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JORDAN

July 2025

THIRD REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR JORDAN

In the context of the Staff Report for the Third Review Under the Extended Arrangement Under the Extended Fund Facility, and Request for Modification of Performance Criteria, and Request for an Arrangement Under the Resilience and Sustainability Facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on June 25, 2025, following discussions that ended on April 17, 2025, with the officials of Jordan on economic developments and policies underpinning the IMF arrangement under the Extended Fund Facility. Based on information available at the time of these discussions, the staff report was completed on June 10, 2025.
- A **World Bank Assessment Letter** for the Resilience and Sustainability Facility.
- A **Statement by the Executive Director and Senior Advisor** for Jordan.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

Jordan—IMF Executive Board Completes Third Review of the Extended Fund Facility Arrangement and Approves US$700 Million Arrangement under the Resilience and Sustainability Facility

FOR IMMEDIATE RELEASE

- The IMF Executive Board completed the third review under the Extended Fund Facility (EFF) Arrangement with Jordan, providing the authorities with immediate access to the equivalent of SDR 97.784 million (about US$134 million), to support the authorities' economic program.
- Jordan's economic program supported by the EFF arrangement remains firmly on track, demonstrating the authorities' strong commitment to sound macro-economic policies and structural reforms to strengthen Jordan's resilience and accelerate growth to enhance job creation and provide opportunities for all Jordanians.
- Thanks to the continued pursuit of sound economic policies, and despite the considerable external headwinds, including the conflicts in the region, Jordan has maintained macro-stability and broad-based economic growth.
- The Executive Board also approved a new 30-month arrangement under the Resilience and Sustainability Facility (RSF) with Jordan, with access equivalent to SDR 514.65 million (about US$700 million), to support Jordan's efforts to address longer-term vulnerabilities in the water and electricity sectors and to enhance their ability to address public health emergencies, including future pandemics.

Washington, DC – June 25, 2025: The Executive Board of the International Monetary Fund (IMF) today completed the third review of the arrangement under the Extended Fund Facility (EFF). Jordan's four-year EFF arrangement, with access amounting to SDR 926.37 million (about US$1.3 billion, equivalent to 270 percent of Jordan's quota in the IMF), was approved by the IMF Executive Board on January 10, 2024 (see Press Release No. 24/004). This decision allows for an immediate purchase of an amount equivalent to SDR 97.784 million (around US$134 million), bringing the total purchases under the EFF arrangement to the equivalent of SDR 437.454 million (about $595 million). In addition, the IMF Executive Board approved an arrangement under the Resilience and Sustainability Facility (RSF) with Jordan, with access equivalent to SDR 514.65 million (about US$ 700 million, equivalent to 150 percent of Jordan's quota).

Jordan's continued economic resilience in a challenging external environment, with continuing conflicts in the region and high uncertainty, is a testament to the authorities' resolve to pursue sound macroeconomic policies. The authorities' ownership of the EFF arrangement remains strong, with program targets consistently met. Jordan registered stronger growth in 2024 and so far in 2025 than previously anticipated, demonstrating continued resilience. Growth reached 2.5 percent in 2024. Economic activity is expected to gradually strengthen in the coming years, supported by continued sound macroeconomic policies and accelerated reform implementation.

Inflation remains stable and low, reflecting the Central Bank of Jordan's (CBJ) firm commitment to monetary and financial stability and the exchange rate peg. Jordan's external position remains stable, with the current account deficit projected to remain close to 6 percent of GDP. The CBJ's gross international reserves increased to over US$20 billion by end-2024, with reserve adequacy exceeding 100 percent of the Fund's ARA metric. The financial sector remains healthy and well-capitalized. While the spillover effects from regional conflicts have also affected government finances, the authorities continue to make progress with a gradual fiscal consolidation to place public debt on a downward path, while creating room for social assistance and needed public investment. Jordan's structural reform agenda focuses on fostering inclusive private sector-led growth by enhancing the business environment and improving labor market policies, including to expand opportunities for youth and women.

The RSF arrangement will support the authorities' efforts to strengthen Jordan's longer-term balance of payments stability by promoting economic resilience and sustainability. The RSF arrangement aims to address longer-term vulnerabilities in the water and electricity sectors and enhance the authorities' ability to address public health emergencies, including future pandemics. Reform measures focus on: (i) enhancing the energy sector's financial sustainability and energy efficiency; (ii) improving the water sector's financial sustainability and water management; (iii) strengthening fiscal and financial sector resilience; and (iv) enhancing pandemic preparedness. The arrangement will augment policy space and financial buffers to mitigate risks arising from these challenges.

Following the Executive Board's discussion on Jordan, Mr. Kenji Okamura, Deputy Managing Director and Acting Chair, issued the following statement:

"Jordan continues to maintain macroeconomic stability despite external headwinds from regional conflicts and heightened global economic uncertainty, owing to the authorities' steadfast pursuit of sound policies and continued strong international support. Growth in 2024 and so far in 2025 ended up stronger than anticipated, inflation is low, and reserve buffers are strong. Against elevated risks in the region, it is important that the authorities stay the course with sound fiscal and monetary policies to safeguard macroeconomic stability.

"The authorities continue to make progress with a gradual fiscal consolidation and strengthening fiscal sustainability, thanks to fiscal reforms that have improved revenue administration and expenditure efficiency. Looking ahead, efforts should continue to further enhance revenue mobilization and spending efficiency and to take contingency measures as needed to keep public debt on a steady downward path, while protecting priority social and capital spending. Efforts should also continue to improve the efficiency and viability of the public utilities to preserve the sustainability of public finances, while improving service delivery.

"Monetary policy remains appropriately focused on safeguarding monetary and financial stability and supporting the exchange rate peg that has served Jordan well and helped keeping inflation low. Jordan's banking sector remains healthy, and the central bank continues to strengthen its systemic risk analysis, financial sector oversight, and crisis management.

"Structural reforms should be accelerated to improve the business environment, promote competition, and attract private investment that is crucial to create a dynamic and resilient private sector, foster job-rich growth, and achieve the objectives of Jordan's Economic

Modernization Vision. Strong and timely donor support remains essential to help Jordan navigate the challenging external environment, host the large number of refugees, and meet Jordan's development objectives.

"The reforms under the Resilience and Sustainability Facility aim to support the authorities' efforts to address long-term vulnerabilities in the water and energy sectors and to be better prepared for public health emergencies, including pandemics. These reforms will strengthen Jordan's balance of payments stability by promoting economic resilience and sustainability and by augmenting policy space and financial buffers to mitigate risks arising from these challenges."

Jordan: Selected Economic Indicators, 2023–26

	2023	2024	2025 Proj.	2026 Proj.
Output and Prices				
Real GDP growth	2.9	2.5	2.7	2.9
GDP deflator	1.8	1.9	2.3	2.6
Nominal GDP (JD billions)	36.3	37.9	39.8	42.0
Inflation 1/	2.1	1.9	2.2	2.6
Unemployment	22.0	21.4	…	…
Government Finances (in percent of GDP)				
Central government fiscal operations				
Revenue and grants 2/	25.2	24.9	25.4	26.0
Of which: grants	2.0	1.9	1.8	2.0
Expenditures 2/	30.6	31.4	31.2	30.5
Overall central government balance	-5.4	-6.4	-5.8	-4.5
Central government primary balance (exc. grants, NEPCO and WAJ)	-2.7	-2.8	-2.0	-1.0
Combined public sector balance 3/	-4.5	-4.5	-3.6	-2.4
Government gross debt 4/	113.5	114.7	115.7	114.9
Government gross debt, net of SSC holdings of government debt 4/	89.0	90.2	89.7	87.5
Money and Credit				
Broad money (percent change)	2.3	6.1	5.1	5.6
Credit to the private sector (percent change)	1.7	2.9	4.6	6.0
Balance of payments				
Current account (in percent of GDP)	-3.6	-5.9	-5.5	-5.9
FDI (in percent of GDP)	3.6	3.0	3.3	3.4
Gross reserves (in months of imports)	6.9	7.7	7.1	7.1
In percent of Reserve Adequacy Metric	101	110	105	105

Sources: Jordanian authorities; and Fund staff estimates and projections.

1/ Consumer Price Index (annual average).

2/ Includes the programmed amount of fiscal measures that are needed to meet fiscal targets.

3/ Sum of the primary central government balance (exc. grants and net transfers to NEPCO-electricity company and WAJ-water company) and the net loss of NEPCO, WAJ and water sector distribution companies.

4/ Government's direct and guaranteed debt (including NEPCO and WAJ debt). SSC stands for Social Security Corporation.

INTERNATIONAL MONETARY FUND

JORDAN

June 10, 2025

THIRD REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY

EXECUTIVE SUMMARY

Context: Jordan continues to maintain macroeconomic stability despite external headwinds from regional conflicts and heightened global economic uncertainty, owing to the authorities' steadfast pursuit of sound policies and strong international support. Growth in 2024 ended up somewhat stronger than anticipated and is projected to pick up pace in 2025 and following years. Inflation remains low, and reserve buffers are strong. Nonetheless, uncertainty is high and structural challenges remain.

Program implementation and policies: The EFF-supported program remains firmly on track, reflecting the authorities' continued strong ownership. All quantitative performance criteria for the third review were met, as were all indicative targets for end-December 2024 and most indicative targets for end-Mach 2025. Steady progress is also being made toward meeting structural benchmarks for this and future reviews. The authorities are committed to continuing with a gradual fiscal consolidation and further improving the finances of public utilities, to place public debt on a downward path, while expanding targeted support to vulnerable households and creating room for public investment. The Central Bank of Jordan continues to safeguard the exchange rate peg and will take any policy actions necessary to maintain monetary and financial stability. Structural reforms continue to focus on enhancing the business environment and competition, and on increasing labor market flexibility and female labor participation.

Third EFF review: Staff supports the authorities' request for completion of the third review and modification of the PCs for the central government's primary deficit and the combined public deficit to reflect changes in the central government budget's cash flow within the year, and the CBJ's net international reserves to reflect the stronger performance to date. Upon completion of this review, a purchase of SDR 97.784 million will be made available to Jordan.

RSF request: The RSF-supported program aims to support the authorities' efforts to address long-term vulnerabilities in the water and electricity sectors and to enhance their ability to address public health emergencies, including future pandemics. It will further

strengthen Jordan's balance of payments stability by promoting economic resilience and sustainability and by augmenting policy space and financial buffers to mitigate risks arising from such challenges. Reform measures focus on: (i) enhancing the energy sector's financial sustainability as well as energy efficiency; (ii) improving the water sector's financial sustainability and water management; (iii) strengthening fiscal and financial sector resilience; and (iv) enhancing pandemic preparedness. In view of the strength and ambition of the proposed reform package, staff supports the authorities' request for an RSF arrangement with an access level of 150 percent of quota (SDR 514.65 million).

Approved By
Thanos Arvanitis (MCD) and Jarkko Turunen (SPR)

The team consisted of Ron van Rooden (head), Fei Liu, Nora Neuteboom (all MCD), Yahia Said (Resident Representative), Leen Aghabi (local economist), Nick Carroll, Maria Chiara Cavalleri, Jorge Ugaz (all FAD), Alice Fan (SPR), and Timila Dhakhwa (MCM). Maya Choueiri (OED) participated in the mission. Discussions were held in Amman during April 6–17, 2025. Staff met with Prime Minister Jafar Hassan, Minister of Finance Abdelhakim Shibli, Minister of Planning and International Cooperation Zeina Toukan, Minister for Economic Affairs Muhannad Shehadeh, Governor of the Central Bank of Jordan Adel Al-Sharkas, and other senior officials, as well as other development partners. Farid Ahmad provided research assistance, Cecilia Pineda provided document management, and Sana Almunizel provided logistical support.

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CONTEXT

1. **Jordan's economy continues to show resilience, despite external headwinds from regional conflicts and heightened global economic uncertainty.** The authorities have been able to maintain macroeconomic stability due to their steadfast pursuit of sound economic policies and progress in structural reforms, aided by strong international support. Despite the elevated uncertainty from the unsettled regional environment, growth was somewhat better than projected in 2024, as activity started to pick up toward the end of the year, and growth is projected to maintain this momentum in 2025. Inflation remains low and reserve buffers are strong.

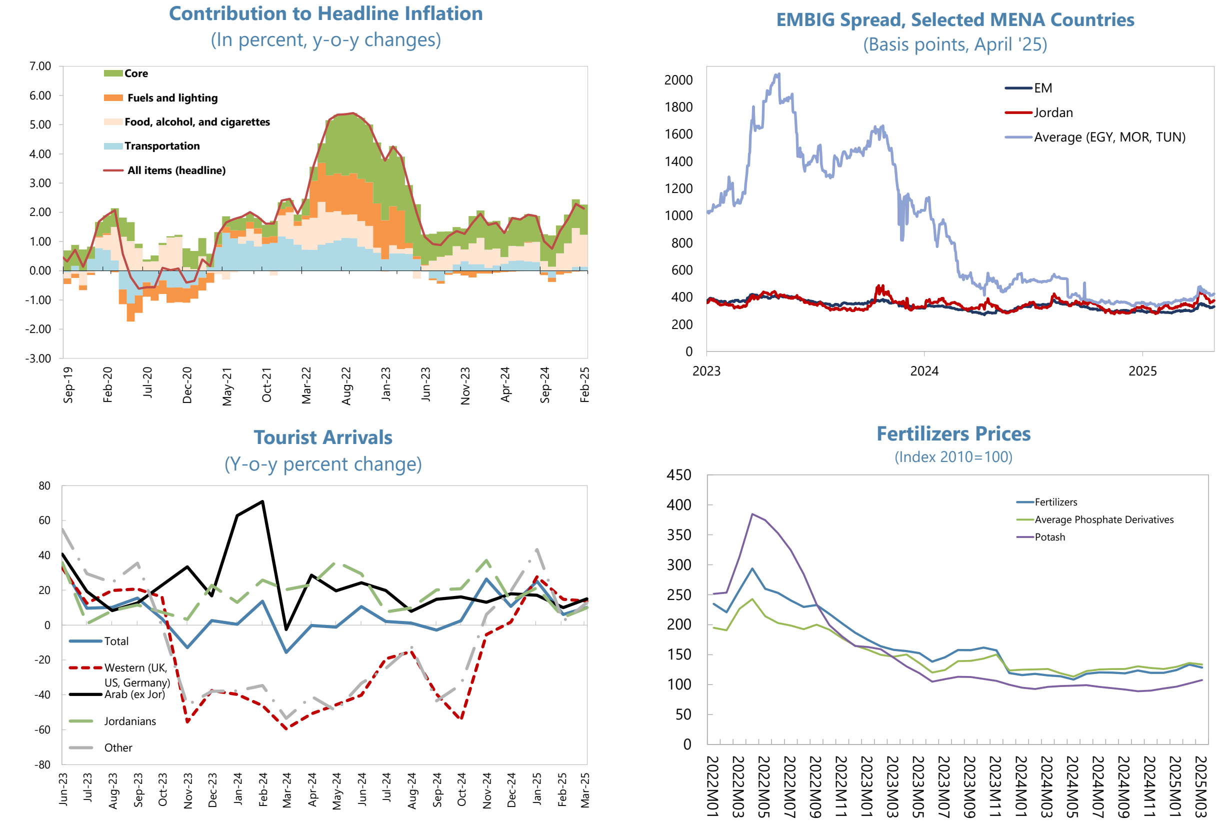
2. **The EFF arrangement approved in January 2024 remains firmly on track.** All end-December 2024 performance criteria (PCs) and all indicative targets (ITs) were met, as were as most ITs for end-March 2025. In particular, fiscal targets for 2024 were met as the authorities took strong measures to offset revenue losses due to the spillover effects from regional conflicts and lower prices of key export commodities. The financial performance of public utilities is on track also, reflecting revenue raising and cost saving measures. Three out of four structural benchmarks (SBs) for the third review were met and strong progress is being made in implementing future SBs.

3. **In addition to reforms envisaged under the EFF, the authorities plan to strengthen their efforts to reduce long-term vulnerabilities in the water and energy sectors and enhance Jordan's resilience to future health emergencies.** To support their efforts, they are requesting an arrangement under the Resilience and Sustainability Facility (RSF). The RSF arrangement will help Jordan strengthen balance of payments stability by promoting economic resilience and sustainability and by augmenting policy space and financial buffers to mitigate risks arising from longer-term structural challenges. The attached Letter of Intent (LOI) and Memorandum of Economic and Financial Policies (MEFP) describe the authorities' economic program and set out their detailed policy commitments under the EFF and RSF arrangements.

RECENT DEVELOPMENTS, OUTLOOK, AND RISKS

4. **Jordan registered stronger growth in 2024 than anticipated earlier, demonstrating continued resilience.** Growth picked up from 2.2 percent in the first quarter of 2024 to 2.7 percent in the fourth quarter, bringing growth for the year to 2.5 percent, somewhat better than projected during the second review. This reflected a gradual recovery of activity in the tourism, agriculture, manufacturing, and services sectors, despite the spillovers from the wars in Gaza and Lebanon and the broader regional and geopolitical tensions. Inflation remained low, at below 2 percent. The current account deficit widened to almost 6 percent of GDP, mainly driven by lower tourism receipts and lower values of fertilizer exports, despite rising export volumes. Higher imports related to FDI have also contributed to the wider deficit. Strong performance in goods exports, notably textiles and pharmaceuticals, partially offset this. On balance, gross international reserves increased to US$20 billion, with reserve adequacy exceeding 100 percent of the Fund's ARA metric. Jordan's sovereign spreads widened to over 300 basis points recently, reflecting increased global uncertainty and trade tensions.

Jordan: Recent Economic Developments



Sources: Jordan Department of Statistics; Haver Analytics; Bloomberg; World Bank; and IMF staff calculations.

5. **Economic growth is expected to pick up pace in 2025 and following years.** The ceasefire and formation of a new government in Lebanon, together with the regime change and partial lifting of sanctions in Syria give rise to cautious optimism, even though ongoing conflicts in the region are assumed to linger through 2025. Jordan's growth in 2025 is revised upward slightly to 2.7 percent, supported by a further strengthening of domestic demand and increased activity in the tourism and manufacturing sectors. The authorities are actively negotiating with their U.S. counterparts the announced higher trade tariffs on Jordan—a baseline 10 percent tariff and a 20 percent reciprocal tariff which is currently paused. In the baseline, higher tariffs are expected to adversely affect exports and growth. However, the impact is mitigated as the competing suppliers of Jordan's principal export products face similar or higher tariffs, and also with a limited impact on growth, given the relatively low value added of affected exports.[1] Growth is projected to pick up in the coming years, assuming regional stabilization and on the back of continued sound macroeconomic policies and further progress in reform implementation, as well as the start of several large infrastructure projects.

[1] The baseline projection incorporates a 10 percent U.S. tariff surcharge with no reciprocal measure on Jordanian exports. Exports to the U.S. account for about 6 percent of GDP, with limited macro-relevant exposure—about 70 percent of the exports are apparel and textiles, whose domestic value-added is around 40 percent. The dollar depreciation is largely shared by the two-thirds of Jordan's trade partners whose currencies comove with the dollar, muting the exchange rate impact.

6. **Inflation is projected to remain low.** Inflation is projected at just over 2 percent in 2025 and to pick up only marginally in 2026, as the Central Bank of Jordan (CBJ) remains firmly committed to monetary stability and the exchange rate peg to the U.S. dollar.

7. **The external position is projected to remain stable, but uncertainty is elevated.** The current account deficit is expected to remain close to 6 percent GDP in the coming years. Higher imports, as domestic demand picks up and reflecting increased FDI-related imports, are broadly offset by higher exports of goods to Iraq and Syria, a modest recovery in global fertilizer prices, and, barring an intensification of regional conflicts, a further recovery in tourism receipts. As noted earlier, higher tariffs imposed by the U.S., if implemented, would adversely affect exports. Gross international reserves are projected to remain at just over 100 percent of the Fund's ARA metric.

8. **Social conditions remain stable despite the unresolved regional tensions and the persistent high unemployment.** The unemployment rate fell by almost one percentage point in 2024, but remains high at 21 percent, with youth and female unemployment rates at 46 percent and 31 percent, respectively. Until mid-April, out of a total of nearly 600,000 Syrian refugees registered with UNHCR, around 58,000 Syrian refugees have returned to Syria.

9. **Risks continue to be skewed to the downside (Annex I).** Commodity price volatility could exert inflationary pressures via higher food and fuel prices. Higher policy uncertainty and increased trade barriers could weaken global trade, investment, and growth. Higher U.S. interest rates could raise Jordan's borrowing costs. Regional conflicts could flare up again, hurting consumer and investor sentiment, as well as tourism. U.S. financial support could also be at risk, although recent assurances seem to have reduced this risk.

10. **The announced reciprocal U.S. tariffs on Jordan, if they go into effect, would pose further downside risks to the outlook.** A further increase of U.S. tariffs on Jordan's exports would affect its exports and growth negatively, relative to the baseline, although the extent of the impact would depend on many factors, including the size of the tariffs and how Jordan's competitiveness changes relative to competing suppliers. Lower exports would weaken the current account, albeit with a partial offset from the high import content of some of these goods, and lower growth would reduce fiscal revenues. Jordan's exports and growth could also be dampened via negative spillovers, if the global trade tensions escalate, having an impact on trading partners' growth and on financial markets. Contingency planning and the adjustment of policies to changing circumstances, especially the evolution of external demand, will be essential to ensure macroeconomic stability and to support continued growth (see ¶14 for more discussion).

11. **On the upside, Jordan's strong policy commitment to macroeconomic and financial stability, as well as strong support from international partners mitigate these risks.** Several planned large investment projects could strengthen growth once implementation starts. Nonetheless, it is important to avoid occurrence of potential contingent liabilities. A lasting resolution of regional conflicts and increased regional cooperation and integration could create beneficial spillover effects for Jordan, notably for the trade, transport, construction, and electricity sectors.

POLICY DISCUSSIONS UNDER THE EFF ARRANGEMENT

Discussions focused on policies to maintain macroeconomic stability and achieve stronger and inclusive growth, via: (i) continuing with a gradual fiscal consolidation to place public debt on a downward path, while safeguarding social and capital spending; (ii) improving the financial sustainability and efficiency of the electricity and water sectors; (iii) safeguarding the exchange rate peg with appropriate monetary policies and preserving financial stability; and (iv) accelerating structural reforms to achieve stronger growth and job creation.

A. Fiscal Policy: Ensuring Fiscal Sustainability while Supporting Growth and Protecting the Poor

12. The 2024 fiscal outturn was in line with program targets. Thanks to a strong set of revenue measures, including reducing the large preferential tax treatment of electric vehicles, raising taxes on e-cigarettes, and spending cuts, the authorities were able to largely offset the sizable revenue shortfalls due to the spillover effects from the regional conflicts and lower prices of key export commodities. The 2024 central government primary deficit (excluding grants and transfers to NEPCO and WAJ) was contained at 2.8 percent GDP, below the program target of 2.9 percent of GDP. Measures to contain the losses of the utility companies (see below) contributed to limiting the combined public sector deficit to 4.5 percent of GDP, outperforming the target of 4.8 percent of GDP. Continued surpluses from the Social Security Corporation (SSC) further strengthened the fiscal position, bringing the overall general government primary deficit (excluding grants) to 1.0 percent of GDP, surpassing the target of 1.3 percent of GDP. These efforts helped stabilize public debt at just over 90 percent of GDP in 2024, despite the persistence of an unfavorable "r – g" differential.

13. The authorities remain committed to the 2025 fiscal targets, despite the challenging external environment (MEFP ¶4 and 5). The 2025 central government budget, approved by Parliament in January, aligns with the program target of reducing the primary deficit (excluding grants and transfers to NEPCO and WAJ) to 2 percent of GDP. The budget is underpinned by the full-year effect of the revenue measures introduced in 2024 and further improvements in revenue administration. These include the e-invoicing of all sales transactions (*met SB for March 2025*), the continued digitalization of tax collection, broader implementation of the new transfer pricing rules, enhanced anti-smuggling initiatives such as track-and-trace systems for alcohol and tobacco products and biochemical markers for fuel products. Additionally, a shift toward risk-based auditing is expected to further improve compliance. Combined with continued improvements in the financial performance of public utilities and sustained surpluses of the SSC, these measures are expected to narrow the overall general government primary deficit (excluding grants) by nearly 1 percent of GDP, bringing it close to balance and supporting a reduction public debt to below 90 percent of GDP by end 2025.

14. Fiscal policy remained on track in the first quarter of 2025. The end-March ITs for the central government and combined public balance were met. Nonetheless, given an earlier start of the execution of the capital budget, the authorities are requesting a modification of the end-June

2025 PCs for the central government primary balance (excluding grants and transfers to public utilities) and the combined public balance. The authorities are prepared to take the necessary contingency measures to ensure that end-year targets will continue to be met should downside risk materialize, including by reducing non-priority spending and taking additional revenue measures.

15. The authorities will continue a gradual fiscal consolidation over the medium term to reduce public debt and strengthen fiscal sustainability (MEFP ¶5). The mobilization of additional revenues, including through further base-broadening, will be crucial to realize a fiscal adjustment of about 1 percent of GDP annually, needed to achieve the objective of reducing public debt to below 80 percent of GDP by 2028, while creating room for additional investment and social spending. The authorities are developing a Medium-Term Revenue Strategy (MTRS) (*SB for September 2025*), with support from the IMF's Fiscal Affairs Department, to define revenue measures for the coming years. Social spending needs, meanwhile, remain high, especially as direct and indirect—via UN agencies—donor support to shoulder the cost of hosting refugees continues to decline (see Box 2 in IMF Country Report No. 24/345). Capital spending is projected to increase gradually over the medium term, which will help support growth.

Jordan: Central and General Government Balances, 2023–30

(Percent of GDP)

	2023	2024		2025		2026	2027	2028	2029	2030
		Est.	2nd rev.	Proj.	2nd rev.	Proj.	Proj.	Proj.	Proj.	Proj.
Central government primary balance (ex grants)	-2.7	-2.8	-2.9	-2.0	-2.0	-1.0	0.2	1.3	1.3	0.8
Utilities overall balance	-1.8	-1.7	-1.9	-1.5	-1.6	-1.4	-1.2	-1.1	-1.2	-1.0
NEPCO	-1.1	-1.1	-1.3	-1.1	-1.1	-1.0	-0.9	-0.8	-0.7	-0.7
Water sector	-0.6	-0.5	-0.6	-0.5	-0.5	-0.4	-0.3	-0.3	-0.5	-0.3
SSC surplus (ex interest income from CG)	2.5	2.8	2.8	2.8	2.8	2.7	2.6	2.5	2.5	2.5
Add back, interest bill of NEPCO and WAJ	0.5	0.7	0.6	0.7	0.7	0.7	0.7	0.8	0.7	0.8
General government primary balance (ex grants)	-1.5	-1.0	-1.3	-0.1	-0.2	1.1	2.3	3.5	3.3	3.0
General government primary balance (inc grants)	0.5	0.9	0.6	1.7	1.8	3.1	3.8	4.6	4.3	4.0
Central government grants	2.0	1.9	1.9	1.8	1.9	2.0	1.5	1.0	1.0	0.9
General government interest bill	4.2	5.0	4.9	5.0	5.0	4.9	3.9	3.6	3.3	3.1
General government overall balance	-3.7	-4.1	-4.4	-3.3	-3.2	-1.8	-0.1	1.0	1.0	0.9
Memorandum Items										
Public debt-to-GDP	89.0	90.2	90.5	89.7	89.9	87.5	83.7	79.6	76.3	73.4
Nominal GDP in JD million	36,273	37,880	37,797	39,815	39,665	42,035	44,378	46,852	49,464	52,222

Sources: Jordanian authorities; and IMF staff estimates and projections.

16. An actuarial review of the SSC is underway and will serve as the foundation for the design of pension reform (MEFP ¶6). Conducted with support from the International Labor Organization and World Bank, the review will inform a package of parametric reform options aimed at ensuring the SSC's long-term financial viability, while maintaining adequate protection against old-age poverty and raising incentives to contribute. An initial set of reform proposals is expected to be developed by end-2025.

17. With the envisaged fiscal consolidation, public debt would remain sustainable. The attached debt sustainability analysis (Annex II) indicates that public debt is assessed to be sustainable. While risks remain, including from future shocks such as an intensification of regional conflicts or changes in U.S. financial support, and with sizable gross financing needs, the authorities' commitment to sound macroeconomic policies, as well as development partners' strong commitment to Jordan and continued market access constitute important safeguards.

18. Solid progress is also being made in advancing structural fiscal reforms (MEFP ¶7). Specifically:

- The authorities started to implement a performance-based salary-setting mechanism for all Category I civil service employees, based on position qualifications, competencies, and merit (*met SB for December 2024*).
- The authorities established a centralized database for public-private partnership (PPP) contracts concluded since the 2020 PPP law came into effect, with analytical tools, to enhance fiscal risk analysis.
- Jordan's National E-Procurement System (JONEPS) continues to be rolled out, aiming to cover all ministries and government entities by June 2026. The integration of JONEPS and the Government Financial Management and Information System will be completed by end-December 2025.
- The 2024 Fiscal Risk Statement, building on the first statement published in 2023, expanded the coverage of contingent liabilities of the state-owned enterprise (SOE) sector.
- The authorities will adopt and publish an SOE ownership policy and assign monitoring and overseeing performance and risks in the SOE portfolio to the Fiscal Commitments and Contingent Liabilities unit in the Ministry of Finance (*SB for March 2026*).
- The customs clearance processes are being further streamlined. The amendments to the Customs Law, which enable the implementation of a new Post-Clearance Audit regime and ensure data sharing between Customs and Income and Sales Tax Department, were adopted by parliament in April 2025.
- Measures to avoid arrears accumulation are being implemented, with budgetary spending units' electricity payments being made directly by the Ministry of Finance's treasury department. The spending units also are required to seek approval from the General Budget Department prior to issuing commitment vouchers to enter into new commitments.
- To stem the accumulation of arrears to the health sector, the authorities have centralized the process for granting healthcare exemptions and are providing coverage for select treatments that have been at the source of most exemptions and payment arrears through a new agreement with the main cancer hospital (*unmet SB for May 2025; solid progress made*).

B. Electricity and Water Sectors: Improving Financial Sustainability

19. Progress continues to be made to reduce NEPCO's financial losses (MEFP ¶10 and 11). Thanks to continuing efforts to reduce technical and operational losses and increase revenues, NEPCO's losses in 2024 were limited to 1.1 percent of GDP, compared to expected losses of 1.3 percent of GDP. NEPCO also made progress in reducing arrears, meeting the end-December

2024 and March 2025 ITs. Time-of-use (ToU) tariffs are being rolled out further, covering 30 percent of electricity consumption effective January 1, 2025 (*met SB for January 2025*) and with full coverage expected by September 2026 (*SB for September 2026*). The authorities will establish an Automated Energy Control Center (AECC) to strengthen real-time monitoring and management of peak loads, distributed energy resources, household and commercial renewable energy, and grid stability, to improve system efficiency and support renewable energy integration (*proposed new SB for September 2027*). The authorities are also seeking to improve the terms of existing power purchase agreements (PPAs). Despite this progress, challenges remain, given declining demand due to rising renewable energy use, costly long-term PPAs and guaranteed returns for distribution companies, while electricity tariffs are already high relative to regional peers. Tackling these challenges will require sustained, multi-year reform efforts, guided by the Cabinet-adopted implementation roadmap for electricity sector cost reduction and efficiency improvement.

Electricity Prices
(USD/kWh in 2023)

Sources: IMF staff calculations.
Note: MENO oil importers: Afghanistan, Jordan, Tunisia, Morocco, Syria, Lebanon and Egypt. MENA oil exporters: Algeria, Bahrain, Iran, Iraq, Kuwait, Libya, Oman, Qatar, Saudi Arabia, UAE. CCA: Georgia, Armenia, Tajikistan, Uzbekistan, Kyrgyz Republic, Azerbaijan, Kazakhstan, Turkmenistan.

20. The water sector's finances are also gradually improving (MEFP ¶12). Guided by the National Water Strategy (NWS) and the Financial Sustainability Roadmap (FSR), the authorities adopted a multi-year tariff adjustment plan in 2023, aimed at achieving full recovery of operations and maintenance (O&M) costs by 2030. With two tariff increases already implemented and with progress also continuing in reducing non-revenue water (NRW), revenues have improved, and losses were limited to 0.6 percent of GDP, in line with projections. The IT on the clearance of domestic payment arrears of the water distribution companies was met in December 2024, with all arrears cleared. However, new arrears emerged in early 2025, resulting in a missed IT for March 2025. These arrears are expected to be cleared over the course of the year. Transparent financial reporting by the water distributions companies (*proposed new SB for September 2025*) will help identify sources of arrears accumulation.

21. Efforts to enhance water security are progressing through the Aqaba-Amman Conveyance (AAC) project, which will transport desalinated seawater from Aqaba to Amman. A preferred bidder has been selected, with financial closure anticipated by end-2025 and commissioning targeted by end-2029. Addressing Jordan's structural water deficit will require substantial investment, including in distribution networks, irrigation efficiency, and wastewater reuse. However, the high unit cost of water from the AAC is expected to place significant pressure on the financial viability of the Water Authority of Jordan (WAJ), underscoring the need for continued reforms to ensure the sector's sustainability.

C. Monetary and Financial Policies: Maintaining Stability While Improving Access to Finance

22. The CBJ has successfully maintained monetary stability, by safeguarding the peg with the U.S. dollar and maintaining adequate reserve buffers. The peg continues to be an effective nominal anchor and has helped contain inflation and maintain confidence in the dinar. With the reduction of interest rates in 2024, following actions by the U.S. Federal Reserve, private sector credit growth has been gradually picking up, to about 3 percent by end-2024, supporting economic activity. Reserve adequacy remains at just over 100 percent of the Fund's ARA metric. The end-December 2024 and March 2025 net international reserves (NIR) and net domestic asset targets were met with comfortable margins.

23. The CBJ remains committed to make the necessary policy adjustments to safeguard monetary and financial stability (MEFP ¶8). The CBJ stands ready to adjust policy rates as needed to safeguard confidence in the peg while maintaining adequate reserve buffers. The CBJ will gradually reduce the concessionality of its remaining preferential lending scheme when global market volatility reduces. NIR targets for the rest of 2025 have been revised upwards to reflect the stronger outcomes through March 2025, while leaving room to deal with new shocks.

24. The banking system remains healthy (MEFP ¶9). The CBJ has maintained stringent provisioning standards, in line with IFRS9's forward-looking expected loss approach. The system-wide capital adequacy ratio stood at 18 percent at end 2024, well above the regulatory minimum of 12 percent. Non-performing loans (NPL) increased slightly, by half a percentage point to 5.6 percent, reflecting the reclassification of some loans, as well as the impact of the regional conflict. The coverage ratio for non-performing loans stood at 74.5 percent as of end-2024.

25. The CBJ continues strengthening its systemic risk analysis, financial sector oversight, and crisis management (MEFP ¶9). In line with the recommendations of the 2023 Financial System Stability Assessment, progress is being made toward:

- Introducing Pillar 2 risk assessment methodologies to make capital assessments more sensitive to individual banks' risk profiles (*SB for November 2025*);
- Aligning prudential requirements for concentration risk and related party exposure with Basel Core Principles (*SB for November 2026*);
- Designing and operationalizing procedures for the compensation of depositors together with JODIC (*SB for November 2026*); and
- Updating outdated or misaligned regulations related to credit risk to strengthen credit risk supervision (*proposed new SB for November 2027*), while developing resolution plans for major cross border systemically important banks.

26. The authorities are sustaining efforts to strengthen the effectiveness of the AML/CFT framework (MEFP ¶9). Following the removal from the FATF grey list in October 2023, the CBJ has continued to invest in enhancing risk-based AML/CFT supervision of banks, including through comprehensive analysis of cross-border data. Steps have been taken to prevent the misuse of companies—such as the establishment of a national beneficial ownership register and the collection of ownership information. It is crucial to sustain these reforms and prioritize ensuring the adequacy, accuracy, and timely availability of information.

D. Structural Reforms: Unlocking Potential to Support Inclusive Growth

27. Growth remains insufficient to significantly raise incomes and reduce unemployment, as the private sector continues to face multiple challenges. These include high energy costs, extensive and complex regulations, limited access to finance especially for SMEs, labor market rigidities, skills mismatches, and weak competition policies.

28. Accelerating structural reforms remains essential to cultivating a dynamic private sector capable of generating employment opportunities, boosting competitiveness, and strengthening Jordan's economic resilience, thereby supporting stronger and sustainable growth. To this end, and in line with their Economic Modernization Vision, the authorities are taking steps to (MEFP ¶13):

- **Strengthen the business environment, improve competition, and enhance the investment climate**, including by: (i) amending the competition law—submitted to Parliament ahead of schedule—to align with international best practices by strengthening the Competition Department's authority, ensuring its administrative and financial independence, and enhancing its executive capacity, with continued efforts to ensure the final legislation and accompanying by-laws fully reflect these reform objectives (*met SB for October 2025*); (ii) further streamlining the process for, and reducing the costs of, registering and closing businesses; (iii) further streamlining sectoral licensing requirements, and ensuring that the approval time for license applications does not exceed 30 days; (iv) easing restrictions and regulations in the transport and fuel sectors, based on recently completed studies; (v) digitalizing 80 percent of automatable government services to improve service delivery and reduce costs for businesses and citizens (*revised SB for December 2025*), in line with the Public Sector Modernization Roadmap; and (vi) further relaxing restrictions on foreign ownership through bilateral negotiations and expediting the approval of full foreign ownership applications.

- **Enhance labor market flexibility and female labor force participation**, including by: (i) amending the Labor Law—submitted to Parliament ahead of schedule—to increase labor market flexibility, enhance female labor force participation, reduce distortions, and improve childcare provisions and ensure that they do not create barriers to formal employment (*met SB for September 2025*). The authorities will continue to work with Parliament to ensure that the adopted law and subsequent bylaws are fully in line with these policy objectives; (ii) amending the Social Security Law—also submitted to Parliament ahead of schedule—to harmonize benefit rights for males and females in an actuarily neutral manner, facilitate flexible work arrangements, and mutualize unemployment insurance by replacing the current individual account-based system, with a risk pooling mechanism (*met SB for September 2025*); (iii) streamlining procedures for issuing work permits and lowering their costs through amended regulations for skilled non-Jordanians, including capping approval times at 15 working days and reducing the annual fee to JD 1,500; (iv) harmonizing public sector pay scales between men and women; and (v) improving public transport services to support greater workforce participation, particularly among women.

- **Further improve governance and transparency**, including by: (i) criminalizing illicit gains from public procurement; (ii) requiring companies to disclose beneficial ownership information in accordance with the new beneficial owner registry regulations; and (iii) continuing with the roll-out of the electronic system for public procurement.

REQUEST FOR AN RSF ARRANGEMENT

The RSF arrangement will support the authorities' efforts to address long-term vulnerabilities in the water and energy sectors and to be better prepared for public health emergencies, including pandemics. It will strengthen Jordan's balance-of-payment stability by promoting economic resilience and sustainability through reforms that reduce macro-critical risks associated with longer-term vulnerabilities and by augmenting policy space and financial buffers to mitigate risks arising from such challenges. Reforms measures focus on: (i) improving the energy sector's financial viability and enhancing energy efficiency; (ii) improving the water sector's financial viability; (iii) strengthening fiscal and financial sector resilience; and (v) enhancing preparedness to tackle future pandemics and other health emergencies.

29. Jordan has large long-term vulnerabilities in the energy and water sectors that hinder its economic development (Annex III). With only 62 m^3 of water per capita per year, Jordan lies well below the absolute water scarcity level of 500 m^3. Demand for water will increase as the population grows, while the supply of water is set to decline unless major and costly investments are undertaken. Similarly, Jordan still relies on expensive fossil fuels for much of its energy needs, necessitating high electricity tariffs that erode companies' profitability and competitiveness, despite the country's large potential for renewable energy (RE). While the share of RE in the electricity supply was raised from less than 1 percent in 2014 to 27 percent in 2024, Jordan still has some way to go to reach the goal of 30 percent electricity from RE by 2030.

30. Increasing the share of RE—the least-cost energy source in Jordan—in overall electricity generation and improving energy efficiency will reduce average electricity costs and help improve the electricity sector's financial viability. Expensive conventional PPAs could over the medium- to longer term gradually be replaced by cheaper RE, although peak loads will continue to require sizable fossil-fueled generation capacity unless storage capacity can be expanded in a cost-effective manner. The further roll-out of time-of-use tariffs and accompanying installation of smart meters will help reduce peak demand.

31. Ameliorating water scarcity is essential for Jordan's long-term prosperity. This will require both demand management and supply side actions, including by desalinating and transferring water via a long-distance conveyor—the Aqaba-Amman Conveyance project—to the largest population centers; increasing the treatment and re-use of wastewater; and improvements in the network, all of which require large investments. Meanwhile, electricity costs account for a large share of the water sector's operating costs, given the need to pump water over long distances and high electricity tariffs.

