Statement by Ms. Jiayi Zou  
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**Jordan: Country Assistance Strategy**

We welcome this opportunity to discuss the Country Assistance Strategy for the Hashemite Kingdom of Jordan for the next four years. We commend the staff for the comprehensive and focused paper. We support the CAS as it clearly outlined the Bank assistance strategy taking into account the government development strategy and lessons learned from the Bank’s previous CAS in the country.

**Sustainable Development and Poverty Reduction in Jordan**

We welcome the progress achieved by the Jordanian government in maintaining strong economic growth in the recent years despite the high oil prices and other adverse external conditions. We are pleased to note that over the past decade, Jordan achieved remarkable outcomes in improving its human development indicators through significant government spending on social sectors. Despite the achievement, Jordan faces challenges in poverty and unemployment situations. Jordan’s scarce resources, particularly lack of water, and booming young population in the demographic structure, and high twin deficits are priority areas need to be addressed in order to achieve poverty alleviation and sustained economic growth. We believe that with the government’s firm reform efforts, complemented by the Bank’s assistance program, Jordan will achieve stable and sustainable economic growth in the mid and long term.

**The Bank’s Country Assistance Strategy**

We concur with the Bank’s lending envelopes in the Base Case of $ 440 million over the four-year CAS period, focusing on four clusters. This new lending scenario is resulted from broad consultation with civil societies and private sectors in Jordan. It is more realistic taking into consideration the lessons learned from the previous CAS. It intends to complement the government’s efforts in further reforming the economy, towards the eventual target of poverty alleviation in the country. Other priority areas for the Bank assistance should be the most vulnerable sectors in the country, such as water resources, infrastructure development, fiscal management and job creation, particularly for the country’s rapidly increased young population.

Having said the above, we strongly recommend that the Bank’s assistance be focused in the following areas:
• **Help promote sustained economic growth.**

Given Jordan’s fast growing young population, it is important to keep high economic growth rate, to provide sufficient employment to the society, particularly to the young. The high level twin deficit is a potential threat to the sustained economic growth. What is more challenging is to translate the economic growth into benefit for the poor, as pointed by the CAS paper, that in the past, Jordan’s economic growth didn't sufficiently result in poverty reduction. Moreover, continued economic growth can help the country gradually reduce dependence on foreign aid and achieve self-driven growth and upgrade the country into a service-based economy in the longer term. In this regard, a combination of Bank’s AAA program and project lending can better serve this purpose. The TA can be focused on capacity building in promoting sound fiscal management, particularly the expenditure system, to help formulate and implement a rational expenditure system, so as to expand the benefit of economic growth to the poor and vulnerable in the society. The projects can help make the government strategies materialize, and help improve the investment environment and attract foreign direct investment inflows.

• **Support infrastructure development.**

We agree with the CAS that efforts are needed for Jordan’s infrastructure development. We are glad that IFC will involve in some infrastructure projects, in catalyzing more private participation in infrastructure development. The CAS report didn’t elaborate on the Jordan’s infrastructure situation. We would appreciate if management and staff can provide more details on Jordan’s infrastructure conditions and whether IBRD loans are involved in infrastructure projects.

• **Tackle water resource problems.**

As lack of water resources post as a severe threat to Jordan’s long term economic growth and water scarcity is a prevalent problem in the MENA region, we encourage the Bank to draw its professional and expertise knowledge in this area, to enhance water efficiency through innovative tools, and to explore alternative water resources as well. We wonder whether the Bank has any plans in this area. If good projects can be developed with good results, they can be replicated in other countries in the MENA region. Particularly the results of TA in similar situations maybe replicated in the whole region.

• **Enhance coordination with other donors.**

As evidenced by the results of the previous CAS, that a lack of effective coordination with other donors in Jordan has adversely influenced the Bank’s project implementation, causing some droppages. Therefore it is important to enhance coordination with other donors in the country. Certainly the Bank has its own unique role to play and its comparative advantage over bilateral and other international donors. A clear division of labor among the donors and effective coordination and communication with other donors can avoid duplicity and gain aid efficiency.
To conclude, we wish the government and people of Jordan success in implementing its National Agenda and the Bank CAS.