

# JORDAN

**Jordan's Statement at the EBRD 2016 Annual Meeting and Business Forum**

*London, 10-12 May 2016*

*Excellencies, Ladies and Gentlemen,*

Allow me to start by congratulating EBRD on a successful 25 years; *indeed 25 years of influencing change*. During this journey we have not only seen expansion of Bank's operations to new countries and regions (*including SEMED*) but also the Bank was able to promptly respond to important and historic events that impacted our regions, bringing knowledge, expertise, innovation and diverse financial products focusing on critical sectors and promoting private sector development, thus contributing to making a real transformation on the ground in the areas they have supported. I would like to commend the strong leadership of President Sir Suma Chakrabarti and outstanding efforts of the Bank team, which have contributed to the Bank successes.

EBRD's support to Jordan has been invaluable especially during these challenging times that we are facing as a result of regional crises and spillover on the country (including the refugee influx) which impacted growth, exports, and investment levels as well as tourism receipts. EBRD in Jordan has been a true success story, which translated into concrete projects on the ground supporting critical sectors/areas ranging from MSMEs, infrastructure, renewable energy, water, solid waste, pharmaceuticals to promoting private sector led growth and development. Jordan succeeded over the years in transforming challenges into opportunities; a recent example is the energy challenge (a true success story based on public private partnership).

Moreover, EBRD has contributed to the development of our renewable energy sector by supporting a number of solar and wind energy projects; thus helping Jordan in diversifying the energy mix to reach 15 percent of its electricity energy mix renewable by the year 2020 as a minimum. We strongly believe that EBRD's true comparative advantage vis-à-vis other MDBs present in Jordan lies in promoting private sector development and participation. This has been translated in over 90 percent private sector investment portfolio in Jordan since 2012 complemented by important capacity building and advisory services. We believe that an increased investment capacity in our country will continue to help in addressing the unemployment challenge, especially among youth, with special emphasis on value-added sectors, SME development and access to finance.

I would also like to take this opportunity to thank the Bank for the support voiced to Jordan at the Supporting Syria and the Region Conference held last February in London, and its commitment to play an active role in addressing the Syrian refugee crisis contributing to the resilience of refugee-hosting communities by announcing a financial package of Euro 900 million over the next three years in support of host countries in the region including Jordan. In this context, we count on shareholders support to the proposal made by President Chakrabarti to consider a contribution of Euro 100 million as grants from the Bank's net income. Additionally, we count on donors to raise the additional grant resources in order to leverage necessary EBRD investments.

*Ladies and Gentlemen,*

The Syrian crisis is now in its sixth year; most tragic humanitarian crisis of our time. Jordan has been facing a slow-motion Tsunami over the past years, which resulted in growing needs, regressing hard-earned development gains, increased public debt, and is impacting the country's sustainable development path. Jordan has also assumed a heavy burden due to hosting of Syrian refugees and is carrying out a global public good on behalf of the world. Jordan today is hosting about 1.3 million Syrians as per the recent 2015 Population and Household Census. Refugee communities are also becoming increasingly vulnerable. More than 90 percent of refugees are living in Jordan's cities, towns and villages exhausting existing social and physical infrastructure. This has also put further pressure on our economy and stretched social cohesion in our host communities affecting as well our debt to GDP even-though we have implemented a successful Standby Arrangement Program with the IMF that ended in last quarter of 2015, increasing financing gaps, and severely constraining our fiscal space.

In spite of the international community's support many urgent needs in host communities are still unmet, which called for a paradigm shift; one that meets this protracted crisis with a sustainable solution and focuses on growth and investment whilst maintaining resilience and economic stability. In this respect, Jordan and its partners proposed a holistic approach that focuses on turning the Syrian refugee crisis into a development opportunity that attracts new investments (*into designated 13 zones*) and opens up the EU market with simplified rules of origin, creating jobs for Jordanians and Syrian refugees in a complimentary that does not displace Jordanian job opportunities whilst supporting the post-conflict Syrian economy; rebuilding host communities by adequately financing the Jordan Response Plan 2016-2018 (*developed in cooperation with the international community*); and supporting the macroeconomic framework and addressing Jordan's financing needs over the next three years, as part of Jordan entering into a new program with the IMF "Extended Fund Facility".

The Jordan Compact was adopted at the London Conference comprising of commitments made by both the international community and Jordan towards implementing the pillars of the holistic approach, including a bold decision by the Government of Jordan to allow Syrian refugees to work in areas that do not displace Jordanian jobs. Yet, in order to realize the commitments set out in the Jordan Compact, it is critical that the international community starts delivering on their pledges, especially in support to host communities. This must be delivered in full coordinated partnership in priority areas we identified together to ensure long term success of this paradigm shift of relevance to the entire world. Failing this, we will inevitably lose this unique transformational opportunity and will be faced with even greater challenges.

*Ladies and Gentlemen,*

Jordan did not take what is happening in our region as an excuse to stop its reform and development agenda. Our reform approach has always been based on an inclusive, sustainable and home-grown evolutionary process that is based on moderation, openness, strengthening stake-holding and active citizenship; whilst empowering our citizens, especially women and youth, and creating new opportunities to raise the standard of living across the country. It is due to our constitutional Monarchy, awareness of and investment in our citizens, commitment to comprehensive reform and to developing the country's and its people's future that enabled Jordan to be a uniquely safe haven in a turbulent region and to remain resilient, strong and transforming challenges into opportunities.

The strong partnership between the public and private sectors and the civil society has been a key factor in the success of our ongoing development efforts. Therefore, based on a comprehensive consultative approach, we launched last year our new 10-year socioeconomic blueprint for the country, Jordan 2025, and adopted the Executive Development Program 2016-2018 representing the first phase of implementing the new vision.

On the political reform front, a new wave of laws that aim to further increase citizens' participation in decision-making covering Political Parties, Municipal Elections, Decentralization and the new Elections law were endorsed. Additionally, as part of our efforts to enhance transparency, integrity, good governance and fighting corruption, Parliament recently approved a new Integrity, Ombudsman and Anti-corruption Law. In the coming year, Jordan will witness three elections; the 18<sup>th</sup> Parliament, Municipal Elections, and for the first time decentralized elections to elect governorate councils.

Under the Compact adopted in London, the Government of Jordan made a commitment to work on improving the doing business and investment environment and is taking forward a detailed plan on measures and structural reforms needed in this regard in addition to incentives that can be offered to domestic and international investors. In this context, we look forward to working with EBRD to organize an investment forum in the coming months with aim to promote Jordan and attract investments specifically from Europe with the objective of benefiting from the new rules of origin arrangement.

*Ladies and Gentlemen,*

Moving ahead, we hope to move forward with the pipeline of projects that we have identified with EBRD especially in areas of renewable energy, solid waste, municipal services, wastewater, in addition to improving public transportation to be supported through innovative financing schemes, thus focusing more on blended financing in addition to

structuring investment and development projects as PPPs. We also see an important role for the Bank to promote cross border cooperation in critical sectors which unfortunately is lagging in the SEMED region.

Before closing, I cannot but thank the shareholders for the support extended to Jordan over the past few years. We wish the Bank another 25 years of more success and expansion.

**Thank you...**