32. Addressing these long-term vulnerabilities requires engraining sustainability considerations into policy frameworks. As the World Bank's Country Climate Development Report (CCDR) for Jordan stressed, strengthening institutional capacity and improving policy frameworks are needed to guide strong implementation. Specifically, the CCDR noted the need to improve public investment management, including by strengthening the quality of infrastructure, and improve fiscal budgeting processes and transparency.

33. The pandemic posed challenges to Jordan's healthcare system and highlighted a need for further reforms to enhance pandemic preparedness (Annex IV). While Jordan responded relatively quickly and effectively to the COVID-19 pandemic, further measures are needed to strengthen preparedness, response, and recovery capacity in health systems, based on the lessons learned. Building a strong and effective pandemic preparedness system requires not only swift and organized coordination and financing responses that are developed ahead of time, but it is also essential to ensure to continued availability of critical healthcare services needed to address the public health emergency, including to support surveillance and infection control.

34. An RSF arrangement will support the authorities' efforts to address these challenges and strengthen balance of payments stability. Supported by the RSF arrangement, Jordan's balance of payments stability would be enhanced by promoting economic resilience and sustainability through support for policy reforms that reduce macro-critical risks associated with longer-term structural challenges, and by augmenting longer-term policy space and financial buffers to mitigate risks arising from such challenges. Specifically, improving the financial viability of the water and energy sector will help to reduce public sector borrowing needs and ensure longer-term fiscal sustainability. Similarly, strengthening resilience to public health emergencies, including pandemics, will be critical to help limit or even avoid the potentially very large public financing and balance of payments needs that could arise from new health emergencies, as witnessed during the COVID-19 pandemic. The RSF arrangement has substantial synergies with the current EFF arrangement, notably in the energy and water sectors. Thirteen reform measures (RMs) are proposed under the RSF arrangement to cover three reform pillars. The sequencing of the RMs reflects the authorities' reform priorities and considers capacity development needs. The RMs were designed in close consultation with development partners, including the World Bank and the World Health Organization, and in areas of cooperation provide critical additionality.

A. Reform Pillar I: Enhancing Resilience of the Energy and Water Sectors

35. This reform pillar aims to support Jordan's energy efficiency and resilience and to help ensure the sector's financial viability. Building on the progress made so far in reducing the cost and increasing revenues of NEPCO and the electricity distribution companies, reforms are focused on supporting RE development and enhancing efficiency, in line with the authorities' National Energy Strategy and the roadmap for electricity sector cost reduction and efficiency improvement. Two RMs are envisaged for the energy sector, covering:

- *Expanding energy storage capacity* (MEFP ¶18, Annex III ¶7). Expanding storage capacity is critically needed to further develop RE—and thus reduce average energy costs—and enhance grid stability in Jordan. In this regard, the government will issue two Requests for Expressions of Interest (EOIs): (i) for a hydro-pumped storage project and (ii) for a 200 MW photovoltaic (PV) power plant. In addition, a request for EOI for battery storage will be issued, contingent on the findings of the updated Energy Strategy confirming the need for such storage before 2030, with the required MWh capacity to be defined in the strategy. All initiatives will be carried out in accordance with existing legislation to ensure best value principles and transparency. Based on the outcome of the EOIs and the Energy Strategy, at least one tender—in line with international best practices—will be launched for a pilot storage project with meaningful capacity (at least 40MWh) to support grid stability and enable greater integration of variable renewable energy sources into the grid (**RM12**).

- *Enhancing energy efficiency* (MEFP ¶19, Annex III ¶7). To further enhance efficiency and thus strengthen the electricity sector's financial sustainability, following the implementation of ToU tariffs capturing 30 percent of electricity consumption, the Ministry of Energy and Mineral resources (MEMR) will complete a review of the demand response by June 2027. Based on this analysis, by October 2027, MEMR will begin implementing a time-bound action plan, in consultation with Fund staff, to achieve a meaningful reduction in peak demand to reduce medium-term grid constraints on integrating new RE sources (**RM11**). This plan will include effective and time-bound measures including, but not limited to, energy efficiency measures, public awareness campaigns, and more dynamic pricing models. The plan will also include a ToU tariff structure for the overall economy to achieve an economically meaningful impact on eliminating grid congestion and promoting RE, while protecting the poor.

36. This reform pillar also aims to ensure financially sustainable water services through both supply and demand side measures (Annex III ¶8). Jordan's limited options for securing an additional supply of water include desalinating sea water and transferring it a long distance at considerable expense (the AAC project); purchasing water from neighboring countries, which may be less expensive but is subject to political risk; and reducing NRW and expanding wastewater treatment and usage. Demand side measures, such as improving water usage efficiencies and optimizing water tariff design, are also needed. By tapping private management and expertise, Jordan can enhance its water and wastewater management capacity and introduce more advanced technologies to improve effluent quality for reuse and water service delivery, without having to rely on public funds. Three RMs are envisaged for the water sector, covering:

- *Updating the water sector Financial Sustainability Roadmap* (MEFP ¶20). To ensure the financial sustainability of the sector while maintaining adequate and equitable water delivery across Jordan, the cabinet will adopt and publish an updated Water Sector FSR, revised in line with international best practices and incorporating the additional water supply from the AAC. The updated FSR will include a policy framework for 2026–2042, with implementation starting in early 2027, to ensure that revenues are sufficient to achieve water and wastewater services operational and maintenance (O&M, including O&M cost for BOT) cost recovery by 2032, and to achieve full recovery of both O&M and BOT capital charges by 2042 (**RM7**). At the same time, the authorities will ensure adequate protection of vulnerable groups, with poverty-informed tariff structures and by further strengthening the National Aid Fund.
- *Enhancing the performance of water distribution companies* (MEFP ¶21), To address the operational and financial challenges facing the Yarmouk Water Company (YWC)—currently the least efficient of the three distribution companies—the government will select a qualified and cost-effective firm, by completing a tender in line with international best practices, to manage and improve water and wastewater service delivery within YWC's jurisdiction (**RM1**). This private sector engagement aims to introduce performance-driven management practices, enhance service delivery, reduce system losses, strengthen billing and collection systems, and put YWC on a path toward operational and financial sustainability.
- *Expanding private sector participation in wastewater treatment* (MEFP ¶22). Expanding private sector involvement in wastewater management is critical to further increasing treated wastewater reuse, thus reducing pressure on limited freshwater resources. To increase the water supply for agricultural use, the authorities will invite private parties to manage and operate wastewater treatment and distribution companies to improve efficiency and reduce costs. The government will launch tenders for the operations and management of a duration of at least 5 years for wastewater treatment plants in a competitive and transparent manner, covering at least 50 percent of total treatment capacity (excluding As-Samra), with the aim of reaching 35 percent of treated wastewater usage for irrigation relative to freshwater by 2027 (**RM8**). Private entities can help achieve this goal by investing in infrastructure, adopting advanced technologies, and improving operational efficiency, in line with international best practices.

B. Reform Pillar II: Strengthening Fiscal and Financial Sector Resilience

37. This reform pillar seeks to improve fiscal planning by incorporating climate-related risks and vulnerabilities into public financial management processes. Three RMs are proposed to strengthen budget processes and risk management, to support fiscal sustainability, covering:

- *Strengthening public investment decisions and fixed assets management* (MEFP ¶24 and ¶25, Annex III ¶9). Jordan has made important progress in screening and prioritizing capital projects by establishing a Public Investment Management Unit and a National Registry of Investment Projects (NRIP). Building on this, the Ministry of Finance will issue a budget circular requiring all large projects—as defined in the Regulation for the National Register for Government Projects bylaw—and selected for the budget to comply with the NRIP's newly formulated appraisal and feasibility study guidelines, which include clear criteria for assessing climate-related risks and impacts, and publish a summary of the climate assessment information of the large projects included in the budget in the 2026 budget documents (**RM2**). To improve infrastructure asset management and risk evaluation, the Government Investment Management Corporation will also establish a central fixed asset register for infrastructure owned by SOEs, which will initially capture infrastructure assets in the construction and electricity sectors (**RM4**).

- *Strengthening fiscal risk analysis* (MEFP ¶26, Annex III ¶9). The annual Fiscal Risk Statements will be enhanced by strengthening the long-term fiscal risk analysis under different climate scenarios, integrating them into macro-fiscal projections, and providing a quantitative analysis of contingent liabilities (SOEs and PPPs) that are exposed to climate-related risks (**RM9**). The Fiscal Risk Statements will also include a summary analysis of the vulnerability of public fixed assets to climate-related risks using data from the fixed asset register.

38. This reform pillar also seeks to ensure long-term financial stability by embedding climate-related financial risks in the CBJ's risk management framework. One RM, aiming at enhancing financial sector resilience, is proposed, building on the CBJ's strong commitment to sustainable financial sector development, covering:

- *Further strengthening the CBJ's financial risk management infrastructure* (MEFP ¶27, Annex III ¶10). The CBJ will issue detailed secondary regulations on climate disclosures and reporting consistent with the 2022 Basel Committee on Banking Supervision (BCBS) principles and aligned with International Sustainability Standards Board (ISSB). The regulations will articulate supervisory expectations and provide implementation and timeline guidelines by May 2026 (**RM3**). In parallel, the CBJ will adjust its information systems to enable the effective collection and analysis of climate-related financial data, including risks stemming from extreme weather events.

C. Reform Pillar III: Strengthening Health Emergency and Pandemic Preparedness

39. This reform pillar focuses on ensuring resilient health service delivery during future health emergencies, including pandemics (Annex IV). The World Bank's Pandemic Preparedness and Health System Resilience Assessment report highlighted the need to clarify the roles and responsibilities for contingency appropriations earmarked for emergencies and financing arrangements for surge capacity during emergencies; strengthen governance and institutional arrangements and systems through which actors are held accountable for decisions and policies related to emergency response; and further develop public health functions and resilience, and developing a health service delivery system that is emergency ready. Learning from the pandemic, four RMs are proposed to strengthen Jordan's preparedness toward future pandemics, covering:

- *Adopting instructions mandating the implementation of an emergency-ready health benefit package* (MEFP ¶30), with support from the WHO. As part of the authorities' implementation of their Universal Health Coverage and Health Financing Roadmap, they will adopt a bylaw by end-2025 on the expansion of coverage of the healthcare benefits package. Following this, in collaboration with the WHO, the authorities will develop and adopt a set of detailed instructions that establish the policy and service delivery frameworks necessary to ensure an emergency-ready and resilient healthcare system and mandate a minimum set of health services to be available during public health emergencies, by November 2026 (**RM5**). The essential health services list will draw on international best practices, including the WHO's 2020 publication on Maintaining Essential Health Services: Operational Guidance for the COVID-19 Context and Beyond.

- *Codifying the sources and uses of financing for future public health emergencies* (MEFP ¶31). To improve the processes for accessing financing during a public health emergency, the authorities will clarify and codify the procedures for the potential emergency financing sources and their use, including the use of contingency funds, re-prioritizing existing spending, and the use of other alternative financing and funding instruments for public health emergencies, as well as triggers, institutional responsibilities for the activation, disbursement, and oversight of public health emergency-related spending, in consultation with Fund staff, by November 2026 (**RM6**).

- *Adopting and implementing a governance framework that outlines clear roles, responsibilities and coordination mechanisms among government agencies for health emergencies preparedness and response* (MEFP ¶32). In coordination with the WHO, the cabinet will adopt a national pandemic preparedness governance and accountability framework that defines roles and responsibilities across government entities (from strategic decision-makers to central government to operational implementation), particularly between the Ministry of Health, the JCDC, and other agencies, by May 2027 (**RM10**).

- *Establishing a framework of procedures and templates for consolidated monitoring and reporting of public spending on health emergencies to strengthen decision-making during public health emergencies, as well as the assessment of spending afterwards* (MEFP ¶33). The authorities will issue data reporting templates and changes to the budget manual and mandate quarterly monitoring and reporting of health emergency spending, by November 2027 (**RM13**). The enhanced data collection and timely reporting during emergencies will also be used in the more comprehensive post-emergency reporting for accountability and transparency purposes.

Jordan: Proposed Reform Measures Supported by the RSF

	2025	2026		2027	
	4th EFF Review	5th EFF Review	6th EFF Review	7th EFF Review	8th EFF Review
Pillar I: Energy and Water Sector Reforms	**RM1**. To address the operational and financial challenges facing Yarmouk Water Company (YWC), the government will pursue the engagement of a qualified and cost-effective firm to manage and improve water and wastewater service delivery within YWC's jurisdiction, by concluding a performance based management contract tender, in line with international best practices, with fixed and variable fees linked to jointly agreed annual targets for key performance indicators, including water sales, non-revenue water reduction, energy efficiency, operational income, and billing collections.			**RM7.** Cabinet to adopt and publish an updated Water Sector Financial Sustainability Roadmap (FSR), revised in line with international best practices, to ensure the financial sustainability of the sector, as well as adequate and equitable water delivery across Jordan. The new FSR will update all underlying pillars and model assumptions, factoring in the impact of the additional water supply from the AAC and maintaining an annual NRW reduction target of at least 2 percentage points. The FSR will include a policy framework for 2026–2042, with implementation starting in early 2027, to ensure that revenues are sufficient to achieve water and wastewater services operational and maintenance (O&M, including O&M cost of BOT projects) cost recovery by 2032, and to achieve full recovery of both O&M and BOT capital charges by 2042. **RM8.** Government to launch tenders for the operations and management of a duration of at least 5 years for wastewater treatment plants in a competitive and transparent manner, covering at least 50 percent of total treatment capacity (excluding As-Samra), with the aim of reaching 35 percent of treated wastewater usage for irrigation relative to freshwater by 2027.	**RM11.** Twenty-four months after the implementation of the time-of-use (ToU) tariffs that capture 30 percent of electricity consumption, MEMR will complete a review of the demand response by June 2027. Based on this analysis, by October 2027, MEMR will begin implementing a time-bound action plan to achieve a meaningful reduction in peak demand to reduce medium-term grid constraints on integrating new renewable energy sources. This plan will include effective and time-bound measures including, but not limited to, energy efficiency measures, public awareness campaigns, and more dynamic pricing models. The plan will also include a ToU tariff structure for the overall economy to achieve an economically meaningful impact on eliminating grid congestion and promoting renewable energy, while protecting the poor and in consultation with Fund staff. **RM12.** Government to issue two Requests for Expressions of Interest (EOIs): (1) for a hydro-pumped storage project and (2) for a 200 MW photovoltaic power plant. In addition, a request for EoI for battery storage will be issued, contingent on the findings of the updated Energy Strategy confirming the need for such storage before 2030, with the required MWh capacity to be defined in the strategy. All initiatives will be carried out in accordance with existing legislation to ensure least-cost principles and transparency. Based on the outcome of the EOIs and the Energy Strategy, at least one tender—in line with best practices—will be launched for a pilot storage project with meaningful capacity (at least 40MWh) to support grid stability and enable greater integration of variable renewable energy sources into the grid.
Pillar II: Fiscal and Financial Sector Resilience	**RM2.** MOF to issue a budget circular to ensure that all large projects as defined in the Regulation for the National Register for Government Projects bylaw and selected for the budget comply with the NRIP's newly formulated appraisal and feasibility study guidelines, which include clear climate-related impact and risk criteria; MOF will publish a summary of the climate assessment information of the large projects approved by PIM and registered in the NRIP in the 2026 budget documents.	**RM3.** CBJ to issue detailed secondary regulation on climate disclosures and reporting consistent with the 2022 Basel Committee on Banking Supervision guidelines and aligned with International Sustainability Standards Board and including guidance on the implementation and timeline.	**RM4.** GIMC to establish a centralized asset register that initially capture the stock of infrastructure assets held by SOEs in the construction and energy sectors. Analysis of the vulnerability of these assets to climate-related risks will be included in the subsequent Fiscal Risk Statement.	**RM9.** MOF to publish an enhanced Fiscal Risk Statement (an annual publication) that strengthens the long-term fiscal risk analysis under different climate scenarios and provides quantitative analysis of contingent liabilities (SOEs and PPPs) that are exposed to climate-related risks and summary analysis of the vulnerability of public fixed assets to climate change using data from the fixed asset register.	
Pillar III: Pandemic Preparedness			**RM5.** MOH to adopt and issue instructions mandating the implementation of an emergency-ready health benefits package, which establishes the policy and service delivery frameworks necessary to ensure an emergency-ready and resilient health system and mandates a minimum set of health services, in line with WHO recommendations, to be available during public health emergencies. **RM6.** MOF to clarify and codify, through the issuance of an addendum to the Budget Manual, the procedures for the potential finance sources and their use, including the use of contingency funds, re-prioritizing existing spending, and the use of other alternative financing and funding instruments for public health emergencies, as well as triggers, institutional responsibilities for the activation, disbursement, and oversight of public health emergency-related spending, in consultation with Fund staff.	**RM10.** Cabinet to adopt a national pandemic preparedness governance and accountability framework, via a Cabinet decree, that defines roles and responsibilities across government entities (from strategic decision-makers to central government to operational implementation), particularly between the Ministry of Health, JCDC and other agencies.	**RM13.** MOF to issue data reporting templates and changes to the budget manual and mandate quarterly monitoring and reporting to the Cabinet and to the public of health emergency spending to strengthen decision-making during public health emergencies as well as the assessment of the spending afterwards. The templates and manuals will also support reporting on both on- and off-budget emergency spending (including of any contributions from donors and philanthropies channeled through the budget or extra-budgetary funds).

PROGRAM MODALITIES

Jordan: External Financing Gap and Funding, 2024–27 (In million of U.S. dollars)					
	2025Q3 to 2026Q2	2024	2025	2026	2027
Financing Gap	2,231	2,663	2,451	2,823	2,246
Official Financing	2,385	2,665	2,451	2,823	2,247
IMF EFF disbursement	196	451	260	261	262
EFF	196	451	260	261	262
Identified official public external financing	2,190	2,214	2,191	2,006	1,182
World Bank	1,081	1,081	1,081	1,014	704
European Union	269	0	269	171	120
EIB	108	126	108	108	43
Others 1/	731	744	733	713	315
Unidentified official public external financing	0	0	0	556	803
Memorandum Item					
IMF RSF disbursement	158	0	106	212	371
Eurobond issuance or commercial borrowing	750	0	750	1,000	1,000

Source: IMF staff projections.

1/ Include bilateral and multilateral financing from Canada, France, Germany, Italy, Japan, Kuwait, Qatar, Saudi Arabia, UAE, AIIB, AMF, IsDB and OPEC.

40. The EFF arrangement remains fully financed. External financing from international partners is firmly committed for the next 12 months, with good prospects for the remainder of the program, including financing from the World Bank, the EU, and bilateral donors (such as Germany, Japan, the U.S., and GCC countries). In addition, Jordan continues to have access to international capital markets with relatively low sovereign spreads. Purchases under the EFF arrangement will cover the remaining balance of payments needs and will continue to be used for budget financing.

41. All PCs and ITs for end-December 2024 were met, as well as most ITs for end-March 2025 (see Table 1 of the attached MEFP). The authorities have also met three out of four SBs that had been set for the third review and are making progress in addressing the underlying causes of arrears stemming from health exemptions, as described in more detail in the attached MEFP and reflected also in Table 2. The authorities are requesting a modification of the end-June 2025 PCs for the central government's primary deficit and the combined public deficit, to reflect an earlier start of capital projects due to the early approval of this year's budget, as well as the end-December 2025 PC on the CBJ's net international reserves, to reflect the stronger performance in accumulating reserves.

42. Staff proposes a 30-month RSF-arrangement with an access level of 150 percent of quota (SDR 514.65 million), given the high-quality and deep reform measures and Jordan's capacity to repay. The RSF aims to enhance economic resilience, by addressing longer-term macro-critical vulnerabilities. The scope and timeline of the reforms are ambitious but feasible for Jordan, which has a solid track record in reform implementation. The proposed strength and ambition of the reform package is of exceptionally high quality and Jordan's capacity to repay the Fund remains adequate. The proposed access level and phasing have been calibrated to support the planned reform measures, which are critical to reduce the large longer-term risks stemming from vulnerabilities in the water and energy sectors, as well as risks stemming from future public health emergencies. Resources provided under the RSF arrangement will augment policy space and financial buffers to mitigate risks arising from these long-term challenges, thereby contributing to long-term balance-of-payments stability. Disbursements under the RSF will be used for budget support, substituting for more expensive financing to address Jordan's vulnerabilities in the water, energy, and health sectors. Jordan is eligible for RST financing with Group C interest rates applied. The RSF arrangement would coincide with the remaining 30 months under the EFF arrangement, which is set to expire in January 2028.

43. The RSF arrangement has significant synergies also with other official financing. Close collaboration with development partners, including the World Bank and the WHO, will help leverage expertise on water, energy, and healthcare issues. Reforms under the RSF arrangement would also send a strong signal to private investors on the authorities' commitment to advance reforms for resilient and inclusive growth.

44. Jordan's capacity to repay the Fund remains adequate. The Fund's exposure to Jordan is projected to remain moderate, with total outstanding Fund credit peaking at 4.5 percent of GDP and 10.6 percent of exports of goods and services, 12.7 percent of reserves, and 630 percent of quota in 2027, before gradually declining (Table 7). Debt service to the Fund will peak in 2029, at 98.2 percent of quota, 22.0 percent of public external debt service, 2.5 percent of government revenue and 1.5 percent of exports of goods and services, and then decrease thereafter. RSF repayments would start in 2036, but debt service would remain low in GDP terms. Risks stem mainly from a possible deterioration in the external environment and political challenges to sustained fiscal consolidation and key reform measures, although risks are mitigated by Jordan's strong track record in implementing sound policies. Jordan's public debt continues to be assessed as sustainable (Annex II).

45. An update safeguards assessment of the CBJ was completed in June 2024 and found broadly robust controls and sound assurance functions. The CBJ has made progress in implementing the recommendations from the assessment and outstanding items relate to the full implementation of IFRS.

STAFF APPRAISAL

46. Jordan's continued economic resilience amid a challenging external environment is testament to the authorities' resolve to pursue sound macroeconomic policies. The authorities' ownership of the EFF arrangement remains strong, with program targets consistently met. Despite recent improvements, uncertainty remains high, both about developments in the region as well as the global outlook. It remains therefore crucial that the authorities stay the course to further strengthen Jordan's resilience and achieve stronger, sustainable, and inclusive growth. Stronger growth is essential to realize a sustainable reduction in the still too-high unemployment rate and improve living standards and attain the goals of Jordan's Economic Modernization Vision.

47. A steady gradual fiscal consolidation is key to place public debt on a downward path. While the spillover effects from regional conflicts hindered progress in fiscal consolidation last year, the pace of consolidation is accelerating with this year's budget. Barring new external shocks, the 2025 fiscal targets remain attainable, supported by efforts to strengthen revenue collection. Continued strong revenue mobilization efforts, to be detailed in the Medium-Term Revenue Strategy, will ensure sustained progress in fiscal consolidation in the coming years and strengthen debt sustainability.

48. Improving the financial viability and efficiency of the public utilities is crucial for better and more affordable services and to ensure fiscal sustainability. The financial performance of the public utilities is on track thanks to the cost saving and revenue raising measures implemented in recent years. Sustained efforts will be needed to further strengthen NEPCO's financial position, while improving energy efficiency, in line with the authorities' National Energy Strategy and the roadmap for electricity sector cost reduction and efficiency improvement. Similarly, addressing water shortages will require significant investment, making it essential to reduce costs, enhance efficiency, and boost revenues of the water companies to ensure a sustainable and affordable supply of water.

49. The central bank should continue to focus on safeguarding monetary and financial stability. Owing to the CBJ's firm commitment to monetary stability, inflation has remained low and stable, with the CBJ adjusting its policy rates in tandem with those of the U.S. Federal Reserve to safeguard the peg and preserve confidence. Meanwhile, the banking sector remains healthy and well capitalized. The CBJ should also continue to monitor banks' financial health, while further strengthening financial sector oversight and crisis management.

50. The continuing external headwinds highlight the need to accelerate structural reforms to foster a more dynamic private sector capable of generating more jobs. Despite recent reform efforts, labor market outcomes remain weak, with job creation lagging population growth and unemployment remaining elevated. In the context of constrained fiscal space, catalyzing higher private investment—both domestic and foreign—and boosting productivity will be critical to raising potential growth and improving labor market conditions. Reform momentum should be maintained to address structural barriers to private sector development, including by enhancing the business climate, fostering competition, increasing labor market flexibility, and strengthening social protection systems to support vulnerable groups.

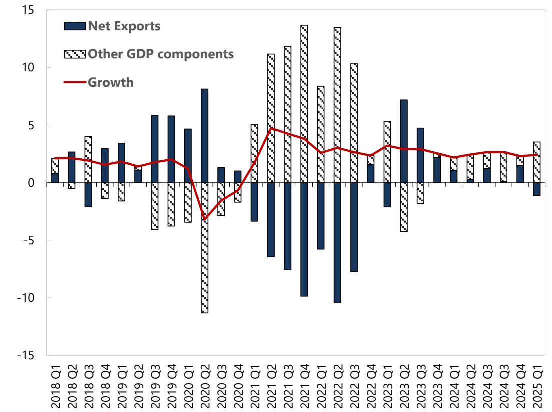
51. The RSF arrangement will help Jordan address long-term macro-critical vulnerabilities and future public health emergencies. It will support the authorities' reforms in enhancing energy and water sector efficiency and resilience, while improving the long-term financial sustainability of the public utilities; strengthening public financial management and financial sector resilience; and strengthening pandemic preparedness. The proposed reform package has been developed in close consultation with the World Bank and the World Health Organization, as well as other development partners. The reforms are ambitious and reflect the authorities' strong commitment to ensuring Jordan's long-term prosperity and stability.

52. Staff supports the authorities' request for the completion of the third review under the EFF arrangement and their request for an RSF arrangement. The EFF arrangement will continue to serve as an important anchor for the authorities' economic policies aimed at maintaining macro-stability, strengthening resilience, and accelerating growth, and to provide a framework for international support. Staff supports the proposed modification of the end-June 2025 fiscal performance criteria, to reflect an earlier start of capital projects this year, and the end-December 2025 net international reserves performance criterion, to reflect the stronger performance in accumulating international reserves. Staff also supports the authorities' request for the RSF arrangement that will run concurrently with the EFF arrangement, with access level of 150 percent of Jordan's quota.

Figure 1. Jordan: Real Sector Developments

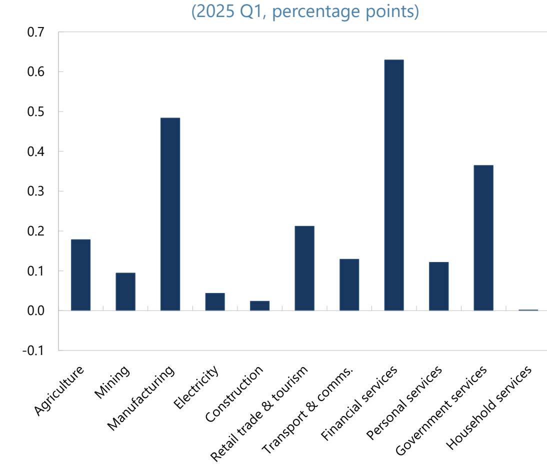
Net exports have supported growth in 2024.

Contribution to Growth
(Percent, y-o-y)



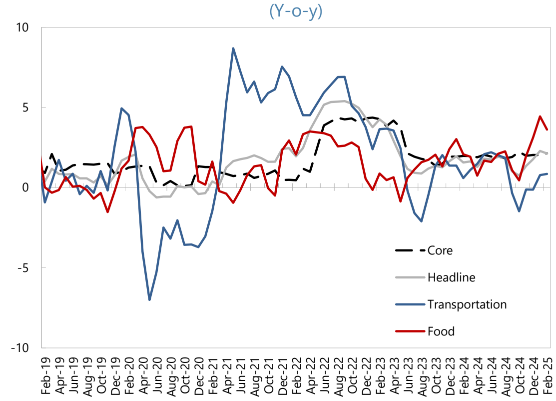
The sectors that contributed most to growth in 2025 Q1 were manufacturing, financial services, and personal and government services.

Sectoral Contribution to GDP Growth
(2025 Q1, percentage points)



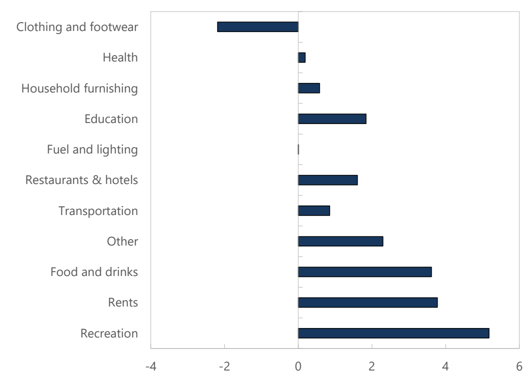
Inflation remains low and stable…

CPI Inflation
(Y-o-y)



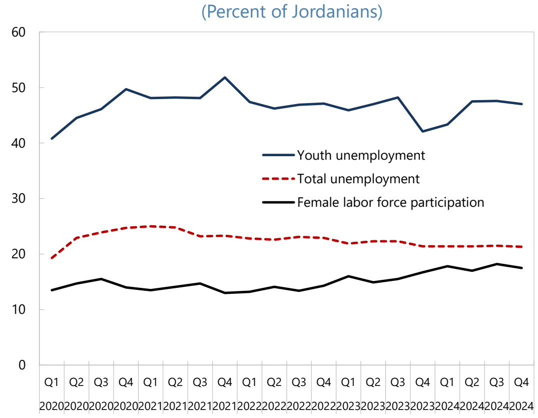
…and is driven mainly by recreation and rent.

Inflation By Sector
(Pch y-o-y, February '25)



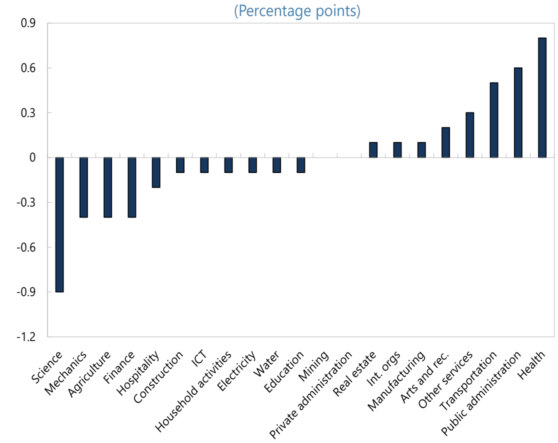
Youth unemployment remains high and female participation low.

Labor Market Outcome
(Percent of Jordanians)



Overall, employment recovery has been heterogenous across sectors.

Change in Employment of Jordanians by Sector
Q4 2023 - Q4 2024
(Percentage points)

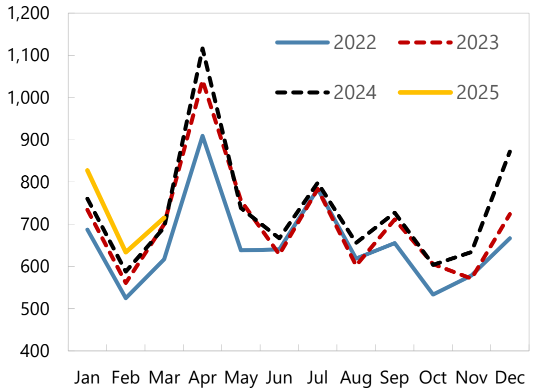


Sources: Jordanian authorities; Haver Analytics; and IMF staff calculations.

Figure 2. Jordan: Fiscal Developments

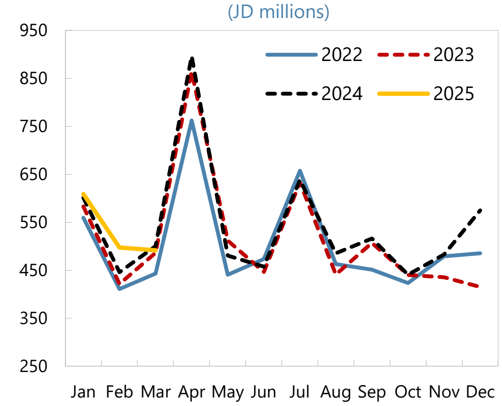
Revenues are showing signs of improvement.

Domestic Revenues
(JD millions)



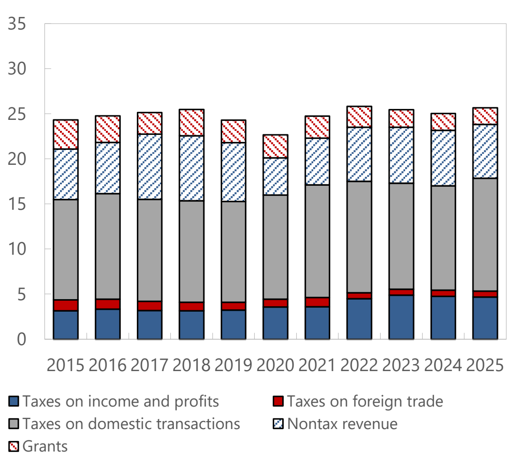
Tax revenues saw a strong rebound in April 2024 but have slowed since.

Tax Revenues
(JD millions)



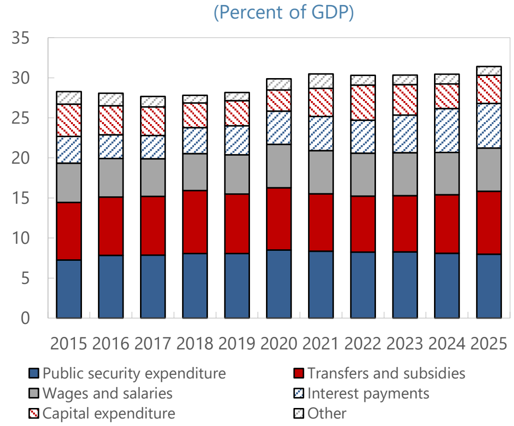
Corporate income tax has declined in 2024H1 so far.

Government Revenues
(Percent of GDP)



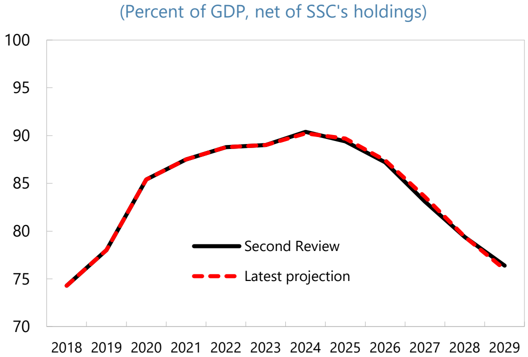
Expenditures remained flat in 2024.

Government Expenditure
(Percent of GDP)



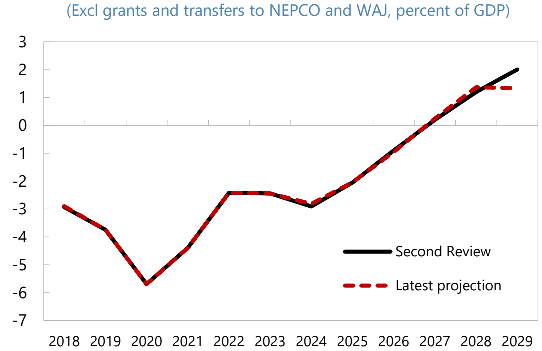
Public debt is projected to gradually decline.

General Government Debt
(Percent of GDP, net of SSC's holdings)



Despite new shocks, the fiscal path is projected to deliver the desired consolidation.

Primary Government Balance
(Excl grants and transfers to NEPCO and WAJ, percent of GDP)

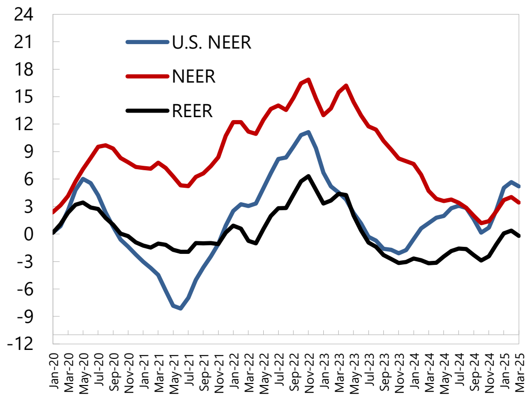


Sources: Jordanian authorities; and IMF staff calculations.

Figure 3. Jordan: External Sector Developments

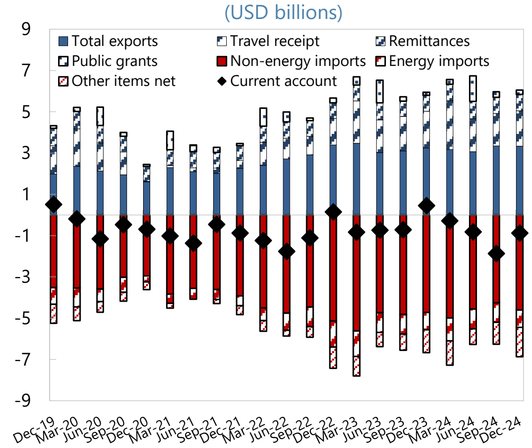
The dollar peg and monetary tightening contributed to an appreciation of the real effective exchange rate.

Effective Exchange Rate Indices
(3-month moving average, y-o-y growth, percent)



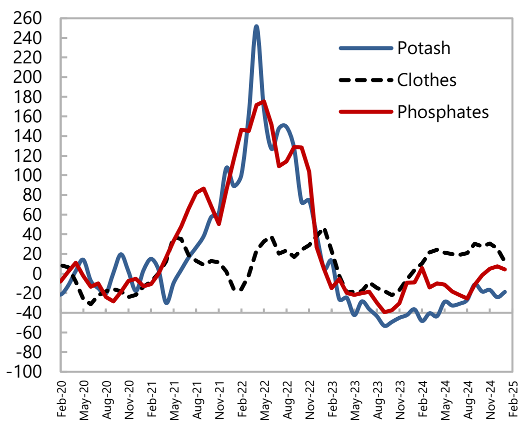
Current account deficit widened in 2024 mainly driven by higher imports and lower tourism receipts.

Current Account, 2019-24
(USD billions)



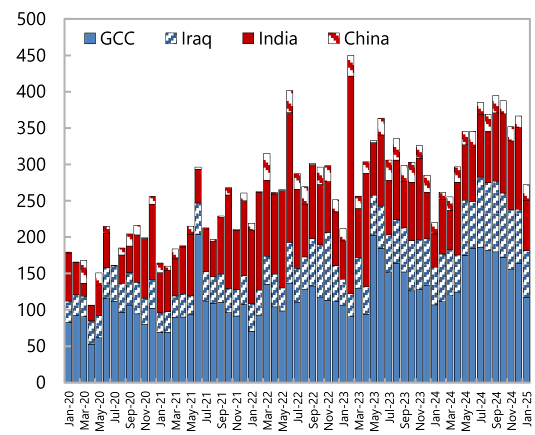
After the surge in exports in 2022-23 driven by higher prices and volumes of fertilizers, export receipts have slowed as fertilizer prices have fallen sharply.

Key Merchandise Exports
(3-month moving average, y-o-y growth, percent)



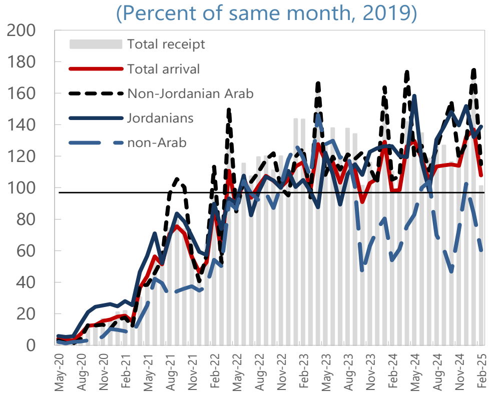
Exports to GCC and Iraq grew, marking deeper regional integration.

Exports to Select Markets
(Nominal millions dinars)



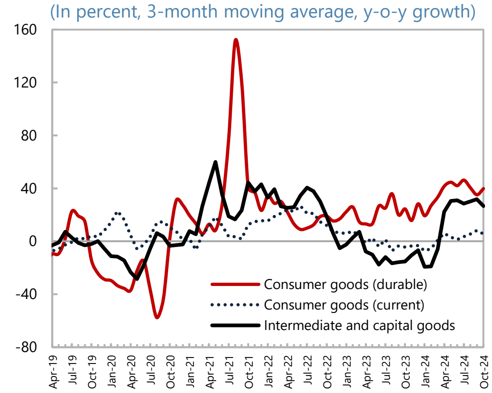
Tourism receipts are recovering from the regional conflict in 2024.

