

MASHREQ NEWS



Supporting the Health Sectors in Jordan and Lebanon

The World Bank Group is injecting US\$170 million into the health sectors in Jordan and Lebanon, the two countries where public services have been significantly strained by the influx of Syrian refugees fleeing war at home. For Lebanon, the Bank's Board of Executive Directors approved a US\$120 million allocation to support the **Lebanon Health Resilience Project**. This amount is topped by another US\$30 million from the Islamic Development Bank (IsDB). The money will help the government provide basic services, ranging from adequate treatment of common non-communicable diseases to maternal, mental and geriatric care, to some 340,000 poor Lebanese and Syrian refugees. In a similar mix of WBG-IsDB co-financing, the Bank will provide US\$50 million and the IsDB US\$100 million to finance the **Jordan Emergency Health Project**, which aims to extend critical health services to 3.5 million beneficiaries. Both projects are provided on concessional terms through support from the *Global Concessional Financing Facility*. Hafez Ghanem, the Bank's Vice President for the Middle East and North Africa, said the co-financing mechanism with the IsDB is a model of collaboration between international and regional financial institutions to scale up support to client countries in the region.

[Lebanon Project >>](#) [Jordan Project >>](#)

HIGHLIGHTS



Saroj Kumar Jha, World Bank Director for the Mashreq

Effective July 1, 2017, Saroj Kumar Jha is the World Bank's new Director for the Mashreq region, with a mandate spanning Iran, Iraq, Jordan, Lebanon and Syria. Jha, an Indian national, brings to the region a vast experience in a critical period of transition. He previously headed the Bank's Fragility Conflict and Violence unit. And before then, he was Director for Central Asia. In a statement announcing the appointment, Hafez Ghanem, the World Bank's Vice President for the Middle East and North Africa, said Jha's top priorities will be to: (i) maintain a dialogue with all stakeholders to provide overall strategic leadership for the Bank's engagement in line with the region's emphasis on job creation, sustainable growth, inclusion and governance; (ii) develop a strong analytical program that can inform policy and investment choices; and (iii) build effective, integrated country teams to ensure efficient and high quality support to the client focused on results.



Jordan Embraces Green Growth to Help Reverse Economic Woes

Jordan is looking at green economy as a means to tap local potential, lessen dependence on fuel imports and create decent jobs in a nation saddled with spiraling unemployment and a sluggish 2.3 percent projected economic growth for 2017. The World Bank's Spring 2017 issue of the **Jordan Economic Monitor**, entitled "The Green Economic Boost," noted that regional turmoil continued to be the key factor behind the contraction with conflicts in Syria and Iraq depressing the Kingdom's commercial and trade lifelines. The National Green Growth Plan Jordan launched in May 2017 focuses on the energy, water, waste, transport, tourism and agriculture sectors as key components of the wider Economic Growth Plan that aims to double economic expansion by 2022. "Jordan has an opportunity to vitalize green growth and undertake climate action as part of a sustainable solution to fiscal, economic and climate vulnerabilities," World Bank Acting Director for the Middle East, Kanthan Shankar, told a workshop in Amman on June 19, 2017.

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Improving Health and Education Quality Services in Jordan

Jordan could improve the quality of health and education services by incentivizing providers and improving monitoring systems to strengthen accountability, according to a new World Bank report entitled "**The Last Mile to Quality Service Delivery in Jordan.**" The report unveiled at a workshop in Amman on June 5-6, 2017, says Jordan has achieved enrollment rates close to universal at the primary school level, and approximately 88 percent at the secondary level. However, Jordanian children are not performing well in math, language and science. In the health sector, Furthermore, Jordan has recorded significant strides in population, maternal and child health care, and significant improvements in communicable diseases. However, the country is grappling with non-communicable diseases (cardiovascular, diabetes), which are responsible for three out of four deaths annually.

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World Bank Financial Support to 200 Jordanian Start-Up Enterprises

The World Bank is promoting entrepreneurship in Jordan with a US\$50 million financial package that will support more than 200 innovative start-ups across the country. The Bank's financing will be complemented by US\$49 million in co-financing from the Central Bank of Jordan, bringing a total capital of US\$99 million to set up the **"Innovative Startups and SMEs Fund."** The new fund will outreach to entrepreneurs from lagging regions, underserved industries and underserved groups such as women entrepreneurs. "Jordan's business ecosystem is relatively well developed. There is no lack of innovative and creative ideas. However, startup creation is low due to some barriers in the business environment and access to finance", said Kanthan Shankar, Acting Director of the World Bank's Middle East Department.

