

Jordan: EIB and the Housing Bank join forces to support SMEs



- €100 million of financing to support economic resilience of Jordan
- Team Europe response to tackle the economic impact of the COVID-19 pandemic
- Funds to support private sector in Jordan

The European Investment Bank (EIB) is partnering with Housing Bank to support the Jordanian economy with a €100 million line of credit to local private sector businesses that have been severely impacted by the economic consequences of the coronavirus outbreak.

The operation represents a coordinated effort with the European Union and forms part of [Team Europe's](#) overall response to the Covid-19 crisis, which aims to support sustainable social and economic recovery of the region. It also falls under the EU-EIB [Economic Resilience Initiative \(ERI\)](#), which amongst its primary objectives, intends to promote private sector development through the support to small and medium-sized enterprises (SMEs) as key players for generating economic growth and employment opportunities in [Jordan](#).

Dario Scannapieco, Vice President of the EIB, said *"It is one of the EIB's top priorities to support the resilience of the private sector during this unprecedented crisis with the provision of most needed funding through our cooperation with the Jordanian banking sector. Our partnership with Housing Bank for Trade and Finance aims to make available vital financing local businesses to help them cope with the economic impact of the Covid-19 pandemic. As part of the Team Europe response, we are committed to stepping up our support for Jordan to address the immediate challenges caused by the pandemic, as well as laying the foundations for a successful economic recovery after the crisis."*

Housing Bank's CEO Ammar Safadi said, *"This cooperation agreement is especially valued at Housing Bank, demonstrating the depth of the trust that EIB has placed in us as well as cementing their belief in our ability to support private-sector companies and especially the SMEs, a sector that we pay particular attention to due to its positive role in stimulating economic growth and providing job opportunities."* He pointed out that Housing Bank has established a specialized department dedicated to supporting SMEs to obtain the necessary and needed funding through programs that offer preferential rates.

Safadi went on to say the Housing Bank was among the first Jordanian banks to launch a financing program to support SMEs, helping them counteract the negative repercussions of the Covid-19 pandemic by offering them low interest rates of just 2%, a move that is in line with the Central Bank of Jordan's directions in April 2020 in response to the Jordan Loan Guarantee

Corporation's initiative. Safadi explained that the financing program offers excellent terms and competitive costs as a means of facilitating SME financing, helping them cover their operational costs and working capital in order to continue operations, pay employee salaries and meet their running costs.

Housing Bank Chief Executive Officer Ammar Al-Safadi said, "The European Investment Bank's ardent financial support for the SME sector, which is the backbone of Jordan's economy and a key driver of the economy, will go a long way towards recovery from the difficulties brought about by the coronavirus pandemic. Through these funds, we will be able to continue supporting the sector and safeguarding jobs while simultaneously strengthening the economy's resilience."

The EU Ambassador to Jordan, H.E. Maria Hadjitheodosiou, welcomed the financing provided by the EIB to Housing Bank, underlining the importance of supporting SMEs in maintaining jobs and creating economic growth. The EU Ambassador added that this financing is complementary to other EU ongoing programs that aim to support economic growth, such as the €64 million programme "*EU Support to Economic Reforms for Growth and Jobs in Jordan*" that supports the implementation of the Government's economic reform plans to improve private sector competitiveness and the investment climate, whilst strengthening public finance management.

Background information

SMEs are the backbone of the Jordanian economy as they account for over 95% of local businesses, contribute to more than 50% of GDP, and employ about 60% of the working population. As a consequence of the COVID-19 outbreak, many companies have experienced a decrease in turnover and profitability, leading to payment delays and an increased demand for liquidity. It is now crucial to step up support to private sector businesses, thus helping to protect jobs and keep the economy going.

About Housing Bank:

Established in 1973 under a private law as a Jordanian public limited company, Housing Bank started its work as a bank specialized in housing finance with a capital of half a million Jordanian dinars. After 24 years of its establishment, a new phase began in the Bank's journey when it became a comprehensive commercial bank in 1997. The Bank's capital was raised more than once during the past years, the last of which was in 2017, when it reached 315 million Jordanian dinars (equivalent to 444 million US dollars). The Bank's successive administrations have been keen to increase its capital base by strengthening its various reserves. Throughout its journey, the Bank was able to occupy a leading position in the Jordanian banking sector, and is today considered the largest bank in Jordan in terms of the number of branches, ATMs, and savings account balances. The Bank has received several important awards.

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Note to the editor

The European Investment Bank (EIB) is the European Union's bank. It is the long-term lending institution of the EU and is the only bank owned by and representing the interests of the [European Union Member States](#). The EIB works closely with other [EU institutions](#) to implement EU policy.

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