Tourist Arrivals and Receipts
(Percent of same month, 2019)



Import growth picked up in late 2024, in part reflecting recovery in economic activities.

Merchandize Imports
(In percent, 3-month moving average, y-o-y growth)

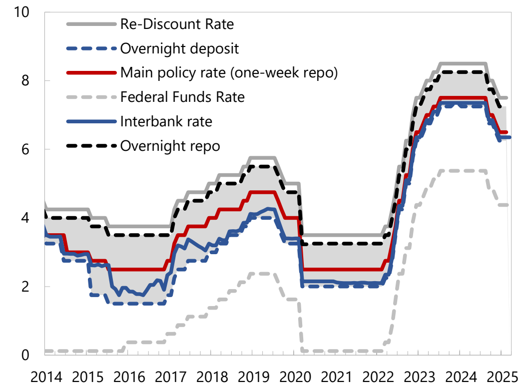


Sources: Jordanian authorities; and IMF staff calculations.

Figure 4. Jordan: Monetary and Financial Indicators

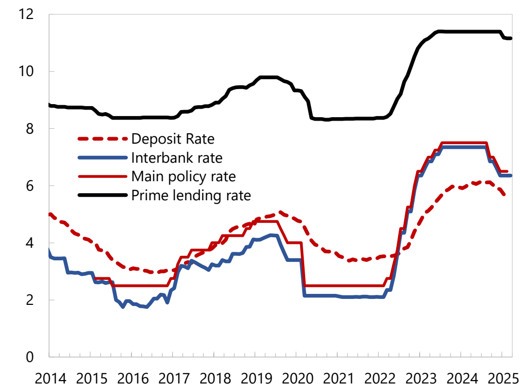
Policy rates were adjusted in line with those of the U.S. Fed.

Interest Rates
(In percent)



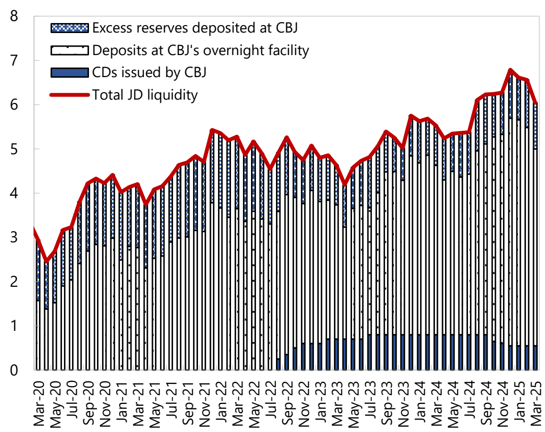
Deposit and lending rates have also increased albeit more slowly and with margins narrowing.

Interest Rates
(In percent)



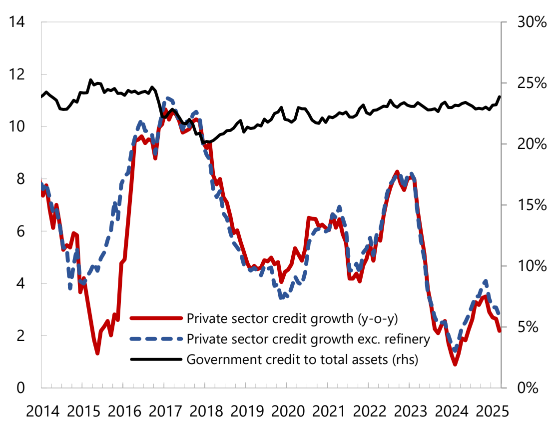
Banks' liquidity conditions remain comfortable...

Banks' JD Liquidity
(Billions)



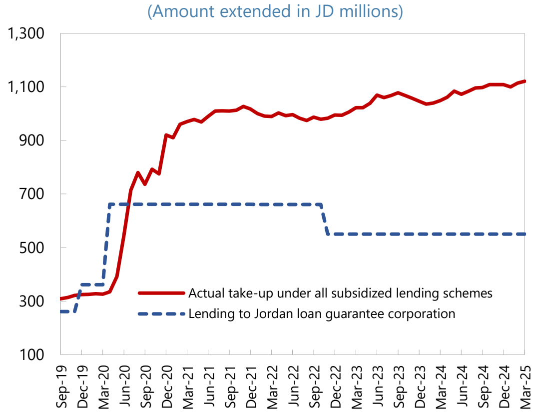
...but private sector credit growth has slowed.

Domestic Credit of the Banking System



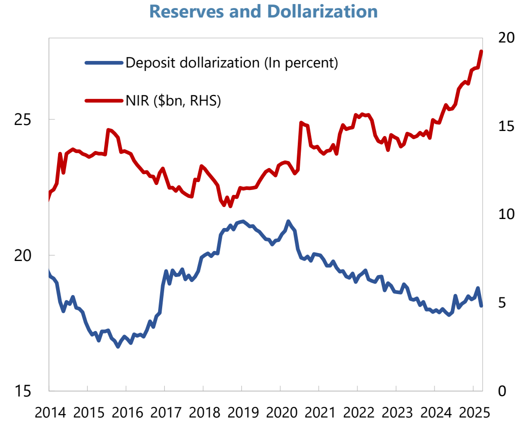
CBJ's subsidized lending schemes remain stable.

CBJ Subsidized Lending Schemes
(Amount extended in JD millions)



Ample reserves continue to keep dollarization down.

Reserves and Dollarization



Sources: Central Bank of Jordan; Jordan Department of Statistics; and IMF staff calculations.

Figure 5. Jordan: Capacity to Repay Indicators Compared to GRA-Only Borrowing Countries

(In percent of the indicated variable)

Sources: IMF Finance Department, World Economic Outlook.

Notes:
1) T = date of GRA arrangement approval.
2) Red lines/bars indicate the CtR indicator for the arrangement of interest.
3) The median, interquartile range, and comparator bars reflect all RFIs and UCT arrangements approved under the GRA (excluding blending arrangements) between 2008 and February 23, 2024.
4) Countries in the control group with multiple RFIs and/or GRA arrangements are entered as separate events in the database.
5) Comparator series is for GRA arrangements only and runs up to T+5.
6) Total Debt Service to the Fund consists of GRA, RST and SDR-related obligations. Reflects prospective payments, including for the current year.
7) All charts use data at the time of program approval with the exception of the chart on the right-hand side of section C, which uses ex-post data due to data limitations. The peak value for LBR (2011) is 81.7% and is not fully visible in the chart.

Table 1. Jordan: Selected Economic Indicators and Macroeconomic Outlook, 2023–30

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise noted)										
Output and prices											
Real GDP at market prices	2.9	2.3	2.5	2.5	2.7	3.0	2.9	3.0	3.0	3.0	3.0
GDP deflator at market prices	1.8	2.1	1.9	2.3	2.3	2.5	2.6	2.5	2.5	2.5	2.5
Nominal GDP at market prices (JD billions)	36.3	37.8	37.9	39.7	39.8	41.9	42.0	44.4	46.9	49.5	52.2
Nominal GDP at market prices ($ billions)	51.2	53.3	53.4	55.9	56.2	59.1	59.3	62.6	66.1	69.8	73.7
Consumer price inflation (annual average)	2.1	1.7	1.9	2.2	2.2	2.5	2.6	2.3	2.3	2.3	2.3
Consumer price inflation (end of period)	1.6	1.8	2.0	2.2	2.2	2.5	2.6	2.3	2.3	2.3	2.3
Unemployment rate (period average, percent) 1/	22.0	21.0	21.4	...	...	...	...	...	...	...	...
Fiscal operations											
Revenue and grants	25.2	24.4	24.9	25.6	25.4	25.7	26.0	26.0	26.1	26.0	25.8
Of which: grants	2.0	1.9	1.9	1.9	1.8	1.5	2.0	1.5	1.0	1.0	0.9
Expenditure 2/	30.6	31.0	31.4	31.3	31.2	30.6	30.5	28.9	28.1	27.8	28.0
Overall central government balance 3/	-5.4	-6.5	-6.4	-5.7	-5.8	-4.9	-4.5	-2.9	-2.0	-1.8	-2.2
Central government balance excluding grants	-7.4	-8.4	-8.3	-7.6	-7.6	-6.4	-6.5	-4.4	-3.0	-2.8	-3.1
Primary government balance (excluding grants)	-2.7	-2.9	-2.8	-2.0	-2.0	-0.9	-1.0	0.2	1.3	1.3	0.8
NEPCO operating balance	-1.1	-1.3	-1.1	-1.1	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	-0.7
Consolidated water sector balance	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.3	-0.3	-0.5	-0.3
Combined public sector balance 4/	-4.5	-4.8	-4.5	-3.6	-3.6	-2.2	-2.4	-1.0	0.2	0.0	-0.2
Consolidated general government overall balance, excl. grants	-5.7	-6.3	-6.0	-5.1	-5.1	-3.6	-3.7	-1.5	0.1	-0.1	-0.2
Consolidated general government primary balance, excl. grants	-1.4	-1.3	-1.0	-0.2	-0.1	1.2	1.1	2.3	3.5	3.3	3.0
Government and guaranteed gross debt 5/	113.5	115.0	114.7	116.1	115.7	115.6	114.9	112.4	109.4	106.7	104.3
Government and guaranteed gross debt, net of SSC's holdings 5/	89.0	90.5	90.2	89.9	89.7	88.1	87.5	83.7	79.6	76.3	73.4
Of which: external debt	42.1	44.9	44.5	46.1	45.9	45.7	47.2	48.2	46.0	42.6	39.8
External sector											
Current account balance (including grants), *of which:*	-3.6	-4.3	-5.9	-4.5	-5.5	-4.7	-5.9	-5.4	-5.0	-4.8	-4.7
Exports of goods, f.o.b. ($ billions)	12.6	12.9	13.3	13.0	13.6	13.9	14.3	14.9	16.1	16.8	17.8
Imports of goods, f.o.b. ($ billions)	23.0	22.8	23.7	23.8	24.6	25.8	26.7	27.9	29.2	30.7	31.9
Oil and oil products ($ billions)	3.8	3.5	3.5	3.7	3.7	3.7	3.6	3.6	3.7	3.8	3.9
Current account balance (excluding grants)	-7.1	-7.3	-8.7	-7.3	-8.2	-7.0	-8.7	-7.8	-6.9	-6.5	-6.0
Private capital inflows (net)	3.6	1.6	2.9	2.1	3.4	3.0	3.4	3.3	3.3	4.0	4.1
Public grants and identified budget loans (excl. IMF)	6.2	7.1	6.9	6.3	6.6	4.4	6.3	4.2	2.3	1.7	1.3
Monetary sector											
Broad money	2.3	4.4	6.1	4.9	5.1	5.6	5.6	5.6	5.6	5.6	5.6
Net foreign assets	11.8	12.3	25.6	8.7	5.3	7.1	7.2	3.6	5.8	3.7	6.2
Net domestic assets	0.4	2.7	1.8	4.0	5.1	5.2	5.1	6.1	5.5	6.1	5.4
Credit to private sector	1.7	3.4	2.9	4.8	4.6	6.0	6.0	6.5	6.5	6.5	6.5
Credit to central government	3.9	0.6	4.1	0.5	0.8	1.7	-4.2	-6.6	-5.1	-5.3	-3.9
Memorandum items:											
Gross usable international reserves ($ millions) 6/	17,319	18,104	20,282	18,577	20,311	19,381	21,296	22,236	22,900	23,554	24,393
In months of prospective imports	6.9	7.2	7.7	6.8	7.1	6.7	7.1	7.1	7.0	7.0	7.1
In percent of reserve adequacy metric	101	103	110	101	105	100	105	105	104	104	104
Net international reserves ($ millions)	15,352	15,928	18,170	16,148	18,040	17,087	18,733	19,292	20,225	20,857	21,944
Population (millions) 7/	11.3	11.4	11.4	11.4	11.4	11.6	11.6	11.7	11.8	11.9	12.1
Nominal per capita GDP ($)	4,513	4,682	4,693	4,889	4,908	5,090	5,109	5,348	5,594	5,846	6,105
Real effective exchange rate (end of period, 2010=100) 8/	125.1	...	125.8	...	...	...	...	...	...	...	...
Percent change (+=appreciation; end of period)	-2.5	...	0.5	...	...	...	...	...	...	...	...

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ The Department of Statistics changed the methodology of the Survey of Employment and Unemployment in 2017 following ILO recommendations. The variable now reports unemployment rates for Jordanians only (excluding foreigners).

2/ Includes other use of cash (i.e. off-budget expenditures).

3/ Includes statistical discrepancy.

4/ Defined as the sum of the primary central government balance (excl. grants and transfers to NEPCO and WAJ), NEPCO operating balance, WAJ overall balance, and, starting in 2019, Aqaba, Miyahuna, and Yarmouk Water Distribution Companies overall balance.

5/ Government's direct and guaranteed debt (including NEPCO and WAJ debt). SSC stands for Social Security Corporation. The authorities securitized domestic arrears amounting to 2.3 and 0.3 percent of GDP in 2019 and early 2020, respectively, part of which was previously assumed to be repaid over a three-year period.

6/ Including gold and excluding commercial banks' FX deposits at the CBJ, bilateral accounts, and forward contracts. Including RSF.

7/ Data from the 2017 Revision of World Population Prospects of the UN population division.

8/ INS data. CBJ staff's estimates, based on updated trade weights, shows a more moderate pace of real appreciation over the past few years.

Table 2a. Jordan: Central Government: Summary of Fiscal Operations, 2023–30 1/
(In millions of Jordanian dinars)

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	9,144	9,238	9,440	10,155	10,129	10,748	10,916	11,560	12,231	12,839	13,471
Domestic revenue	8,433	8,531	8,735	9,395	9,395	10,123	10,076	10,882	11,745	12,354	12,986
Tax revenue, *of which:*	6,184	6,332	6,405	7,043	7,042	7,615	7,567	8,180	8,865	9,310	9,790
Taxes on income and profits	1,763	1,654	1,800	1,829	1,829	1,965	1,987	2,145	2,342	2,461	2,574
Sales taxes	4,078	4,320	4,238	4,838	4,838	5,251	5,175	5,605	6,049	6,359	6,708
Taxes on foreign trade	240	245	258	271	271	289	294	314	347	356	366
Other taxes	103	113	109	104	104	110	110	117	127	134	141
Nontax revenue	2,248	2,199	2,330	2,353	2,353	2,509	2,509	2,702	2,880	3,043	3,195
Grants	712	708	705	760	734	624	840	678	486	486	486
Total expenditures, inc. other use of cash	11,107	11,699	11,878	12,397	12,428	12,817	12,823	12,842	13,152	13,743	14,613
Current expenditure	9,619	10,499	10,368	11,036	11,053	11,352	11,391	11,316	11,542	11,965	12,626
Wages and salaries	1,954	2,090	1,994	2,145	2,154	2,241	2,251	2,319	2,412	2,509	2,609
Interest payments	1,703	2,068	2,078	2,190	2,220	2,320	2,320	2,043	2,021	2,021	2,040
Domestic	1,068	1,168	1,168	1,214	1,214	1,283	1,283	1,386	1,469	1,557	1,650
External	635	900	910	976	1,006	1,037	1,037	657	552	464	390
Public security expenditure	2,999	3,153	3,068	3,262	3,242	3,384	3,357	3,471	3,500	3,691	3,894
Subsidies	276	287	288	258	258	228	271	263	265	280	295
Transfers, *of which*:	2,260	2,559	2,478	2,879	2,837	2,811	2,831	2,838	2,961	3,082	3,384
Pensions	1,660	1,711	1,693	1,796	1,789	1,896	1,888	2,000	2,110	2,226	2,348
Cash transfers, NAF social assistance	242	280	286	293	293	320	327	335	338	380	393
Transfers to health fund, *of which:*	145	156	151	177	177	176	176	175	175	174	173
Health arrears clearance	53	66	66	100	100	100	100	100	100	100	100
Energy arrears clearance	0	0	0	0	0	0	0	0	0	0	1
Transfers to public sector institutions	213	235	235	246	247	260	260	276	291	307	324
Purchases of goods & services	428	341	461	302	341	367	360	381	382	383	404
Capital expenditure	1,377	1,200	1,170	1,361	1,375	1,466	1,432	1,527	1,610	1,778	1,986
Net lending	0	0	0	0	0	0	0	0	0	0	0
Transfer to NEPCO	0	0	0	0	0	0	0	0	0	0	0
Adjustment on receivables and payables (use of cash)	111	0	340	0	0	0	0	0	0	0	0
Total balance from above the line	-1,963	-2,461	-2,438	-2,242	-2,298	-2,070	-1,907	-1,282	-921	-903	-1,141
Overall central government balance	-1,963	-2,461	-2,438	-2,242	-2,298	-2,070	-1,907	-1,282	-921	-903	-1,141
Financing	1,860	2,461	2,098	2,242	2,298	2,070	1,907	1,282	921	903	1,141
Foreign financing (net) 2/	1,225	1,335	1,197	1,086	1,090	668	1,224	863	220	-423	-172
Domestic financing (net)	634	1,126	901	1,156	1,208	1,402	683	420	701	1,327	1,314
Net IMF financing	-20	176	208	73	148	82	242	293	-171	-171	-171
Other domestic bank financing	-656	-90	-443	-6	-30	181	-699	-1,063	-367	-367	-367
Domestic nonbank financing	900	1,050	1,118	1,100	1,100	1,150	1,150	1,200	1,250	1,250	1,250
Use of deposits	411	-10	18	-10	-10	-10	-10	-10	-10	-10	-10
Memorandum items:											
NEPCO operating balance	-409	-497	-428	-439	-435	-407	-404	-381	-372	-364	-364
Water sector consolidated balance	-235	-211	-198	-187	-182	-160	-167	-150	-128	-250	-166
Primary government balance, excluding grants and transfers to NEPCO and WAJ	-972	-1,100	-1,065	-812	-812	-374	-428	83	614	632	413
Combined public balance 3/	-1,616	-1,808	-1,691	-1,438	-1,429	-941	-998	-449	115	18	-117
Overall public balance, including grants	-2,583	-3,179	-3,080	-2,868	-2,951	-2,627	-2,494	-1,821	-1,419	-1,283	-1,298
Consolidated general government overall balance, excl. grants	-2,080	-2,386	-2,280	-2,004	-2,020	-1,510	-1,574	-672	32	-63	-90
Consolidated general government primary balance, excl. grants	-526	-491	-369	-61	-53	508	451	1,028	1,653	1,623	1,580
Government and guaranteed gross debt	41,181	43,460	43,451	46,046	46,084	48,401	48,292	49,874	51,261	52,789	54,489
Government and guaranteed gross debt, net of SSC's holdings	32,289	34,188	34,178	35,674	35,712	36,879	36,770	37,152	37,289	37,717	38,316
Of which: External	15,278	16,973	16,859	18,295	18,292	19,156	19,880	21,392	21,563	21,050	20,774
Short-term debt 2/	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516	1,516
Programmed stock of health and energy arrears	90	0	0	0	0	0	0	0	0	0	0
Stock of health arrears	70	0	0	0	0	0	0	0	0	0	0
Stock of energy arrears (fuel and electricity)	20	0	0	0	0	0	0	0	0	0	0
GDP at market prices	36,273	37,797	37,880	39,665	39,815	41,877	42,035	44,378	46,852	49,464	52,222

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ Starting 2019, the fiscal accounts consolidate the operations of 29 government units, with a neutral impact on the overall balance.

2/ Includes net issuance of domestic FX bonds.

3/ Primary government balance excluding grants and transfers to NEPCO and WAJ, plus NEPCO operating balance, WAJ overall balance, and starting in 2019, water distribution companies overall balance.

Table 2b. Jordan: Central Government: Summary of Fiscal Operations, 2023–30 1/
(In percent of GDP)

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	25.2	24.4	24.9	25.6	25.4	25.7	26.0	26.0	26.1	26.0	25.8
Domestic revenue	23.2	22.6	23.1	23.7	23.6	24.2	24.0	24.5	25.1	25.0	24.9
Tax revenue, *of which* :	17.0	16.8	16.9	17.8	17.7	18.2	18.0	18.4	18.9	18.8	18.7
Taxes on income and profits	4.9	4.4	4.8	4.6	4.6	4.7	4.7	4.8	5.0	5.0	4.9
Sales taxes	11.2	11.4	11.2	12.2	12.2	12.5	12.3	12.6	12.9	12.9	12.8
Taxes on foreign trade	0.7	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other taxes	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Nontax revenue	6.2	5.8	6.2	5.9	5.9	6.0	6.0	6.1	6.1	6.2	6.1
Grants	2.0	1.9	1.9	1.9	1.8	1.5	2.0	1.5	1.0	1.0	0.9
Total expenditures, inc. other use of cash	30.6	31.0	31.4	31.3	31.2	30.6	30.5	28.9	28.1	27.8	28.0
Current expenditure	26.5	27.8	27.4	27.8	27.8	27.1	27.1	25.5	24.6	24.2	24.2
Wages and salaries	5.4	5.5	5.3	5.4	5.4	5.4	5.4	5.2	5.1	5.1	5.0
Interest payments	4.7	5.5	5.5	5.5	5.6	5.5	5.5	4.6	4.3	4.1	3.9
Domestic	2.9	3.1	3.1	3.1	3.0	3.1	3.1	3.1	3.1	3.1	3.2
External	1.7	2.4	2.4	2.5	2.5	2.5	2.5	1.5	1.2	0.9	0.7
Public security expenditure	8.3	8.3	8.1	8.2	8.1	8.1	8.0	7.8	7.5	7.5	7.5
Subsidies	0.8	0.8	0.8	0.7	0.6	0.5	0.6	0.6	0.6	0.6	0.6
Transfers, *of which* :	6.2	6.8	6.5	7.3	7.1	6.7	6.7	6.4	6.3	6.2	6.5
Pensions	4.6	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Cash transfers, NAF social assistance	0.7	0.7	0.8	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.8
Transfers to health fund, *of which:*	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3
Health arrears clearance	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2
Energy arrears clearance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to public sector institutions	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Purchases of goods & services	1.2	0.9	1.2	0.8	0.9	0.9	0.9	0.9	0.8	0.8	0.8
Capital expenditure	3.8	3.2	3.1	3.4	3.5	3.5	3.4	3.4	3.4	3.6	3.8
Adjustment on receivables and payables (use of cash)	0.3	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall central government balance	-5.4	-6.5	-6.4	-5.7	-5.8	-4.9	-4.5	-2.9	-2.0	-1.8	-2.2
Financing	5.1	6.5	5.5	5.7	5.8	4.9	4.5	2.9	2.0	1.8	2.2
Foreign financing (net) 2/	3.4	3.5	3.2	2.7	2.7	1.6	2.9	1.9	0.5	-0.9	-0.3
Domestic financing (net)	1.7	3.0	2.4	2.9	3.0	3.3	1.6	0.9	1.5	2.7	2.5
Net IMF financing	-0.1	0.5	0.5	0.2	0.4	0.2	0.6	0.7	-0.4	-0.3	-0.3
Other domestic bank financing	-1.8	-0.2	-1.2	0.0	-0.1	0.4	-1.7	-2.4	-0.8	-0.7	-0.7
Domestic nonbank financing	2.5	2.8	3.0	2.8	2.8	2.7	2.7	2.7	2.7	2.5	2.4
Use of deposits	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:											
NEPCO operating balance	-1.1	-1.3	-1.1	-1.1	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	-0.7
Water sector consolidated overall balance	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.3	-0.3	-0.5	-0.3
Primary government balance, excluding grants and transfers to NEPCO and WAJ (PC)	-2.7	-2.9	-2.8	-2.0	-2.0	-0.9	-1.0	0.2	1.3	1.3	0.8
Combined public balance (PC) 3/	-4.5	-4.8	-4.5	-3.6	-3.6	-2.2	-2.4	-1.0	0.2	0.0	-0.2
Overall public balance, including grants	-7.1	-8.4	-8.1	-7.2	-7.4	-6.3	-5.9	-4.1	-3.0	-2.6	-2.5
Consolidated general government overall balance, excl. grants	-5.7	-6.3	-6.0	-5.1	-5.1	-3.6	-3.7	-1.5	0.1	-0.1	-0.2
Consolidated general government primary balance, excl. grants	-1.5	-1.3	-1.0	-0.2	-0.1	1.2	1.1	2.3	3.5	3.3	3.0
Government and guaranteed gross debt	113.5	115.0	114.7	116.1	115.7	115.6	114.9	112.4	109.4	106.7	104.3
Government and guaranteed gross debt, net of SSC's holdings	89.0	90.5	90.2	89.9	89.7	88.1	87.5	83.7	79.6	76.3	73.4
Of which: External	42.1	44.9	44.5	46.1	45.9	45.7	47.2	48.2	46.0	42.6	39.8
GDP at market prices (JD millions)	36,273	37,797	37,880	39,665	39,815	41,877	42,035	44,378	46,852	49,464	52,222

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ Starting 2019, the fiscal accounts consolidate the operations of 29 government units, with a neutral impact on the overall balance.

2/ Includes net issuance of domestic FX bonds.

3/ Primary government balance excluding grants and transfers to NEPCO and WAJ, plus NEPCO operating balance, WAJ overall balance, and starting in 2019, water distribution companies overall balance.

Table 2c. Jordan: General Government: Summary of Fiscal Operations, 2023–30 1/

(In millions of Jordanian dinars, unless otherwise noted)

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
A. Total general government revenues:	13,598	14,109	14,394	15,374	15,400	16,328	16,540	17,529	18,544	19,611	20,756
(in percent of GDP)	37.5	37.3	38.0	38.8	38.7	39.0	39.3	39.5	39.6	39.6	39.7
Central government revenues, excl. grants	8,433	8,531	8,735	9,395	9,395	10,123	10,076	10,882	11,745	12,354	12,986
Central government grants	712	708	705	760	734	624	840	678	486	486	486
NEPCO	1,414	1,455	1,539	1,516	1,593	1,577	1,647	1,682	1,713	1,743	1,772
WAJ	54.2	46.4	46.4	48.3	48.3	50.0	50.0	51.9	53.8	55.8	57.9
WAJ Revenues	54.2	46.4	46.4	48.3	48.3	50.0	50.0	51.9	53.8	55.8	57.9
WAJ grants	30	30	30	-23	-28	-45	-38	-50	-67	50	51
Water distribution companies	248	279	279	351	326	394	367	399	434	565	717
SSC (excluding interest revenues on gov debt holding)	2,737	3,089	3,090	3,303	3,304	3,559	3,560	3,836	4,113	4,409	4,738
B. Total general government expenditure, inc. use of cash:	14,933	15,834	16,034	16,700	16,780	17,255	17,337	17,577	18,080	19,103	20,322
(in percent of GDP)	41.2	41.9	42.3	42.1	42.1	41.2	41.2	39.6	38.6	38.6	38.9
Central government (inc. use of cash & excl. interest paid to SSC)	10,741	11,255	11,434	11,897	11,927	12,257	12,263	12,220	12,465	12,988	13,799
NEPCO	1,823	1,952	1,967	1,984	2,025	2,014	2,053	2,075	2,107	2,125	2,155
Water distribution companies	254	320	325	328	333	340	345	356	366	380	394
SSC	1,834	2,014	2,014	2,202	2,202	2,414	2,414	2,688	2,928	3,174	3,434
Wages and salaries	20.6	21.5	21.5	22.6	22.6	23.6	23.8	25.0	26.2	27.5	28.9
Social security payments	1,773	1,951	1,951	2,136	2,136	2,344	2,344	2,615	2,851	3,093	3,350
Goods and services	39.8	41.5	41.6	43.5	43.7	46	45.9	48.2	50.6	53.1	55.8
C. Interest expenditure:	1,523	1,865	1,880	1,965	1,995	2,063.2	2,063	1,750	1,688	1,636	1,619
Central government (excluding interest paid to SSC)	1,337	1,624	1,634	1,689	1,719	1,760	1,760	1,421	1,334	1,266	1,226
NEPCO	164	212	218	240	240	267	267	292	316	332	355
WAJ Interest Payments	22.8	28.5	28.5	36.2	36.2	36.6	36.6	37.0	37.5	37.9	38.4
1. Central government primary balance (ex grants)	-972	-1,100	-1,065	-812	-812	-374	-428	83	614	632	413
(in percent of GDP)	-2.7	-2.9	-2.8	-2.0	-2.0	-0.9	-1.0	0.2	1.3	1.3	0.8
2. Central government primary balance (inc grants)	-260	-393	-360	-52	-78	250	413	761	1,100	1,117	899
(in percent of GDP)	-0.7	-1.0	-1.0	-0.1	-0.2	0.6	1.0	1.7	2.3	2.3	1.7
3. Balance of utilities (NEPCO, WAJ, water distribution companies)	-644	-708	-626	-626	-617	-567	-571	-531	-500	-614	-530
(in percent of GDP)	-1.8	-1.9	-1.7	-1.6	-1.5	-1.4	-1.4	-1.2	-1.1	-1.2	-1.0
4. Combined public balance (1+3)	-1,616	-1,808	-1,691	-1,438	-1,429	-941	-998	-449	115	18	-117
(in percent of GDP)	-4.5	-4.8	-4.5	-3.6	-3.6	-2.2	-2.4	-1.0	0.2	0.0	-0.2
5. SSC balance	903	1,076	1,076	1,101	1,101	1,146	1,146	1,148	1,185	1,235	1,304
(in percent of GDP)	2.5	2.8	2.8	2.8	2.8	2.7	2.7	2.6	2.5	2.5	2.5
6. General government primary balance (ex grants) (4+5) 1/	-526	-491	-369	-61	-53	508	451	1,028	1,653	1,623	1,580
(in percent of GDP)	-1.5	-1.3	-1.0	-0.2	-0.1	1.2	1.1	2.3	3.5	3.3	3.0
7. General government primary balance (inc grants)	185	216	335	699	681	1,133	1,291	1,707	2,139	2,109	2,066
(in percent of GDP)	0.5	0.6	0.9	1.8	1.7	2.7	3.1	3.8	4.6	4.3	4.0
8. General government overall balance	-1,338	-1,649	-1,545	-1,266	-1,314	-931	-772	-43	451	473	447
(in percent of GDP)	-3.7	-4.4	-4.1	-3.2	-3.3	-2.2	-1.8	-0.1	1.0	1.0	0.9
9. General government balance excluding grants	-2,080	-2,386	-2,280	-2,004	-2,020	-1,510	-1,574	-672	32	-63	-90
(in percent of GDP)	-5.7	-6.3	-6.0	-5.1	-5.1	-3.6	-3.7	-1.5	0.1	-0.1	-0.2
Government and guaranteed gross debt, net of SSC's holdings	32,289	34,188	34,178	35,674	35,712	36,879	36,770	37,152	37,289	37,717	38,316
(in percent of GDP)	89.0	90.5	90.2	89.9	89.7	88.1	87.5	83.7	79.6	76.3	73.4
Government and guaranteed gross debt	41,181	43,460	43,451	46,046	46,084	48,401	48,292	49,874	51,261	52,789	54,489
(in percent of GDP)	113.5	115.0	114.7	116.1	115.7	115.6	114.9	112.4	109.4	106.7	104.3
Memorandum items:											
SSIF interest income government debt	366	444	444	501	501	560	560	622	687	754	814
SSIF government debt holding (% of total Assets)	56	57	57	58	58	59	59	60	60	60	59
NEPCO additional unallocated measures	0	30	30	30	30	30	30	30	30	30	31
Nominal GDP at market prices	36,273	37,797	37,880	39,665	39,815	41,877	42,035	44,378	46,852	49,464	52,222

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/Excluding NEPCO and the water sector interest expenditures.

Table 2d. Jordan: NEPCO Operating Balance and Financing, 2023–30
(In millions of Jordanian dinars)

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
NEPCO Balance											
Revenues *of which*	1,414	1,455	1,539	1,516	1,593	1,577	1,647	1,682	1,713	1,743	1,772
Electricity sales	1,385	1,408	1,485	1,469	1,546	1,525	1,596	1,626	1,654	1,683	1,712
Expenses	1,823	1,952	1,967	1,984	2,025	2,014	2,053	2,075	2,107	2,125	2,155
Purchase of electricity	1,610	1,655	1,703	1,672	1,707	1,675	1,709	1,704	1,712	1,714	1,721
Depreciation	32	33	36	33	36	33	36	36	36	36	36
Interest payments 2/	164	212	218	240	240	267	267	292	316	332	355
Other expenses	17	51	12	39	43	39	43	43	43	43	43
Additional measures		0	0	30	-3	30	2	11	22	18	28
Operating balance (QPC)	-409	-497	-428	-439	-435	-407	-404	-381	-372	-364	-355
Total net domestic financing	409	497	428	439	435	407	404	381	372	364	355
Banks	425	530	461	474	470	467	464	381	372	364	355
Loans and bonds	655	530	461	474	470	467	464	381	372	364	355
Overdrafts	-118	0	0	0	0	0	0	0	0	0	0
Other items 3/	377	0	0	0	0	0	0	0	0	0	0
Increase in payables	-393	-33	-33	-35	-35	-60	-60	0	0	0	0
Direct transfer from central government	-221	0	0	0	0	0	0	0	0	0	0
To cover losses and repay arrears	0	0	0	0	0	0	0	0	0	0	0
To repay loans	0	0	0	0	0	0	0	0	0	0	0
Payables to the private sector	-173	-33	-33	-35	-35	-60	-60	0	0	0	0
Of which: Increase in arrears	-16	-33	-33	-35	-35	-60	-60	0	0	0	0
Memorandum items:											
Operating balance (percent of GDP)	-1.1	-1.3	-1.1	-1.1	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	-0.7
Brent oil prices (USD per barrel)	81	79	79.2	74	72	71	68	67	66	66	66
Outstanding loans and bonds (stocks, end-of-period)	3,779	4,341	4,273	4,850	4,778	5,377	5,302	5,683	6,054	6,419	6,774
Overdrafts	232	232	232	232	232	232	232	232	232	232	232
Total payables	2,441	2,408	2,408	2,373	2,373	2,313	2,313	2,313	2,313	2,313	2,313
to government 4/	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789	1,789
to private sector	652	619	619	584	584	524	524	524	524	524	524
Of which: arrears (IT)	128	95	95	60	60	0	0	0	0	0	0

Sources: NEPCO; Jordanian authorities; and IMF staff estimates.

1/ Staff's projections assume revenues from regional electricity exports of JD 25 million per year in 2022-23 (rising to JD 40 million thereafter); the second unit of the oil shale project coming online in 2023; and full implementation of measures agreed with the authorities (if these measures do not deliver the requisite savings, the authorities will need to consider additional measures to make up the shortfall).

2/ Interest payments exclude interest on account payables to the government.

3/ Includes changes in accounts receivable, depreciation, project expenditures, and other items.

4/ Payables to the government include transfers from the government to NEPCO; they are excluded from the computation of the stock of arrears.

Table 2e. Jordan: Consolidated Water Sector Balance and Financing, 2023–30
(In millions of Jordanian dinars)

	2023	2024 Second Review	2024 Est.	2025 Second Review	2025 Proj.	2026 Second Review	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
Consolidated Water Sector Balance											
Total Revenues (inc. Grants)	337	365	341	400	374	444	417	451	488	620	775
of which: Water Sales 1/	225	242	238	262	257	289	284	300	316	423	548
Expenditure 2/	377	383	388	392	398	405	410	423	434	599	645
of which:											
Salaries, wages and allowances	82	83	85	85	87	87	89	92	94	96	99
Electricity Expenses	134	135	136	137	138	142	143	148	151	158	165
Adminstrative Expenses	50	53	55	54	56	55	57	58	59	61	62
Disi Water Purchases	68	68	68	69	69	71	71	73	74	76	78
Samra Water Purchases	43	44	44	47	47	49	49	52	56	59	62
Interest payments	30	27	27	28	28	29	29	30	31	32	33
Operating balance (QPC)	-40	-18	-47	7	-23	39	7	28	54	21	129
Capital Expenditure	195	183	151	185	159	189	163	168	172	261	285
WAJ Overall balance	-227	-247	-247	-241	-244	-181	-212	-186	-161	-380	-482
Overall balance of Distribution Companies 3/	-6	-41	-46	23	-8	55	22	42	68	185	322
Overall balance Consolidated Water Sector 4/	-235	-211	-198	-187	-182	-160	-167	-150	-128	-250	-166
Total net financing	235	211	198	187	182	160	167	150	128	250	166
Grants	30	30	30	-23	-28	-45	-38	-50	-67	50	51
Transfers from Central Government 5/	205	213	213	182	182	176	176	170	164	168	82
Loans (net borrowing)	30	27	27	28	28	29	29	30	31	32	33
of which:											
Domestic loans	0	0	0	0	0	0	0	0	0	0	1
Foreign loans	30	27	27	28	28	29	29	30	31	32	33
Others 6/	-30	-59	-72	0	0	0	0	0	0	0	0
Memorandum items:											
WAJ overall balance (percent of GDP)	-0.6	-0.7	-0.7	-0.6	-0.6	-0.4	-0.5	-0.4	-0.3	-0.8	-0.9
Overall balance of Distribution Companies (percent of GDP)	0.0	-0.1	-0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.4	0.6
Overall balance Consolidated Water Sector (percent of GDP)	-0.6	-0.6	-0.5	-0.5	-0.5	-0.4	-0.4	-0.3	-0.3	-0.5	-0.3
Domestic payment arrears of WAJ in JD million 7/	8	6	34	0	0	0	0	0	0	0	0
Domestic payment arrears of Aqaba, Miyahuna and Yarmouk Distribution Companies in JD million 8/	24	20	5	0	0	0	0	0	0	0	0
Outstanding loans, *of which:*	2,262	2,502	2,502	2,712	2,712	2,917	2,917	3,117	3,311	3,511	3,627
Domestic loans and bonds	197	197	197	197	197	197	197	197	197	197	198
Foreign loans	415	442	442	470	470	499	499	528	559	591	624
Advances from Central Government	1650	1863	1863	2045	2045	2221	2221	2391	2555	2723	2806
Grants and foreign loans to capital expenditure ratio (in percent)	31	31	38	3	0	-9	-6	-12	-21	31	29
Grants to capital expenditure ratio (in percent)	15	16	20	-12	-17	-24	-23	-30	-39	19	18
Effective interest rate (in percent)	1.5	1.2	1.2	1.1	1.1	1.1	1.1	1.0	1.0	1.0	0.9

Sources: Jordanian authorities; and IMF staff estimates. Projections for 2019 onwards reflect latest numbers in the 2019 draft Budget Law.

1/ Water Sales includes the combined sales of WAJ and the Water Distribution Companies: Yarmouk, Miyahouna, and Aqaba.

2/ Including other expenses such as pensions.

3/ The sum of the overall balances of Aqaba, Miyahuna and Yarmouk Water Companies.

4/ The consolidated balance of the distribution companies and WAJ, which substracts amortization payments of WAJ and adds losses of Karaq, Tafila, Maan, and Balqa.

5/ Information from the Ministry of Finance.

6/ Including settlement of liabilities, capital and other government support, installments of centralized debt.

7/ Arrears owed by WAJ only, to all entities. Excludes advances from Central Government for which WAJ does not pay interest and that do not have established maturity.

8/ Arrears owed by Aqaba, Miyahuna and Yarmouk Distribution Companies. Excludes advances from Central Government for which Aqaba, Miyahuna and Yarmouk Distribution Companies do not pay interest.

