published. Jordan continued to carry out some activities to inform and involve the public. The Ministry is planning to undertake a pilot assessment that could set an example for future work on strategic environmental assessment.

Implementation of ratified international and regional conventions and protocols requires particular attention. Jordan continued to participate in the Horizon 2020 Initiative, in the preparations for a strategy for water in the Mediterranean (which failed to get approval at the recent ministerial meeting of the Union for the Mediterranean) and in the EU Water Initiative. Cooperation and exchanges of information took place between the European Commission and Jordan, including on water, pollution reduction in the Mediterranean region and environmental reporting.

In the field of **civil protection**, Jordan took part in a new phase of activities of the Euro-Mediterranean Programme for the Prevention, Preparedness and Response to Natural and Man-Made Disasters that started in 2009, continuing the process of strengthening civil protection activities in the region, enhancing capacity at regional, national and local levels,

and promoting institutional cooperation. Hereby, further steps were taken to bring Jordan closer to the European Civil Protection Mechanism, contributing at the same time to the development in the region of a civil protection culture based on an integrated approach covering disaster prevention, preparedness and response.

The Ministry of **Information and Communications Technology** (MoICT) launched a new programme to increase the spread of Internet in remote areas. The programme is based on the national broadband network implemented by the Ministry to connect schools, government departments, hospitals and health centres via high capacity fibre optic cables.

In cooperation with MoICT, the Ministry of Interior launched the Civil Status and Passports e-service which allows display of and access to the civil records required. This e-service is part of a group of e-services finalised in the Tax, Land and Surveys, departments, Ministry of Trade and Industry and Ministry of Foreign Affairs.

The Telecommunication Regulatory Commission is preparing the Strategic Plan for 2010-2012, the main goals of which have been approved. As liberalisation of the 900 MHz and 1800 MHz spectrum bands is an important element of the Strategic Plan 2010-2012 a public consultation was launched in September 2009 with a view to developing a best-practice oriented plan for this liberalisation. In August 2009 a first 3G (third generation) licence was granted, and further 3G licences are planned to be granted in 2011.

The safeguards guaranteeing the independence of the Jordanian **Audiovisual** Commission set up in 2006 remain modest by European standards. The Ministry of information and communications technology prepared a draft law which included proposals to merge the Audiovisual Commission with the Telecommunication Regulatory Commission. The draft law was circulated to the bodies concerned for comments.

The Science and Technology agreement between the EU and Jordan was signed in November 2009. The agreement is expected to accelerate the cooperation in fields of common interest, where EU and Jordan are pursuing **research** and development activities in science and technology. As reported last year, a joint committee will be established to oversee implementation of the agreement and regularly discuss the future orientations and priorities of research policies and research planning in Jordan and in the European Union.

Although Jordan was quite active in the EU Framework Programmes over the last few years, awareness of the Programmes could still be improved. Jordan continued to increase the numbers of applications submitted to the 7th Framework Programme (FP7), 125 Jordanian applicants submitted a proposal and 20 were retained, receiving EUR 1.46 million of EU contribution.

The Scientific Research Fund, under the responsibility of the Ministry of higher education and scientific research, came into operation and a total of about EUR 15 million was committed in 2009. Development of applied research in Jordan and stronger links between research and the private sector remain a high priority for the country although there is still a need clearly to define the roles and responsibilities of the different stakeholders in applied research and innovation and to encourage coordination and cooperation between them.

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

In the area of **education**, the first phase of the Education Reform for the Knowledge Economy (ERfKE) project ended in December 2009, resulting in the definition of a five year strategic development plan (2009-13) and development of new curricula, teaching and learning resource materials alongside infrastructural improvements and expansion. The start of the follow-up ERfKE II project was postponed to early 2010 due to the fiscal situation. However, the Ministry of Education is resolved to implement the five year plan with regard to key areas such as development of teaching and learning and investment in early childhood, vocational and special education. The reform aims to improve quality, transform educational provision and orient educational practice and outcomes to the needs of the knowledge economy. In addition, an amendment to the civil service law in November 2009 strengthened disciplinary measures against teachers and officials administering corporal punishment in schools, public agencies and rehabilitation centres. In the Ministry of Education started a remedial programme for 16,000 underperforming students in key competences in April 2009.

In **vocational training**, the Employment and Technical and Vocational Education and Training Council convened several times during 2009 to review the activities of the employment and TEVT Training Fund in terms of its effectiveness in supporting training actions and programmes. However, the December 2009 Cabinet decision to cancel the Fund's traditional financing mechanism (1% training levy on companies) and replace it with central funding and a levy on foreign workers' permits, raises questions as to the latter's sustainability with consequent risks for overall reform. In addition, coordination between the Ministries of labour, education and higher education remains a major challenge.

The Centre for Accreditation and Quality Assurance commenced work in July 2009 and developed an action plan and built up its organisational planning capacity with the technical assistance of the European Training Foundation (ETF) (*see also section 8*). In October 2009, preparatory work on qualifications frameworks for two pilot sectors, tourism and water, also began with ETF support, in cooperation with the Centre. As was the case in 2008, coordinated efforts to reduce the gap between educational attainment and labour market requirements will require integrating reform concepts such as quality assurance, qualification frameworks, information systems and centre of excellence into policy documents and strategies. Matching operational programmes with reform choices will also require structured resource planning. Developing reform capacity at the level of private sector decision-makers and social partners also needs further investment.

The Parliament adopted two new reform laws in September 2009 on **Higher Education** and Scientific Research and Jordanian universities, granting the boards of public and private universities more autonomy over management decisions and appointments while also amending existing legislation on the accreditation of higher education institutions.

