

Responding to the Coronavirus Crisis

Update on Jordan (12/11/20)



EBRD Policy Comparator

Financial Sector			Direct support to firms					Payment holidays			Temporary controls		Support to individuals				Increased social benefits			Health	External Assistance
Policy rate reduced	Liquidity increased	Prudential req. loosened	Wage subsidies	Tax/ social sec. contr. deferred	Loan subsidies	Guarantees	Inspections/ audits suspended	Loans	Rent	Utilities	Prices	Exports	Universal transfers	Self-employed	Pensioners	Low income households	Enhanced sick leave	Enhanced unemp. benefits	Public works	Additional spending	(available or negotiated)
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Economic channels of disruption

Tourism, trade, competitiveness

- Disruptions to global tourism and trade will continue to adversely affect the economy.
- But lower cost of imported energy and increased finance provided to SMEs under various schemes from the Central Bank of Jordan will mitigate the impact.
- The government allowed certain sectors to start working under certain conditions in April, and lifted all restrictions on economic activity and reopened all economic sectors in early May, with safety guidelines to be implemented. Lockdown returned during weekends in October, night curfew and school closures also followed. A full 5-day lockdown started on 11 November following the latest parliamentary elections.

Selected crisis impact indicators

EBRD GDP growth outlook 2020: -6.0%
(Sep 2020) 2021: 4.0%

Amman stock market (ASE) 1,548
(11 Nov 2020) (down 15% YTD)

Crisis response measures to date

Tax postponement, social assistance and interest cuts

- JD150mn liquidity to enable the private sector to continue the production process.
- Allocate up to JD30mn to the tourism sector and an additional JD5mn to support the post-crisis activities.
- JEDCO launched two programmes (JD0.68mn) for local SMEs in sectors directly affected by or involved in responding to the epidemic facing increased demand
- JD10mn loan to farmers with zero interest and a grace period of five years and JD500mn Finance Facilitation Programme for SMEs with the guarantee of JLGC.
- Allocate 50% of maternity insurance revenue (JD16mn) to the elderly and the sick.
- JD550mn of additional liquidity to banks by reducing the compulsory reserve ratio on deposits with banks from 7% to 5%.

Selected crisis response indicators

Payment holidays for loans Until end of 2020

WB: \$20mn to strengthen public health preparedness.
IMF: \$396mn in RFI and \$1.3bn EFF (first tranche \$139mn)
AFESD: \$3mn for urgent health necessities and \$100mn to

Committed external assistance support government in helping the private sector
EU: €250mn in budget support (plus €60.5mn for Syrian refugees amid COVID-19).
UNCHR, USAID, DFID, AECID, Germany and Japan: Circa \$100mn cash grants and medical supplies.

Key short-term priorities

Swift implementation of reforms; improve the fiscal situation to stabilise public debt; and implement the anti-corruption campaign