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GRAY/21/1792

June 28, 2021

**Statement by Mr. Fanizza and Ms. Korinthios on Jordan
(Preliminary)
Executive Board Meeting
June 30, 2021**

We thank staff for the excellent report and Mr. Mohieldin, Mr. Alhosani, and Ms. Choueiri for their insightful Buff statement. The pandemic has taken a toll on the economy, raising public debt well above what expected under the program. We support the authorities' request for the completion of the second review of the arrangement under the Extended Fund Facility, as well as the augmentation of access and modification of performance criteria. We would like to add the following comments:

- **The authorities should be commended for the good program performance as well as for their continued commitment to the objectives of the program supported by the EFF.** The pandemic has raised Jordan's external financing needs, underscoring the criticality of continued donor financing, also in order to support the Syrian refugees. Against this background, we appreciate that firm commitments of financing assurances are in place for the 12 months following the second review, with good prospects thereafter, and support the proposed augmentation of the program. Furthermore, we welcome the authorities' plan for a Eurobond issuance of US\$500 million this year.
- **Despite the authorities' efforts to protect jobs and the most vulnerable, further measures would be needed.** We understand that the authorities are working to produce an action plan to improve the efficiency of the social safety, *on which we would appreciate more details.* We support the proposed temporary relaxation of 2021 deficit targets to allow for greater social protection and jobs-support spending. We regret that unemployment has reached a record level and is particularly high for youth and women, but we are reassured by the fact that labor market reforms aimed at encouraging formal, female and youth employment rank high on the Government's agenda.

- **With regards to the utilities sector, we welcome that the government is pursuing a comprehensive strategy to ensure the medium-term financial viability of NEPCO.** We are pleased to see that the authorities have adopted a three-year end-user electricity tariff reform plan, aiming at reducing the high electricity costs for the business sector. We also underscore the need to address the challenges in the water sector, particularly with regards to water scarcity, and look forward to seeing the financial sustainability roadmap for the water sector.
- **We commend the authorities for their efforts to enhance the regime for Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT).** We welcome the recent completion, with the Fund assistance, of the National Risk Assessment, and are also pleased to see that the authorities have requested a follow-up IMF TA.
- **We congratulate the authorities for having contracted sufficient vaccines to cover nearly the entire adult population and commend them for making vaccination available to the refugee population.** However, we note that, according to staff, vaccines face supply shortage, *thus we would appreciate further clarifications.*