Table 3a. Jordan: Summary Balance of Payments, 2023–30
(In millions of U.S. dollars, unless otherwise indicated)

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
Current account (CA)	-1,830	-2,268	-3,150	-2,514	-3,092	-2,759	-3,477	-3,392	-3,323	-3,315	-3,472
Trade balance	-10,381	-9,905	-10,427	-10,781	-11,006	-11,934	-12,382	-13,032	-13,106	-13,818	-14,078
Exports f.o.b.	12,570	12,907	13,305	12,982	13,594	13,852	14,334	14,914	16,115	16,837	17,783
Imports f.o.b.	22,950	22,812	23,732	23,762	24,600	25,787	26,717	27,946	29,220	30,655	31,861
Energy	3,844	3,451	3,490	3,684	3,660	3,651	3,596	3,619	3,685	3,770	3,856
Non-energy	19,106	19,361	20,241	20,078	20,940	22,135	23,120	24,327	25,535	26,886	28,005
Services and income (net), *of which:*	3,190	2,076	2,060	2,648	2,423	3,556	3,191	4,061	4,378	5,002	5,268
Travel receipts	7,410	7,041	7,239	7,390	7,669	8,243	8,499	9,030	9,656	10,242	10,678
Current transfers (net), *of which:*	5,361	5,562	5,218	5,618	5,491	5,619	5,714	5,579	5,405	5,501	5,338
Public grants	1,825	1,616	1,473	1,592	1,519	1,401	1,705	1,476	1,205	1,205	925
Remittances	3,151	3,252	3,206	3,324	3,355	3,503	3,437	3,527	3,620	3,715	3,830
Capital and financial account 1/	2,756	1,047	1,606	1,153	1,823	1,938	2,258	2,767	3,327	3,545	3,757
Public sector, *of which:* 2/	715	-327	-600	-659	-915	-652	-671	-208	141	-337	-83
Public commercial external borrowing	1,250	0	0	0	-250	0	0	0	0	0	0
Eurobond or loans	1,250	0	0	1,000	750	1,000	1,000	1,000	1,250	0	1,250
Amortization	0	0	0	-1,000	-1,000	-1,000	-1,000	-1,000	-1,250	0	-1,250
Public sector loans	-387	47	-227	-119	-125	-612	-631	-169	181	-397	-43
Disbursement (xcl. program financing)	646	522	298	492	489	419	416	812	412	466	466
Amortization	-1,033	-476	-525	-611	-613	-1,030	-1,047	-980	-231	-863	-509
GCC deposits at CBJ	0	-333	-333	-500	-500	0	0	0	0	0	0
SDR allocation	0	0	0	0	0	0	0	0	0	0	0
Foreign direct investment	1,860	821	1,583	1,115	1,836	1,672	1,998	2,105	2,192	2,762	2,916
Portfolio flows (private)	-1	32	-43	63	101	128	49	-66	17	63	81
Other capital flows	182	521	666	634	801	790	882	936	977	1,057	844
Errors and omissions	-1,770	0	0	0	0	0	0	0	0	0	0
Overall balance	-843	-1,220	-1,544	-1,361	-1,269	-821	-1,219	-626	4	231	285
Financing	843	1,220	1,544	1,361	1,269	821	1,219	626	-4	-231	-285
Reserves (+ = decrease)	-434	-775	-1,214	-273	-730	-1,004	-1,285	-1,740	-64	96	61
Commercial banks' NFA (+ = decrease)	15	-350	300	-350	-350	0	-350	0	0	0	0
Program financing (+ = increase)	1,262	2,345	2,458	1,984	2,348	1,826	2,854	2,366	61	-327	-346
Official budget support	1,327	2,146	2,214	1,931	2,190	1,760	2,562	1,985	329	0	0
World Bank	579	1,202	1,081	1,034	1,081	968	1,014	704	232	0	0
Emergency pandemic support	0	0	0	0	0	0	0	0	0	0	0
Bilateral and other multilateral loans	748	945	1,132	897	1,108	236	992	479	97	0	0
EU emergency pandemic support	0	0	0	0	0	0	0	0	0	0	0
Unsecured financing	0	0	0	0	0	556	556	803	0	0	0
Budget grants	0	0	0	0	0	0	0	0	0	0	0
Budget loans	0	0	0	0	0	556	556	803	0	0	0
IMF (net), *of which:*	-65	198	244	53	159	65	292	381	-269	-327	-346
IMF purchase/disbursement	32	453	450	262	366	263	473	633	0	0	0
EFF purchase	32	452	451	262	260	263	261	262	0	0	0
RSF disbursement		0	0	0	105	0	212	372	0	0	0
Unidentified budget financing included	0	0	0	0	0	556	556	803	0	0	0
Memorandum items:											
Gross reserves	19,081	19,855	21,934	20,128	21,963	21,132	22,948	23,888	24,552	24,856	25,595
Gross usable reserves 3/	17,319	18,104	20,282	18,577	20,311	19,381	21,296	22,236	22,900	23,554	24,393
In percent of the IMF Reserve Adequacy Metric	101	103	110	101	105	100	105	105	104	104	104
Excluding RSF	101	103	110	101	104	100	104	103	104	104	104
In months of next year's imports	6.9	7.2	7.7	6.8	7.1	6.7	7.1	7.1	7.0	7.0	7.1
Excluding RSF	6.9	7.2	7.7	6.8	7.0	6.7	7.1	7.1	7.0	7.0	7.2
Current account (percent of GDP)	-3.6	-4.3	-5.9	-4.5	-5.5	-4.7	-5.9	-5.4	-5.0	-4.8	-4.7
Current account ex-grants (percent of GDP)	-7.1	-7.3	-8.7	-7.3	-8.2	-7.0	-8.7	-7.8	-6.9	-6.5	-6.0
CA ex-grants and energy imports (percent of GDP)	0.4	-0.8	-2.1	-0.8	-1.7	-0.9	-2.7	-2.0	-1.3	-1.1	-0.7
Energy imports	7.5	6.5	6.5	6.6	6.5	6.2	6.1	5.8	5.6	5.4	5.2
Public grants	3.6	3.0	2.8	2.8	2.7	2.4	2.9	2.4	1.8	1.7	1.3
Merchandize export growth (percent)	-1.8	2.7	5.8	0.6	2.2	6.7	5.4	4.0	8.0	4.5	5.6
Re-exports	-5.9	0.0	28.1	4.0	6.0	5.6	5.0	5.8	5.8	5.8	6.0
Domestic exports	-1.4	2.9	4.1	0.3	1.8	6.8	5.5	3.9	8.3	4.3	5.6
Merchandize import growth (percent)	-5.8	-0.6	3.4	4.2	3.7	8.5	8.6	4.6	4.6	4.9	3.9
Energy (percent)	-13.1	-10.2	-9.2	6.8	4.9	-0.9	-1.7	0.6	1.8	2.3	2.3
Non-energy (percent)	-4.2	1.3	5.9	3.7	3.5	10.2	10.4	5.2	5.0	5.3	4.2
Travel growth (percent)	27.4	-5.0	-2.3	5.0	5.9	11.5	10.8	6.2	6.9	6.1	4.3
Remittances growth (percent)	1.4	3.2	1.7	2.2	4.6	5.4	2.4	2.6	2.6	2.6	3.1
FDI (percent of GDP)	3.6	1.5	3.0	2.0	3.3	2.8	3.4	3.4	3.3	4.0	3.0
Total external debt (percent of GDP)	84.0	85.8	87.5	85.8	87.7	83.8	87.4	86.8	83.1	78.2	74.1
Of which, Public external debt (Percent of GDP)	42.1	44.9	44.5	46.1	45.9	45.7	47.2	48.2	46.0	42.6	39.8
Nominal GDP	51,161	53,310	53,428	55,945	56,156	59,064	59,287	62,593	66,082	69,766	73,656

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ Central bank reserve accummulation, commercial banks' NFAs, and program financing are shown below-the-line.

2/ Includes changes in CBJ liabilities, including GCC deposits of $1.2 billion made in 2018 of which the last 833 mature in 2024.

3/ Includes gold and excluding commercial banks' FX deposits at the CBJ, bilateral accounts, and forward contracts. Including RSF.

Table 3b. Jordan: External Financing Requirements and Sources, 2023–30

(In millions of U.S. dollars, unless otherwise indicated)

		2023	2024		2025		2026		2027	2028	2029	2030
			Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
(1)	**Gross financing requirements**	**4,785**	**4,947**	**5,687**	**6,427**	**6,931**	**6,388**	**7,410**	**7,101**	**6,277**	**5,709**	**6,502**
	Current account deficit (excl. grants)	3,655	3,883	4,623	4,106	4,611	4,160	5,182	4,868	4,527	4,519	4,397
	of which: Energy imports	3,844	3,451	3,490	3,684	3,660	3,651	3,596	3,619	3,685	3,770	3,856
	Amortization of public sector loans 1/	1,033	476	525	611	613	1,030	1,047	980	231	863	509
	Amortization of sovereign bonds 2/	0	0	0	1,000	1,000	1,000	1,000	1,000	1,250	0	1,250
	GCC deposits at the CBJ	0	333	333	500	500	0	0	0	0	0	0
	IMF repurchases	97	255	206	210	207	198	181	252	269	327	346
(2)	**Change in reserves (+ = increase) 3/**	**434**	**774**	**1,214**	**273**	**624**	**1,004**	**1,073**	**1,368**	**64**	**-96**	**-61**
(3)	**Gross financing sources**	**5,629**	**3,122**	**4,237**	**4,506**	**5,105**	**5,369**	**5,660**	**6,223**	**6,012**	**5,613**	**6,441**
	FDI, net	1,860	821	1,583	1,115	1,836	1,672	1,998	2,105	2,192	2,762	2,916
	Public grants	1,825	1,616	1,473	1,592	1,519	1,401	1,705	1,476	1,205	1,205	925
	Public sector borrowing (excl. official budget support) 2/	646	522	298	492	489	419	416	812	412	466	466
	Issuance of sovereign bonds 4/	1,250	0	0	1,000	750	1,000	1,000	1,000	1,250	0	1,250
	GCC deposits at the CBJ	0	0	0	0	0	0	0	0	0	0	0
	Non-resident purchases of local debt	0	0	0	0	0	0	0	0	0	0	0
	CBJ other financing (net) 5/	-121	-40	-40	-40	-40	-40	-40	-40	-40	60	-40
	SDR allocation held at CBJ	0	0	0	0	0	0	0	0	0	0	0
	Private capital flows, net 6/	168	203	923	347	551	918	581	870	994	1,121	925
(4)	**Errors and omissions**	-1,770	0	0	0	0	0	0	0	0	0	0
(1)+(2)-(3)-(4)	**Total financing needs**	**1,359**	**2,599**	**2,663**	**2,193**	**2,451**	**2,023**	**2,823**	**2,246**	**329**	**0**	**0**
	Official public external financing	**1,359**	**2,599**	**2,665**	**2,193**	**2,451**	**2,023**	**2,823**	**2,247**	**329**	**0**	**0**
	Identified official budget support	1,327	2,146	2,214	1,931	2,190	1,204	2,006	1,182	329	0	0
	IMF purchases, *of which*	32	452	451	262	260	263	261	262	0	0	0
	EFF	32	452	451	262	260	263	261	262	0	0	0
	Unidentified public external financing	0	0	0	0	0	556	556	803	0	0	0
	IMF RSF Disbursement	0	0	0	0	105	0	212	372	0	0	0
	Memorandum Items:											
	Gross financing requirements (in percent of GDP)	18.6	18.5	21.2	22.9	24.6	21.5	24.9	22.6	18.9	16.3	17.6
	Gross Usable Reserves (including RSF)	17,319	18,104	20,282	18,577	20,311	19,381	21,296	22,236	22,900	23,554	24,393
	Gross Usable Reserves	17,319	18,103	20,282	18,577	20,206	19,381	21,084	21,864	22,900	23,554	24,393
	In percent of the IMF Reserve Adequacy Metric 7/	101	103	110	101	105	100	105	105	104	104	104
	Excluding RSF	101	103	110	101	104	100	104	103	102	104	104
	In months of next year's imports of GNFS	6.9	7.2	7.7	6.8	7.1	6.7	7.1	7.1	7.0	7.0	7.1
	Excluding RSF	7.1	7.2	7.7	6.8	7.0	6.7	7.1	7.1	7.2	7.0	7.2

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ Includes project loans and Arab Monetary Fund and loans on the books of CBJ, and excludes IMF repurchases.

2/ Includes loans on CBJ books.

3/ Excluding RSF disbursements

4/ Includes guaranteed and non-guaranteed bonds.

5/ Includes CBJ other accounts receivable/payable (net) minus deposit flows (net), excluding GCC deposits.

6/ Includes changes in commercial banks' NFA.

7/ The IMF reserve metric is calculated as a weighted sum of exports, broad money, short-term debt, and other portfolio liabilities.

Table 3c. Jordan: Foreign Exchange Needs and Sources, 2023–30

(In millions of U.S. dollars, unless otherwise indicated)

		2023	2024		2025		2026		2027	2028	2029	2030
			Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
(1)	**General Government Gross Needs**	**3,694**	**2,438**	**2,436**	**4,007**	**3,957**	**4,351**	**4,303**	**3,522**	**3,482**	**2,211**	**3,214**
	NEPCO energy imports	841	821	847	778	826	773	820	809	811	806	808
	Net interest payments	397	552	525	625	527	605	510	127	222	216	301
	Amortization of external debt 1/	1,130	1,064	1,064	2,321	2,321	2,228	2,228	2,232	1,750	1,189	2,105
	Amortization of domestic debt in FX	1,326	0	0	284	284	745	745	355	700	0	0
(2)	**General Government Sources**	**5,052**	**2,591**	**2,221**	**3,629**	**3,454**	**3,827**	**4,356**	**4,210**	**3,566**	**1,670**	**2,641**
	Public grants	1,825	1,616	1,473	1,592	1,519	1,401	1,705	1,476	1,205	1,205	925
	Public sector borrowing 2/	651	976	748	754	902	682	907	1,380	412	466	466
	Sovereign bonds 3/	1,250	0	0	1,000	750	1,000	1,000	1,000	1,250	0	1,250
	Local bonds in FX	1,326	0	0	284	284	745	745	355	700	0	0
	GCC deposits at the CBJ	0	0	0	0	0	0	0	0	0	0	0
(3)=(2)-(1)	**General Government Balance**	**1,358**	**154**	**-216**	**-378**	**-503**	**-524**	**53**	**688**	**84**	**-541**	**-573**
(4)	**Financing under the EFF**	**1,327**	**2,146**	**2,214**	**1,931**	**2,190**	**1,760**	**2,562**	**1,985**	**329**	**0**	**0**
	Identified official budget support	1,327	2,146	2,214	1,931	2,190	1,204	2,006	1,182	329	0	0
	Unidentified external financing 4/	0	0	0	0	0	556	556	803	0	0	0
(5)=(3)+(4)	**General Government Balance under the EFF**	**2,685**	**2,300**	**1,998**	**1,553**	**1,687**	**1,236**	**2,615**	**2,673**	**413**	**-541**	**-573**
(6)	**CBJ Balance under the EFF**, of which	**-434**	**-775**	**-1,214**	**-273**	**-776**	**-1,004**	**-1,302**	**-1,675**	**-64**	**96**	**61**
	Increase in gross reserves	434	775	1,214	273	776	1,004	1,302	1,675	64	-96	-61
(7)=(5)+(6)	**Public Sector Net Balance**	**2,252**	**1,526**	**784**	**1,281**	**910**	**232**	**1,313**	**998**	**349**	**-445**	**-512**

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ Includes general government and CBJ (incl. IMF repurchases and repayment of GCC deposits).

2/ Includes project loans, Arab Monetary Fund, IMF purchases, and unidentified financing.

3/ Includes guaranteed and non-guaranteed bonds.

4/ After IMF EFF augmentation.

Table 3d. Jordan: External Budget Financing, 2023–30
(In millions of U.S. dollars unless otherwise indicated)

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
Budget grants	**1,718**	**1,707**	**1,968**	**1,692**	**1,583**	**1,502**	**1,804**	**1,575**	**1,304**	**1,304**	**925**
EU	54	62	30	83	81	66	65	54	0	0	0
GCC 1/	88	128	66	100	64	93	155	189	0	0	0
United States	845	861	860	852	855	685	935	685	685	685	685
Other 2/	732	656	1,011	658	584	658	649	647	619	619	240
GCC grants transferred from CBJ to MOF	**77**	**77**	**77**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Loans	**1,538**	**2,359**	**1,951**	**2,093**	**2,326**	**1,922**	**2,699**	**1,394**	**541**	**266**	**266**
Multilateral	**917**	**1,744**	**1,391**	**1,540**	**1,480**	**1,290**	**1,448**	**994**	**487**	**212**	**212**
Arab Monetary Fund	212	212	0	212	212	212	212	212	212	212	212
Asian Infrastructure Investment Bank	59	74	53	159	55	80	84	0	0	0	0
World Bank	579	1,202	1,081	1,034	1,081	968	1,014	704	232	0	0
EIB	0	127	126	110	108	0	108	43	43	0	0
Other	67	130	131	0	0	0	0	0	0	0	0
Bilateral	**622**	**614**	**560**	**553**	**846**	**76**	**694**	**400**	**54**	**54**	**54**
EU	222	0	0	220	269	0	171	120	0	0	0
Unidentified budget financing	0	0	0	0	0	556	556	803	0	0	0
IMF purchases	**32**	**453**	**450**	**262**	**366**	**263**	**473**	**633**	**0**	**0**	**0**
Sovereign issuance	**1,250**	**0**	**0**	**1,000**	**750**	**1,000**	**1,000**	**1,000**	**1,250**	**0**	**1,250**
Guaranted	0	0	0	0	0	0	0	0	0	0	0
Non-guaranteed	1,250	0	0	1,000	750	1,000	1,000	1,000	1,250	0	1,250

Sources: Jordanian authorities; and IMF staff estimates and projections.
1/ Grants pledged at the 2018 Mecca Summit and USD 300 million grant from UAE disbursed in 2020:Q2 through 2021:Q1.
2/ Includes the grant component from the Concessional Financing Facility and in 2023-25 expected disbursements under new MOUs.

Table 4a. Jordan: Monetary Survey, 2023–30

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
(Stocks, in millions of Jordanian dinars)											
Net foreign assets	7,723	8,671	9,697	9,430	10,208	10,096	10,947	11,344	12,006	12,453	13,222
Central bank	12,152	12,851	14,338	13,362	14,601	14,028	15,092	15,489	16,150	16,597	17,367
Commercial banks	-4,428	-4,180	-4,641	-3,932	-4,393	-3,932	-4,145	-4,145	-4,145	-4,145	-4,145
Net domestic assets	34,912	35,860	35,539	37,303	37,338	39,243	39,250	41,652	43,945	46,617	49,141
Net claims on general government	16,478	17,135	17,502	17,620	17,713	18,043	17,497	16,718	16,167	15,621	15,256
Net claims on central budgetary government 1/	12,378	12,453	12,882	12,510	12,989	12,726	12,449	11,630	11,039	10,452	10,047
Net claims on NEPCO	3,506	3,868	4,000	4,297	4,105	4,504	4,429	4,469	4,509	4,549	4,589
Net claims on other own budget agencies 2/	-1,230	-1,012	-1,518	-1,012	-1,518	-1,012	-1,518	-1,518	-1,518	-1,518	-1,518
Claims on other public entities	1,825	1,825	2,138	1,825	2,138	1,825	2,138	2,138	2,138	2,138	2,138
Claims on financial institutions	1,035	1,035	947	1,035	947	1,035	947	947	947	947	947
Claims on the private sector	30,270	31,292	31,147	32,780	32,585	34,737	34,543	36,774	39,148	41,707	44,415
Other items (net)	-12,872	-13,602	-14,057	-14,132	-13,907	-14,572	-13,737	-12,787	-12,317	-11,657	-11,477
Broad money	42,635	44,531	45,236	46,733	47,546	49,338	50,197	52,996	55,950	59,069	62,362
Currency in circulation	5,808	5,999	6,083	6,226	6,323	6,499	6,600	6,888	7,189	7,501	7,825
Jordanian dinar deposits	30,230	31,517	31,958	33,014	33,597	34,914	35,532	37,577	39,741	42,028	44,448
Foreign currency deposits	6,597	7,016	7,195	7,494	7,626	7,925	8,065	8,530	9,021	9,540	10,089
(Flows, in millions of Jordanian dinars)											
Net foreign assets	814	948	1,974	759	511	666	739	397	661	447	769
Net domestic assets	150	949	627	1,443	1,800	1,940	1,912	2,402	2,293	2,672	2,524
Net claims on general government	1,041	657	1,023	485	212	423	-216	-779	-551	-547	-365
Net claims on central budgetary government	461	75	504	57	107	216	-540	-819	-591	-587	-405
Net claims on NEPCO	537	363	494	429	105	207	324	40	40	40	40
Net claims on other own budget agencies	-305	218	-288	0	0	0	0	0	0	0	0
Claims on financial institutions	-162	0	-88	0	0	0	0	0	0	0	0
Claims on the private sector	510	1,022	877	1,488	1,438	1,957	1,958	2,231	2,374	2,559	2,709
Other items (net)	-1,239	-730	-1,185	-530	150	-440	170	950	470	660	180
Broad money	963	1,897	2,601	2,202	2,311	2,605	2,651	2,798	2,955	3,119	3,293
Currency in circulation	-230	192	276	226	239	273	277	288	300	312	325
Jordanian dinar deposits	1,245	1,287	1,727	1,497	1,640	1,901	1,935	2,046	2,163	2,288	2,419
Foreign currency deposits	-52	418	597	478	432	431	439	464	491	519	549
Memorandum items:											
Year-on-year broad money growth (percent)	2.3	4.4	6.1	4.9	5.1	5.6	5.6	5.6	5.6	5.6	5.6
Year-on-year private sector credit growth (percent)	1.7	3.4	2.9	4.8	4.6	6.0	6.0	6.5	6.5	6.5	6.5
Foreign currency/total deposits (percent)	17.9	18.2	18.4	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Private sector credit/total deposits (percent)	82.2	81.2	79.6	80.9	79.0	81.1	79.2	79.8	80.3	80.9	81.4
Currency in circulation/JD deposits (percent)	19.2	19.0	19.0	18.9	18.8	18.6	18.6	18.3	18.1	17.8	17.6
Money multiplier (for JD liquidity)	4.1	3.7	4.0	3.7	4.0	3.7	4.0	4.0	4.0	4.0	4.0
Velocity (GDP/M)	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8

Sources: Jordanian authorities; and IMF staff estimates and projections.
1/ Includes IMF support onlent to the government by the CBJ.
2/ Includes WAJ.

Table 4b. Jordan: Summary Accounts of the Central Bank of Jordan, 2023–30

	2023	2024		2025		2026		2027	2028	2029	2030
		Second Review	Est.	Second Review	Proj.	Second Review	Proj.	Proj.	Proj.	Proj.	Proj.
	(Stocks, in millions of Jordanian dinars)										
Net foreign assets 1/	12,152	12,851	14,338	13,362	14,568	14,028	15,046	15,489	16,150	16,597	17,367
Foreign assets	14,288	14,837	16,317	15,030	16,338	15,742	17,036	17,703	18,174	18,390	18,913
Of which: Bilateral accounts	767	767	767	767	767	767	767	767	767	767	767
Of which: encumbered due to forwards or swaps	638	638	590	638	590	638	590	590	590	590	590
Foreign liabilities	2,136	1,985	1,979	1,668	1,771	1,715	1,990	2,214	2,024	1,792	1,547
Of which: Net Fund Position	1,327	1,468	1,427	1,505	1,573	1,551	1,793	2,017	1,826	1,595	1,349
Of which: GCC grants-related	809	518	552	163	197	163	197	197	197	197	197
Net domestic assets	-3,292	-2,712	-4,920	-2,814	-4,591	-2,955	-4,517	-4,376	-4,422	-4,219	-4,302
Net claims on central budgetary government 2/	1,710	1,875	1,866	1,938	2,036	1,974	2,233	2,458	2,263	2,071	2,061
Net claims on own budget agencies and other public entities	-237	-237	-247	-237	-247	-237	-247	-247	-247	-247	-247
Net claims on financial institutions	666	666	647	666	647	666	647	647	647	647	647
Net claims on private sector	29	29	32	29	32	29	32	32	32	32	32
Net claims on commercial banks	-3,666	-3,651	-4,732	-4,016	-4,923	-4,192	-5,045	-5,130	-4,980	-4,587	-4,661
Of which: FX deposits of commercial banks	672	672	651	672	651	672	651	651	651	651	651
CDs	-800	-400	-550	-200	-200	-200	-200	-200	-200	-199	-198
Other items, net (asset: +)	-994	-994	-1,936	-994	-1,936	-994	-1,936	-1,936	-1,936	-1,936	-1,936
Jordanian dinar reserve money	8,860	10,139	9,418	10,548	9,977	11,073	10,530	11,113	11,729	12,379	13,064
Currency	6,441	6,633	6,733	6,859	6,973	7,132	7,250	7,538	7,838	8,151	8,475
Commercial bank reserves	2,419	3,507	2,685	3,689	3,004	3,941	3,280	3,575	3,890	4,228	4,589
Of which: required reserves	1,508	1,584	1,589	1,660	1,671	1,755	1,767	1,869	1,976	2,090	2,211
	(Flows, in millions of Jordanian dinars)										
Net foreign assets	718	700	2,186	511	229	666	479	443	661	447	769
Foreign assets	624	549	2,030	193	21	712	698	667	471	216	524
Foreign liabilities	-94	-151	-157	-317	-209	46	220	224	-190	-231	-245
Net domestic assets	-1,011	580	-1,628	-102	329	-141	74	141	-46	203	-84
Net claims on central budgetary government	374	165	156	63	170	35	197	225	-196	-192	-10
Net claims on commercial banks	-553	14	-1,067	-365	-191	-176	-123	-85	150	394	-75
Other items, net (asset: +)	-718	0	-942	0	0	0	0	0	0	0	0
Jordanian dinar reserve money	-292	1,279	558	409	559	525	553	583	616	650	686
Currency	-237	192	292	226	239	273	277	288	300	312	325
Commercial banks' reserves	-55	1,088	266	182	319	252	276	295	316	338	361
Memorandum items:											
Gross international reserves ($ millions)	19,081	19,855	21,934	20,128	21,963	21,132	22,948	23,888	24,552	24,856	25,595
Gross usable international reserves ($ millions)	17,319	18,104	20,282	18,577	20,311	19,381	21,296	22,236	22,900	23,554	24,393
As a ratio to JD broad money (in percent)	34	34	38	34	36	33	36	35	35	34	33
As a ratio of JD reserve money (in percent)	139	127	153	125	144	124	143	142	138	135	132
Net international reserves (millions of JD)	10,884	11,293	12,882	11,449	12,790	12,115	13,281	13,678	14,340	14,788	15,558
Net international reserves (millions of U.S. dollars)	15,352	15,928	18,170	16,148	18,040	17,087	18,733	19,292	20,225	20,857	21,944
Money multiplier (for JD liquidity)	4.1	3.7	4.0	3.7	4.0	3.7	4.0	4.0	4.0	4.0	4.0

Sources: Jordanian authorities; and IMF staff estimates and projections.

1/ The SDR allocation has been transferred to central government in April 2022. It is reflected in CBJ's foreign assets, but is no longer a foreign liability of the CBJ but that of central government.

2/ Includes IMF support onlent to the government by the CBJ.

Table 5. Jordan: Financial Soundness Indicators, 2015–24

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Nonperforming Loans/Total Loans	4.3	4.2	4.9	5.0	5.5	5.0	4.5	5.1	5.1	5.6
Coverage Ratio	77.9	75.4	79.3	69.5	71.5	79.9	81.5	75.6	75.6	74.5
NPLs net of provisions/Equity	3.6	4.1	4.2	6.3	6.4	4.2	3.8	5.4	5.4	6.1
Capital Adequacy Ratio	18.5	17.8	16.9	18.3	18.3	18.0	17.3	17.9	17.9	18
Leverage Ratio	12.9	13.2	12.6	12.4	12.2	11.7	11.4	11.8	11.8	11.7
Return on equity	8.9	9.1	9.6	9.4	5.1	8.3	8.8	9.3	9.3	9.1
Return on assets	1.1	1.2	1.2	1.2	0.6	1.0	1.0	1.1	1.1	1.1
Interest Margin/gross income	79.0	75.8	78.5	77.6	80.6	79.1	77.9	79.3	79.3	78.8
Liquidity Ratio	137.8	130.1	131.9	133.8	136.5	141.5	138.0	142.5	142.5	144.7
Growth Rate of Total Assets	2.6	1.6	3.0	5.4	5.6	7.9	4.9	3.7	3.7	5.8
Growth Rate of Customer Deposits	1.1	0.9	2.0	4.4	4.2	8.4	6.6	4.4	4.4	6.8
Growth Rate of Credit Facilities	8.9	8.0	5.3	3.1	5.9	5.9	8.9	2.7	2.7	4.1

Source: Central Bank of Jordan.

Table 6. Jordan: Access and Phasing Under the 2024 Extended Fund Facility (EFF) Arrangement

Review	Availability Date	Action	Purchase: SDR Million	Purchase: Percent of Quota 1/
	January 10, 2024	Board approval of EFF	144.102	42.0
First Review	April 1, 2024	Observance of end-December 2023 performance criteria, completion of first review	97.784	28.5
Second Review	October 1, 2024	Observance of end-June 2024 performance criteria, completion of second review	97.784	28.5
Third Review	April 1, 2025	Observance of end-December 2024 performance criteria, completion of third review	97.784	28.5
Fourth Review	October 1, 2025	Observance of end-June 2025 performance criteria, completion of fourth review	97.784	28.5
Fifth Review	April 1, 2026	Observance of end-December 2025 performance criteria, completion of fifth review	97.784	28.5
Sixth Review	October 1, 2026	Observance of end-June 2026 performance criteria, completion of sixth review	97.784	28.5
Seventh Review	April 1, 2027	Observance of end-December 2026 performance criteria, completion of seventh review	97.784	28.5
Eight Review	October 1, 2027	Observance of end-June 2027 performance criteria, completion of eighth review	97.780	28.5
Total			**926.370**	**270.0**

Source: IMF staff estimates.
1/ Jordan's quota is SDR 343.1 million.

Table 7. Jordan: Indicators of Fund Credit, 2023–49

(In millions of SDR unless stated otherwise)

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Existing and prospective Fund credit (SDR million)													
Disbursements	24	340	275	354	473	-	-	-	-	-	-	-	-
EFF	24	340	196	196	196	-	-	-	-	-	-	-	-
RFI	-	-	-	-	-	-	-	-	-	-	-	-	-
RSF	-	-	79	158	277	-	-	-	-	-	-	-	-
Stock of existing and prospective Fund credit	1,541	1,541	1,660	1,878	2,162	1,962	1,719	1,462	1,211	978	828	686	596
EFF	1,468	1,468	1,581	1,641	1,648	1,448	1,205	948	696	464	314	171	81
RFI	73	73	-	-	-	-	-	-	-	-	-	-	-
RSF	-	-	79	238	515	515	515	515	515	515	515	515	515
Obligations	100	304	241	231	296	308	337	336	318	290	200	187	130
Principal (repayments/repurchases)	100	192	156	136	188	200	243	257	252	232	150	142	90
EFF	27	46	83	136	188	200	243	257	252	232	150	142	90
RFI	73	146	73	-	-	-	-	-	-	-	-	-	-
RSF	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges and interest	-	113	85	95	108	108	94	79	66	57	50	44	40
Of which:													
GRA Basic charges	-	74	56	58	60	58	50	41	32	22	15	9	5
Surcharges	-	18	12	16	17	16	10	3	-	-	-	-	-
Of which: Level-based	-	17	10	12	13	12	7	2	-	-	-	-	-
Time-based	-	1	2	4	5	4	3	1	-	-	-	-	-
Fund obligations (repurchases and charges) in percent of:													
Quota	29.2	88.7	70.3	67.2	86.3	89.9	98.2	97.8	92.7	84.4	58.3	54.4	37.8
GDP	0.3	0.8	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.3	0.3	0.2
Exports of goods and services	0.6	1.8	1.3	1.2	1.4	1.4	1.5	1.4	1.3	1.1	0.7	0.6	0.4
Gross international reserves	0.8	2.0	1.5	1.4	1.7	1.8	1.9	1.8	1.7	1.5	1.0	0.9	0.6
Government revenue	1.1	3.1	2.4	2.1	2.5	2.5	2.5	2.4	2.2	1.9	1.2	1.1	0.7
External debt service, public	6.6	22.7	10.9	9.1	13.1	15.7	22.0	14.6	20.3	13.2	7.3	10.8	7.1
Fund credit outstanding in percent of:													
Quota	449.2	449.2	483.7	547.4	630.3	571.9	501.1	426.2	352.9	285.2	241.4	199.9	173.7
GDP	4.0	3.8	3.9	4.1	4.5	3.9	3.2	2.6	2.0	1.6	1.3	1.0	0.8
Exports of goods and services	9.2	8.9	9.1	9.6	10.6	8.9	7.4	6.0	4.8	3.7	3.0	2.4	2.0
Gross international reserves	11.9	10.1	10.6	11.5	12.7	11.2	9.7	8.0	6.4	5.1	4.2	3.3	2.8
Government revenue	16.4	15.7	16.2	17.0	18.2	15.6	13.0	10.5	8.3	6.3	5.1	3.9	3.2
External debt, public	4.8	4.4	4.4	4.7	5.2	4.7	4.1	3.5	3.7	3.0	2.5	2.0	1.6
Memorandum items:													
Quota (SDR million)	343	343	343	343	343	343	343	343	343	343	343	343	343
Gross domestic product (USD million)	51,161	53,428	56,157	59,288	62,593	66,082	69,766	73,656	77,762	82,097	86,674	91,507	96,608
Exports of goods and services (USD million)	22,263	23,053	23,714	25,509	26,777	28,783	30,268	31,795	33,257	34,786	36,386	38,060	39,810
Gross international reserves (USD million)	17,319	20,281	20,358	21,360	22,235	22,900	23,204	23,943	24,661	25,401	26,163	26,948	27,756
Government revenue (USD million)	12,513	13,021	13,364	14,401	15,515	16,428	17,378	18,241	19,137	20,282	21,527	22,859	24,284
External debt service, public (USD million)	2,017	1,783	2,874	3,297	2,964	2,577	2,010	3,011	2,054	2,880	3,576	2,263	2,389
Total external debt, public (USD million)	42,989	46,764	49,319	51,905	54,332	54,897	54,557	54,567	43,482	43,482	42,909	45,301	47,826
Exchange rate (EOP, USD/JD)	1.33	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41

	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Existing and prospective Fund credit (SDR million)														
Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-	-
EFF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RFI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RSF	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock of existing and prospective Fund credit	529	473	422	370	319	267	216	164	113	61	20	-	-	-
EFF	24	-	-	-	-	-	-	-	-	-	-	-	-	-
RFI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RSF	505	473	422	370	319	267	216	164	113	61	20	-	-	-
Obligations	104	91	84	82	80	78	76	74	72	70	58	35	15	15
Principal (repayments/repurchases)	67	56	51	51	51	51	51	51	51	51	42	20	-	-
EFF	57	24	-	-	-	-	-	-	-	-	-	-	-	-
RFI	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RSF	10	32	51	51	51	51	51	51	51	51	42	20	-	-
Charges and interest	37	35	33	30	28	26	24	22	20	18	16	15	15	15
Of which:														
GRA Basic charges	2	1	-	-	-	-	-	-	-	-	-	-	-	-
Surcharges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which: Level-based	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Time-based	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund obligations (repurchases and charges) in percent of:														
Quota	30.3	26.4	24.5	23.9	23.3	22.7	22.1	21.5	20.9	20.3	16.9	10.1	4.2	4.2
GDP	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Exports of goods and services	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0
Gross international reserves	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.0	0.0
Government revenue	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.1	0.0	0.0
External debt service, public	5.4	4.5	3.9	3.6	3.3	3.1	2.9	2.6	2.4	2.2	1.8	1.0	0.4	0.4
Fund credit outstanding in percent of:														
Quota	154.2	137.9	122.9	107.9	92.9	77.9	62.9	47.9	32.9	17.9	5.8	-	-	-
GDP	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0	-	-	-
Exports of goods and services	1.7	1.4	1.2	1.0	0.8	0.7	0.5	0.4	0.2	0.1	0.0	-	-	-
Gross international reserves	2.4	2.1	1.8	1.6	1.3	1.1	0.8	0.6	0.4	0.2	0.1	-	-	-
Government revenue	2.7	2.3	1.9	1.6	1.3	1.0	0.8	0.5	0.4	0.2	0.1	-	-	-
External debt, public	1.4	1.2	1.0	0.8	0.7	0.5	0.4	0.3	0.2	0.1	0.0	-	-	-
Memorandum items:														
Quota (SDR million)	343	343	343	343	343	343	343	343	343	343	343	343	343	343
Gross domestic product (USD million)	101,994	107,680	113,683	120,021	126,712	133,776	141,234	149,108	157,421	166,197	175,463	185,245	195,572	206,475
Exports of goods and services (USD million)	41,641	43,556	45,559	47,654	49,846	52,138	54,536	57,044	59,668	62,412	65,282	68,284	71,425	74,709
Gross international reserves (USD million)	28,589	29,446	30,330	31,240	32,177	33,142	34,137	35,161	36,215	37,302	38,421	39,574	40,761	41,984
Government revenue (USD million)	25,797	27,405	29,112	30,927	32,854	34,901	37,076	39,387	41,841	44,448	47,218	50,161	53,286	56,607
External debt service, public (USD million)	2,522	2,663	2,811	2,968	3,134	3,308	3,493	3,687	3,893	4,110	4,339	4,581	4,836	5,106
Total external debt, public (USD million)	50,493	53,308	56,280	59,417	62,730	66,227	69,919	73,817	77,932	82,277	86,864	91,707	96,819	102,217
Exchange rate (EOP, USD/JD)	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41	1.41

Source: IMF staff calculations.

Note: Jordan is in Group C in the RSF country classification.

Table 8. Jordan: Proposed Schedule of Disbursements Under the RSF Arrangement

Availability Date	Conditions	SDR Million	Percent of Quota 1/
June 25, 2025	Expected IMF Executive Board approval date.		
October 1, 2025	Reform measure 1 implementation review.	39.594	11.544
October 1, 2025	Reform measure 2 implementation review.	39.588	11.538
April 1, 2026	Reform measure 3 implementation review.	39.588	11.538
October 1, 2026	Reform measure 4 implementation review.	39.588	11.538
October 1, 2026	Reform measure 5 implementation review.	39.588	11.538
October 1, 2026	Reform measure 6 implementation review.	39.588	11.538
April 1, 2027	Reform measure 7 implementation review.	39.588	11.538
April 1, 2027	Reform measure 8 implementation review.	39.588	11.538
April 1, 2027	Reform measure 9 implementation review.	39.588	11.538
April 1, 2027	Reform measure 10 implementation review.	39.588	11.538
October 1, 2027	Reform measure 11 implementation review.	39.588	11.538
October 1, 2027	Reform measure 12 implementation review.	39.588	11.538
October 1, 2027	Reform measure 13 implementation review.	39.588	11.538
Total		**514.650**	**150.0**

Source: IMF staff estimates.

1/ Jordan's quota is SDR 343.1 million.

Annex I. Risk Assessment Matrix[1]

Risks and Likelihood	Economic Impact	Policy Responses
Global Risks		
Medium	**High**	
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	• Disruptions to trade (e.g., energy, food, tourism, and supply chains), remittances, FDI, and financial flows would widen fiscal and current account deficits, heightening external financing needs. Inflation pressure could rise due to higher import prices. • Intensification of regional conflicts could affect investor confidence and weaken economic growth prospects.	• Provide targeted fiscal measures to ensure delivery of essential public services, including security, and to support vulnerable households, including refugees. • Strengthen social safety nets. • Diversify energy and food import sources to reduce dependency on vulnerable trade routes and mitigate supply chain disruptions.
Medium	**High**	
Commodity price volatility. Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	• An increase in fuel and/or food prices would increase fuel and/or wheat import bill, current account deficit and external financing needs. • Higher energy and food prices would generate inflationary pressures.	• Provide targeted fiscal measures to support vulnerable households, including refugees. • Strengthen social safety nets. • Diversify energy and food import sources and expand strategic reserves to reduce exposure to global supply disruptions.
High	**Medium**	
Trade policy and investment shocks. Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation.	• Reduced external trade and FDI inflows would weaken economic growth, pressure the current account, and increase external financing needs. • Given the peg to the U.S. dollar, a dollar appreciation could lead to weakening exports, reducing external revenues and further pressuring the current account balance.	• Accelerate structural measures that foster private investment and private sector development that creates jobs and promotes more sustainable and inclusive growth. • Maintain monetary and financial stability by ensuring adequate foreign exchange reserves, closely managing liquidity, and reinforcing financial sector resilience. • Deepen regional and global trade agreements to counteract trade barriers and attract investment.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Risks and Likelihood	Economic Impact	Policy Responses
Low	**Medium**	
Global growth acceleration. Easing of conflicts, positive supply-side surprises (e.g., oil production shocks), productivity gains from AI, or structural reforms raise global demand and trade.	• The global growth acceleration could improve remittances and tourism inflows and help strengthen domestic growth outlook. All these will improve the fiscal and current account balances.	• Continue fiscal and structural reforms to entrench the gains from global growth acceleration.
Medium	**Medium**	
Tighter financial conditions and systemic instability. Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.	• An increase in global risk premia and higher for longer Fed rates could result in a negative feedback loop between sovereign and banks and further worsening bank balance sheets. It could also result in higher funding costs for corporates and the sovereign, as well as asset quality deterioration for banks. • Heightened capital outflows from EMDEs could exacerbate liquidity shortages, increase risk premiums, and constrain growth prospects.	• CBJ to follow the U.S. Fed and raise policy rates conditional on domestic conditions. • Monitor banks' buffers to withstand shocks, introduce measures recommended by the FSSA as appropriate. • Deepen domestic capital markets to reduce dependence on external financing and improve financial intermediation to support sustainable economic growth.
High	**High**	
Sovereign debt distress. Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	• Higher risk premia would result in higher funding costs for corporates and the sovereign. Bank asset quality could deteriorate. • Capital outflows could materialize • Reduction in development aid could strain public finances, limit social spending, and jeopardize large development projects, including the water desalination plant, slowing infrastructure expansion and economic growth while increasing reliance on costly alternative financing.	• If market conditions become disorderly, consider capital flow measures as part of a broader macroeconomic package to address the root causes in accordance with the IMF Institutional View. • Maintain prudent macroeconomic policies and continue fiscal consolidation to ensure debt sustainability. • Diversify the donor base by strengthening partnerships with emerging donors, regional development funds, and multilateral institutions to secure alternative funding sources.

