

May 28, 2015

Signing of Japanese ODA Loan Agreement with the Hashemite Kingdom of Jordan

Contributing to Jordan's fiscal and public sector reforms

On May 27, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of Jordan in Amman, the capital of Jordan, to provide a Japanese ODA loan for up to 24 billion yen for the Fiscal and Public Service Reform Development Policy Loan.

In Jordan, the huge influx of Syrian refugees has reached 630,000 people, which is nearly equal to 10 percent of Jordan's population. This rapid increase of the population is affecting Jordan socially and economically. As Jordan has scarce water and natural resources, the government has been spending a large proportion of the budget to streamline the supply of water and electricity. However, providing adequate public services throughout Jordan is difficult because of the increasing consumption of water and electricity by the expanding population. To maintain public services, the government has been striving to secure enough funds, implementing such initiatives as tax reform to raise government bonds and utilizing support by the international community.

Given these circumstances, the Fiscal and Public Service Reform Development Policy Loan aims to promote economic stabilization and development efforts by Jordan through support for reform in the areas of debt management and public services. More specifically, the loan supports debt management capacity reform and the diversification of government funding sources with an increase in borrowing. The loan also supports reform in electricity tariffs, diversification of energy resources for electricity, renewable energy and energy efficiency in the water sector, and water infrastructure improvements in the north where Syrian refugees continue to be accepted.

To support the objectives of the loan, JICA has been providing technical cooperation in debt management capacity building and in government mobilizing alternative funding resources. Furthermore, JICA has dispatched an advisor to the National Electric Power Company for assisting with the preparation of an Electricity Master Plan. Water is the sector where JICA has been providing its most significant contribution. One such area of support is a water supply improvement project in the north currently underway.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Fiscal and Public Service Reform Development Policy Loan	24,000	1.7	-	25	7	General untied

2. Executing Agency

Ministry of Planning and International Cooperation
Address: P.O. Box 555, Amman 11118, Jordan

3. Planned Implementation Schedule

- (1) Completion of project: March 2016 – with completion of the loan disbursement
- (2) Consulting services: Not planned.
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction: Not planned