

Annex 1. Logical Framework Matrix for Strengthening Central Bank of Jordan capacity for maintaining financial stability

Overall objective	Objectively Verifiable Indicators	Sources of Verification	
To support Jordan in enhancing its standards for maintaining financial stability, by strengthening the capacities of Central Bank of Jordan through Financial Stability Department.	Positive EC opinion on the progress made in the financial stability area.	EC Regular Report on progress by Jordan in implementation of the macro-prudential policy.	
Project purpose	Objectively Verifiable Indicators	Sources of Verification	Assumptions
To develop a comprehensive macro-prudential framework covering all aspects of financial stability in accordance with the European Union standards and best practices.	A macro-prudential framework in place.	<ul style="list-style-type: none"> - CBJ internal reports. - Project Progress Reports - Twinning project review mission report. 	<ul style="list-style-type: none"> - Government of Jordan continues to support reforms in the financial system and economic system as a whole. - Sufficient Human Resources Provided.
Mandatory Results (Components)	Objectively Verifiable Indicators	Sources of Verification	Assumptions
<u>Result 1: Development and implementation of a Macro-prudential framework.</u> 1.1 Adopting and implementing a macro-prudential policy. 1.2 Identifying and assessing systemic risks at the macro level: excessive credit growth, financial sector exposure to bubbles asset, high exposure of over indebted household sector, high exposure to government debt, reliance on non-stable funding sources. In addition to developing macro-prudential tools to mitigate them. 1.3 Identifying a mechanism to activate macro prudential policy instruments and define the right tools and the right time to activate them to dampen the systemic risks. 1.4 Reviewing and developing the existing D-SIBs methodology and analyzing the	<ul style="list-style-type: none"> - Ratios, indicators and tools for macro-prudential policy are identified. - Macro-prudential policy in place. - Training programme including curricula, methodology and training materials on crisis management manual developed. - Methodology of early warning system and stress testing are developed and enhanced. 	<ul style="list-style-type: none"> - CBJ internal reports. - Projects Quarterly Reports. - Annual Reports Relevant International organizations Assessment Reports (i.e.IMF.) 	Effective communication and active participation of all stakeholders throughout the duration of the project.

<p>contagion risks in the financial system.</p> <p>1.5 Reviewing and Developing the existing Financial Stability Report Methodology.</p> <p>1.6 Reviewing and developing the existing Early Warning System</p> <p>1.7 Specialized training for FSD staff in the area of the financial stability and macro-prudential field is ensured in accordance with the European Union standards.</p> <p>1.8 Training of Trainers in financial stability and macro-prudential field.</p> <p>1.9 Assessing the sufficiency of the existing database.</p> <p>1.10 Proposing any amendments to the existing databases.</p> <p><u>Result 2: Development and improvement of the existing Stress Testing methodologies.</u></p> <p>2.1 Reviewing and developing the existing methodologies for the Solvency Stress Testing.</p> <p>2.2 Reviewing and developing the existing methodologies for the Liquidity Stress Testing.</p> <p>2.3 Developing methodologies of Reverse Stress Testing for Domestic Systemically Important Banks (D-SIBs).</p> <p><u>Result 3: Crisis Management Manual.</u></p> <p>3.1 Reviewing and developing the existing crisis management manual.</p>			
<p>Activities</p> <p>MS to develop activities which are needed in order to achieve the results</p>			