Risks and Likelihood	Economic Impact	Policy Responses
High	**Medium**	
Deepening geoeconomic fragmentation. Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	• FDI inflows could slowdown and higher import costs would worsen the fiscal and current account balances. Such development could affect potential growth if persistent.	• Accelerate structural reforms that promote economic diversification and foster greater private sector development that creates jobs and promotes inclusive growth. • Monitor banks' buffers to withstand shocks, introduce measures recommended by the FSAP as appropriate.
Medium	**Medium**	
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	• Increased infrastructure damage and economic disruptions would strain public finances, requiring higher government spending on reconstruction and disaster relief, widening fiscal deficits. • Increase in water scarcity due to climate change would affect daily life and disrupt economic activity. It could also trigger social discontent.	• Strengthen disaster preparedness and response by developing early warning systems, improving emergency response capacity, and securing contingency funding. • Promote green finance and insurance mechanisms to incentivize climate adaptation investments and provide financial protection against climate shocks. • Invest in climate-resilient infrastructure to mitigate damage from extreme weather events and reduce long-term economic disruptions. • Prioritize securing sustainable water supplies by expanding desalination projects, improving irrigation systems, supporting climate-smart agriculture, and ensuring financial sustainability of the water sector.
Domestic Risks		
Medium	**High**	
Persistently high unemployment amplifies poverty and inequality	• Persistently high unemployment, particularly among youth, could exacerbate poverty and inequality, increasing social tensions. • Weaken recent reform momentum. • Deter investors by weakening confidence in the business environment, potentially reducing foreign and domestic investment.	• Accelerate structural reforms that promote economic diversification and foster greater private sector development that creates jobs and promotes inclusive growth. • Strengthen social safety nets.

Annex II. Sovereign Risk and Debt Sustainability Assessment

Annex II. Table 1. Jordan: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Moderate	This follows directly from the "moderate" medium-term risk assessement.
Near term 1/	n.a.	n.a.	Not applicable
Medium term	Moderate	Moderate	In line with the mechanical signals, medium term risks are assessed as moderate, reflecting a declining debt/GDP ratio and manageable financing risks, based on the assumed fiscal consolidation over 2025-28.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test		...	
Long term	...	Moderate	Jordan's social security fund provides a useful buffer reflecting favorable demographic composition, which might change in the next decade. Therefore, pension reforms and other structural reforms are paramount to prevent a rundown of the pension assets and to ensure the pension fund sustainablility. Elevated gross financing needs are also a risk, if fiscal consolidation and debt reduction are further delayed by additional spending pressures from regional tensions, reduced foreign aid, water scarcity, inefficient energy companies or other shocks. On balance, staff assesses long-term risks to be moderate.
Sustainability assessment 2/		Sustainable	The debt/GDP ratio is projected to decline to just below 80 percent by 2028, and financing risks, in line with a relatively long effective debt maturity of around 6 years and assumed continued development partner support, remain manageable. The baseline fiscal consolidation is gradual and backed by identified measures. Accordingly, debt is assessed as sustainable. However, further tightening of global financial conditions, persistence of regional conflicts, commodity prices shocks, failure to reverse water and electricity sectors deficits, weaker global growth, and higher EM risk premia present downside risks to this baseline.
Debt stabilization in the baseline			Yes

DSA Summary Assessment

Jordan's public debt is assessed as sustainable. The medium-term baseline delivers a downward path for the debt/GDP ratio, driven mainly by fiscal consolidation and growth. Public debt peaked at 90.2 percent of GDP in 2024, and is expected to start to decline in 2025 and to reach just below 80 percent by 2028. Jordan's high public debt renders it vulnerable to a tightening in financial conditions, but the large share of concessional debt provides an important cushion. Moreover, Jordan has significant buffers: FX reserves at 7 months of imports; and assets of the Social Security Investment Fund reached 40 percent of GDP. Continued fiscal consolidation and accelerated structural reforms, including decisive actions to address NEPCO's deficits and address the water scarcity challenge in a fiscally prudent manner, as well as reforms to improve long-term pension sustainability and address climate change remain essential to maintain debt sustainability and enhance inclusive growth and competitiveness.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

Annex II. Table 2. Jordan: Debt Coverage and Disclosers

	CG	GG	NFPS	CPS	Other	Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					n.a.	

2. Subsectors included in the chosen coverage in (1) above:

		Subsectors captured in the baseline	Inclusion	Comments
CPS / NFPS / GG: expected / CG	1	Budgetary central government	Yes	
CPS / NFPS / GG: expected / CG	2	Extra budgetary funds (EBFs)	No	Not applicable
CPS / NFPS / GG: expected / CG	3	Social security funds (SSFs)	Yes	
CPS / NFPS / GG: expected	4	State governments	No	
CPS / NFPS / GG: expected	5	Local governments	No	
CPS / NFPS	6	Public nonfinancial corporations	Yes	Water and Electricity
CPS	7	Central bank	No	
CPS	8	Other public financial corporations	No	

3. Instrument coverage:

Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/

4. Accounting principles:

Basis of recording		Valuation of debt stock		
Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/

5. Debt consolidation across sectors:

Consolidated	Non-consolidated

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Chosen (green): GG; Yes for subsectors 1, 3, 6; Currency & deposits, Loans, Debt securities; Cash basis; Nominal value; Consolidated. Missing (red): No for subsectors 2, 4, 5; Oth acct. payable 2/, IPSGSs 3/. Not applicable (grey): No for subsectors 7, 8.

Reporting on Intra-Government Debt Holdings

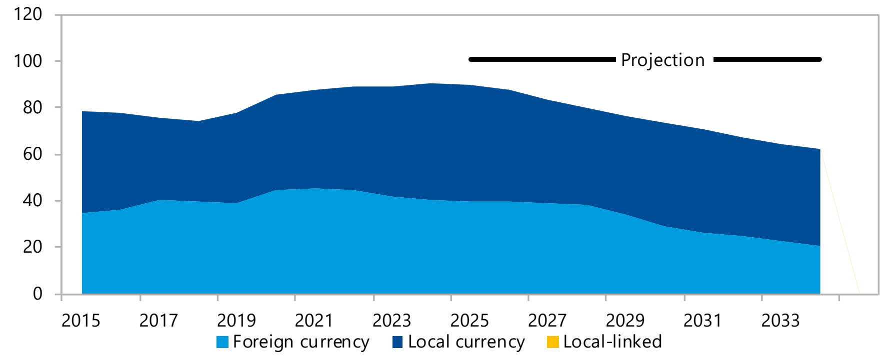
#	Issuer \ Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
1	Budget. central govt									0
2	Extra-budget. funds									0
3	Social security funds	8.9								8.9
4	State govt.									0
5	Local govt.									0
6	Nonfin pub. corp.									0
7	Central bank									0
8	Oth. pub. fin. corp									0
	Total	8.9	0	0	0	0	0	0	0	8.9

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

The coverage in this SRDSA seeks to approximate general government. The coverage includes the central government, the Social Security Fund, NEPCO, WAJ, and water distribution companies. The coverage does not include local governments or the deposit insurance fund. GCC deposits at the CBJ are not included in public debt because CBJ is assessed to have adequate capacity to repay, i.e., without the need to resort to detrimental measures.

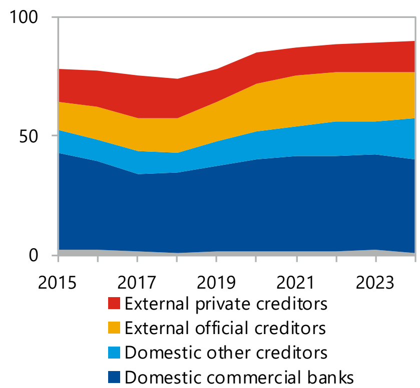
Annex II. Figure 1. Jordan: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



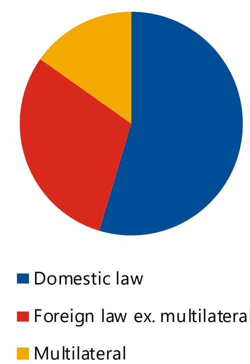
Note: The perimeter shown is general government.

Public Debt by Holder (Percent of GDP)



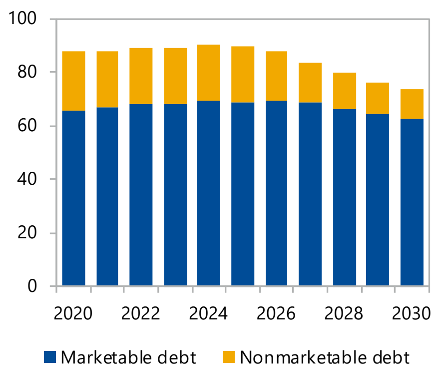
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (percent)



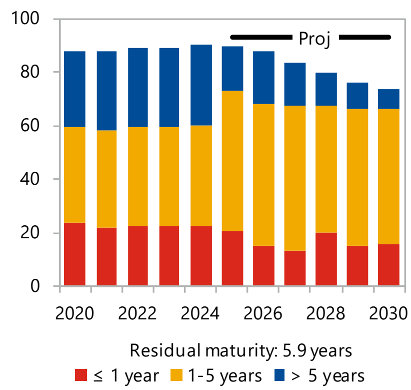
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



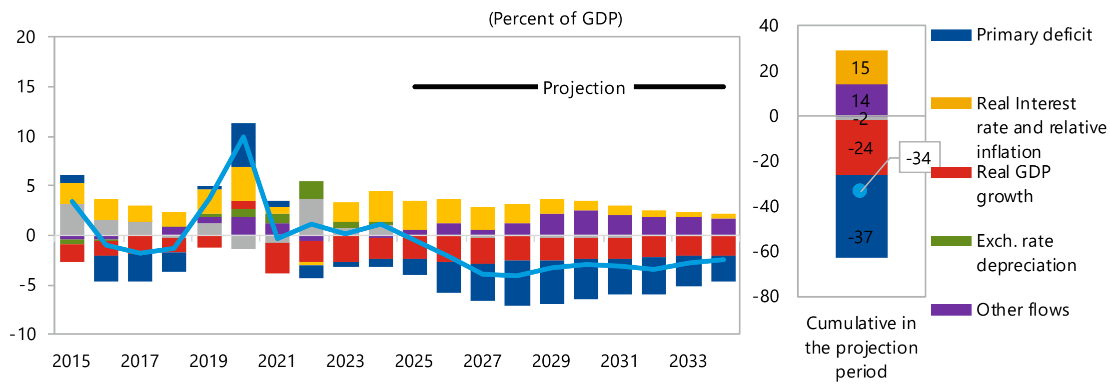
Note: The perimeter shown is general government.

Jordan's public debt is about evenly split between foreign and local currency-denominated instruments, mainly held by domestic commercial banks and external official creditors. In the long term, the share of domestic financing is expected to increase as repayment of official external debt accelerates. Jordan's current residual debt maturity is 6 years, and is expected to be mainly in the range 1-5 years in the medium term horizon, with a gradual reduction of longer-term maturities, primarily in external debt, that the authorities started in 2019.

Annex II. Table 3. Jordan: Baseline Scenario
(Percent of GDP unless indicated otherwise)

	Actual	Medium-term projection						Extended projection			
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public debt	90.2	89.7	87.5	83.7	79.6	76.3	73.4	70.3	66.9	64.2	61.8
Change in public debt	1.2	-0.6	-2.2	-3.8	-4.1	-3.3	-2.9	-3.1	-3.4	-2.7	-2.4
Contribution of identified flows	0.1	-0.7	-2.0	-3.6	-3.9	-3.1	-2.7	-2.9	-3.3	-2.6	-2.3
Primary deficit	-0.9	-1.7	-3.1	-3.9	-4.6	-4.3	-4.0	-3.7	-3.7	-3.0	-2.6
Noninterest revenues	38.1	38.9	39.5	39.7	39.8	39.0	38.9	38.3	37.9	36.7	35.6
Noninterest expenditures	37.2	37.2	36.5	35.8	35.2	34.7	34.9	34.6	34.2	33.7	33.0
Automatic debt dynamics	1.2	0.6	-0.2	-0.3	-0.6	-0.9	-1.2	-1.3	-1.4	-1.3	-1.4
Real interest rate and relative inflation	3.1	3.0	2.4	2.2	1.8	1.4	1.0	0.8	0.6	0.6	0.5
Real interest rate	3.3	3.1	2.2	2.0	1.7	1.1	0.8	0.7	0.5	0.5	0.4
Relative inflation	-0.2	-0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Real growth rate	-2.2	-2.4	-2.5	-2.5	-2.4	-2.3	-2.2 .	-2.1	-2.0	-1.9	-1.9
Real exchange rate	0.2	...	...	...	...	...	... .	...	...	...	...
Other identified flows	-0.2	0.4	1.2	0.6	1.3	2.2	2.5	2.1	1.9	1.8	1.7
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	-1.2	-1.3	-1.3	-1.4	-1.5	-1.5	-1.6	-1.6	-1.6	-1.5	-1.4
Other transactions	1.0	1.7	2.6	2.0	2.7	3.7	4.1	3.7	3.5	3.3	3.1
Contribution of residual	1.1	0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1
Gross financing needs	19.0	15.1	19.4	13.3	10.3	16.3	11.7	12.2	12.0	13.5	14.3
of which: debt service	21.1	18.0	23.8	18.6	16.3	22.2	17.3	17.5	17.3	18.0	18.4
Local currency	14.5	10.8	16.4	12.5	12.1	13.8	10.1	11.7	13.3	13.5	14.6
Foreign currency	6.6	7.2	7.3	6.0	4.3	8.4	7.2	5.8	4.0	4.5	3.8
Memo:											
Real GDP growth (percent)	2.5	2.7	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Inflation (GDP deflator; percent)	1.9	2.3	2.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Nominal GDP growth (percent)	4.4	5.1	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Effective interest rate (percent)	5.8	5.9	5.2	4.9	4.6	4.0	3.6	3.4	3.2	3.3	3.1

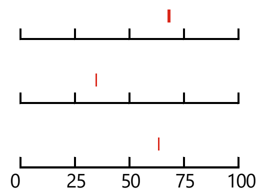
Contribution to Change in Public Debt
(Percent of GDP)



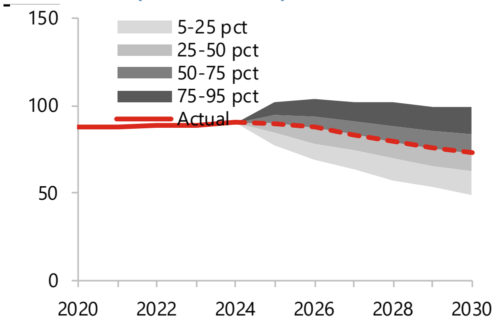
Debt/GDP is expected to decline in the medium term to reach program targets by 2028, driven mainly by fiscal consolidation and sustained real GDP growth. However, upward pressure on the debt ratio remain, stemming from a positive interest-growth differential, off-budget financing needs ('below-the-line' transactions), debt accumulation by the general government, and the drawdown of pension fund assets for budgetary financing. The provided table and the accompanying charts are based on general government debt and balances (the latter include Social Security surpluses).

Annex II. Table 4. Jordan: Medium-Term Risk Analysis

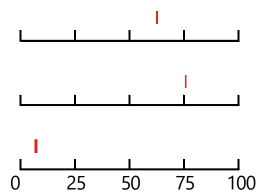
	Value	Contrib 1/	Percentile in peer group 2/
Debt fanchart module			
Fanchart width *(percent of GDP)*	50.0	0.7	
Probability of debt non-stabilizaiton *(percent)*	0.1	0.0	
Terminal debt-to-GDP x institutions index	37.5	0.8	
Debt fanchart index (DFI)		1.5	
Risk signal: 3/		**Moderate**	



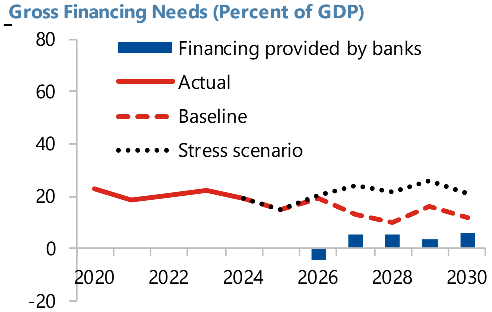
Final Fanchart (Percent of GDP)



	Value	Contrib 1/	Percentile in peer group 2/
Gross financing needs (GFN) module			
Average baseline GFN *(percent of GDP)*	14.4	4.9	
Initial Banks' claims on the gen. govt *(pct bank assets)*	22.2	7.2	
Chg. In banks' claims in stress *(pct banks' assets)*	5.1	1.7	
GFN financeability index (GFI)		13.8	
Risk signal: 4/		**Moderate**	



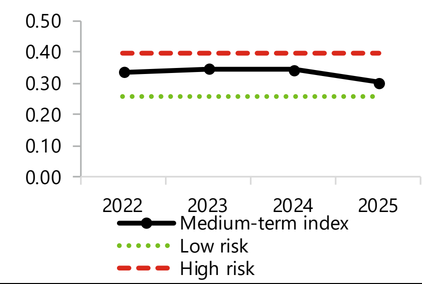
Gross Financing Needs (Percent of GDP)



Triggered stress tests (stress tests not activated in gray)

Banking crisis | Commodity prices | Exchange rate | Contingent liab. | Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	1.5	0.3	0.5	0.2
GFN finaceability index	13.8	0.3	0.5	0.1
Medium-term index		0.3		
Risk signal: 5/		**Moderate**		
Final assessment:		**Moderate**		

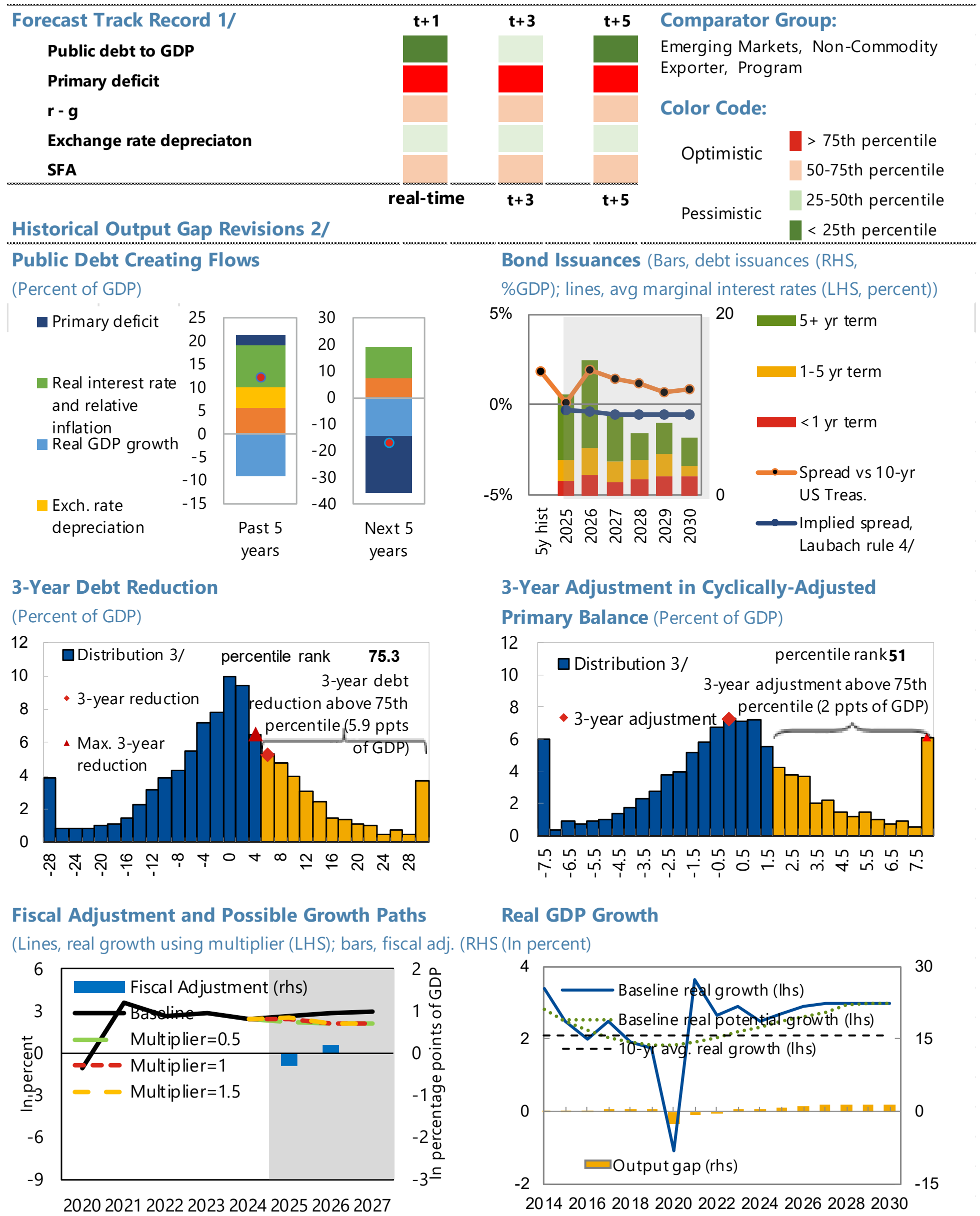
Prob. of missed crisis, 2025-2030, if stress not predicted: 18.2 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 26.1 pct.

While the debt-to-GDP ratio is high, the risk of non-stabilization is in line with the median, given the fiscal adjustment under the program. Even under stress, financing risks are considered manageable. The SSC holds assets outside the general government sector worth about 19% of GDP, with 70% being liquid (deposits or stocks). These investments generate reasonable interest income for the government, reducing Gross Financing Needs (GFNs). GFNs are sensitive to changes in bank claims on the government, but the strong position of the banking sector makes this scenario unlikely. Overall, the medium-term risk is assessed as moderate.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is emerging markets, non-commodity exporter, program.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Annex II. Figure 2. Jordan: Realism of Baseline Assumptions



Despite the challenges faced in 2024, the authorities remain firmly committed to meeting program targets and reducing public debt to below 80 percent of GDP by 2028. Achieving this objective will require a significant reduction in debt over the next three years, driven by a revenue-focused fiscal consolidation strategy. This effort will be supported by continued donor assistance, sustained real GDP growth, and structural reforms—particularly those aimed at curbing debt accumulation and improving efficiency in the utility sectors.

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates

3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical

4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Annex II. Figure 3. Jordan: Trigger Modules

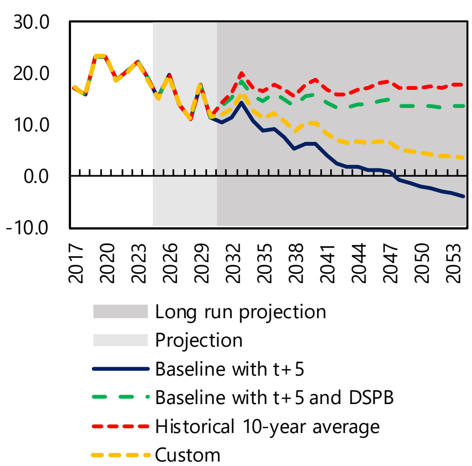
Large amortizations	**Pensions**	**Climate change: Adaptation**	Natural Resources
	Health	**Climate change: Mitigation**	

Jordan: Long-Term Risk Assessment: Large Amortization Incl. Custom Scenario

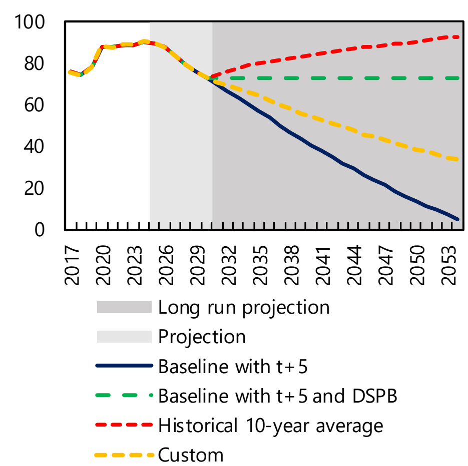
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

Variable	2030	2034 to 2038 average	Custom Scenario
Real GDP growth	3.0%	3.0%	3.0%
Primary Balance-to-GDP ratio	4.0%	3.1%	2.5%
Real depreciation	-2.4%	-2.4%	-2.4%
Inflation (GDP deflator)	2.5%	2.5%	2.5%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



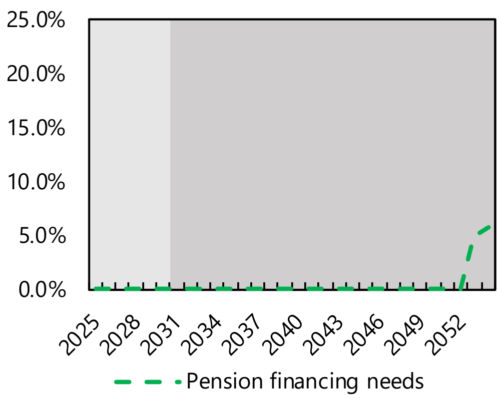
The default large amortization module calculates gross financing needs (GFNs) and debt based on amortization from existing debt under three scenarios. In the Baseline with t+5 scenario, which sustains a high primary balance of 4 percent of GDP, debt will be below 60 percent of GDP around 2035, and the GFNs will progressively diminish to around 5 percent of GDP by 2039. The custom scenario uses a more prudent baseline, maintaining a primary balance averaging 2.5 percent of GDP over the extended term, while other macroeconomic variables remain consistent with the Baseline with t+5. In this scenario, debt is forecast to decrease consistently but more gradually, falling below 60 percent of GDP by 2038. Nevertheless, GFNs persist at higher levels of around 15 percent of GDP in this more cautious scenario, eventually declining to under 10 percent in 2037. The substantial GFNs in peak years indicate comparatively high risks.

Annex II. Figure 3. Jordan: Trigger Modules (continued)

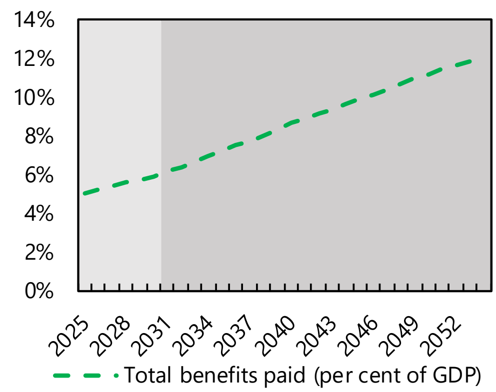
Jordan: Demographics: Pensions

Permanent adjustment needed in the pension system to keep pension assets positive for:	30 years	50 years	Until 2100
(pp of GDP per year)	0.5%	3.0%	6.5%

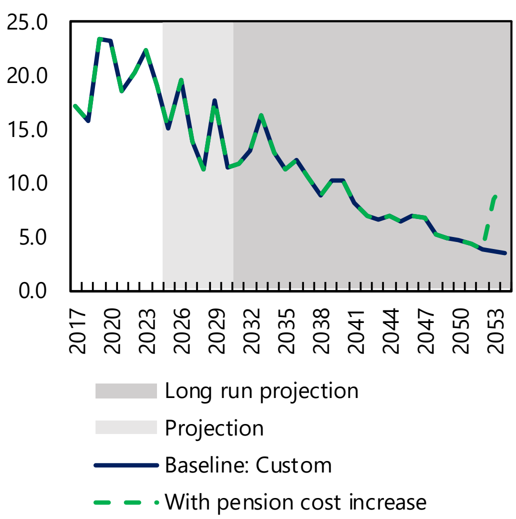
Pension Financing Needs



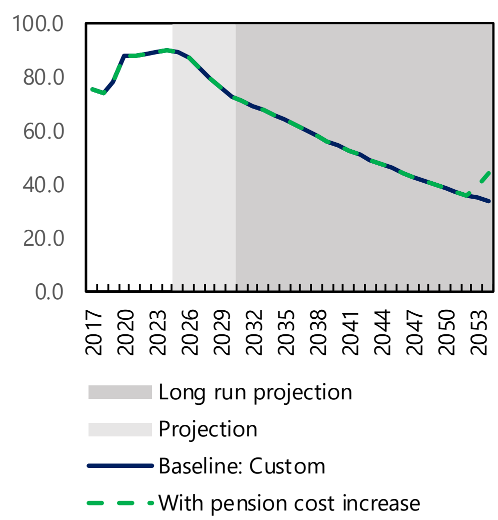
Total Benefits Paid



GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

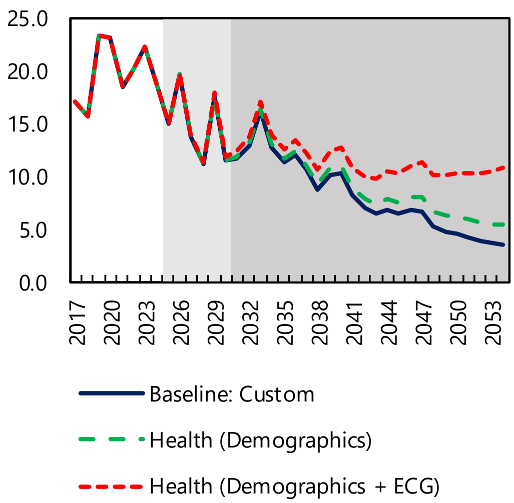


This part of the analysis focuses on the implications of demographic change on social security, pension funds and public health programs on long-term fiscal costs and debt pressures. Regarding pensions, Jordan's SSIF assets amounted to JD 16.7 billion (44 percent of GDP) in March 2025. Although the SSC operates with a surplus owing to favorable demographic factors, starting in the 2030s, disbursements will surpass contributions, necessitating asset liquidation to bridge the shortfall. Starting in the 2050s, budgetary financing will become essential, elevating annual GFNs and potentially destabilizing debt levels. Continuing pension reforms and structural adjustments aimed at enhancing labor market engagement and stimulating formal employment could bolster the viability of the pension funds over the very long term.

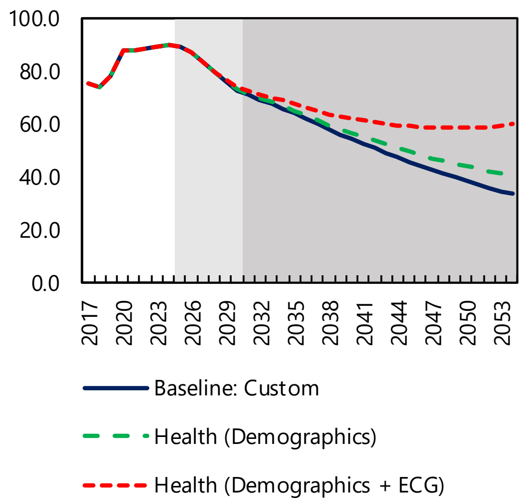
Annex II. Figure 3. Jordan: Trigger Modules (continued)

Jordan: Demographics: Health

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

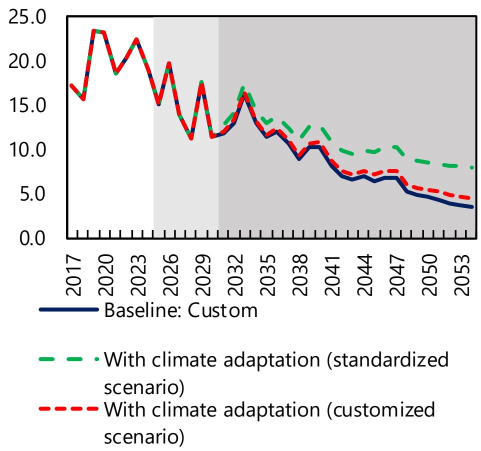


Jordan is expected to face increasing healthcare spending pressures for its demographics. As of early 2025, Jordan's population is around 11.5 million, up from just 5.3 million in 2004. A high birth rate, but also the impact of large refugee flows, exert an upward pressure on the healthcare sector. In the scenario with excess costs growth (ECG) at 0.6 percent annually, financing needs could stabilize or also rise, jeopardizing trends in debt reduction. The authorities plan to develop strategies to strenghten the resilience of the healthcare sector while ensuring quality care and financial sustainability.

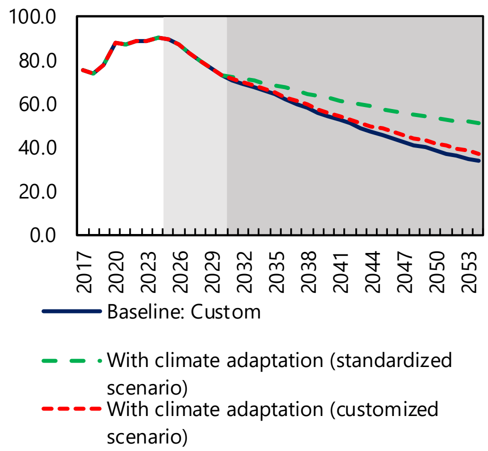
Annex II. Figure 3. Jordan: Trigger Modules (concluded)

Jordan: Climate Change: Adaptation

GFN-to-GDP Ratio



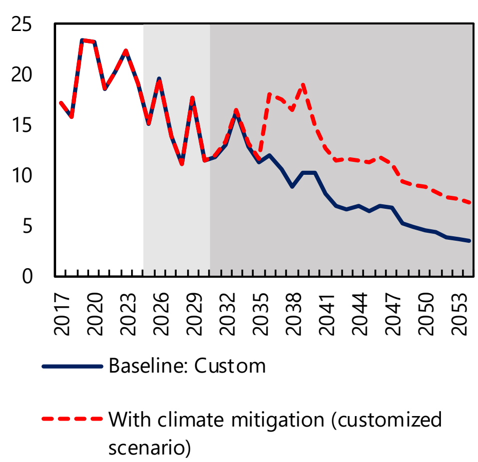
Total Public Debt-to-GDP Ratio



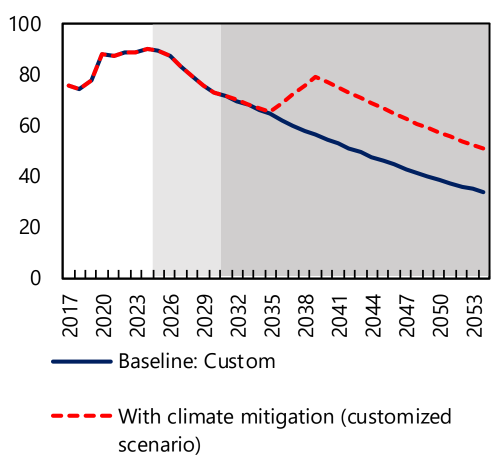
The standard adaptation module incorporates 0.9 percent of GDP in additional costs over the medium term, reflecting average adaptation expenses associated with investments, existing assets, and coastal protection. The customized module adds 0.2 percent of GDP in costs, as coastal protection expenses are comparatively modest relative to standard adaptation assumptions. With these additional adaptation costs, debt is projected to decrease to approximately 70 percent of GDP by 2033 and further to 60 percent of GDP by 2037. GFNs could potentially remain volatile and have peaks at 20 percent of GDP. Nevertheless, adaptation-related investments are anticipated to generate long-term fiscal savings and mitigate fiscal vulnerabilities, particularly in the energy and water sectors, which incur substantial fiscal costs and present significant fiscal risks in the medium to long term. The scenarios indicate that these supplementary investments do not pose a substantial threat to the debt trajectory, although GFNs might be marginally higher.

Jordan: Climate Change: Mitigation

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



Jordan is committed under the Paris Agreement to reduce emissions and adapt to climate impacts. Its Nationally Determined Contribution (NDC) targets include a 31% reduction in GHG emissions by 2030. Investments for mitigation will likely increase financing needs, and debt could rise in the medium-term. Yet, over the longer term, both will decline, supported by regulatory and PFM reforms that will attract private investors for clean energy and treatment of wastewater.

A. External Sector DSA

1. The coverage of external debt in this Debt Sustainability Analysis (DSA) encompasses (i) public and publicly guaranteed external debt, and (ii) external liabilities of the banking sector and private corporations. Due to data limitations, the estimation of private sector external debt, particularly for the non-banking sector, may be incomplete. External debt is defined according to the residency criterion.

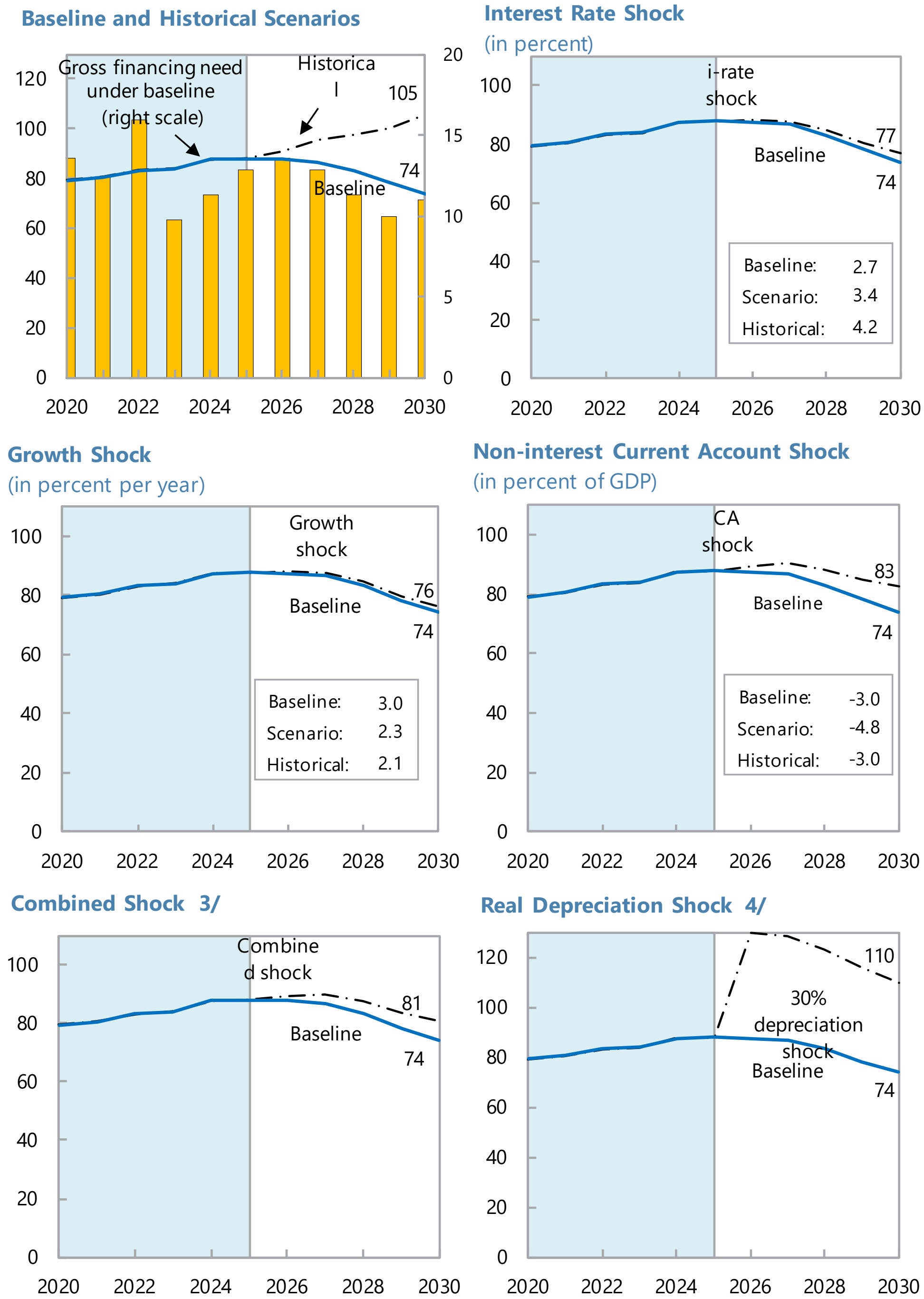
2. Heightened financing costs led to higher demand for external financing; however, Jordan's public external debt remains moderate, with a modest rise projected in the medium term. Public external debt is anticipated to rise from 44.5 percent of GDP in 2024 to 45.9 percent in 2025, peaking at approximately 48.4 percent in 2027 before gradually declining to approximately 39 percent of GDP by 2030. The projected increase is mainly driven by elevated borrowing costs, reflecting the higher interest rates and subdued economic growth. Despite the upward trajectory, the debt profile remains favorable, underpinned by a high share of concessional financing, including the recent commitments from Germany, Qatar and UAE, as well as prospective loans from the RSF.

