European Commission - Press release

EU approves disbursement of €100 million in Macro-Financial Assistance to Jordan

Brussels, 24 June 2019

This is the second and final tranche of the second Macro-Financial Assistance (MFA) programme for Jordan that was adopted by the European Parliament and the Council on 14 December 2016. In total, the programme is worth €200 million. With today's disbursement, the EU has now provided Jordan with €380 million in MFA funds since 2013.

The current MFA programme has helped Jordan to cover its financing needs and supported the implementation of its structural reform agenda.

Pierre **Moscovici**, Commissioner in charge of Economic and Financial Affairs, Taxation and Customs, said: *"Jordan has been profoundly affected by events in Syria since the crisis there began in 2011. Today's disbursement demonstrates the EU's commitment to continue to provide political and financial support to Jordan in these challenging times. It is an important and encouraging signal that Jordan intensifies its efforts to deliver on economic reforms in close cooperation with the international community. I look forward to continuing our work with the Jordanian authorities on their reform programme and in securing a stable, stronger economy for Jordan for the benefit of its entire population."*

MFA funds are made available in the form of low-interest long-term loans, conditional on the implementation of specific policy measures agreed in the Memorandum of Understanding.

Jordan has fulfilled the policy commitments agreed with the EU for the release of the second disbursement under the programme. These included important measures to enhance debt sustainability, improve the independence of external audits in the public sector, increase transparency in public procurement, expand the tax base and increase progressivity of taxation, strengthen the social safety nets, increase employment opportunities for Syrians in Jordan and enhance the financial viability of the water sector. At the same time, Jordan continues to satisfy the pre-condition for Macro-Financial Assistance of respecting effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and with regard to guaranteeing the respect for human rights.

Jordan has also fulfilled the benchmarks foreseen in the Extended Fund Facility programme that the country agreed with the International Monetary Fund (IMF) in August 2016. The adoption of a new income tax law in December 2018 and the strong support by the international community at successive conferences, including in London and Brussels respectively on 28 February and 12-14 March 2019, have been important steps towards the completion of the second IMF programme review on 6 May 2019 and the extension of the IMF programme until March 2020.

The EU will continue to follow closely economic developments in Jordan in close cooperation with international organisations such as the IMF and the World Bank, as well as with multilateral and bilateral donors. The EU will continue working with the Jordanian authorities and stakeholders on the implementation of the country's reform agenda. This is also highlighted by the high-level mission to Jordan led by Commissioner for European Neighbourhood Policy and Enlargement Negotiations Johannes **Hahn** with the main European and International Financial Institutions on 25 June.

Background

Macro-Financial Assistance (MFA)

Macro-Financial Assistance (MFA) is part of the EU's wider engagement with neighbouring countries and is intended as an exceptional EU crisis response instrument. It is available to the EU's neighbouring countries experiencing balance-of-payments problems. It is complementary to assistance provided by the IMF. MFA loans are financed through EU borrowing on capital markets. The funds are then on-lent with similar financial terms to the beneficiary countries. MFA grants come from the EU budget.

In June 2016, in response to Jordan's request, the Commission proposed a second MFA programme for up to €200 million. This proposal was adopted by the European Parliament and the Council on 14 December 2016. The Memorandum of Understanding was signed by Jordan and the European

Commission, on behalf of the EU, on 19 September 2017. Both instalments under this operation have now been released. The first disbursement under this programme, amounting to €100 million, took place on 25 October 2017.

Jordan has so far benefitted from a total of €380 million worth of EU MFA loans since 2013, also including €180 million as part of the first MFA programme, disbursed in 2015.

EU-Jordan relations

This MFA programme is part of a comprehensive effort by the EU to help Jordan mitigate the economic and social impact stemming from regional conflicts and the presence of a large number of Syrian refugees, in accordance with the EU-Jordan Partnership Priorities, as confirmed during the third Brussels Conference on the Future of Syria and the Region on 12-14 March 2019 and the EU-Jordan Association Council on 17 July 2019.

Overall, the EU mobilised more than €2.1 billion for Jordan since the beginning of the Syrian crisis in 2011. In addition to MFA, EU increased funding in response to the Syrian crisis includes humanitarian assistance, together with longer-term resilience and development support in areas such as education, livelihoods, water, sanitation and health, addressed to Syrian refugees and Jordanian host communities.

Further information:

Memorandum of Understanding between the EU and Jordan

More information on MFA

More information on MFA to Jordan

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Related media

Visit of Johannes Hahn, Member of the EC, to Jordan