Further macro-financial assistance to Jordan

2019/0192(COD) - 17/01/2020 - Final act

PURPOSE: to provide further macro-financial assistance (MFA) of EUR 500 million to Jordan.

LEGISLATIVE ACT: Decision (EU) 2020/33 of the European Parliament and of the Council providing further macro-financial assistance to the Hashemite Kingdom of Jordan.

CONTENT: the Decision provides Jordan with macro-financial assistance of up to EUR 500 million in the form of loans with a view to facilitating the stabilisation of its economy and the implementation of a major reform programme. This assistance shall contribute to covering Jordan's balance of payments needs identified in the International Monetary Fund programme.

The Jordanian economy is largely affected by the ongoing conflicts in the region, particularly in neighbouring Iraq and Syria. These regional disturbances have led to a considerable deterioration in external revenues and have put public finances under strain. In addition, the Jordanian economy has been faced with a massive influx of Syrian refugees, which has increased pressure on public finances, public services and infrastructure.

Since the beginning of the Syrian crisis in 2011, the Union has made available more than EUR 2 100 million to Jordan under different instruments, including EUR 380 million under the two macro-financial assistance programmes, to help the country preserve economic stability, sustain political and economic reform and address Jordan’s humanitarian, development and security needs. In addition, the European Investment Bank has allocated approximately EUR 486 million in project loans to Jordan.

Conditions to benefit from assistance

A pre-condition for granting the Union’s macro-financial assistance shall be that Jordan respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law, and guarantees respect for human rights.

Commission services and the European External Action Service (EEAS) should work closely together throughout the macro-financial assistance operation in order to coordinate Union external policy and to ensure the consistency thereof.

Memorandum of Understanding

The specific objectives of the Union’s macro-financial assistance should strengthen the efficiency, transparency and accountability of the public finance management systems in Jordan and promote structural reforms aimed at supporting sustainable and inclusive growth, employment creation and fiscal consolidation. It shall be subject to economic policy conditions to be laid down in a Memorandum of Understanding which shall include a timeframe for the fulfilment of those conditions.

MFA shall be made available for a period of two and a half years, starting the day after the entry into force of the Memorandum of Understanding.

When developing policy measures, due account shall be taken of progress in the reciprocal opening of markets, the development of fair and rules-based trade, as well as other priorities in the framework of the Union's external policy.

Control and monitoring

The MFA shall be managed by the Commission. In order for the European Parliament and the Council to be able to monitor the implementation of the Decision, the Commission shall inform them on a regular basis of developments concerning this assistance and provide them with the relevant documents.

By 30 June each year at the latest, the Commission shall report to the European Parliament and the Council on the implementation of the Decision during the previous year. It shall also submit an ex-post evaluation report assessing the results and efficiency of the EU MFA already granted.

ENTRY INTO FORCE: 20.1.2020.