3. Private external debt is expected to remain moderate at 46 to 51 percent of total external debt. As of end-2024, banks accounted for 78 percent of total private external debt, primarily in the form of non-resident deposits, with the remainder held by non-financial corporations. The projections assume that banks will maintain their exposure to non-residents and that the non-bank corporate sector will continue to finance its needs through debt-creating flows. Over the medium term, firms' external debt as a share of total private external debt is expected to remain stable, with a moderate increase from less than 20 percent to about a quarter of private external debt. Given the moderate size of the private external debt and local banks' strong balance sheets, contingent liability risks to the public sector are expected to remain contained.

4. External financing needs are expected to remain sizable during the program period, but gradually decline thereafter. The elevated financing needs reflect persistent current account deficits largely driven by high energy and food import prices amid ongoing regional conflicts, subdued world fertilizer export prices, elevated interest rates, and rising amortization needs, notably from Eurobonds maturing between 2025 and 2029.

5. The external debt trajectory is assessed to be resilient to standardized stress-test scenarios. Simulation results indicate that external debt dynamics are relatively insensitive to current account and combined shocks, while interest rate and real growth shocks exert only a marginal impact on the debt burden. Moderate risks to external debt sustainability are predicted on the assumption that FDI inflows will gradually strengthen as structural reforms take hold, while program-supported external buffers are expected to mitigate Jordan's vulnerabilities to external shocks and anchor private sector expectations. Nonetheless, a substantial and sustained real depreciation shock would significantly elevate the external debt-to-GDP ratio above baseline projections, underscoring the importance of maintaining the currency peg through implementation of sound macroeconomic policies.

Annex II. Figure 4. Jordan: External Debt Sustainability: Bound Tests 1/2/



Sources: International Monetary Fund, Country desk data, and staff estimates.
1/ Shaded areas represent actual data. Individual shocks are permanent one-half standard deviation shocks. Figures in the boxes represent average projections for the respective variables in the baseline and scenario being presented. Five-year historical average for the variable is also shown.
2/ For historical scenarios, the historical averages are calculated over the five-year period, and the information is used to project debt dynamics five years ahead.
3/ Permanent 1/4 standard deviation shocks applied to real interest rate, growth rate, and current account balance.
4/ One-time real depreciation of 30 percent occurs in 2020.

Annex II. Table 5. Jordan: External Debt Sustainability Framework, 2020–30
(In percent of GDP, unless otherwise indicated)

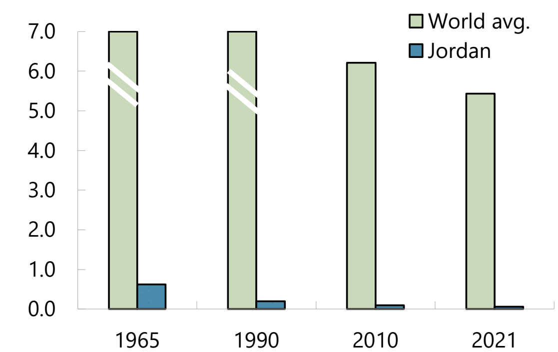
	Actual							Projections						
	2020	2021	2022	2023	2024			2025	2026	2027	2028	2029	2030	Debt-stabilizing non-interest current account 7/
								41.9	40.3	38.6	37.1	35.6	34.3	
1 **Baseline: External debt 1/**	79.3	80.5	83.2	84.0	87.5			**87.8**	**87.5**	**86.8**	**83.1**	**78.2**	**74.1**	**-10.0**
Of which: Public and Publicly Guaranteed External Debt	40.9	40.7	39.9	42.1	44.5			45.9	47.3	48.2	46.0	42.6	39.8	
2 Change in external debt	11.3	1.2	2.7	0.8	3.5			0.3	-0.3	-0.7	-3.7	-4.9	-4.1	
3 Identified external debt-creating flows (4+8+9)	5.3	2.3	2.5	-4.0	-0.6			0.0	0.1	-2.0	-2.3	-4.4	-5.5	
4 Current account deficit, excluding interest payments	3.7	6.0	5.1	-0.9	1.3			2.6	3.1	3.4	2.9	2.8	2.7	
5 Deficit in balance of goods and services	18.3	20.4	19.1	13.3	13.3			14.4	15.1	14.5	13.2	12.7	11.9	
6 Exports	23.9	30.0	42.6	43.5	43.1			42.2	43.0	42.8	43.6	43.4	43.2	
7 Imports	42.2	50.4	61.7	56.8	56.4			56.6	58.1	57.3	56.8	56.0	55.0	
8 Net non-debt creating capital inflows (negative)	-1.7	-1.3	-1.7	-3.6	-3.0			-3.3	-3.4	-5.0	-4.8	-6.8	-8.0	
9 Automatic debt dynamics 2/	3.3	-2.4	-0.9	0.5	1.0			0.7	0.3	-0.4	-0.4	-0.4	-0.2	
10 Contribution from nominal interest rate	2.1	2.0	3.0	4.4	4.6			2.9	2.7	2.1	2.1	2.0	2.0	
11 Contribution from real GDP growth	0.8	-2.7	-1.9	-2.5	-2.0			-2.2	-2.4	-2.5	-2.5	-2.4	-2.2	
12 Contribution from price and exchange rate changes 3/	0.5	-1.7	-2.0	-1.5	-1.6			...	...	...	...	...	...	
13 Residual, incl. change in gross foreign assets (2-3) 4/	6.0	-1.0	0.2	4.8	4.1			0.3	-0.4	1.3	-1.5	-0.4	1.4	
External debt-to-exports ratio (in percent)	7.6	5.8	4.0	3.8	3.8			3.7	3.4	3.2	2.9	2.6	2.3	
Gross external financing need (in billions of U.S. dollars) 5/	5.9	5.7	7.8	5.0	6.0			7.2	8.1	8.0	7.5	7.0	8.1	
in percent of GDP	13.5	12.4	16.0	9.8	11.3			12.8	13.6	12.8	11.3	10.0	10.9	
Scenario with key variables at their historical averages 6/						5-Year Historical Average	10-Year Standard Deviation	**87.8**	**90.9**	**95.6**	**97.6**	**100.5**	**105.4**	**-1.8**
Key Macroeconomic Assumptions Underlying Baseline														
Real GDP growth (in percent)	-1.1	3.7	2.4	3.1	2.5	2.1	1.3	2.7	2.9	3.0	3.0	3.0	3.0	
GDP deflator in U.S. dollars (change in percent)	-0.7	2.2	2.6	1.8	1.9	1.6	1.0	2.3	2.6	2.5	2.5	2.5	2.5	
Nominal external interest rate (in percent)	3.0	2.7	4.0	5.6	5.7	4.2	1.5	3.5	3.3	2.5	2.6	2.5	2.7	
Growth of exports (U.S. dollar terms, in percent)	-35.4	32.8	49.6	7.2	3.5	11.5	22.8	2.9	7.6	5.0	7.5	5.2	5.0	
Growth of imports (U.S. dollar terms, in percent)	-16.1	26.6	28.7	-3.3	3.7	7.9	14.5	5.5	8.2	4.1	4.7	4.2	3.6	
Current account balance, excluding interest payments	-3.7	-6.0	-5.1	0.9	-1.3	-3.0	3.6	-2.6	-3.1	-3.4	-2.9	-2.8	-2.7	
Net non-debt creating capital inflows	1.7	1.3	1.7	3.6	3.0	2.3	1.3	3.3	3.4	5.0	4.8	6.8	8.0	

1/ Private and public and publicly guaranteed external debt on residency basis.
2/ Derived as [r - g - r(1+g) + ea(1+r)]/(1+g+r+gr) times previous period debt stock, with r = nominal effective interest rate on external debt; r = change in domestic GDP deflator in US dollar terms, g = real GDP growth rate, e = nominal appreciation (increase in dollar value of domestic currency), and a = share of domestic-currency denominated debt in total external debt.
3/ The contribution from price and exchange rate changes is defined as [-r(1+g) + ea(1+r)]/(1+g+r+gr) times previous period debt stock. r increases with an appreciating domestic currency (e > 0) and rising inflation (based on GDP deflator).
4/ For projection, line includes the impact of price and exchange rate changes.
5/ Defined as current account deficit, plus amortization on medium- and long-term debt, plus short-term debt at end of previous period.
6/ The key variables include real GDP growth; nominal interest rate; dollar deflator growth; and both non-interest current account and non-debt inflows in percent of GDP.
7/ Long-run, constant balance that stabilizes the debt ratio assuming that key variables (real GDP growth, nominal interest rate, dollar deflator growth, and non-debt inflows in percent of GDP) remain at their levels of the last projection year.

Annex III. Enhancing Jordan's Resilience to Long-Term Vulnerabilities

1. Jordan is highly susceptible to long-term vulnerabilities. Jordan faces an existential water crisis and water availability lies well below the absolute water scarcity level of 500 cubic meters per capita per year, with only 62 cubic meters of water available per capita per year. Climate change has caused recurrent droughts together with flash floods that caused fatalities and substantial damage, and adversely affected production.[1] With extremely scarce water resources, Jordan has relied on fossil fuels for electricity generation. Recognizing the importance of diversifying electricity sources and enhancing energy security, the Jordanian authorities have stepped up efforts in developing RE over the past decades, with the share of RE in electricity supply increased from less than 1 percent in 2014 to about 27 percent in 2024. Still, Jordan has a way to go to reach the goal of 30 percent electricity from renewables by 2030.

Renewable Freshwater Per Capita
(In thousand m^3)



Sources: Food and Agriculture Organization, AQUASTAT data; IMF staff calculations.

2. These vulnerabilities, if left unaddressed, can have wide-reaching economic and social consequences. Rising temperatures and climate change will decrease water availability even further for agriculture, cities, firms, and social systems, exacerbating food insecurity by lack of irrigation water, while increasing water demand. Increases in temperature will also cause infrastructure to degrade faster which has long-lasting impacts on growth and development. Climate change could reduce Jordan's GDP by 2–5 percent by 2050 (depending on the adaptation scenarios, as estimated in Jordan CCDR). The impacts can be channeled by: (i) declining labor productivity due to increased incidence of climate-sensitive illness and food insecurity; (ii) deteriorating public infrastructure that adversely affects production and trade; (iii) lower exports such as textiles, chemicals, and rare minerals, which are either energy or water intensive or both; and (iv) dwindling tourists arrivals as climate change affects tourism location attractiveness, water availability, and could damage infrastructure (Jordan's tourism sector, a strategically important sector for long-term growth that accounts for 30 percent of exports). All of these adverse impacts could jeopardize fiscal and external sustainability, slow economic growth, and adversely affect livelihoods, especially of the most vulnerable groups.

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[1] In October 2018, unusually heavy rains led to severe flash flooding along the Dead Sea, resulting in a tragic incident where a bus was swept away, causing at least 21 fatalities. The flooding also destroyed a bridge on the Dead Sea Cliffs and caused traffic problems in the capital, Amman. In February 2019, Jordan experienced another severe flooding following the heaviest rains of the winter. This event led to significant infrastructure damage in several cities, including Amman, Russeifa, and Irbid, with buildings collapsing and major roads being damaged (IMF, TA report "Climate Module of the Public Investment Management Assessment and Green Public Financial Management,).

3. The authorities have been making progress in tackling the challenges and building actions into national development plans. Despite being a very small greenhouse gas emitter, Jordan was one of the first countries to ratify the United Nations Framework Convention on Climate Change.[2] Jordan has taken strides in climate action with commendable integration of climate goals into the country's development plans. The 10-year Economic Modernization Vision launched in June 2022 considers sustainable practices and green investment as an integral part of Jordan's future economic growth and improving quality of life. Alongside the Nationally Determined Contribution (NDC, first developed in 2015), Jordan developed a National Adaptation Plan in 2021, and updated its NDC in 2021. In its updated NDC, Jordan has committed to reduce greenhouse gas emissions by 31 percent against 'business-as-usual' by 2030, of which 5 percent is unconditional and 26 percent conditional on external support, and achieve net-zero emissions by 2050.[3]

4. A set of reforms is also underway to adapt to increasing water scarcity and enhance energy security. Guided by the Water Sector Financial Sustainability Roadmap (FSR), the authorities have been working on addressing the water supply-demand gap, including through desalinating water and transferring it via a long distance conveyor from Aqaba to Amman (the Aqaba-Amman Conveyor Project or AAC) which will deliver 300 million cubic meters per year when completed, reducing non-revenue water from 53 percent in 2022 to 25 percent in 2040, and increasing investment and use of treated wastewater. Following the National Energy Strategy for 2020–30, the authorities have taken measures to enhance electricity usage efficiency, including by adopting an economically efficient tariff structure that recognizes the time of use, introducing the smart net billing policies that encourage the use of solar energy by accounting for the time of consumption and improve efficiency, and promoting RE to enhance Jordan's resilience to potential disruptions in the future.

5. Financing needs to address these long-term vulnerabilities remain large. The updated NDC projected a financing need of US$7.5 billion (about 16 percent of GDP) over the medium term to attain the emissions reduction goal. World Bank analysis suggests the financing needs for projects in resilient and low-carbon development in economically critical sectors may be even higher, at US$9.5 billion (about 20 percent of GDP) by 2030.

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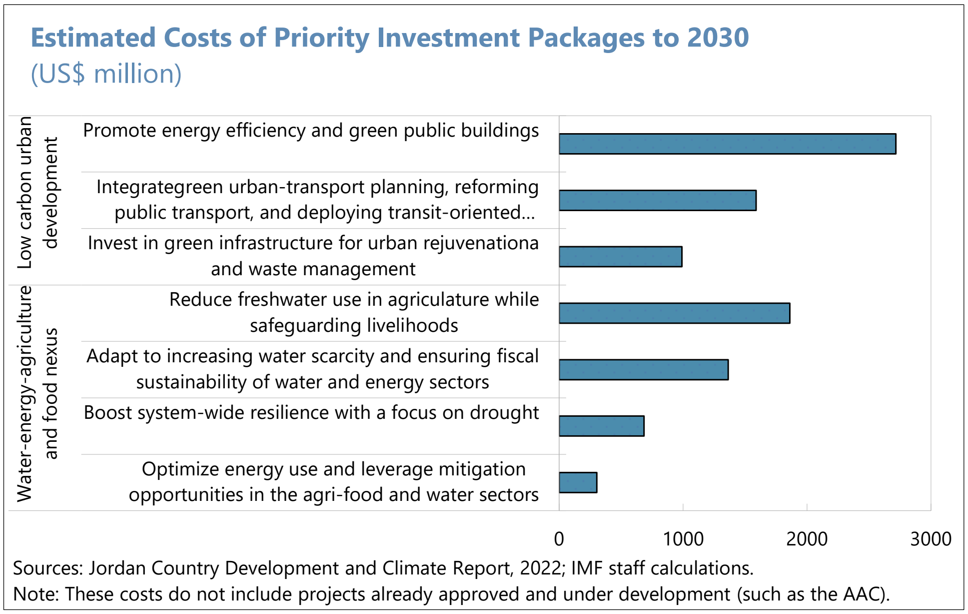
[2] Jordan accounts for less than 0.1 percent global GHG emissions (Global Carbon Budget, 2022).

[3] The business-as-usual scenario was developed for the period (2012–30), which considers a future in which no additional measures are implemented, resulting in higher energy demands and carbon intensity. It does not consider energy efficiency improvements nor the fuel shift towards natural gas in the residential, commercial, and industrial sectors. Fuel shares are projected based on historical trends, with a constraint of maximum ±1 percent annual growth (Jordan, Updated Submission of Jordan's 1st Nationally Determined Contribution).



6. The RSF-supported program will support the authorities' reform efforts, as well as catalyze additional financing. As the CCDR for Jordan stressed, the effectiveness of the climate policies lies in quality, pace, and perseverance of implementation, which requires strengthening institutional capacity and improved policy frameworks that guide strong implementation. Specifically, the CCDR noted: (i) the urgency to adapt to water scarcity and ensure fiscal sustainability of the water and energy sectors; (ii) improve public investment management, including by adopting green procurement and strengthening national quality infrastructure to encourage greening of the supply chains; (iii) improve fiscal discipline, budgeting, and transparency, including by ensuring the traceability of climate action strategies and plans to the medium-term fiscal framework. Moreover, Jordan's CCDR emphasized that implementation will require establishing an enabling environment for increasing private sector participation and attracting new funding sources.[4] The RSF arrangement is expected to catalyze additional financing including from the private sector. Development partners are also supporting the authorities in their efforts and the key actions are summarized in Annex III Table 1.

Pillar I. Energy and Water Sector Reforms

7. To ensure financial viability and adequate and efficient electricity supply, a set of comprehensive and sequenced reform measures is needed. Commendable efforts have been made by the authorities to reduce the operation and maintenance expenditure for distribution companies and NEPCO, including via the rollout of time-of-use tariffs, to put the electricity sector on a financially sustainable path. Going forward, in line with the National Energy Strategy and the

[4] Private sector investments represent a large share of the prioritized investment needs identified in the CCDR (over 60 percent of the US$9.5 billion incremental financing needs).

roadmap for electricity sector cost reduction and efficiency improvement, the reforms under the RSF arrangement envisage to improve:

- *RE storage capacity*. A multi-pronged approach will be followed to support the transition to RE, while improving the financial sustainability of NEPCO. Despite currently having sufficient energy generation capacity, the prospect of increased electricity exports to neighboring countries emerging out of conflict and the gradual phasing out of expensive fossil-fuel based PPAs over time, will allow for an increase in RE capacity. Meeting peak demand, however, would still require fossil-fueled power generation capacity and/or sufficient storage capacity to store RE. A feasibility study has been done to determine the optimal energy storage capacity for grid stability and renewable energy integration. Based on this, the Cabinet will issue two Requests for Expressions of Interest (EOIs): (1) for a hydro-pumped storage project and (2) for a 200 MW photovoltaic (PV) power plant. In addition, a request for an EOI for battery storage will be issued, contingent on the updated Energy Strategy confirming the need for such storage before 2030, with the required MWh capacity defined in the strategy. Based on the outcome of the EOIs and the updated Energy Strategy, at least one tender—aligned with international best practices—will be launched for a pilot storage project with a meaningful capacity of at least 40 MWh to support grid stability and enable greater integration of variable renewable energy sources into the grid before October 2027. All initiatives will be implemented in accordance with existing legislation to ensure transparency, competition, and adherence to least-cost principles.

- *Electricity efficiency.* NEPCO remains vulnerable to international fuel price shocks, given its limited ability to pass on cost increases. To strengthen system efficiency and financial sustainability, the authorities have started to roll out ToU tariffs under the EFF-supported program to shift consumption away from peak hours, reduce reliance on inefficient fossil-fuel plants, and enable greater renewable energy integration. To ensure the effectiveness of this reform, MEMR will complete a demand response review by June 2027—twenty-four months after ToU tariffs were introduced across at least 30 percent of electricity consumption. Based on the findings, MEMR will draft a time-bound action plan by June 2027 that identifies measures—such as updated energy efficiency standards, dynamic pricing models, and public awareness campaigns—and proposes a revised ToU structure for the broader economy, designed to deliver an economically meaningful reduction in grid congestion while protecting vulnerable groups. Implementation of the plan will begin by October 2027. The reform targets a cumulative reduction of approximately 300 MWh in peak electricity demand over three years, helping to ease grid congestion and support NEPCO's financial position.

8. Jordan's water challenges require both supply and demand-side responses. Jordan faces significant water scarcity challenges, with per capita water availability among the lowest globally. Jordan's limited options for new supply of water include desalinating sea water and transferring it a long distance at considerable expense (the AAC project), purchasing water from neighboring countries which may be less expensive but will come with other risks such as political risk, and reducing NRW and expanding wastewater treatment and usage. Demand side measures, such as improving water usage efficiencies and optimizing water tariff design, are also needed. By tapping private management and expertise, Jordan can expand its water and wastewater capacity without fully relying on public budgets, and can introduce modern technologies to improve effluent quality for reuse and water service delivery. The cornerstone reforms for the water sector involve:

- *Updating the water sector FSR*. The FSR is the foundation of the water sector reform agenda, providing a series of policy positions based on scenario analyses and financing models aimed at restoring financial sustainability, while protecting the most vulnerable. Its development involves close dialogue and consensus building with the Government of Jordan, the World Bank, the IMF, and other development partners. The updated FSR will underpin future sector policies while ensuring the continued delivery of essential water services, in line with Jordan's National Water Strategy 2023–2040. The new FSR will follow the same approach as the original FSR and will revise all key model assumptions and policy pillars, factoring in the impact of the additional water supply from the AAC and maintaining an annual NRW reduction target of at least 2 percentage points. The updated FSR will establish a policy framework for 2026–2040, targeting full operational and maintenance (O&M) cost recovery by 2032, full O&M plus BOT capital charge recovery by 2042.

- *Enhancing performance of the water companies*. Yarmouk Water Company (YWC), one of Jordan's three regional water utilities, faces persistent operational and financial challenges that threaten the reliability and sustainability of its services. High NRW rates—caused by leaks, illegal connections, and billing inefficiencies—continue to undermine system performance and revenue generation. Aging infrastructure and years of under-investment have led to frequent service disruptions, forcing many households in YWC's service areas to ration water or rely on costly alternatives such as tanker deliveries. Financially, YWC struggles with low bill collection rates and operational deficits, further limiting its ability to invest in necessary maintenance and upgrades. To address these structural weaknesses, the government will engage a qualified and cost-effective private firm through a competitive tender process to manage and improve water and wastewater services within YWC's jurisdiction. The authorities will conclude a performance based management contract tender in line with international best practices, with fixed and variable fees linked to jointly agreed annual targets for key performance indicators (KPIs), such as water sales, non-revenue water, energy consumption, operating income, and collection ratios. The selected firm will be committed to achieve KPIs as outlined in the tender documents. This private sector engagement aims to introduce performance-driven management practices and ultimately put YWC on a path toward operational and financial sustainability. The initiative is aligned with Jordan's broader strategy to modernize the water sector by leveraging private sector expertise and investment, ensuring that essential water services can be delivered more reliably and efficiently to meet growing demand under conditions of extreme water scarcity. Moreover, this reform measure complements the operationally focused Performance-Based Conditions under the World Bank's Jordan Water Sector Efficiency Project, whereas each water company, including YWC, would need to complete diagnostics identifying areas for operational improvements followed by implementation. By engaging a private firm to manage and operate YWC, this reform measure represents an ambitious, structural shift toward private sector participation in the water sector.

- *Expanding private sector participation in the treated wastewater sector*. Jordan is a regional leader in the reuse of treated wastewater (TWW) for agriculture, with TWW supplying about a quarter of irrigation water. Nevertheless, groundwater extraction continues to exceed sustainable levels, and farmers frequently experience irrigation deficits. Expanding private sector involvement in wastewater management is critical to further increasing TWW reuse and reducing pressure on limited freshwater resources. In line with the National Water Strategy, Jordan aims to raise the share of treated wastewater used for irrigation to 35 percent of freshwater use by 2027. Private entities can help achieve this goal by investing in infrastructure, adopting advanced technologies, and improving operational efficiency, in line with international best practices. To support this effort, the authorities will launch competitive tenders by May 2027 for five-year O&M contracts covering at least 50 percent of national wastewater treatment capacity, excluding the As-Samra plant (equivalent to 110,000 m^3/day). These measures are in line with Jordan's National Water Strategy 2023–2040 and support their target to increase the share of treated wastewater used for irrigation to 45 percent relative to freshwater by 2030.

Pillar II. Strengthening Fiscal and Financial Sector Resilience

9. Jordan's public investment management framework should integrate climate considerations to ensure that all large projects align with national climate goals and resilience priorities. The National Registry of Investment Projects (NRIP) was established to strengthen project selection and appraisal, ensuring that only well-prepared projects advance to the budget. However, gaps remain in the system's application, particularly in climate screening and adherence to the NRIP process. Ensuring that all large capital projects go through the NRIP with completed climate information will help to address structural weaknesses in project selection and climate-sensitive investment planning. The RSF reform measure for public investment management aims to close this gap by requiring all large projects, as defined in the Regulation for the National Register for Government Projects bylaw, to include climate information in the Project Concept Note, which will strengthen the enforcement mechanisms to ensure ministries comply with project registration and climate screening requirements. A fully integrated NRIP system will strengthen investment planning by preventing unvetted projects from receiving budget allocations and embedding climate risk assessments into project appraisal.

10. Establishing a central fixed asset register for infrastructure owned by the SOEs will enable improved risk assessment. MOF recognizes the importance of effective infrastructure asset management and has included specific reform actions to strengthen asset management in its Public Financial Management Strategy 2022-25. To enable improved risk assessment, the Government Investment Management Corporation will establish a central fixed asset register for infrastructure owned by SOEs. The register will serve as a platform for evaluating the vulnerability of key public assets and inform investment planning, risk mitigation, and fiscal reporting. The asset register will be developed in phases—initially covering the construction and the electricity sectors, and then gradually expanded to other sectors and fixed assets held by the central government entities.

11. Climate change should be progressively incorporated in the analysis and reporting of fiscal risks and in the fiscal strategy. Information on climate and environment-related fiscal risks, including long-term fiscal sustainability analysis under varying climate scenarios, should be progressively included in the annual Fiscal Risk Statement. The Fiscal Risk Statement will be gradually expanded, to not only assess macroeconomic sensitivity but also quantify contingent liabilities arising from SOEs and PPP projects with attention to their climate risk exposure and including the climate assessments of the approved projects from the NRIP. The Fiscal Risk Statement will further be enhanced by analyzing climate-related vulnerabilities of the fixed assets, using the data from the fixed asset register. The statement will present an analysis of long-term fiscal sustainability under different climate scenarios to ensure the fiscal strategy remains resilient under different climate scenarios, and support policymakers in developing risk mitigation measures.

12. To safeguard financial stability and strengthen the resilience of the banking system, the CBJ will incorporate climate-related financial risks into its supervisory framework. Climate change can materially impact asset quality, collateral values, and credit risk across the financial sector and pose balance of payments risks. Strengthening the capacity of the financial sector to identify, monitor and, and disclose these risks is critical for building long-term financial resilience. Following the issuance of the Climate Risk Management Instructions No (2) of 2025, the CBJ will therefore issue detailed secondary regulations on climate disclosures and reporting, consistent with the 2022 BCBS principles and aligned with International Sustainability Standards Board. In the meantime, the CBJ will adjust its information system to more efficiently receive and process the new data for enhanced risk management.

Annex III. Table 1. Jordan: Key Actions Supported by Development Partners

Key Challenges	Reform Areas Not Included in RSF Conditionality	Diagnostic Reference	DP Involvement
Water Sector	Increasing water supply via AAC project.	Water Sector Financial Sustainability Roadmap	The WB has been providing financial assistance and technical expertise to support the AAC project.
Renewable Electricity	Expanding solar and wind energy supply.	Jordan Energy Strategy (2020–30)	The IFC has been supporting the development of several solar and wind projects.
Energy Efficiency	Strengthening the Renewable Energy and Energy Efficiency Fund (JREEEF) efforts to implement energy efficiency technologies.	Jordan Energy Strategy (2020–30)	EU is providing finance and expertise that enable JREEEF to scale up renewable-energy and energy-efficiency projects.
	Reform the building certification system by introducing (binding) energy efficiency standards	Jordan Energy Strategy (2020–30) and The Third National Energy Efficiency Action Plan (NEEAP)	The WB, GIZ and KfW are key in supporting Jordan's energy efficiency initiatives, specifically in public buildings.
Green Finance	Developing and adopting National Green Taxonomy.	CBJ Green Financing Strategy (2023–28)	The WB is providing TA to CBJ on the taxonomy.

Annex IV. Strengthening Pandemic Preparedness in Jordan

1. As in other countries, the COVID-19 pandemic highlighted gaps in Jordan's pandemic preparedness in Jordan. Jordan has made significant strides in increasing the values of average life expectancy at birth, reducing child and maternal mortality, reducing the spread of infectious diseases such as malaria, tuberculosis, and eradicating polio. Nonetheless, Jordan has shown a mixed performance in pandemic preparedness and resilience of the healthcare system, including in the 2016 Joint External Evaluation (WHO 2016), the 2019 and 2021 Global Health Security Index, and in-depth review of Health Emergency Preparedness and Response by the World Bank post-COVID-19 (World Bank 2023). The overall response to the COVID-19 pandemic was effective and well-executed, nonetheless, specific issues were identified, including reliance on one-off emergency orders to clarify coordination and to expedite procurement and access of financing; disruptions to access to primary healthcare—several critical national healthcare programs were affected such as the national vaccination program and appointments for patients with chronic diseases were delayed. Going forward, building a strong and effective pandemic preparedness system requires, *inter alia*, coordination and financing responses that are developed and codified ahead of time and an efficient and emergency-ready healthcare system as an anchor.

2. The authorities are committed to addressing issues that were highlighted during COVID-19. Since the COVID-19 pandemic, Jordan Ministry of Health (MOH) has further strengthened its internal crisis management function, and updated emergency response protocols at hospitals and other medical centers. The authorities have also submitted an application to the Pandemic Fund to seek financing support for their policy actions on strengthening Jordan's pandemic preparedness. In line with the authorities' universal healthcare roadmap, the development of an emergency-ready healthcare system will ensure continuity of essential medical services during a public health emergency.

3. An RSF-supported program will support the authorities' efforts and agenda to strengthen pandemic preparedness. The World Bank's Pandemic Preparedness and Health System Resilience Assessment report highlighted the need to (i) clarify the roles and responsibilities for contingency appropriations earmarked for emergencies and financing arrangements for surge capacity during emergencies; (ii) strengthen governance and institutional arrangements and systems through which actors are held accountable for decisions and policies related to emergency response; (iii) further develop public health functions and resilience, which include expanding epidemiological surveillance capacity, strengthening protocols for infection prevention, fortifying early warning systems, and developing health service delivery system that is emergency ready; (iv) further developing health information and data systems and reporting on spending. The reform measures under the RSF-supported program aim to support the authorities' policy actions on the first three areas on institutionalizing coordination among stakeholders, strengthening contingency appropriations and governance over emergency spending, and supporting the development of emergency-ready health system to ensure continuity of healthcare, which have been considered a critical and cost-effective investment in enhancing pandemic preparedness by both the World Bank and WHO. These RMs are monitorable by the IMF. Development partners are also supporting the authorities in their efforts and the key actions are summarized in Annex IV Table 1. Under the RSF arrangement, the government will:

- *Adopt instructions mandating the implementation of the emergency-ready health benefit package.* Essential medical services at the healthcare centers were interrupted during COVID-19 pandemic, resulting in over-crowded hospitals, uneven use of medical services (including unnecessary spending). As part of the broader national work toward enhancing pandemic prevention, preparedness and response, this reform will ensure an accessible and emergency-ready healthcare system for the continuity of essential medical services during public health emergencies. These instructions will support the implementation of the UHC and National Health Security Roadmaps, provide the policy and service delivery frameworks for enabling emergency-ready healthcare system and also define a minimum set of health services during public health emergencies. The implementation will be supported by the WHO.

- *Identify financing sources for future public health emergencies.* A framework should be established and adopted to clearly identify potential financing sources for future public health emergencies (including the use of contingency funds, re-prioritizing existing spending, and the use of alternative financing and funding instruments), in line with the Fund recommendations. The framework can be formalized through the issuance of an addendum to the Budget Manual and should include clear health emergency triggers for accessing emergency financing sources at the MOF.[1] The framework should have clear rules on usage, replenishment, oversight, accountability and transparency. It should be based on: (i) an assessment of potential scenarios of the fiscal impact of public health emergencies of different sizes, which can be useful in informing the design of the framework; (ii) Jordan's past experiences of financing emergencies.

- *Develop and institutionalize a pandemic preparedness and response coordination framework.* Since the COVID-19 pandemic, Jordan government has been strengthening its pandemic preparedness and response coordination and collaboration. In November 2020, the Jordan Center for Disease Control (JCDC) was established, with the aim of enhancing national capabilities in dealing with disease prevention and control and managing the coordination among all concerned authorities in this regard. Nonetheless, JCDC is still at its nascent years and more work needs to be done to clearly delineate the roles and responsibilities of pandemic response across government entities, including MOH, JCDC, and other relevant entities. Governance and accountability, and coordination of resourcing and purchasing (as applicable), should also be clarified in the framework.

- *Adopt procedures for monitoring and reporting of public spending on health emergencies,* to enable monitoring of emergency spending to support prioritization of such spending during a pandemic and increase the reporting and transparency of information on public spending on health emergencies. This will be guided by the 2023 International Health Regulations Benchmarks (WHO 2023) which entails establishing a system for accountability of the distribution and use of

[1] World Bank (2023) notes that there is a need to establish a set of indicators that qualify health shocks as emergencies and pre specified triggers set for the release of funds.

emergency funds for health emergencies and publishing information documenting transparency in expenditure and program impacts towards protecting health. Tracking public health emergency related spending can be done through the use of the country's Financial Management Information System, and the results should inform the allocation decision-making process during a pandemic to optimize the use of limited resources. This will be comprehensive of government emergency spending and will include other extra—budgetary (including non-government financing in this fund) based on the guidelines of the WHO and IMF as relevant. Guidelines for both summary and comprehensive reporting on the use of health emergency spending should also be codified to support transparency and accountability.

Annex IV. Table 1. Jordan: Development Partner Efforts

Key Challenges	Reform Areas Not Included in RSF Conditionality	Diagnostic Reference	DP Involvement
Pandemic Preparedness	Building the core elements of the roll-out of a roadmap to Universal Health Coverage and expansion of Primary Health Coverage.	Jordan Pandemic Preparedness and Health System Resilience report (WB 2023)	The WHO is providing technical support on the roll-out of universal health coverage.
	Developing a National Health Information System and improving telemedicine.	Jordan Pandemic Preparedness and Health System Resilience report (WB 2023)	The WB is providing funding and technical support.
	Improving the surveillance system, including the laboratory system through a successful Pandemic Fund application for surveillance system improvements.	Jordan Pandemic Preparedness and Health System Resilience report (WB 2023)	The WHO is engaged in improving the surveillance system.

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Appendix I. Letter of Intent

Amman, Jordan
June 4, 2025

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, D.C., 20431
U.S.A.

Dear Ms. Georgieva:

In January 2024, the International Monetary Fund (IMF) approved an arrangement under its Extended Fund Facility (EFF) for Jordan, to support our economic policies, strengthen Jordan's resilience in the face of worsening global and regional challenges, and to alleviate structural impediments to growth and job creation. The second review under this EFF arrangement was successfully completed in December 2024.

Our economic program under the EFF arrangement remains firmly on track. This despite the continuing external headwinds, as regional conflicts remain unresolved and with growing uncertainty about the direction of global economic policies and their impact on global trade and growth. Jordan's economy has continued to show resilience in the face of these headwinds, reflecting our firm resolve to maintain sound macro-economic policies and advance structural reforms. We remain fully committed to the policies set out in the Memorandum of Economic and Financial Policies (MEFP) attached to our Letter of Intent of November 24, 2024, as augmented in the MEFP attached to this Letter.

The spillovers from the wars in Gaza and Lebanon, which inflicted immense suffering on their populations, trade route disruptions through Bab Al-Mandeb, and the broader regional and geopolitical tensions adversely affected economic activity in Jordan in 2024 and with that our government finances. Thus, economic growth slowed to 2.5 percent in 2024, somewhat better than projected earlier but down from a growth rate of 2.9 percent in 2023. Our current account deficit widened to 5.9 percent of GDP, in part reflecting lower tourism receipts, while gross international reserves exceeded US$20 billion. Inflation remained below 2 percent, shielding Jordan's population from the cost-of-living increases experienced elsewhere, owing to the Central Bank of Jordan's (CBJ) firm commitment to monetary stability, with the CBJ adjusting its policy rates in tandem with those of the U.S. Federal Reserve to safeguard the peg and preserve confidence. Meanwhile, the banking sector remains healthy and well capitalized.

Confronted with the revenue shortfall, the government took strong measures to contain the 2024 budget deficit, by raising additional revenues and curtailing spending. Thus, we were able to contain the central government primary deficit (excluding grants and transfers to public utilities) to 2.8 percent of GDP, in line with the fiscal targets set at the time of the second review. Together with progress in limiting the operational losses of the utility companies, we were able to contain the combined public deficit to 4.5 percent of GDP. With the continued surpluses of our social security system, we managed to increase the general government primary surplus (including grants) by almost ½ percentage point of GDP, to 0.9 percent of GDP, slightly better than anticipated, and to contain public debt at just over 90 percent of GDP by the end of 2024.

With these policies, we have met all commitments for the third review under the EFF arrangement. We met all end-December 2024 performance criteria and all end-December 2024 indicative targets, as well as most indicative targets for end-March 2025, as detailed in Table 1 of the attached MEFP. We have also met three out of four structural benchmarks that had been set for the third review and are making progress in addressing the underlying causes of arrears stemming from health exemptions, as described in more detail in the attached MEFP and reflected also in Table 2.

Looking ahead, as regional conflicts ease, domestic demand and tourism show signs of recovery, and also owing to our continued efforts to diversify our sources of growth and attract more investment, we expect Jordan's pace of growth to pick up to 2.7 percent in 2025, despite the lingering impact of the regional conflicts on Jordan's economy lingers and the high uncertainty stemming from shifts in economic policies of major economies. We expect that the current account deficit will remain limited to 5.5 percent of GDP, with higher imports and possible adverse effects on exports from higher trade barriers offset by recovering tourism receipts. Inflation is expected to remain low, at just over 2 percent, as the CBJ's policies will continue to be aimed at preserving monetary and financial stability, underpinned by its firm commitment to the exchange rate peg to the US dollar. The CBJ will remain vigilant to changes in global financial conditions and stands ready to undertake policy adjustments as needed to safeguard monetary and financial stability.

Moreover, we will continue with the gradual fiscal consolidation that we had started in 2021 in a progressive and equitable manner and will continue to improve the financial sustainability of our public utilities. Our goal remains to reduce public debt to below 80 percent of GDP by 2028. Parliament approved a central government budget for 2025, consistent with reducing the central government primary deficit (excluding grants and transfers to the public utilities) to 2.0 percent of GDP, while making room for targeted support for vulnerable households and public investment. Moreover, as measures to improve the financial position of our utility companies continue to yield results, we expect to achieve a reduction in the combined public primary deficit by about 1 percent of GDP to 3.6 percent of GDP, and to realize an overall general government primary surplus (including grants) of 1.7 percent of GDP, thus reducing public debt to 89.7 percent of GDP by end-2025. We remain committed to further increase revenue mobilization in the coming years to ensure fiscal sustainability and to achieve our debt reduction target, while continuing to make further room to support growth and vulnerable households.

We continue to advance structural reforms to create a more dynamic private sector that can generate stronger growth and create more jobs, as outlined also in our Economic Modernization Vision. Importantly, we have submitted amendments to several key laws to Parliament well ahead of schedule. These laws include the Labor Law, with the amendments aimed at enhancing labor market flexibility and female labor participation; the Social Security Law, to strengthen unemployment insurance and harmonizing benefits between men and women; and the Competition Law, to improve the independence and effectiveness of our competition authority. We will exert every effort with Parliament so that the provisions in these laws will allow us to meet our reform program objectives. We are also taking further steps to improve the business environment. We have already reduced to costs of and streamlined the processes for obtaining work permits for high-skilled non-Jordanians and will further streamline licensing requirements within a broader initiative to enhance the business environment. We are also taking additional steps to further improve the finances of the public utilities, including by enhancing the transparency of the water sector companies and strengthening the monitoring and management of electricity demand and supply.

In this period of continuing headwinds and high uncertainty, strong and timely international support remains of critical importance to meet Jordan's financing needs. Continued support is also needed to help us continue to shoulder the burden of hosting a large number of Syrian and other refugees, as only a limited number of refugees are expected to return in the near future. We remain committed to their voluntary and safe return and are working closely with UNHCR to facilitate this.

In view of our continued strong program performance and policy commitments, we request the completion of the third review under the extended arrangement and approval to make a purchase in the amount of SDR 97.784 million. We also request modification of the end-June 2025 performance criteria for the central government primary balance (excluding grants and transfers to public utilities) and the combined public balance, to reflect changes in the central government budget's cash flow within the year, as well as the end-December 2025 performance criterion on the CBJ's net international reserves, to reflect the stronger performance so far, while leaving room to address shocks, as presented in Table 1 of the attached MEFP. We believe that the policies as set forth in the MEFP attached to our Letter of November 24, 2024 and as augmented in the attached MEFP remain adequate to achieve the objectives of our program, but we stand ready to take further measures that may become necessary for this purpose. We will consult with the IMF on the adoption of these measures, and in advance of revisions to the policies contained in this Letter and the attached MEFP, as well as in the MEFP attached to our letter of November 24, 2024, in accordance with the IMF's policies on such consultations. The implementation of our program will continue to be monitored through semi-annual quantitative performance criteria, structural benchmarks, and quarterly indicative targets as set forth in Tables 1 and 2 of the attached MEFP and defined in the attached Technical Memorandum of Understanding (TMU). We will provide the IMF with the data and information necessary to monitor performance under the program as specified in the attached TMU. We expect the fourth review under the extended arrangement to be completed on or after October 1, 2025, and the fifth review on or after April 1, 2026.

