

Macro-financial assistance to Jordan

2024/0086(COD) - 01/04/2025 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 571 votes to 49, with 46 abstentions, a legislative resolution on the proposal for a decision of the European Parliament and of the Council on providing macro-financial assistance to the Hashemite Kingdom of Jordan.

The European Parliament has adopted its position at first reading, taking over the Commission's proposal.

Under the proposed decision, the Union will provide Jordan with macro-financial assistance (MFA) of up to EUR 500 million in loans, with a view to supporting Jordan's economic stabilisation and a substantive reform agenda. The Union's macro-financial assistance shall contribute to covering Jordan's balance-of-payments needs as identified in the IMF programme.

This assistance is designed to address pressing economic challenges, including high public debt, a structurally elevated budget deficit (5.1% of GDP in 2023), and a persistent external deficits (average of around 6.5% of GDP over the last five years). It also aims to mitigate the fiscal constraints exacerbated by recent crises, such as the COVID-19 pandemic and regional instability.

The loan will be provided under the External Action Guarantee with a provisioning at a rate of 9%, which will be programmed under the NDICI-GE, for a total amount of EUR 45 million. To ensure risk coverage, the EU will provision 9% of the total amount, or EUR 45 million, under the External Action Guarantee.

The MFA will have a validity period of two and a half years following the entry into force of the Memorandum of Understanding (MoU). The disbursement of funds will occur in three tranches, contingent upon the full and timely implementation of the agreed-upon economic policies outlined in the MoU. These policies include ambitious reforms in key areas such as public governance, fiscal management, and anti-corruption efforts, ensuring that the assistance supports Jordan's long-term economic resilience.

The granting of the Union's MFA is subject to the precondition that Jordan respects effective democratic mechanisms, including parliamentary pluralism, and the rule of law, and ensures respect for human rights. When preparing policy measures, progress made on reciprocal market opening, the development of fair and rules-based trade, as well as other priorities in the Union's external policy, will also be duly taken into account.