

# Coronavirus response in 2021: building back better

## Update on Jordan (06 December 2021)



### Covid-19 policy response

- **The year 2021 saw extensions of some Covid-19-related fiscal measures**, primarily tax deferrals, reduced fees on government services and the extension of social assistance programmes and business financing schemes.
- **The authorities are committed to resuming reforms under the latest International Monetary Fund (IMF)-supported programme.** The 2021-24 Government Indicative Executive Programme (GIEP) is set to introduce public administration restructuring, energy and water-sector reforms, policies to increase export competitiveness and more inclusive employment regulations. Economic plans also target higher degrees of digitalisation and greener, more sustainable recovery.
- **The need for external support to tackle pandemic implications and aid ongoing reforms is growing.** Around US\$ 800 million remains available under the IMF's Extended Fund Facility (EFF) for 2021-24. The 2022 budget foresees around US\$ 0.8 billion of budgetary support grants, but the Syrian Refugee's Emergency Response Plan remains underfunded.

### Macroeconomic indicators (per cent)

	2018	2019	2020	Short-term indicators
GDP growth	1.9	2.0	-1.6	<b>EBRD GDP growth forecast (Nov 2021)</b> <b>2021: 1.5%; 2022: 2.2%</b>
Annual inflation (year end)	3.8	0.7	-0.3	GDP quarterly growth: 3.2% y/y (Q2 2021)
Government balance/GDP	-4.7	-6.0	-6.0	Consumer sentiment: IPSOS JCSI 36.2 (Q2 2021)
Current-account balance/GDP	-6.9	-2.1	-8.0	Industrial production: 4.8% y/y (Sep 2021)
Net FDI/GDP	2.2	1.5	1.6	Annual inflation: 1.6% (Oct 2021)
Public debt/GDP (year end)	75.1	78.0	88.0	
Unemployment rate (year end)	18.6	19.0	22.7	

### Key short-term priorities

- The swift implementation of key reforms envisaged under the IMF-supported programme and the affiliated 2021-24 GIEP is crucial.
- A return to fiscal discipline is needed to stabilise public debt and bring it towards more sustainable levels.
- There is a need to diversify sources of economic growth and tackle rising unemployment.

### EBRD assessment of transition qualities (ATQs), 2021<sup>1</sup>



### Building back better: key ongoing initiatives

#### Competitive

- Reforms are ongoing to boost export product standards and inspection protocols, notably for pharmaceuticals, with a new initiative to promote small-firm service exports.

#### Well-governed

- Public administration reforms under the 2021-24 Government Executive Programme include restructuring for more agile government entities and a revision of the public administration law, in line with private-sector development plans.

#### Green

- The government launched the Green Growth National Action Plan 2021-25 to embed green growth, combat climate change and promote sustainable development.

#### Inclusive

- An initiative is underway to increase employment opportunities in rural areas, specifically in agriculture and food processing, in tandem with regulatory reform penalising gender discrimination in access to credit.

#### Resilient

- Capital market reforms aim to improve the legal framework, modernise systems, attract institutional investors and boost corporate governance.

#### Integrated

- Public-private partnership investments in infrastructure are underway, including airport upgrades, a new railway network and a land trade route connecting Egypt, Jordan and Iraq.

#### Digital

- A 2021-25 Digital Transformation Strategy has been developed to upgrade the country's infrastructure and introduce digital government services and digital payments.