Jordan is benefitting from four projects under the second Call for Proposals under Tempus IV. Curricula reform has advanced through the development of new master's degree programmes in several fields including community health nursing, special education, water resources management and cultural heritage. Similar advances were made in undergraduate degree programmes in the applied sciences while links and cooperation with European universities have increased through Tempus investment. Work remains to be done on development of higher education policy.

Only one Jordanian student received an Erasmus Mundus Master Course scholarship but 35 students and academics received mobility grants for the 2009-10 academic year. Jordanian universities are encouraged to participate in the Jean Monnet programme.

Jordan continued promoting the benefits of **youth** exchanges, voluntary service and intercultural dialogue in the context of regional cooperation. In this connection, Jordanian young people and youth organisations participated in youth exchanges, voluntary service and cooperation activities in the field of youth work and informal education through the Youth in Action and Euro-Med Youth programmes.

In the area of **culture**, Jordan participated actively at regional level in the new Euro-Med Heritage IV programme. Cultural policy however remains weak as it is planned in the context of support for tourism development, thereby lacking strategic focus in terms of development of Jordan's cultural potential. Jordanian cultural organisations participated in the Call for Proposals of the 2009 ENP Special Action under the Culture Programme.

Jordan sustained **health** sector reform, in particular by implementing the health ministry's Strategic Plan 2008-2012 and starting to implement of the 2008 Public health law. The Government plans to concentrate on strengthening the institutional performance management and related monitoring and assessment systems, as well as to explore possibilities to rationalise expenditure, specifically on drugs, which constitute 34% of total health expenditure. However, the monitoring and evaluation system for strategy implementation needs to be strengthened.

The reform objectives remained enhanced access to health care, more quality and full health insurance coverage. It reinforced the institutional structures by reorganising the Ministry of Health and by strengthening the High Health Council. Jordan took measures to combat influenza A (H1N1) including through a vaccination campaign. In 2009, in the context of the influenza A epidemic, the European Commission and Jordan established communication channels for the exchange of epidemiological information in the event of a health crisis. In October 2009, Jordan participated in the newly established EU enlarged health information committee. It pursued participation in the 'Episouth' network on communicable diseases for the EU, Mediterranean and Balkan countries.

8. FINANCIAL COOPERATION – 2009 KEY FACTS AND FIGURES

The European Neighbourhood and Partnership Instrument (ENPI) financial envelope for Jordan under the National Indicative Programme 2007-2010 is EUR 265 million. The programme is geared towards supporting the achievement of key policy objectives as outlined in the Action Plan and pursues four priorities: political reform, democracy, human rights, justice and good governance; trade and investment development; sustainability of the growth and development process; institution building, financial stability and support for regulatory approximation.

The implementation of the measures covered by the 2007 and 2008 Annual Action Programmes is underway. Substantial results were already achieved in the reform of the public finances management system. Significant progress was also made in the education system reform through a strong budget support of the EU, supported already since 2006. The Services Modernisation Programme which aims at supporting the services sector, the first of several programmes in this area, is now also well underway, as well as the following

programmes: enterprise and export development, justice reform and good governance, trade and transport facilitation, as well as a specific programme (twinning and technical assistance) dedicated to support the Jordanian administration in the implementation of Action Plan. In 2009, the European Commission programmed assistance for Jordan for a total amount of EUR 68 million. The 2009 Annual Action Programme (AAP) focused on four priority areas: employment and technical vocational training; capacity building for municipalities; renewable energy; and institutional capacity building. Within this envelope, EUR 10 million was allocated to the rational and sustainable use of alternative energy resources with a focus on Wind Energy and Concentrated Solar Power. EUR 3 million was provided to build the capacity of Jordanian Municipalities as a continuation of the EU support to the decentralisation reform Jordan is undertaking. EUR 20 million funding was devoted to support the Jordanian administration in the context of the implementation of the EU-Jordan Action Plan. The fourth and largest programme in the 2009 Annual Action Programme consisted of a Sector Budget Support Programme of EUR 35 million, focusing on supporting Employment and Technical Vocational Education and Training (E-TVET). An indicative financial envelope of EUR 223 million will be available to support co-operation activities in Jordan in period 2011-2013, based on a European Commission decision of March 2010. In addition to the bilateral allocation, Jordan also benefited from cooperation activities financed under the ENPI multi-country and regional programmes, as well as under thematic programmes, such as the European Instrument for Democracy and Human Rights (EIDHR) and the DCI Thematic programmes: Migration and Asylum Programme, Non-State Actors and Local Authorities in Development (NSA/LA) and Investing in People. Jordan also participates in the Cross-Border Cooperation (CBC Mediterranean Sea Basin programme (EUR 173,607 million for the whole programme in the period 2007-13). The priorities of the programme are: social-economic development; renewable energy; cultural dialogue and local development. Furthermore, in order to address the needs of Iraqi refugees in the Zarqa area, a programme of EUR 12 million, which aims at improving water distribution, is currently being implemented. In 2009, the European Investment Bank signed lending operations in Jordan for an amount of EUR 166 million for the construction of a water pipeline from Disi to Amman in order to address the problem of water scarcity.

In terms of coordination, the EU Delegation to Jordan continued its close contacts with other donors and with the Jordanian Ministry of Planning and International Co-operation. The Delegation is actively involved in the work of the Donors and Lenders Consultation Group (DLCG) and chairs several of its sector working groups. The Delegation has also established an internal EU Development Cooperation Group (EUDCG), which meets regularly to improve common strategies, coherence, information exchange and the visibility of the EU and Member State programmes.