We also request an arrangement under the Resilience and Sustainability Facility (RSF), in support of our policies to address long-term vulnerabilities in the water and electricity sectors and to enhance our ability to address health emergencies, including future pandemics. Our policies are focused on: (i) enhancing energy efficiency and resilience, increasing the share of renewable energy in power generation, and improving the energy sector's financial sustainability; (ii) improving water management and the water sector's financial sustainability; (iii) strengthening fiscal and financial sector resilience; and (iv) enhancing pandemic preparedness and, more broadly, our readiness to tackle future health emergencies. These policies and the specific reform measures (RMs) are outlined in more detail in the attached MEFP. They have been developed in close consultation with the IMF, the World Bank, and the World Health Organization, as well as other development partners. The RSF arrangement will run concurrent with the EFF arrangement and will be monitored through implementation of RMs, as described in the attached MEFP. Considering the depth and ambition of the RMs, we request access of SDR 514.65 million, equivalent to 150 percent of quota. We plan to use the RSF resources for budget support.

We authorize the IMF to publish this Letter of Intent and its attachments, as well as the accompanying staff report.

Sincerely,

/s/	/s/	/s/
Abdelhakim Shibli Minister of Finance	Zeina Toukan Minister of Planning and International Cooperation	Adel Al-Sharkas Governor of the Central Bank

Attachments:

I. Memorandum of Economic and Financial Policies

II. Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

CONTEXT

1. **Jordan continues to show resilience and maintains macro-economic stability, despite considerable external headwinds and heightened uncertainty.** The prolonged conflicts in Gaza and Lebanon have had significant spillover effects on our economy, holding back growth in 2024 and slowing progress in fiscal consolidation. Recent ceasefire agreements and the formation of new governments in Lebanon and Syria give rise to cautious optimism, but global uncertainty has increased. Despite these challenges, thanks to our steady pursuit of sound macro-economic policies and international support, Jordan's economy continues to grow, with growth starting to recover in the second half of 2024 and reaching 2.5 percent for the year. Growth is projected to reach 2.7 percent in 2025, as domestic activity and tourism are recovering, and thanks also to increased investment inflows. Inflation is expected to remain low, at just over 2 percent, as the CBJ's policies remain aimed at safeguarding monetary and financial stability. Barring additional shocks, we expect that growth will pick up pace further in the coming years, to over 3 percent, fueled by several large investment projects, including the Aqaba Amman Conveyor (AAC) project, while deeper regional economic integration, notably with Syria, Lebanon, and Iraq, could further enhance growth prospects.

2. **We will continue to pursue sound macro-economic policies and advance structural reforms, as envisaged in our Economic Modernization Vision, to safeguard macro-economic stability and to set the stage for stronger and sustainable growth.** Notably in this period of heightened uncertainty, we will continue to rebuild fiscal buffers, while creating space to support growth and vulnerable households, and further build reserve buffers, while maintaining monetary and financial stability. Moreover, we will advance and deepen structural reforms that help further strengthen Jordan's resilience and create a more dynamic private sector that can facilitate stronger and sustainable growth and generate more jobs, needed to reduce the still high unemployment rate of about 21 percent.

3. **Our performance under the IMF-supported program remains strong, despite the challenging external environment, and all key commitments for the third review have been met.** We met all end-December 2024 quantitative performance criteria (PCs), for the primary fiscal deficit of the central government, the combined public deficit, the CBJ's net international reserves (NIR), and the non-incurrence of external debt service arrears (Table 1). Similarly, all indicative targets (IT) for end-December 2024 were also observed, while most ITs for end-March 2025 were also met. We have also met three structural benchmarks (SBs) set for this review and are making progress towards implementing the remaining SB due by May 2025, as well as future SBs (Table 2).

POLICIES FOR SAFEGUARDING MACROECONOMIC STABILITY AND BOOSTING GROWTH

Fiscal Policy and Structural Fiscal Reforms

4. We remain committed to our fiscal policy anchor of placing public debt on steady downward path, to below 80 percent of GDP by 2028. To achieve this, and to cement the progress made in the last few years, we are committed to further efforts at mobilizing revenues, improving spending efficiency, and ensuring the financial viability and efficiency of our public utilities and the Social Security Corporation (SSC). We are committed to a continued steady fiscal consolidation in 2025–28, with an average annual fiscal adjustment of about 1 percent of GDP. To this effect, Parliament adopted a central government budget for 2025 that limits the general government primary deficit (excluding grants and transfers to public utilities) to JD 812 million, equivalent to 2 percent of GDP. This is backed by the full year effect of the revenue measures taken in the fall of 2024, notably raising the taxation of electric vehicles and e-cigarettes, and further tax administration efforts (see below), also creating room for higher capital and social spending. With continued efforts to reduce the losses of the public utilities, we will reduce the combined public deficit to JD 1,438 million, or 3.6 percent of GDP, in 2025. We will continue to refrain from reallocating capital spending to current spending. We will use any overperformance in revenue collection to pay off more expensive debt or increase capital spending and will use additional grants to replace more expensive sources of financing. We will continue to ensure that prices of fuel derivatives are adjusted in line with international market prices. Should downside risks to the budget materialize, we will take the necessary contingency measures to achieve these fiscal targets, including by raising additional revenues and reducing non-priority spending.

5. We recognize the critical need to accelerate revenue mobilization to achieve our fiscal objectives. Thus, we are conducting a comprehensive assessment of our current tax system, with support from the IMF's Fiscal Affairs Department, to identify opportunities for broadening the tax base and addressing tax gaps. Based on this, we are developing and will adopt a Medium-Term Revenue Strategy (MTRS) consistent with our fiscal objectives (*SB for September 2025*), designed with the assistance of the IMF's Fiscal Affairs Department. In addition, we are continuing to improve our revenue administration, notably by increasing compliance, including through the increasing digitalization of taxpayer services and improving data collection and analysis. The Income and Sales Tax Department (ISTD) has mandated e-invoicing for 100 percent of sales transactions and issued regulations requiring e-invoices for all expenses reported in tax declarations (*met SB for March 2025*). This enhances monitoring of economic activities, addresses under-invoicing, and strengthens the audit function of the sales-tax framework. We are now working to increase synergies between e-invoicing and e-audits and to improve analytics for improved risk-based compliance risks management, while we will also establish a dedicated unit within the ISTD to conduct risk-based tax audits. To leverage digital solutions, we are also upgrading ISTD's IT infrastructure, including by implementing a new Integrated Tax Administration System (ITAS). Currently, procurement of ITAS is in the pre-qualification stage, and we expect to finalize the process by December 2025. ISTD is also expanding the application of the new transfer pricing rules, already applied to multinationals and related parties and to medium-sized enterprises, but also extending to related parties as phase III of the roll out, by September 2025. The amendments to the Customs Law, which enable the implementation of a new Post-Clearance Audit (PCA) regime and ensure data sharing between Customs and ISTD, were adopted by Parliament in April and is expected to come into effect by July 2025.

6. We are conducting an actuarial review of the Social Security Corporation (SSC), with support from the ILO and the World Bank. Based on this review, we are developing a set of parametric reforms, with assistance from the IMF, the World Bank, and the ILO, to ensure the SSC's long-term financial viability, while ensuring adequate retirement benefits, including by strengthening incentives for contributing to the system. We expect to develop an initial set of reform proposals by the end of 2025.

7. We continue to improve our public financial management. Acknowledging the fiscal risks that state-owned enterprises (SOEs) can present to public finances and reflecting the recommendations of the IMF's Fiscal Affairs Department, we will adopt and publish an SOE ownership policy and assign monitoring and overseeing performance and risks in the SOE portfolio to the Fiscal Commitments and Contingent Liabilities (FCCL) unit in the Ministry of Finance (MOF) (*SB for March 2026*). We will require the submission of annual audited statements to the FCCL unit. We have established a centralized database of all PPP contracts concluded since the 2020 PPP law came into effect, with analytical tools, to enhance our fiscal risk analysis by identifying critical risk factors and generating actionable insights. We will continue to strengthen public procurement and aim to complete rolling out JONEPS for all ministries and government entities by June 2026. The first phase of the integration of JONEPS and the Government Financial Management System (GFMIS) has been completed and the full integration will be completed by end-December 2025. The Government Procurement Department has been working closely with municipalities, including GAM, on the implementation and use of JONEPS including by training key users that will work with various municipalities. To stem the emergence of health sector arrears, we will sign a cancer insurance agreement with the King Hussein Cancer Center, with the aim to cover the treatment of Jordan's cancer patients. The cost of this insurance will be financed from several budget lines, including the allocations of MOF and the Ministry of Health (MOH), and will be deficit neutral. The agreement will include a clause to redeem existing arrears over an eight-year period. This agreement will eliminate the distortions in the current system, including the occurrence of unbudgeted exemptions, and will bring savings in the medium term.

Monetary and Financial Policies

8. The CBJ's policies will continue to be aimed at preserving monetary and financial stability. Monetary policy will continue to be underpinned by the CBJ's firm commitment to the exchange rate peg to the US dollar. The peg has served our economy well by providing a credible nominal anchor of monetary and financial stability and confidence in the national currency is strong. The CBJ will continue to adjust its policy rates in parallel with the policy rate adjustments by the U.S. Federal reserves, and the CBJ stands ready to undertake policy adjustments as needed to safeguard monetary and financial stability and to continue to strengthen reserves buffers, such that they remain above 100 percent of the IMF's Assessing Reserve Adequacy (ARA) metric. The CBJ will gradually reduce the concessionality of its remaining preferential lending scheme, initially with an increase of 50 basis points of the interest rate on new loans issued under the scheme, as soon as global market volatility reduces. We will not introduce or intensify restrictions on payments and transfers for current international transactions, introduce or modify multiple currency practices, enter into bilateral payment agreements that are inconsistent with Article VIII of the IMF Articles of Agreement, and/or introduce or intensify import restrictions for balance of payments purposes.

9. Building on ongoing progress, we will further enhance the resilience of the financial sector in line with the recommendations of the Financial System Stability Assessment (FSSA), by continuing to strengthen systemic risk analysis, financial sector oversight, and crisis management. Jordan's banking system remains liquid and well-capitalized. Banks are assessed to be well-placed to withstand further shocks, given high levels of system wide regulatory capital and robust earnings. The system-wide capital adequacy ratio stood at 18 percent at end 2024, well above the CBJ regulatory minimum of 12 percent. Non-performing loans increased slightly by half a percentage point to 5.6 percent, reflecting the reclassification of some loans, as well as the impact of the conflict. The provisions for non-performing loans (coverage ratio) stood at 74.5 percent as of end 2024, compared to 75.6 percent at end 2023. The CBJ has maintained stringent provisioning standards, in line with IFRS9's forward-looking expected loss approach. The CBJ will continue to strengthen financial oversight by: (i) introducing Pillar 2 risk assessment methodologies to make capital assessments more sensitive to individual banks' risk profiles (*SB for November 2025*); (ii) aligning prudential requirements for concentration risk and related party exposure with BCPs (*SB for November 2026*); (iii) designing and operationalizing procedures for the compensation of depositors together with JODIC (*SB for November 2026*); (iv) reviewing and updating outdated or misaligned regulations related to credit risk to strengthen credit risk supervision (*new SB for November 2027*); and developing resolution plan for major cross border D-SIB. The CBJ is in the process of establishing a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks of the Real Time Gross Settlements system-Jordan (RTGS-JO) by March 2026. The CBJ has collected and will continue to collect additional data for more comprehensive and thorough financial stability analyses. We will continue to enhance the effectiveness of the AML/CFT framework, including by strengthening risk-based AML/CFT supervision, and increasing international cooperation.

Electricity and Water Sector Reforms

10. We are making good progress in improving service delivery and reducing losses in the electricity sector. We are gradually rolling out time-of-use (ToU) tariffs to reduce peak demand and thus reduce the need to utilize more costly conventional generation capacity. Following the first round of the roll-out of ToU tariffs for electric vehicles, telecommunication and industrial sectors, capturing over 15 percent of total electricity consumption, we further rolled out the application of ToU tariffs to capture at least 30 percent of total electricity consumption, effective January 1, 2025 (*met SB for January 2025*). We will complete the installation of smart meters for the residential sector by end-2025 (*SB for June 2026*) and apply ToU tariffs to all sectors, including the residential sector, by September 2026 (*SB for September 2026)*.

11. We will limit NEPCO's losses to JD 435 million (1.1 percent of GDP) in 2025 and are committed to implement measures to durably reduce NEPCO's operational losses in the coming years. In line with the Cabinet-approved roadmap for electricity sector cost reduction and efficiency improvement to ensure NEPCO's long term financial viability, which builds on the set of cost-cutting and revenue enhancing measures adopted by the Cabinet in late 2022, we will work to: (i) to optimize conventional and renewable power purchase agreements (PPAs); (ii) reduce operational and technical losses in the distribution companies until these achieve a target of 9 percent losses, thus allowing NEPCO to adjust its bulk tariffs accordingly. We are also facilitating an increase in renewable energy generation, notably for the water sector by approving permits for renewable energy and energy efficiency projects, within grid capacity constraints, while immediately approving all renewable off-grid energy and storage projects for the water sector. We will furthermore award a contract, on mutually acceptable technical and financial terms, to establish an Automated Energy Control Center (AECC) to enhance and improve its capacity to monitor and manage renewable energy connected to the electrical system, including the transmission and distribution networks and grid stability, in collaboration with Energy and Minerals Regulatory Commission (EMRC) and distribution companies (*new SB for September 2026*). The AECC will serve as a centralized digital platform that uses data from the national smart meter rollout to help NEPCO track and respond to fluctuations in peak load demand, integrate distributed energy resources and improve monitoring of the overall grid.

12. We are also making good progress in advancing reforms in the water sector, to meet Jordan's demand for water in a financial and environmentally sustainable manner. We have made solid progress in the implementation of our National Water Strategy (NWS), which is in line with the Cabinet-approved Financial Sustainability Roadmap (FSR). We have reduced non-revenue water (NRW) from a level of 50 percent in 2022 to 45 percent by end 2024, and we will continue to reduce NRW by 2 percent per year, to 37 percent and 25 percent by 2030 and 2040, respectively. The second water tariff increase was implemented in December 2024, with a commitment to further annual average increases of 4.6 percent. We will limit the consolidated water sectors' operational losses to JD 182 million (0.6 percent of GDP) in 2025. In accordance with the FSR, we will continue to optimize operating and maintenance costs, increase the energy efficiency, reduce NRW and ensure that revenues are sufficient to achieve full cost recovery of water and wastewater services' operations and maintenance (including operations and maintenance of build-operate-and-transfer (BOT) projects) by the time the AAC project is operational; and also covering the build-operate-and-transfer capital charges by 2042. We are aiming for financial closure of the AAC project by the end of 2025 and for the project to come online by 2030. Once we have established the unit costs for the AAC project we will update the FSR to ensure the achievement of the cost recovery objectives (see below in the section on RSF reforms). We remain committed to clearing water sector arrears, including through timely cash transfers from MOF to WAJ. To support this effort, we will publish audited financial statements for each of the water companies (Miyahuna, Yarmouk and Aqaba) for the financial year

2024 (*new SB for September 2025*), and we will continue with the publication of audited financial statements on an annual basis.

Structural Policies to Promote Jobs and Growth

13. We will continue to advance and deepen structural reforms to strengthen Jordan's economic resilience and achieve stronger and sustainable growth in accordance with our Economic Modernization Vision. As part of our Public Sector Modernization Roadmap, we are implementing a job description and performance-based salary-setting mechanism for all Category 1 civil service employees that is based on position qualifications, competencies, and merit (*met SB for December 2024*). We rolled out the performance-based promotion mechanism to cover all civil servants in March 2025. We have submitted to Parliament, ahead of schedule: (i) amendments to the Competition Law, which will enhance the independence and effectiveness of our competition authority (*met SB for September 2025*); (ii) amendments to the Labor Law that reduce distortions and enhance labor market flexibility and female labor participation (*met SB for September 2025*); and amendments to the Social Security Law that strengthen unemployment insurance, better facilitate flexible work arrangements, and reduce benefit inequality between men and women in an actuarily neutral way (*met SB for September 2025*). In the coming months, we will exert every effort by working with all stakeholders so that the laws passed by Parliament remain consistent with these policy objectives. We will also work to develop the necessary by-laws and regulations consistent with the laws' objectives. We had requested a legal interpretation of Article 157 and any other related articles of the Companies Law related to the liability of owners of limited liability companies in the case of errors in management from the Special Bureau for Interpreting Laws to clarify provisions, such that their liability is in line with international best practices. We expect that the interpretation will be issued soon. As part of our efforts to streamline the procedures for issuing work permits and reducing their costs, we have amended work permit regulations for skilled non-Jordanians by limiting the approval time to a maximum of 15 working days and reducing the fee to JD 1,500 per year. Moreover, we have adopted a national plan that aims at enhancing business related services, including the development of a unified portal for businesses, processes re-engineering reforms, and a plan to abolish, simplify and digitize sectoral licenses, within the coming two years. We will start by streamlining three food-related licenses under the JFDA, to be completed by October 2025. We will also ensure that the approval time for license applications will not exceed 30 days. We have also adopted a roadmap to enhance competition in the fuel derivatives sector and will adopt a similar roadmap for the lane transport sector, based on the reviews conducted by the Competition Directorate, with support from the World Bank. As part of this, for the fuel derivative sector, we will streamline the license renewal process; review instructions related to the storage and distribution of LPG cylinders; issue a license for a new company to operate in LPG cylinder filling; and strengthen EMRC capacities in terms of competition practices and assessments, including the revision of all relevant regulations that affects the sector's market conditions. We furthermore aim to digitalize 80 percent of automatable government services by end-2025 in line with the Public Sector Modernization Roadmap (*revised SB for December 2025*).

Table 1. Jordan: Quantitative Performance Criteria and Indicative Targets Under the 2024 EFF Arrangement 1/

	Dec-24				Mar-25				Jun-25		Sep-25		Dec-25		Mar-26	Jun-26
	PC	Adjusted	Actual		IT	Adjusted	Actual		PC	Proposed revised PC	IT	Proposed revised IT	PC	Proposed revised PC	Proposed IT	Proposed PC
								(In JD millions, unless specified otherwise)								
Performance Criteria																
Primary fiscal deficit of central government, excluding grants and net transfers to NEPCO and WAJ (flow, cumulative ceiling)	1,100		1,065	Met	300	318	275	Met	450	550	560	660	812		142	213
Combined public deficit (flow, cumulative ceiling)	1,808		1,682	Met	410	428	383	Met	715	830	1,010	1,110	1,438		271	473
Net International Reserves of the Central Bank of Jordan in USD million (stock, floor)	14,800	15,268	16,374	Met	14,600	14,635	16,474	Met	14,400		14,100	14,445	14,900	15,245	16,153	16,554
Ceiling on accumulation of external debt service arrears 1/	0		0	Met	0		0	Met	0		0		0		0	0
Indicative Targets																
Social spending by the central government (flow, cumulative floor)	1,038		1,172	Met	240		268	Met	530		820		1,142		293	587
Public debt (stock, ceiling) 2/	34,188		34,178	Met	34,550		35,079	Not Met	35,200	35,500	35,200	35,650	35,800		36,100	36,385
Domestic payment arrears of NEPCO (stock, ceiling) 3/	95		94	Met	90		85	Met	80		70		60		50	40
Domestic payment arrears of WAJ (stock, ceiling) 4/	6		0	Met	0		0	Met	0		0		0		0	0
Domestic payment arrears of Aqaba, Miyahuna and Yarmouk Distribution Companies (stock, ceiling) 5/	20		0	Met	0		21.6	Not Met	0		0		0		0	0
Net Domestic Assets of the Central Bank of Jordan (stock, ceiling)	425	93	-2,191	Met	2,270	2,296	263	Met	1,456		1,850	1,850	400	155	1,355	1,895
Memorandum items for adjustors																
Foreign budgetary grants received by the central government (flow)	708		719		40		3.4		70	40	350		735		4	20
Foreign budgetary grants and loans received by the Central Bank of Jordan (USD millions, flow, cumulative from beginning of year)	2,759		3,674		50		329		420		541		2,585	3,119	71	292
Programmed stock of the combined health and energy arrears	70		68		65		63		60		55		50		45	40
Domestic payment arrears of WAJ and water distribution companies	26		0		0		22		0		0		0		0	0

1/ Continuous performance criterion.

2/ Public debt includes central government debt (including off-budget project loans) and government-guarantees to NEPCO, WAJ, and other public entities, net of SSC's holdings of government debt.

3/ Arrears owed by NEPCO only, to all entities. Excludes debt to the central government, which is not expected to be repaid, with central government having assumed the costs.

4/ Arrears owed by WAJ only, to all entities. Excludes advances from Central Government for which WAJ does not pay interest and that do not have established maturity.

5/ Arrears owed by Aqaba, Miyahuna and Yarmouk distribution companies only, to all entities. Excludes advances from central government for which Aqaba, Miyahuna and Yarmouk distribution companies do not pay interest and that do not have established maturity.

Table 2. Jordan: Status of Structural Conditionality

No.	Measure	Time Frame (by end-period)	Status	Macroeconomic Rationale
I. Structural Benchmarks for the Second Review				
1	The CBJ to align prudential requirements on asset classification with Basel Core Principles and guidance.	June 2024	Met	Safeguarding financial stability
2	Apply time-of-use tariffs to capture at least 15 percent of total electricity consumption.	July 2024	Met	Improving financial viability of the electricity sector
3	ISTD and Customs Administration to enter into a data sharing agreement.	September 2024	Met	Improving tax compliance
4	Facilitate expedited and predictable goods clearance for both exports and imports, including through the mandatory use of the digital licensing hub platform for the 5 largest control entities (JSMO, Ministry of Environment, JFDA, Ministry of Agriculture, Customs).	September 2024	Met	Improving tax compliance and the business environment
5	Issue a project management circular to ensure that all capital projects included in the 2025 budget are approved by PIM and registered in the NRIP.	September 2024	Met	Strengthening public investment management
6	Introduce and apply an economically efficient tariff design for access to, usage of, and selling electricity to the power grid for new self-generators, by switching from net metering to net billing.	September 2024	Met	Improving financial viability of the electricity sector
7	Abolish licensing requirements for libraries, cultural and sport activities, and streamline licensing requirements for private schools, kindergartens, and the food sector.	September 2024	Met	Improving the business environment
8	Cabinet to adopt an implementation roadmap for electricity sector cost reduction and efficiency improvement to ensure NEPCO's long-term financial viability, while also facilitating a further shift to renewable energy sources and an increase in competition.	October 2024	Met	Improving financial viability of the electricity sector
9	Introduce biochemical markers to diesel.	November 2024	Met	Improving tax compliance
II. Structural Benchmarks for the Third Review				
10	Implement a performance-based salary-setting mechanism for all Category 1 civil service employees that will be based on position qualifications, competencies, and merit.	December 2024	Met	Improving public service efficiency and delivery

Table 2. Jordan: Status of Structural Conditionality (continued)				
No.	**Measure**	**Time Frame (by end-period)**	**Status**	**Macroeconomic Rationale**
11	Apply time-of-use tariffs to capture at least 30 percent of total electricity consumption.	January 2025	Met	Improving financial viability of the electricity sector
12	ISTD to mandate e-invoices for 100 percent of sales transactions by requiring e-invoices for all expenses reported in tax declarations.	March 2025	Met	Improving tax compliance
13	Establish rules for setting prices for medical services provided to people covered by the exemptions consistent with the prices charged to people with medical insurance.	May 2025	Not met; solid progress made	Improving fiscal sustainability
III. Structural Benchmarks with Due Dates After the Third Review				
14	Develop and adopt a Medium-Term Revenue Strategy based on IMF technical assistance and consistent with fiscal objectives.	September 2025		Improving fiscal sustainability
15	Submit amendments to the labor law to parliament to increase labor market flexibility and allow for flexible work arrangements.	September 2025	Met	Enhancing job creation
16	Submit amendments to the social security law to parliament to convert unemployment benefit provision from individual accounts to pooled insurance, to facilitate flexible work arrangements and harmonize benefit rights for males and females in an actuarily neutral way.	September 2025	Met	Enhancing labor market participation and job creation
18	Publish audited financial statements for each of the water companies (Miyahuna, Yarmouk and Aqaba) for the financial year 2024.	September 2025	New	Improving financial transparency
19	Submit legislation to parliament to strengthen the authority of the Competition Directorate and bring its authority, including its mandate and enforcement powers, in line with international best practices.	October 2025	Met	Improving the business environment and enhancing competition
20	The CBJ to introduce Pillar 2 risk assessment methodologies to make capital assessments more sensitive to individual banks' risk profiles.	November 2025		Safeguarding financial stability
21	Complete the digitalization of 80 percent of all automatable government services in line with the Public Sector Modernization Roadmap.	December 2025	Revised; to improve clarity	Improving the business environment and public service delivery
22	Adopt and publish an SOE ownership policy and assign monitoring and overseeing the performance and risks in the SOE portfolio to the FCCL unit in the Ministry of Finance.	March 2026		Strengthening public financial management

Table 2. Jordan: Status of Structural Conditionality (concluded)				
No.	**Measure**	**Time Frame (by end-period)**	**Status**	**Macroeconomic Rationale**
23	Complete the installation of smart meters for the residential sector.	June 2026		Improving financial viability of the electricity sector
24	Apply time-of-use tariffs to cover all sectors, including the residential sector.	September 2026		Improving financial viability of the electricity sector
25	The CBJ to align prudential requirements for concentration risk and related party exposure with Basel Core Principles.	November 2026		Safeguarding financial stability
26	The CBJ to design and operationalize procedures for compensation of depositors, together with JODIC.	November 2026		Safeguarding financial stability
27	NEPCO to award a contract, on mutually acceptable technical and financial terms, to establish an Automated Energy Control Center to enhance and improve its capacity to monitor and manage renewable energy connected to the electrical system, including the transmission and distribution networks and grid stability, in collaboration with EMRC and distribution companies.	September 2026	New	Improving financial viability of the electricity sector
28	The CBJ to review and update outdated or misaligned regulations related to credit risk to strengthen credit risk supervision.	November 2027	New	Safeguarding financial stability

Reforms Under the Resilience and Sustainability Facility

14. We recognize the importance of reducing long-term vulnerabilities in the water and energy sectors for fostering sustainable growth. Jordan is highly susceptible to climate change and adaptation is of critical importance. Water availability lies well below the absolute water scarcity level of 500 m^3 per capita per year, with about 60 m^3 of water available per capita per year, posing a critical threat to Jordan's long-term prosperity. Climate change has caused recurrent droughts, as well as with flash floods that caused fatalities and substantial damage, and adversely affected production. At the same time, Jordan has relied mainly on fossil fuels for electricity generation. Recognizing the importance of diversifying electricity sources and enhancing energy security, we expanded renewable energy (RE) generation capacity over the past two decades, with the share of RE in our total electricity supply increasing from less than 1 percent in 2014 to about 27 percent in 2024. Still, Jordan has some way to go to reach the goal of 30 percent electricity from renewables by 2030.

15. We have made progress in addressing these long-term vulnerabilities and have a strong track record in strategic planning and implementation. We have taken both demand management and supply side actions, including by developing the AAC project, which is of crucial importance to increase our water supply, by desalinating and transferring 300 million m^3 water to the population centers; increasing the re-use of treated wastewater; improvements in the network; and by gradually raising tariffs in an equitable manner. We are also working to improve the electricity sector's financial viability, including by improving energy efficiency, reducing costs, and increasing the share of RE in total generation. The expensive conventional PPAs over the medium- to longer- term will gradually be replaced by cheaper RE, although peak loads will continue to require sizable fossil-fueled generation capacity until RE storage capacity is expanded in a cost-effective manner. The ToU tariffs and accompanying installation of smart meters will help reduce peak demand. Jordan is a low emitter of greenhouse gases (GHG), accounting for less than 0.1 percent of total global GHG emissions. Nonetheless, we are among the first few countries to have ratified the United Nations Framework Convention on Climate Change. Furthermore, we have committed to reducing greenhouse gas emissions by 31 percent against 'business-as-usual' by 2030, of which 5 percent is unconditional and 26 percent conditional on external support, in our updated Nationally Determined Contribution (NDC), adopted in 2021. In this context, we are working on improving climate public investment management and the finance infrastructure to ensure the traceability of climate action strategies, and engrain climate-related risks in budget decisions and management, and in financial sector oversight.

16. Strengthening Jordan's resilience to health emergencies is another priority. While Jordan responded quickly to the COVID-19 pandemic, further measures are needed to strengthen our emergency preparedness, response, and recovery capacity in health systems, based on the lessons learned. We recognize the importance of pursuing a holistic, multi-sector approach in tackling challenges in our current health emergency and pandemic preparedness system and improving health system resilience. More broadly, a shift from expensive hospital care to preventive care will reduce healthcare costs while achieving better outcomes and make the health system more agile and capable to respond to health emergencies. Guided by Jordan's Roadmap to Universal

Health Coverage (UHC) and Health Financing by 2030, we have adopted a primary healthcare (PHC) focused benefit package with the support of the World Health Organization (WHO). These initiatives, which support an emergency-ready healthcare system and enhance access to and the quality of primary healthcare, are consistent with strengthening the resilience of our healthcare system. These initiatives will not only support greater access to preventative care services and support surveillance and infection control, but by moving care to lower cost settings will also help reduce spending pressures on the public sector over time.

17. The RSF-supported program will support advancing our work in bolstering Jordan's resilience to long-term vulnerabilities and health emergencies, including pandemics. Each reform pillar has a set of reform measures (specified below), to be achieved with target dates under this program. It reflects recommendations from the World Bank's CCDR, the World Bank's and the WHO's assessments of Jordan's pandemic preparedness, and various IMF technical assistance reports on public financial management and health care spending, as well as our home-grown strategies for tackling these long-term vulnerabilities in the energy and water sectors and enhancing the emergency-ready healthcare system.

Reform Pillar I: Enhancing Resilience of the Energy and Water Sectors

18. To accelerate our green transition and enhance grid stability, we will expand renewable energy generation and storage capacity. We are updating our National Energy Strategy for the period 2025–30, with a strong focus on supporting renewable energy integration. In this context, to support renewable energy integration, we continue to evaluate multiple technologies, including but not limited to the Mujib hydro-storage facility, under least-cost economic principles and PPP modalities. As part of this effort, we will issue two Requests for Expressions of Interest (EOIs): (1) for a hydro-pumped storage project and (2) for a 200 MW photovoltaic (PV) power plant. In addition, an Expression of Interest for battery storage will be issued, contingent on the findings of the updated Energy Strategy confirming the need for such storage before 2030, with the required MWh capacity to be defined in the strategy. All initiatives will be carried out in accordance with existing legislation to ensure least-cost principles and transparency. Based on the outcome of the EOIs and the updated Energy Strategy, at least one tender, in line with international best practices, will be launched for a pilot storage project with a meaningful capacity of at least 40 MWh to support grid stability and enable greater integration of variable renewable energy sources into the grid before October 2027 (*RM12*). The tender documentation will set out clear technical and financial requirements to ensure bankability, attract private investment, and facilitate knowledge transfer, supporting Jordan's broader transition to a low-carbon and resilient energy sector. Lessons learned from the pilot project will also inform the future scaling-up of storage technologies under the post-2030 Energy Strategy.

19. To support demand-side efficiency and strengthen the electricity sector's financial sustainability, we aim to reduce peak energy demand by completing the rollout of ToU tariffs. To ensure a meaningful demand response, twenty-four months after the rollout of ToU tariffs to sectors capturing at least 30 percent of total electricity consumption, the Ministry of Energy and

Mineral Resources (MEMR) will complete a review of the demand response to assess the effectiveness of the new tariff structure in shifting energy consumption away from peak hours. The review will assess whether there has been a weighted average reduction in peak-time electricity usage, relative to the annual average peak-time usage in the year prior to ToU implementation, while accounting for underlying demand growth (baseline). Based on this analysis, by October 2027, MEMR will begin implementing a time-bound action plan to achieve a meaningful reduction in peak demand to reduce medium-term grid constraints on integrating new renewable energy sources, with agreed recommendations reflected in the MEFP (*RM11*). This plan will include effective and time-bound measures, such as energy efficiency standards, public awareness campaigns, and more dynamic pricing models. It will also propose a revised ToU tariff structure for the broader economy to deliver an economically meaningful reduction in grid congestion and promote renewable energy, while protecting vulnerable groups in consultation with Fund staff. This reform aims to moderate peak demand growth, improve system efficiency, and contain NEPCO's financial losses, with a cumulative reduction target of approximately 300 MWh in peak electricity demand over a three-year period.

20. We continue to pursue a broad set of policies to ensure a sufficient water supply, while ensuring the financial viability of the water sector, in line with our National Water Strategy 2023–2040. The framework for these policies is provided by the Financial Sustainability Roadmap (FSR). By November 2026, the Cabinet will adopt and publish an updated water sector FSR, in consultation with Fund staff and in line with best international practices, which will ensure the financial sustainability of the water sector, as well as adequate and equitable water delivery across Jordan (*RM7*). The new FSR will follow the same approach as the original FSR and will revise all underlying pillars and model assumptions, factoring in the impact of the additional water supply from the AAC and maintaining an annual NRW reduction target of at least 2 percentage points. The FSR will include a policy framework for 2026–2042, with implementation starting in early 2027, to ensure that revenues are sufficient to achieve water and wastewater services operational and maintenance (O&M, including O&M cost of BOT projects) cost recovery by 2032, and to achieve full recovery of both O&M and BOT capital charges by 2042. In doing so, we will also ensure adequate protection of vulnerable groups. Based on the FSR, we will also define cost recovery targets and implementation plans for WAJ, the Jordan Valley Authority, and the water companies, supported by annual and medium-term benchmarks and actions to reduce inter-agency arrears, particularly between bulk suppliers and distributors.

21. To support the FSR and enhance water security, we are further expanding private sector involvement in water companies. These efforts aim to enhance operational efficiency, reduce system losses, and expand the reuse of treated wastewater for agricultural production. We will pursue the engagement of a qualified and cost-effective firm to manage and improve water and wastewater service delivery within YWC's jurisdiction, by concluding a performance-based management contract tender in line with international best practices, with fixed and variable fees linked to jointly agreed annual targets for key performance indicators (KPIs) (*RM1*). The selected firm will be committed to achieve KPIs as outlined in the tender documents. These KPIs include indicators related to annual water sales, non-revenue water, power consumption, operational income, and annual collections ratio.

22. We are also scaling up private sector participation in wastewater management to boost treated wastewater reuse and ease pressure on freshwater resources. By November 2025, we will issue an invitation for Expressions of Interest from private entities to operate and manage our wastewater infrastructure. By May 2027, this will be followed by the launch of competitive and transparent tenders for the operation and management (O&M) of wastewater treatment plants under contracts for a duration of at least five years, with the aim of reaching 35 percent of treated wastewater usage for irrigation relative to freshwater by the end of 2027, and with the tenders covering at least 50 percent of total national treatment capacity, excluding the As-Samra plant (*RM8*), which is the equivalent of 110,000 m^3/day. These measures are in line with the National Water Strategy 2023–2040 and support our target to increase the share of treated wastewater used for irrigation to 45 percent relative to freshwater by 2030.

Reform Pillar II: Strengthening Fiscal and Financial Sector Resilience

23. We are committed to strengthening our Public Financial Management (PFM) to support fiscal sustainability and climate resilience. Strengthening our PFM and Public Investment Management (PIM) processes is important for economic and climate resilience. These systems stand at the forefront of our national response to climate-related risks, enabling us to manage public resources effectively and ensuring that our growth trajectory is both environmentally sustainable and economically sound.

24. We have proactively embedded climate criteria within the National Registry of Investment Projects (NRIP) processes and will enforce the use of these processes for large projects. We will ensure that all capital projects that will be submitted for budget approval are approved by PIM and registered in the NRIP. Moreover, by November 2025, MOF will issue a budget circular referring to the Regulation for the National Register for Government Projects bylaw to ensure that all large projects as defined by this bylaw and selected for the budget comply with the NRIP's newly formulated appraisal and feasibility study guidelines, which include clear climate-related impact and risk criteria, and we will publish a summary of the climate assessment information of the large projects approved by PIM and registered in the NRIP in the 2026 budget documents (*RM2*). This will ensure that such projects do not bypass the rigors of this process and will bolster the alignment of our capital projects portfolio with our strategic priorities.

25. The Government Investment Management Corporation (GIMC) will establish a central fixed asset register for infrastructure owned by SOEs that will enable improved risk assessment. The register will serve as a platform for evaluating the vulnerability of key public assets and inform investment planning, risk mitigation, and fiscal reporting. The GIMC will coordinate with the SOEs identifying the exposure of these assets to climate-related risks and natural disasters. The GIMC will first classify SOEs into strategic, immature-strategic, and non-strategic categories. It will then develop the asset register in phases—covering the construction sector by 2025 and the electricity sector by 2026 (*RM4*). For each sector, GIMC will assess climate-related vulnerabilities and coordinate with MOF to incorporate a summary of these assessments into the Fiscal Risk Statement. This approach will be extended to cover the water sector by 2027 and fixed assets held by central government entities later.

26. The Ministry of Finance is also broadening the Fiscal Risk Statement to include a wider analysis of fiscal risks, including those associated with climate change. Following the 2021 Fiscal Transparency Evaluation, a new Macro-Fiscal Unit (MFU) in the Ministry of Finance prepared Jordan's first Fiscal Risk Statement alongside the 2024 budget, outlining key macro-economic and contingent liability risks. The second Fiscal Risk Statement, published in early 2025, expanded coverage of contingent liabilities, by capturing those arising from State-Owned Enterprises (SOEs). We will continue to improve this annual publication. In addition, we will expand the Fiscal Risk Statement to not only assess macro-economic sensitivity but also quantify contingent liabilities arising from SOEs and PPP projects with attention to their climate risk exposure and including the climate assessments of the approved projects from the NRIP and publish the expanded statement by May 2027 (*RM9*). The statement will present an analysis of long-term fiscal sustainability under different climate scenarios to ensure our fiscal strategy remains resilient under different climate futures, allowing policymakers to develop appropriate risk mitigation measures.

27. The CBJ is committed to implementing reforms that enhance the financial sector's ability to manage climate-related financial risks, build resilience and safeguard financial stability. Building on its Green Finance Strategy (2023–2028), the CBJ will embed climate-related risks into its supervisory framework, in line with the Basel Committee on Banking Supervision's (BCBS) updated core principles and forthcoming Pillar 3 disclosure framework on climate-related financial risks. As part of this reform agenda, CBJ will issue secondary regulations on climate-related disclosures and reporting by May 2026 (RM3), aligned with the 2022 BCBS principles for the effective management and supervision of climate-related financial risk and the International Sustainability Standards Board (ISSB). These regulations will articulate supervisory expectations and provide implementation and timeline guidance. Initial steps have already been taken through the issuance of Climate Risk Management Instructions No. 2 of 2025. In parallel, the CBJ will adjust its information systems to enable the effective collection and analysis of climate-related financial data, including risks stemming from extreme weather events.

28. We will also seek to diversify our financing sources and expand the investor base for government securities. As part of these efforts, we will develop a Sovereign Green Bond Framework with technical support from the World Bank. We plan for the cabinet to issue a decree adopting Jordan's Sovereign Green Bond Framework, aligned with International Capital Markets Association (ICMA) Green Bond Principles (GBP) and incorporating the recommendations of the prerequisite external review process with a Second Party Opinion, by November 2025.

Reform Pillar III: Strengthening Pandemic Preparedness

29. We are determined to make our health system more resilient to health emergencies and better prepared for future pandemics. Jordan has a strong commitment to its health system and has made significant gains in increasing life expectancy, reducing child and maternal mortality, reducing the spread of infectious diseases such as malaria, tuberculosis, and eradicating polio. Expanding access to health services and improving health security is a national priority. However, the COVID-19 pandemic tested the preparedness of health systems around the globe. With the support of development partners (DPs), Jordan was able to quickly provide vaccination to its population and mobilize resources for an effective response. Nonetheless, learning from the pandemic, including through the 2023 Assessment of Jordan's Pandemic Preparedness and Health System Resilience by the World Bank, we are determined to enhance pandemic preparedness and health system resilience, with support from the WHO, the World Bank and the IMF. In collaboration with the WHO, we will publish the updated Joint External Evaluation (JEE) and the National Action Plan on Health Security (NAPHS) by May 2027. These reforms are also part of our Universal Health Coverage and Health Security Roadmap, which aims to expand access to healthcare and address systemic issues across our health system.

