Statement by Inaamul Haque
Date of Meeting: December 16, 1999

**Jordan: Country Assistance Strategy**

*We welcome the opportunity to discuss the Country Assistance Strategy for Jordan.*

*At the outset, we would like to commend the Jordanian Authorities for their continued efforts in implementing a far-reaching stabilization and reform program aimed at reducing macroeconomic imbalances and achieving a sustainable rate of growth. These efforts were particularly successful during the first half of the 1990s, when economic growth was boosted and fiscal deficits were reduced. After 1995 however, the Jordanian economy, confronted with an unfavorable external environment, became deeply depressed. We note that this period of economic difficulties coincides with the last CAS.*

*Aware of this situation, the Government, in its 1999-2003 Five-year-Development Plan, has made restoration of growth and poverty reduction its top priority.*

*We believe that the proposed Bank Country Assistance Strategy for Jordan, targeting growth and equity, is fully consistent with the country’s priorities. It rightly identifies the key issues the*
Jordanian economy needs to address: establishing an investment-friendly environment conducive to a higher level of private investment; promoting exports and developing tourism; reorganizing the public sector and strengthening human development and social protection

We also agree with the proposed lending program. Taking into consideration the country's financial needs, we believe that the high case level would be more appropriate. We also believe that the mix of assistance is consistent with the problems identified.

Following these general remarks, we would like now to comment on a number of specific issues.

First: The importance of ensuring an appropriate external financing plan for the pursuit of the reform process and the success of the Country economic development remains a prerequisite which needs to be underscored. The Government's efforts deserve, indeed, to be encouraged by a concerted support of the financial institutions and the donor community. We believe that the commitment of the donor community in this regard should be made clear.

Second: Taking into account the country's debt burden and the recent trends of export growth and tourism earnings, we believe that the option of debt rescheduling should not be excluded from the reform program. Therefore, we would encourage the Government of Jordan to contemplate seeking an additional debt relief under more favorable terms, and/or debt forgiveness.

Third: We do agree that the country's macroeconomic adjustment should be part of this economic reform program. A number of imbalances, including fiscal and current account deficits need to be corrected with a certain sense of urgency. In the longer run, there is a need for reducing the level of final consumption, promoting domestic savings, and boosting private
investment.

Forth: We do understand that improving the living standards of Jordanians is a priority for the Government and we strongly support this objective. However, we are concerned that the proposed Public Sector Reform would have negative effects on the poor. Therefore, we encourage the Government to more aggressively address this issue through strengthening and deepening its specific employment generation and poverty alleviation programs. We also urge the Bank to monitor progress in this regard.

Finally, while reiterating our full support to this CAS, we wish the Jordanian Authorities every success in achieving the goals of their developmental agenda.