

Signing of Japanese ODA Loan Agreement with Jordan: Support for reforms in Jordan which has a large influx of refugees from Syria and other countries

On December 21, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Hashemite Kingdom of Jordan in Amman, the capital city, to provide a Japanese ODA loan of up to 30 billion yen for the Financial Sector, Business Environment and Public Service Reform Development Policy Loan.

In addition to refugees accepted from Palestine and Iraq, Jordan has accepted approximately 650,000 refugees fleeing civil war in neighboring Syria (the number registered by the United Nations High Commissioner for Refugees), which is around 10 percent of Jordan's population. The conflicts in the neighboring countries have increased the population of Jordan 1.5 times over the last four years and have had a major impact on the socioeconomics of the country and on the government's finances.

The Government of Jordan has been promoting efficient water supply and electricity projects because the country has always faced an extreme scarcity of water and few natural resources that can be used for energy. Nevertheless, due to the rising number of people who need water, electricity and other public services resulting from this influx of refugees, the financial burden on Jordan has grown dramatically, making it difficult to provide public services throughout the country. Though the economy in Jordan has stagnated as a result of civil disturbances in nearby countries, it is critical that reforms be implemented in the financial sector and business environment with the aim of independent economic development without depending on foreign aid.

Based on these circumstances, this program will provide support for reform by the Government of Jordan in two areas: the financial and business environment, and the public service field. For financial and business environment reforms, the program aims at creating a secondary bond market, introducing a credit rating system, and making industrial policies transparent. The program aims at improving the financial sustainability and efficiency of public services by introducing an electricity tariff mechanism linked to energy prices, and by utilizing renewable energy that reduce the cost of power generation..

By supporting long-term reforms with a macro perspective and alleviating, in the short term, the rising financial burden on Jordan due to the influx of refugees and the unstable situation in nearby countries, this program will support the Government of Jordan in its continued acceptance of refugees and provision of public services.

JICA supports the Government of Jordan by dispatching experts to improve the financial management capacity, providing training in Japan for improving debt management, and providing technical assistance for the issuance of sukuk (Sharia-compliant bonds) with the aim of more diverse ways to make funds available. In addition, for the electricity sector, experts have been dispatched to power companies and power authorities to assist in drafting electricity master plans, and for the water sector, support for building up the tap water infrastructure has been provided.

(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			
Financial Sector, Business Environment and Public Service Reform Development Policy Loan	30,000	Yen LIBOR + 20bp	-	30	10	General, untied

2. Executing Agency

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

3. Planned Implementation Schedule

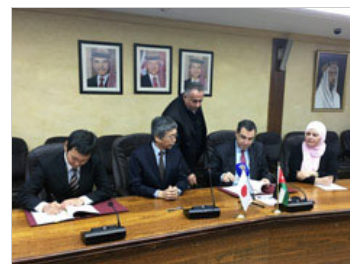
(1) Completion of project: December 2017 – with completion of the loan disbursement

(2) Consulting services: No hiring of consultants is planned for this program.

(3) Tender announcement of initial procurement package for international competitive bidding on project construction: No work in conjunction with bidding is planned for this program.

Related Links – in Japanese

- Support for Issuance of First Sovereign Sukuk by the Hashemite Kingdom of Jordan: Cooperation between JICA and the Islamic Corporation for the Development of the Private Sector
- Project for the Study on Electricity Sector Master Plan in the Hashemite Kingdom of Jordan
- JICA's Activities in Jordan: Support for Syrian refugee host communities (tap water)



signing ceremony