

PRESS RELEASE

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Jordan: EU approves further assistance of €500 million in loans

The Council adopted a decision to provide up to 500 million euros of macro-financial assistance to Jordan.

The EU assistance will support the restoration of a sustainable external financing situation in Jordan, thereby supporting its economic stability, reform agenda and social development.

The assistance will be available for two and half years. It will be provided in the form of loans, to be disbursed in three instalments. The loans will have a maximum average maturity of 15 years.

The Jordanian economy has significantly suffered from regional unrest and conflicts, notably in neighbouring Iraq and Syria, straining its public finances and negatively affecting tourism, foreign direct investments and access to energy resources (in particular natural gas). The Syrian conflict has also caused an inflow of about 1.3 million Syrian refugees. Against this background, continued support from Jordan's international partners remains essential.

Since the beginning of the Syrian crisis in 2011, the EU has made available more than 2.1 billion euros to Jordan under different instruments, including 380 million euros under the two previous macro-financial assistance programmes. The European Investment Bank has also allocated around 486 million euros in project loans to Jordan. In addition, the IMF also recently extended until March 2020 an ongoing programme of 723 million dollars.

The assistance will be subject to a memorandum of understanding (MOU), to be agreed by Jordan with the Commission. The MOU will lay down economic policy and financial conditions, focusing on structural reforms and sound public finances. It will include a timeframe for the fulfilment of those conditions. To have a non-precautionary programme with the IMF is a condition for the release of the instalments.

A precondition for granting the assistance will be that Jordan respects effective democratic mechanisms, including a multi-party parliamentary system. It must also respect the rule of law and guarantee respect for human rights.

The Commission and the European External Action Service will monitor the fulfilment of this precondition for the duration of the macro-financial assistance.

The Parliament approved the decision at first reading on 17 December 2019. The decision will enter into force on the third day following its publication in the official journal of the EU, expected by the end of January 2020.

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