Responding to the Coronavirus Crisis
Update on Jordan (13/04/20)

**Key short-term priorities**
Diversify export destinations, routes and products; address water scarcity; facilitate private sector-generated jobs to alleviate poverty

**EBRD Policy Comparator**

<table>
<thead>
<tr>
<th>Financial Sector</th>
<th>Direct support to firms</th>
<th>Payment holidays</th>
<th>Temporary controls</th>
<th>Support to individuals</th>
<th>Increased social benefits</th>
<th>Health</th>
<th>External Assistance</th>
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<tbody>
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<td>Policy rate</td>
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<td>Liquidity</td>
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<td>Prudential req.</td>
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<td>Wage subsidies</td>
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<td>Tax/ social cont.</td>
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<td>Loan subsidies</td>
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<td>Guarantees</td>
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<td>Inspections/ audits</td>
<td>suspended</td>
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**Economic channels of disruption**

**Tourism, trade, competitiveness**
- Contraction in global tourism and trade, and an erosion of real competitiveness stemming from the strengthening of the dinar (in light of the peg to the US dollar) will 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.

**Selected crisis impact indicators**

**EBRD GDP growth outlook (April 2020)**
- 2020: slight drop in GDP
- 2021: moderate recovery

**Amman stock market (ASE)**
- (March 16 2020) 1,668 (down 9% YTD)

**Crisis response measures to date**

**Tax postponement, social assistance and interest cuts**
- Postpone until end-2020 the collection of sales tax on all domestic sectors, and imports related to health, and the supply of medicines.
- Allocate 50% of the maternity insurance revenues (JD16mn) to material assistance for the elderly and the sick.
- Introduce price ceilings on essential products.
- Postpone 70% of customs duties for selected companies and reduce social security contributions from private sector establishments.
- Allow banks to postpone the credit facilities instalments granted to clients of sectors impacted by the virus and waive penalties on bounced cheques.
- Pump additional liquidity to the banks of JD550mn by reducing the compulsory reserve ratio on deposits with banks from 7% to 5%.
- JD10 million 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.

**Selected crisis response indicators**

**Payment holidays for loans**
- 3 months

**Committed external assistance**
- IMF: $139mn under a new $1.3bn-EFF with COVID-related allowances.
- AFESD: $3mn grant for urgent necessities to combat virus.
- EU: €60.5mn aid package for Syrian refugees amid COVID-19.