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MENA Growth Average Tepid at 2.6% for 2017

Plagued by war, violence and low oil prices, economies in the Middle East and North Africa (MENA) region will see growth of 2.6% in 2017, down from 3.5% in 2016, according to the World Bank's semi-annual *MENA Economic Monitor*. But after 2017, driven by ongoing reforms, the situation is expected to improve slightly and growth could exceed 3% in 2018 and 2019. The MENA Economic Monitor emphasizes that the sustainability of economic recovery in the region will depend on the effectiveness of any future peace-building and reconstruction efforts. A special section of the new report focuses on the impacts of the conflicts in Libya, Syria and Yemen, and suggests strategies for reconstruction to build and consolidate stability. The spillover effects of the three civil wars have also affected neighboring countries such as Jordan, Lebanon and Tunisia, which are hosting an unprecedented number of refugees while seeing their trade, tourism, and security undermined. The report outlines principles that can guide post-conflict reconstruction which must rebuild not just infrastructure, but inclusive institutions, the lack of which was a major cause of the conflict. [More >>](#)

The Economics of Post Conflict Reconstruction in MENA: What does the monitor say about the Mashreq countries?

Iran

The Iranian economy experienced a strong recovery in 2016 as a result of sanctions relief. However, growth prospects in the medium term are expected to be modest due to near capacity oil production and weak non-oil sector activity. Economic activity in non-oil sectors was low at 0.9 percent year over year growth in the first half of 2016, and the delay in the Iranian banking sectors' integration with the global banking system continued to impede Foreign Direct Investment and trade. Unemployment has ratcheted up and inflationary pressures have started to increase, posing key challenges to President Hassan Rouhani who won his re-election bid in May 2017 on promises to reform the economy.

Iraq

Iraq has faced the war on the Islamic State for Iraq and Syria and a protracted reduction in oil prices since mid-2014. Strong oil production sustained growth, and the non-oil economy has contracted sharply. Real GDP is expected to contract by 3 percent in 2017 due to a projected 6% reduction in oil production, as a result of a decision by the Organization of Petroleum Exporting Countries to reduce oil output by 1.2 million barrels per day. In 2016, overall growth was estimated to have reached 10 percent thanks to strong oil production. But security and oil shocks forced the government to rapidly reduce expenditure which negatively affected private sector consumption and investment.

Jordan

With record high unemployment, reaching 18.2 percent in the first quarter of 2017, and sluggish growth, Jordan's economy continues to be impacted by repercussions from the Syrian crisis, with 655,000 registered Syrian refugees on its soil. Tight fiscal and monetary policies are expected to continue as Jordan works towards fiscal sustainability and a lower debt-to-GDP ratio, estimated at 95 percent. The subdued growth is largely due to a weaker mining and quarrying sector and to a confluence of factors related to spillovers from the Syria crisis, notably the closure of export routes to Iraq and Syria and lower tourism. Jordan's economy is expected to pick-up marginally to 2.3 percent growth in 2017.

Lebanon

The election of President Michel Aoun in October 2016 after two and a half years of a presidential vacuum, and the subsequent formation of a unity government, have resuscitated the political process in Lebanon. Nonetheless, the protracted Syrian conflict is exacerbating the country's vulnerabilities and remains an impediment to the return to potential growth. Lebanon remains the largest host (on a per capita basis) of 1.5 million displaced Syrians, which has significantly strained already weak public finances in a situation of limited international assistance. In 2016, Lebanon's real GDP growth accelerated slightly to reach 1.8 percent, driven by an improvement in the real estate sector and an increase in tourist arrivals.

Syria

The protracted Syrian war has damaged the structure of the economy, diverting resources from productive sectors to fighting conflict across the country. Job opportunities are available only in conflict-related areas. Trade has been disrupted and is mostly informal. Under these circumstances, economic activity has fallen. Compared to the GDP levels in 2010 (prior to conflict), Syria's GDP fell by 16 percentage points on average each year during the period of 2011-14. The World Bank estimated growth contraction by another 16 percent in 2015, and 4 percent in 2016. The 2011 international sanctions imposed by the United States, the European Union and some Arab states have contributed to the Syrian economic crunch.



Political Stability Offers Rare Opportunity for Reform in Lebanon

The end to the long political stalemate offers Lebanon a unique opportunity to mitigate impending risks and tackle longstanding and pressing development challenges. The Spring 2017 issue of the *Lebanon Economic Monitor* (LEM) highlights the 10 most urgent issues the government and Parliament would need to address to reverse the current economic misfortunes. As a first priority, Parliament needs to ratify the 2017 budget. Lebanon is the only country in the world that has spent 12 years without a budget. Other reform interventions include addressing the quality of public services, especially electricity and solid waste, reinvigorating state institutions and governance systems, and improving the business climate, which have all shrunk to poor levels, overturning the country's history of excellence.

[Lebanon Economic Monitor >>](#)

[Priority Reforms for the Government of Lebanon >>](#)

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