

Coronavirus response in 2021: building back better

Update on Jordan (16 June 2021)



Covid-19 policy response

- **There was a sizeable policy response in 2020**, amounting to around 2.4 per cent of GDP, in the form of health and social spending, support for the tourism sector, loans to affected small and medium-sized companies and liquidity injections for the banking sector.
- **The year 2021 is seeing 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.
- **External support will help tackle pandemic implications and aid ongoing reforms**. Around US\$ 1.15 billion remains available under the International Monetary Fund's (IMF) Extended Fund Facility (EFF) over 2021-24. The 2021 budget foresees around US\$ 0.8 billion of budgetary support grants and US\$ 9.8 billion in additional borrowing (US\$ 3.2 billion from external sources).

Macroeconomic indicators (%)

	2018	2019	2020
GDP growth	1.9	2.0	-1.6
Annual inflation (end-year)	3.7	0.6	-0.4
Government balance/GDP	-4.7	-6.0	-8.9
Current-account balance/GDP	-6.9	-2.1	-8.1
Net FDI/GDP	2.2	1.6	1.7
Public debt/GDP (end-year)	75.1	78.0	88.5
Unemployment rate (end-year)	18.7	19.0	24.7

Short-term indicators

EBRD GDP growth forecast (June 2021)
2021: 1.5%; 2022: 2.2%

Consumer sentiment: IPSOS JCSI 31.7 (Q1 2021)

Industrial production: 18.4% y/y (March 2021)

Annual inflation: 1.3% (April 2021)

EBRD assessment of transition qualities (ATQs), 2020¹



Building back better: key ongoing initiatives

Competitive

- Working with the International Finance Corporation will boost export product standards, inspection protocols and access to international markets, notably for pharmaceuticals.

Well-governed

- Public administration reforms under the 2021-24 Government Executive Programme include restructuring towards 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 under way to increase employment opportunities in rural areas, specifically in agriculture and food processing, as well as 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 under way, including airport upgrades, a new railway network and a land trade route connecting Egypt, Jordan and Iraq.

Digital

- The gradual digitalisation and streamlining of procedures related to business licensing and registration, building permits, public procurement and tax collection are under way.

Key short-term priorities

- Key reforms envisioned under the IMF-supported programme should be swiftly implemented.
- The fiscal situation needs to be improved to stabilise public debt and bring down it to more sustainable levels.
- The implementation of the government's anti-corruption campaign should be prioritised.

To learn more about EBRD's support to Jordan visit: <https://www.ebrd.com/jordan.html>.

¹ For more details on ATQs, see EBRD (2020), [Transition Report 2020/21: The State Strikes Back](#), London.