30. We will adopt and issue instructions mandating the implementation of an emergency-ready health benefits package, with support from the WHO. To establish a stronger, more resilient healthcare system, we are developing an institutional framework for the governance of primary healthcare and are improving the readiness of our health centers. We will adopt a by-law on the expansion of coverage of a healthcare benefits package, as part of the implementation of the Universal Health Coverage and Health Financing Roadmap, by the end of 2025. Following the adoption of the by-law, in collaboration with the WHO, we will develop a set of detailed instructions that establish the policy and service delivery frameworks necessary to ensure an emergency-ready and resilient health system and mandate a minimum set of health services to be available during public health emergencies, by November 2026 (*RM5*). In developing the essential health services list, we will draw on international best practices, including the WHO's 2020 publication on Maintaining Essential Health Services: Operational Guidance for the COVID-19 Context and Beyond.

31. The Ministry of Finance will codify the sources and uses of financing for future public health emergencies. We will clarify and codify the procedures for the potential emergency financing sources and their use, including the use of contingency funds, re-prioritizing existing spending, and the use of other alternative financing and funding instruments for public health emergencies, in consultation with Fund staff, by November 2026 (*RM6*). This reform aims to improve and codify the processes for accessing financing in a health emergency, with clear health emergency triggers for accessing different sources of emergency financing included, reducing the need to rely on defense orders in the future. We will implement this through the issuance of an addendum to the Budget Manual, codifying the procedures, triggers, and institutional responsibilities for the activation, disbursement, and oversight of public health emergency-related spending. We will incorporate the international experience in designing triggers to access to emergency financing. This includes quantitative measures and non-quantitative criteria, including epidemiological information (e.g., outbreak confirmation), health system capacity thresholds (e.g., ICU saturation), event-based triggers (e.g., natural disasters or mass population displacement), and formal emergency declaration (by agency, nationally and internationally). We will also draw on Jordan's past experiences of financing emergencies and potential scenarios of the fiscal impact of health emergencies drawing on the work with the World Bank on a disaster risk financing assessment in late 2025.

32. We will adopt and implement a governance framework that outlines clear roles, responsibilities and coordination mechanisms among government agencies for health emergencies preparedness and response. In coordination with the WHO, we will adopt a national pandemic preparedness governance and accountability framework, via a Cabinet decree, that defines roles and responsibilities across government entities (from strategic decision-makers to central government to operational implementation), particularly between the Ministry of Health, JCDC and other agencies, by May 2027 (*RM10*). As part of this reform, we will (ii) establish a pandemic preparedness national coordination committee, with a clear mandate, composition, and reporting lines, (ii) develop a Terms of Reference that outlines membership, meeting frequency and operational protocols, and (iii) codify leadership roles during different phases, distinguishing clearly between pre-emergency detection responsibilities and emergency and response command and control authority. Moreover, we will integrate the Emergency Operations Centre system into the coordination framework to support joint simulation exercises, real-time decision testing, and facilitate rapid data flows, and align coordination Standard Operating Procedures with financing and procurement protocols by May 2027.

33. The Ministry of Finance will establish a framework of procedures and templates for consolidated monitoring and reporting of public spending on health emergencies. We will issue data reporting templates and changes to the budget manual and mandate quarterly monitoring and reporting to the Cabinet and to the public of health emergency spending, by November 2027 (*RM13*). This will strengthen decision-making during public health emergencies as well as the assessment of the spending afterwards. Our framework will provide guidance on the ways in which spending will be included in emergency budgets, guidelines on how initial assessments of the impact of the spending decisions on public finances can be made, and how the policy goals of the emergency spending can be defined. The framework will also develop templates for reporting on both on- and off-budget emergency spending (including of any contributions from donors and philanthropies channeled through the budget or extra-budgetary funds) for the timely reporting (for example weekly) to the Cabinet on the progress of implementing emergency spending. The enhanced data collection and timely reporting during emergencies will be used in the more comprehensive post-emergency reporting for accountability and transparency purposes. As part of this approach to reporting we will clarify our approach to track additional emergency-related spending.

Program Monitoring

34. Progress in the implementation of our policies that are supported by the EFF arrangement will be monitored through semi-annual reviews, quantitative performance

criteria (QPCs), indicative targets (ITs), and structural benchmarks (SBs). These are detailed in Tables 1 and 2, with definitions and data requirements provided in the attached Technical Memorandum of Understanding (TMU). IMF purchases will be used for budget support during the program period. We signed a Memorandum of Understanding between the CBJ and the Ministry of Finance on responsibilities for servicing financial obligations to the IMF. Timely data provision is key to the success of the programs. In addition, we will produce and share quarterly and annual financial results of the electricity sector (NEPCO and the three distribution companies), and the water sector without delay, to allow for timely program monitoring.

35. The monitoring of the implementation of the policies under the RSF arrangement will be done by means of the reform measures, which are presented in Table 3. Under the leadership of the Minister of Finance, the Minister of Planning and International Cooperation, and the Governor of the Central Bank of Jordan, a technical troika chaired by the Ministry of Planning and International Cooperation is responsible for monitoring the implementation of the program and liaising with the IMF for the transmission of information to IMF staff for evaluation.

Table 3. Jordan: Proposed Reform Measures Under the RSF Arrangement

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Potential Technical Support	Review Timeframe	RM Expected Outcome
Energy and Water Sector Reforms						
Prospective Balance of Payments (BOP) Risk Reduction: • *BOP and fiscal resilience and economic growth:* (i) improving the financial viability of the energy and water sectors will help improve service delivery, mitigate economic vulnerabilities, reduce borrowing needs, and ensure longer-term fiscal sustainability; (ii) better water management will increase agricultural productivity and resilience, improving net food exports in the long run; (iii) reducing long-term reliance on expensive fossil fuel imports compared to alternative energy sources will enhance BOP resilience and stability.						
RM1. To address the operational and financial challenges facing Yarmouk Water Company (YWC), the government will pursue the engagement of a qualified and cost-effective firm to manage and improve water and wastewater service delivery within YWC's jurisdiction, by concluding a performance based management contract tender, in line with international best practices, with fixed and variable fees linked to jointly agreed annual targets for key performance indicators, including water sales, non-revenue water reduction, energy efficiency, operational income, and billing collections.	Water Sector Financial Sustainability Roadmap The National Water Strategy (2023 – 2040)	WB, US and KfW are working with the authorities	Nov 2025		4th EFF review	Anchoring the water sector development in a financially sustainable manner.
RM7. Cabinet to adopt and publish an updated Water Sector Financial Sustainability Roadmap (FSR), revised in line with international best practices, to ensure the financial sustainability of the sector, as well as adequate and equitable water delivery across Jordan. The new FSR will update all underlying pillars and model assumptions, factoring in the impact of the additional water supply from the AAC and maintaining an annual NRW reduction target of at least 2 percentage points. The FSR will include a policy framework for 2026–2042, with implementation starting in early 2027, to ensure that revenues are sufficient to achieve water and wastewater services operational and maintenance (O&M, including O&M cost of BOT projects) cost recovery by 2032, and to achieve full recovery of both O&M and BOT capital charges by 2042.	CCDR (WB 2022) National Water Strategy	WB, US, and European Investment Bank are expected to provide technical assistance	January 2027		7th EFF review	Anchoring the water sector development in a financially sustainable manner.

Table 3. Jordan: Proposed Reform Measures Under the RSF Arrangement (continued)

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Potential Technical Support	Review Timeframe	RM Expected Outcome
RM8. Government to launch tenders for the operations and management of a duration of at least 5 years for wastewater treatment plants in a competitive and transparent manner, covering at least 50 percent of total treatment capacity (excluding As-Samra), with the aim of reaching 35 percent of treated wastewater usage for irrigation relative to freshwater by 2027.	Water Sector Financial Sustainability Roadmap The National Water Strategy (2023–2040)	WB works with government on this area	May 2027		7th EFF review	Expanding wastewater treatment capacity to tackle water supply shortage.
RM11. Twenty-four months after the implementation of the time-of-use (ToU) tariffs that capture 30 percent of electricity consumption, MEMR will complete a review of the demand response by June 2027. Based on this analysis, by October 2027, MEMR will begin implementing a time-bound action plan to achieve a meaningful reduction in peak demand to reduce medium-term grid constraints on integrating new renewable energy sources. This plan will include effective and time-bound measures including, but not limited to, energy efficiency measures, public awareness campaigns, and more dynamic pricing models. The plan will also include a ToU tariff structure for the overall economy to achieve an economically meaningful impact on eliminating grid congestion and promoting renewable energy, while protecting the poor and in consultation with Fund staff.	NEPCO's Master Plan Jordan’s National Energy Sector Strategy	WB works with government on electricity sector reforms	Oct 2027		8th (final) EFF review	Reducing peak electricity demand and grid congestion; promoting RE development.
RM12. The government to issue two Requests for Expressions of Interest (EOIs): (1) for a hydro-pumped storage project and (2) for a 200 MW photovoltaic (PV) power plant. In addition, a request for EoI for battery storage will be issued, contingent on the findings of the updated Energy Strategy confirming the need for such storage before 2030, with the required MWh capacity to be defined in the strategy. All initiatives will be carried out in accordance with	National Climate Change Policy of the Hashemite Kingdom of Jordan 2022-2050	WB works with government on this area	Oct 2027		8th (final) EFF review	Institutionalizing and implementing the RE development plan.

Table 3. Jordan: Proposed Reform Measures Under the RSF Arrangement (continued)

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Potential Technical Support	Review Timeframe	RM Expected Outcome
existing legislation to ensure least-cost principles and transparency. Based on the outcome of the EOIs and the Energy Strategy, at least one tender, in line with international best practices, will be launched for a pilot storage project with meaningful capacity (at least 40 MWh) to support grid stability and enable greater integration of renewable energy sources into the grid.	Energy Sector Green Growth National Action Plan 2021-2025					
Fiscal and Financial Sector Resilience						
Prospective BOP Risk Reduction: • *Fiscal and external sustainability*: the reform measures will (i) reduce fiscal costs and the need for external financing when natural disasters materialize, reduce import demand for reconstruction and facilitate a quick recovery of growth and net exports; (ii) ensure resources are directed to resilient and sustainable infrastructure which will reduces reconstruction needs and alleviates external financing pressures; (iii) reduce post-disaster financing needs, lowering external financing pressures. • *Financial sector resilience*: the reform measures will reduce financial sector losses when natural disasters materialize, lowering recapitalization needs for banks. • *Investment promotion*: the reform measures will attract investments by reducing uncertainty, supporting BOP.						
RM2. MOF to issue a budget circular to ensure that all large projects as defined in the Regulation for the National Register for Government Projects bylaw and selected for the budget comply with the NRIP's newly formulated appraisal and feasibility study guidelines, which include clear climate-related impact and risk criteria, and MOF will publish a summary of the climate assessment information of the large projects approved by PIM and registered in the NRIP in the 2026 budget documents.	IMF 2023 TA on C-PIMA and Green PFM		Nov 2025	IMF	4th EFF review	Expected to jumpstart the inclusion of climate information in projects appraisal and selection.
RM4. GIMC to establish a centralized asset register that initially capture the stock of infrastructure assets held by SOEs in the construction and energy sectors. Analysis of the vulnerability of these assets to climate-related risks will be included in the subsequent Fiscal Risk Statement.	IMF 2023 TA on C-PIMA and Green PFM		Nov-2026	IMF	6th EFF review	Enabling a process that factors in climate impacts on the operation and maintenance costs of fixed assets and supports enhanced fiscal risk management.

Table 3. Jordan: Proposed Reform Measures Under the RSF Arrangement (continued)

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Potential Technical Support	Review Timeframe	RM Expected Outcome
RM9. MOF to publish an enhanced Fiscal Risk Statement (an annual publication) that strengthens the long-term fiscal risk analysis under different climate scenarios and provides quantitative analysis of contingent liabilities (SOEs and PPPs) that are exposed to climate-related risks and summary analysis of the vulnerability of public fixed assets to climate change using data from the fixed asset register.	IMF 2023 TA on C-PIMA and Green PFM		May-2027	IMF	7th EFF review	Further enhancing fiscal risk analysis on climate impacts utilizing the enhanced data.
RM3. CBJ to issue detailed secondary regulations on climate disclosures and reporting consistent with the 2022 Basel Committee on Banking Supervision guidelines and aligned with International Sustainability Standards Board and including guidance on the implementation and timeline.	CBJ Green Financing Strategy (2023–2028); Principles for the effective management and supervision of climate-related financial risks (BIS 2022); ISSB - IFRS Sustainability Disclosure Standard S2 Climate Related Disclosures		May 2026	WB/IMF	5th EFF review	Strengthen Jordan's climate-related financial risk management system
Pandemic Preparedness						
Prospective BOP Risk Reduction: • *Fiscal and external sustainability*: the reform measures will (i) reduce fiscal risks and costs, and external financing needs, when pandemic risks materialize; (ii) mitigate the adverse impact of pandemics on economic activity and support a quicker recovery of growth.						

Table 3. Jordan: Proposed Reform Measures Under the RSF Arrangement (concluded)

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Potential Technical Support	Review Timeframe	RM Expected Outcome
RM5. MOH to adopt and issue instructions mandating the implementation of an emergency-ready health benefits package, which establishes the policy and service delivery frameworks necessary to ensure an emergency-ready and resilient health system and mandates a minimum set of health services, in line with WHO recommendations, to be available during public health emergencies.	Pandemic Preparedness and Health System Resilience Assessment (WB 2023)	WHO and WB are working with the authorities	Nov 2026	WHO	6th EFF review	Anchoring the stronger pandemic preparedness mechanism in an emergency ready health system to ensure continuity of essential health services during public health emergencies.
RM6. MOF to clarify and codify, through the issuance of an addendum to the Budget Manual, the procedures for the potential finance sources and their use, including the use of contingency funds, re-prioritizing existing spending, and the use of other alternative financing and funding instruments for public health emergencies, as well as triggers, institutional responsibilities for the activation, disbursement, and oversight of public health emergency-related spending, in consultation with Fund staff.	Pandemic Preparedness and Health System Resilience Assessment (WB 2023)		Nov 2026	IMF/WHO	6th EFF review	Codifying the triggers and uses of emergency financing, which is expected to expedite the process during health emergencies.
RM10. Cabinet to adopt a national pandemic preparedness governance and accountability framework, via a Cabinet decree, that defines roles and responsibilities across government entities (from strategic decision-makers to central government to operational implementation), particularly between the Ministry of Health, JCDC and other agencies.	Pandemic Preparedness and Health System Resilience Assessment (WB 2023)		May 2027	IMF/WHO	7th EFF review	Institutionalizing a whole-of-government coordination mechanism to expedite responses for pandemic preparedness and during pandemics.
RM13. MOF to issue data reporting templates and changes to the budget manual and mandate quarterly monitoring and reporting to the Cabinet and to the public of health emergency spending to strengthen decision-making during public health emergencies as well as the assessment of the spending afterwards. The templates and manuals will also support reporting on both on- and off-budget emergency spending (including of any contributions from donors and philanthropies channeled through the budget or extra-budgetary funds).	Pandemic Preparedness and Health System Resilience Assessment (WB 2023)		Oct 2027	IMF/WHO	8th (final) EFF review	Strengthening decision-making during public health emergencies as well as the assessment of the spending afterwards.

Attachment II. Technical Memorandum of Understanding

1. This memorandum sets our understandings between the Jordanian authorities and IMF staff regarding the definitions of quantitative performance criteria and indicative targets, as well as respective reporting requirements for the arrangement under the Extended Fund Facility.

2. The program performance criteria and indicative targets are reported in Table 1 attached to the Memorandum of Economic and Financial Policies (MEFP) dated June 4, 2025. The exchange rates and gold price as of September 30, 2023 for the purposes of the program are shown in the table below. The exchange rate of the Jordanian dinar to the U.S. dollar is set at JD 0.709 = $1 and the gold price is set at JD 1329.335 per fine troy ounce for the measurement of the program performance criterion on net international reserves.

Program Exchange Rates (As of September 30, 2023)

Currency	Jordanian Dinar Per Unit of Foreign Currency
British Pound	0.860760
Japanese Yen	0.004747
Euro	0.74477
Canadian dollar	0.525555
SDR	0.929665
CNY	0.0970395

3. Any developments that could lead to a significant deviation from quantitative program targets will prompt discussions between the authorities and staff on an appropriate policy response.

4. For program monitoring purposes, debt is defined as set forth in paragraph 8(a) of the Guidelines on Public Debt Limits in Fund-Supported Programs attached to Executive Board Decision No. 16919-(20/103), adopted October 25, 2020.[1]

[1] (a) For the purpose of this guideline, the term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows: (i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements); (ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until sometime after the date on which the goods are delivered or services are provided; and (iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the

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QUANTITATIVE PERFORMANCE CRITERIA, INDICATIVE TARGETS, AND CONTINUOUS PERFORMANCE CRITERION: DEFINITIONS

Quantitative Performance Criteria and Indicative Targets

5. The quantitative performance criteria and indicative targets specified in Table 1 attached to the MEFP are:

6. A performance criterion (ceiling) on the primary fiscal deficit of the central government excluding grants and net transfers to the National Electric Power Company (NEPCO), and the Water Authority of Jordan (WAJ) and Aqaba, Miyahuna, and Yarmouk water companies ("state-owned water sector");

7. A performance criterion (ceiling) on the combined primary deficit of the central government (as defined above), the operational loss of NEPCO, the overall deficit of WAJ, and the overall deficit of Aqaba, Miyahuna, and Yarmouk water companies ("combined public deficit");

8. A performance criterion (floor) on the net international reserves (NIR) of the Central Bank of Jordan (CBJ);

9. A continuous performance criterion (zero ceiling) on the accumulation of external debt service arrears;

10. An indicative target (floor) on social spending by the central government;

11. An indicative target (ceiling) on public debt, net of SSC's holdings of government debt;

12. An indicative target (ceiling) on the domestic payment arrears of NEPCO;

13. An indicative target (ceiling) on the domestic payment arrears of WAJ;

14. An indicative target (ceiling) on the domestic payment arrears of Aqaba, Miyahuna, and Yarmouk Water Companies;

15. An indicative target (ceiling) on the net domestic assets (NDA) of the CBJ.

16. The performance criteria on the central government's primary fiscal deficit and the combined public deficit, as well as the indicative targets on social spending by the central

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lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property. (b) Under the definition of debt set out in this paragraph, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. Failure to make payment on an obligation that is not considered debt under this definition (e.g., payment on delivery) will not give rise to debt.

government are monitored semi-annually (with indicative targets for the other quarters) on a cumulative basis from the beginning of the calendar year. The performance criterion on the NIR and the indicative targets on public debt, short-term public debt, domestic payment arrears of NEPCO, WAJ, and Aqaba, Miyahuna, and Yarmouk Water Companies, and NDA of the CBJ are monitored semi-annually (with indicative targets for the other quarters) in terms of stock levels. The performance criterion on the accumulation of external debt service arrears is monitored on a continuous basis.

Ceiling on the Primary Deficit of the Central Government Excluding Grants and Net Transfers to NEPCO and State-Owned Water Sector

17. The **central government** is defined as the budgetary central government that is covered by the annual General Budget Law (GBL). It includes all ministries and government departments that operate in the context of the central authority system of the state. The operations of the central government will be measured on a cash basis.

18. For program monitoring purposes, **the primary deficit of the central government excluding grants and net transfers to NEPCO and the state-owned water sector** is defined as the sum of: (i) net external financing of the central government; (ii) receipts from the sale of government assets received during the relevant period; (iii) net domestic bank financing of the central government; (iv) net domestic nonbank financing of the central government; (v) grants received from abroad by the central government, including grants from the Gulf Cooperation Council; *less* (vi) domestic and foreign interest payments by the central government; and (vii) net transfers from the central government to NEPCO and the stated-owned water sector.

19. **Net external financing of the central government** is defined as cash external debt disbursements received by the central government, *less* external debt repayments paid by the central government. The debts covered are debts of the central government (excluding debts outside the general budget) and any foreign debts that are channeled through the central government to finance operations of the rest of the public sector.

20. **Receipts from the sale of government assets** consist of all transfers of monies received by the central government in connection with such operations. This includes receipts from the sale of shares, the sale of non-financial assets, as well as leases and the sale of licenses or exploration rights with duration of 10 years and longer.

21. **Net domestic bank financing of the central government** is defined as the change in the banking system’s claims in Jordanian dinars and in foreign currency on the central government, net of the balance of the General Treasury Account with the CBJ.

22. **Net domestic nonbank financing of the central government** is defined as central government borrowing from, less repayments to, the non-bank sector (including the nonfinancial public sector not covered by the general budget, and, specifically, the Social Security Investment

Fund). It is equivalent to the cumulative change from the level existing on December 31 of the previous year in the stocks of government debt held by nonbanks and in the float.

23. Net transfers from the central government to NEPCO and the state-owned water sector are calculated as (i) direct transfers from the central government to NEPCO and the state-owned water sector (or NEPCO and the state-owned water sector's creditors) on behalf of NEPCO and the state-owned water sector (including subsidies, cash advances, and payment of debt or government guarantees if called), *minus* (ii) any transfers of cash from NEPCO and the state-owned water sector to the central government (including repayments of debt, arrears or cash advances).

24. Adjustors: The ceiling on the primary deficit of the central government excluding grants and net transfers to NEPCO and the state-owned water sector will be adjusted:

25. Downward by the extent to which the level of foreign budgetary grants received by the central government (as **specified** in Table 1) during the relevant period falls short of the levels specified in Table 1 of the MEFP by 50 percent of any shortfall.

26. Downward by the extent to which the combined stock of health and energy arrears by the central government falls above of the projected combined stock of health and energy arrears specified in Table 1 of the MEFP, excluding any one-off settlement operation (such as the write-off of intra-governmental claims).

27. Upward by the extent to which the stock of arrears by WAJ and the distribution companies falls below the projected stock of arrears specified in Table 1 of the MEFP, excluding any one-off settlement operation (such as the write-off of intra-governmental claims).

28. Downward by the extent to which the stock of checks issued by the central government but not yet cashed by the beneficiary exceeds JD 200 million (the programmed stock as specified in Table 1 of the MEFP) in case of the end-year indicative target or performance criterion.

Ceiling on the Combined Public Deficit

29. For program monitoring purposes, **the combined public deficit** is defined as the sum of: (i) the primary deficit of the central government excluding grants and net transfers to NEPCO and the state-owned water sector of the central government as defined in Section B; (ii) the operational loss of NEPCO; and (iii) the overall deficit of the state-owned water sector.

30. The **operational loss of NEPCO** is defined as the difference between total operating revenues and total costs for normal operations conducted within the year as reported in the unaudited income statement. Total operating revenues are defined as the sum of: (i) sales of operating power; and (ii) all other revenue, excluding proceeds from central government transfers or payments of NEPCO's obligations on NEPCO's behalf. Total costs are defined as the sum of: (i) purchase of electric power, including fuel costs, capacity and energy charges, and all costs related to electricity generation to be borne by NEPCO; (ii) any fuel transportation costs; (iii) depreciation costs; (iv) all other maintenance and operating expenses, including on wages and remuneration of the board of directors, and provisions; and (v) interest expense and any other financial costs.

31. The **overall balance of the state-owned water sector** is defined as the difference between total revenues and current and capital expenditures. Total revenues are defined as the sum of: (i) sales of goods and services; (ii) property income; and (iii) all other revenue, excluding grants and proceeds from central government transfers or payments of WAJ, Aqaba, Miyahuna or Yarmouk water companies' obligations on WAJ, Aqaba, Miyahuna or Yarmouk water companies' behalf. Current and capital expenditures are defined as the sum of: (i) salaries, wages and allowances; (ii) social security contributions; (iii) use of goods and services, including energy costs; (iv) interest payments on domestic and foreign loans; (v) any other expenses, including pensions; and (vi) capital expenditures.

32. **Adjustors:** The ceiling on the combined public deficit will be adjusted:

33. Downward by the extent to which the level of foreign budgetary grants received by the central government (as specified in Table 1) during the relevant period falls short of the levels specified in Table 1 of the MEFP by 50 percent of any shortfall.

34. Downward by the extent to which the combined stock of health and energy arrears by the central government falls above of the projected combined stock of health and energy arrears specified in Table 1 of the MEFP, excluding any one-off settlement operation (such as the write-off of intra-governmental claims).

35. Downward by the extent to which the stock of checks issued by the central government but not yet cashed by the beneficiary exceeds JD 200 million (the programmed stock as specified in Table 1 of the MEFP) in case of the end-year indicative target or performance criterion.

Floor on the Net International Reserves of the CBJ

36. For program monitoring purposes, **the NIR of the CBJ** in U.S. dollars are defined as foreign assets of the CBJ minus its foreign liabilities.

37. **Foreign assets of the CBJ** are readily available claims on nonresidents denominated in foreign convertible currencies. They include foreign exchange (foreign currency cash, deposits with foreign correspondents, and holding of foreign securities), monetary gold, IMF reserve position, and SDR holdings. Excluded from foreign assets are any assets that are pledged, collateralized, or otherwise encumbered (e.g., pledged as collateral for foreign loans or through forward contract), CBJ's claims on resident banks and nonbanks, as well as on subsidiaries or branches of Jordanian commercial banks located abroad, claims in foreign exchange arising from derivatives in foreign currencies vis-à-vis domestic currency (such as futures, forward, swaps, and options), precious metals other than gold, assets in nonconvertible currencies, and illiquid swaps. Excluded from foreign assets is the outstanding balance of bilateral accounts with the Central Bank of Iraq of USD 1,081.67 million.

38. Foreign liabilities of the CBJ are defined as all foreign exchange liabilities to residents and nonresidents, including commitments to sell foreign exchange arising from derivatives (such as futures, forward, swaps and options, including any portion of the CBJ monetary gold that is collateralized), and Jordan's outstanding liabilities to the IMF. Excluded from reserve liabilities are government foreign exchange deposits with the CBJ, deposits from public institutions and government departments with independent budgets, commercial companies with state participation, deposits from donors (including grants received from the GCC and donor term deposits with the CBJ with an original maturity not less than 360 days), the two technical swaps with Citibank Jordan for USD 88.5 million, and amounts received under any SDR allocations received after March 31, 2016.

39. The stock of foreign assets and liabilities of the CBJ shall be valued at program exchange rates.

40. Adjustors: The floors on the NIR of the CBJ will be adjusted upward (downward) by the extent to which the sum of foreign budgetary grants and foreign budgetary loans—excluding any programmed guaranteed and non-guaranteed Eurobonds—received by the CBJ (as specified in Table 1) during the relevant period exceeds (falls short of) the levels specified in Table 1 of the MEFP within any calendar year. The floors will be adjusted upward by the amount that the outstanding balance of bilateral accounts with the Central Bank of Iraq is repaid, including both principal and interest payments. Given the uncertainty of the global financing conditions, the floors will also be adjusted for any delays or changes of external commercial borrowing included in the program.

Ceiling on the Accumulation of External Debt Service Arrears

41. External debt service arrears are defined as debt service payments (principal and interest) arising in respect of obligations to non-residents incurred directly or guaranteed by the central government or the CBJ, that have not been made at the time due, taking into account any contractual grace periods.

Floor on Social Spending by the Central Government

42. Social spending is defined as central government spending on: (i) non-wage components of the education and health sectors' current expenditure envelope, including all spending directly related to efforts to prevent, detect, control, treat and/or contain the spread of COVID-19 spending; (ii) NAF's and other entities' social protection programs; and (iii) the school feeding program.

Ceiling on Public Debt

43. Public debt is defined as the sum of: (i) central government direct debt (including off budget project loans); (ii) central government guarantees extended to NEPCO, WAJ and other public entities; and (iii) the stock of the CBJ's liabilities to the IMF (excluding SDR allocations) not lent on to the central government; minus the Social Security Corporation (SSC) holdings of government debt. For purpose of the program, the guarantee of a debt arises from any explicit legal obligation of the central government, or of any other agency acting on its behalf, to service such a debt in the event of nonpayment by the recipient (involving payments in cash or in kind), or from any implicit legal or contractual obligation to finance partially or in full any shortfall incurred by the debtor.

44. **Adjustors:** The ceiling on public debt will be adjusted:

45. Downward by the extent to which the cumulative disbursements under the EFF during the relevant period falls short of the levels specified in Table 1.

Ceiling on the Domestic Payment Arrears of NEPCO

46. **Domestic payment arrears by NEPCO** are defined as the belated settlement of a debtor's liabilities that are due under obligation (contract) for more than 60 days, or the creditor's refusal to receive a settlement duly offered by the debtor. Arrears to be covered include outstanding payments on wages and pensions; social security contributions; tax payments, and obligations to banks and other private companies and suppliers.

Ceiling on the Domestic Payment Arrears of WAJ, and Aqaba, Miyahuna, and Yarmouk Distribution Companies

47. **Domestic payment arrears by WAJ, and Aqaba, Miyahuna, and Yarmouk Distribution Companies** are defined as the belated settlement of a debtor's liabilities that are due under obligation (contract) for more than 60 days, or the creditor's refusal to receive a settlement duly offered by the debtor. Arrears to be covered include outstanding payments on wages and pensions; social security contributions; tax payments, and obligations to banks and other private companies and suppliers.

Ceiling on the Net Domestic Assets of the CBJ

48. **Reserve money of the CBJ** is defined as the sum of: (i) currency in circulation (currency outside banks and commercial banks' cash in vaults); and (ii) non-remunerated deposits of licensed banks with the CBJ in Jordanian dinars.

49. For program monitoring purposes, **the net domestic assets of the CBJ** are defined as the difference between the reserve money of the CBJ and its NIR as defined in Section D.

50. **Adjustors:** The ceilings on the NDA of the CBJ will be adjusted:

51. Upward (downward) by the extent to which the floors on the net international reserves of the CBJ are adjusted downward (upward).

52. Downward (upward) by the extent to which the CBJ decreases (increases) reserve requirements on Jordanian dinar deposits of the banking system. The adjustment will equal the change in the required reserve ratio multiplied by the stock of deposits with licensed banks at the start of the first month when the new reserve requirement ratio applies that are: (i) denominated in Jordanian dinars and; (ii) subject to reserve requirements.

DATA PROVISION

53. To permit the monitoring of developments under the program, the government will provide to the IMF (Division B of the Middle East and Central Asia Department) the information specified below.

54. Related to the ceiling on the primary deficit of the central government excluding grants and net transfers to NEPCO and the state-owned water sector:

55. The standard fiscal data tables as prepared by the ministry of finance covering detailed information on: revenue, including expanded information on revenues from oil derivatives, vehicles, and cigarettes, as agreed with IMF staff; expenditure; balances of government accounts with the banking system; foreign grants; domestic and external amortization and interest; net lending; debt swaps with official creditors; and monthly change in the stocks and the monthly value of stocks of uncashed checks and trust accounts.

56. The government financing information from the Treasury account, as agreed by both the Ministry of Finance and the Central Bank of Jordan, and any potential discrepancy between the government financial data and the monetary survey data (monthly).

57. Gross transfers to and from NEPCO and WAJ detailing the amounts paid or received in connection with debt transactions, transfers to cover losses, and any amount directed to repay any outstanding arrears of NEPCO or WAJ (monthly), including those to and from the relevant distribution companies.

58. Gross transfers to and from the trade account used by the Ministry of Industry and Trade for wheat and barley transactions including the sale price to mills (monthly).

59. Related to central government arrears:

60. The stock of all pending bills of the central government that have not been paid for more than 60 days at the end of each quarter (quarterly), including those of the health insurance fund, to distribution electricity companies, and to the Jordan Petroleum Refinery Company.

61. The value and quantity of fuel products consumed by public sector entities from the Jordan Petroleum Refinery Company (monthly).

62. Related to the combined public sector deficit:

63. Full unaudited income statement and the stock of accounts payable and payments overdue less and more than 60 days (quarterly) in order to compute the PC on NEPCO net loss, prepared by NEPCO's accounting department on a quarterly basis.

64. Latest audited income statement signed by the auditor (usually available twice yearly with a six-month delay) with full explanation of any changes made to the unaudited version transmitted to the IMF, as soon as it becomes available to NEPCO's management.

65. Full unaudited income statement and the stock of accounts payable and payments overdue less and more than 60 days (quarterly), prepared by WAJ's Directorate of Finance and Accounting on a quarterly basis.

66. Full unaudited income statements and the stocks of accounts payable and payments overdue less and more than 60 days (quarterly), prepared by each of the water distribution companies (Aqaba, Miyahuna, and Yarmouk) and WAJ's Directorates of Finance on a quarterly basis.

67. Full consolidated financial balance of WAJ and the water distribution companies (Aqaba, Miyahuna, and Yarmouk) prepared by WAJ's Directorates of Finance.

68. Breakdown of overdue payments by major creditor, and all overdue payments vis-à-vis the central government (quarterly).

69. Monthly gas flows from Egypt in million cubic meters (quarterly).

70. Monthly Liquefied Natural Gas (LNG) flows in the LNG terminal in Aqaba in million British Thermal Units and their average price, and breakdown of these flows between local use and re-exports to Egypt (quarterly).

71. Related to the floor on NIR of the CBJ and ceiling on its NDA:

72. CBJ's foreign exchange reserves and preliminary data on dollarization (weekly).

73. CBJ's monthly FX interventions in the interbank market

74. Data on CD auctions (following each auction).

75. Monetary statistics (monthly).

76. The outstanding balance of bilateral accounts with the Central Bank of Iraq (monthly).

77. Banking FSI (quarterly; starting 2021 Q1)

78. Related to the continuous performance criteria:

79. Details of official arrears accumulated on interest and principal payments to non-resident creditors. External arrears data will be provided using actual exchange rates and on a daily basis.

80. Related to the floors on public debt:

81. The fiscal tables on the central government's domestic and external debt (monthly).

82. Tables on the stock of debt guarantees extended to NEPCO, WAJ, and other public entities (monthly).

83. Data on short-term public debt (monthly).

84. Related to the floor on social spending by the central government:

85. A table on the amount of central government spending on each of the components of the social spending definition under the program (monthly).

86. Other economic data. Interest rates and consumer prices; and exports and imports; travel receipts and tourist arrivals; remittances; outstanding balance of non-resident purchases of domestic treasury bills and bonds; and GCC grants received by the CBJ, and grants transferred by the CBJ to the Ministry of Finance (monthly).

87. Balance of payments (current and capital accounts) and external debt developments (quarterly).

88. List of short-, medium- and long-term public and publicly-guaranteed external loans contracted during each quarter, identifying, for each loan: the creditor, the borrower, the amount and currency, the maturity and grace period, interest rate arrangements, and the amortization profile (quarterly).

89. National accounts statistics (quarterly).

90. Weekly data and data on CD auctions should be sent to the Fund with a lag of no more than one week. Monthly and quarterly data should be sent within a period of no more than six weeks (for the monetary and fiscal variables), and within a period of no more than eight weeks for other data (three months for national accounts statistics and balance of payments and external debt statistics). Data related to the continuous performance criterion should be sent within one week after the date when the arrear was incurred. Any revisions to previously reported data should be communicated to the staff in the context of the regular updates.

DEFINITIONS OF THE PRINCIPAL CONCEPTS AND VARIABLES

91. Any variable that is mentioned herein for the purpose of monitoring a performance criterion, and that is not explicitly defined, shall be defined in accordance with the Fund's standard statistical methodology, such as the Government Financial Statistics. For variables that are omitted from the TMU but that are relevant for program targets, the authorities of Jordan shall consult with the staff on the appropriate treatment based on the Fund's standard statistical methodology and program purposes.

JORDAN

June 18, 2025

THIRD REVIEW UNDER THE EXTENDED ARRANGEMENT UNDER THE EXTENDED FUND FACILITY, AND REQUEST FOR MODIFICATION OF PERFORMANCE CRITERIA, AND REQUEST FOR AN ARRANGEMENT UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY—WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

A. Climate and Pandemic Vulnerability and Their Socioeconomic Impacts

Climate Vulnerability

1. **Jordan ranks among the most water-scarce and climate-vulnerable countries globally.** With renewable water resources estimated at 61 cubic meters per capita annually, well below the absolute scarcity threshold at 500 cubic meters per capita annually, climate change compounds the country's acute natural resource constraints. Rising temperatures, increasingly erratic precipitation patterns, and more frequent extreme weather events are intensifying pressures on water availability, agricultural productivity, and urban infrastructure.

2. **The human and social consequences of these vulnerabilities are considerable.** Recurrent droughts jeopardize the livelihoods of farmers and rural populations, particularly those dependent on rain-fed agriculture. Climate-induced water scarcity is already affecting access to potable water, especially for urban and peri-urban households; service is becoming increasingly unreliable and lower-income populations are facing a disproportionate impact of escalating costs. Though less frequent, flooding events also result in localized displacement, damage to infrastructure, and disruptions to education and health services. These climate impacts disproportionately burden vulnerable groups—including refugees, low-income families, and residents of informal settlements.

3. **From an economic perspective, climate change poses considerable risks to Jordan's development trajectory.** Drought-driven agricultural losses have contributed to food price volatility, job losses, and an expanding food import bill. In the water sector, the widening supply-demand gap, together with rising energy costs associated with

water pumping and treatment, has deepened financial deficits and introduced new fiscal risks. The increasing cost of supply side solutions will continue to exacerbate these financial challenges. The energy sector remains exposed as well, with increased electricity demand during hotter summers placing further strain on generation capacity and system reliability.

Disease Outbreak and Pandemic Vulnerability

4. **Jordan's geographic location, at the intersection of major migratory bird routes linking Asia, Africa, and Europe, places it in a strategic yet complex position with respect to emerging infectious diseases, particularly zoonotic and respiratory pathogens.** The country's experience with past outbreaks—including influenza, MERS-CoV, West Nile Virus, and COVID-19—highlights both its exposure and growing institutional awareness of pandemic risks. While the health system faces pressures from fiscal constraints, the steady decline in public health spending—from 5.5 percent to 2.5 percent of GDP over the past decade—presents an opportunity to re-prioritize and enhance resource efficiency. Strengthening primary health care, which plays a critical role in early detection and response, could further bolster resilience, especially by addressing intermittent medicine stockouts and quality variability. Investments in an integrated health information system and improved coordination across institutions would significantly enhance responsiveness and accountability. Moreover, reducing high out-of-pocket expenditures—currently over 25 percent of total health spending—could reinforce social protection and promote equitable access.

B. Government Policies and Commitments

Climate Adaptation

5. **The Government of Jordan has prioritized climate adaptation through a range of strategic frameworks.** Notably, Jordan was among the first MENA countries to develop a comprehensive National Adaptation Plan (NAP), finalized in 2021. The NAP outlines sector-specific adaptation goals—focusing on water, agriculture, energy, health, and urban development—to strengthen national resilience to climate risks. A Monitoring and Learning Framework for Climate Change Adaptation was subsequently adopted in 2024.

6. **Water resource management lies at the heart of Jordan's adaptation strategy.** Policy measures emphasize demand-side efficiency, drought resilience, and sustainability. The Water Sector Financial Sustainability Roadmap (2022) targets a reduction in non-revenue water from over 50 percent to 25 percent by 2040 and aims to enhance energy efficiency in water operations. These efforts are complemented by investments in supply augmentation, such as the Aqaba-Amman Water Desalination and Conveyance Project (with IFC and MIGA support), and expanded wastewater reuse. The roadmap also includes tariff reforms (six-year tariff increase plan is currently under implementation) and governance improvements to restore cost recovery and reduce fiscal losses by 2029—critical for long-term resilience.

7. Beyond water, adaptation efforts encompass agriculture and urban development. In agriculture, climate-smart technologies are being promoted to sustain productivity under water stress. Urban adaptation focuses on infrastructure resilience, including updated building codes, improved land-use planning, green infrastructure, and disaster risk management.

8. Adaptation has been mainstreamed into Jordan's development agenda. The Economic Modernization Vision (EMV) features a "Sustainable Resources" driver aligning sectoral strategies with resilience objectives. Similarly, the National Climate Change Policy (2022–2050) advances a whole-of-society approach, promoting cross-sectoral integration of climate risk considerations. While these policy instruments reflect a strong national commitment to adaptation, effective implementation and sustainable financing remain essential to achieving long-term resilience.

Climate Mitigation

9. Jordan has strengthened its climate mitigation commitments, as reflected in its revised Nationally Determined Contribution (NDC). The updated NDC increases the 2030 greenhouse gas (GHG) emissions reduction target from 14 percent to 31 percent below business-as-usual (BAU) levels—comprising a 5 percent unconditional reduction and a 26 percent conditional reduction on international support. While the target is relatively moderate compared to those set by some regional peers, it nevertheless represents a meaningful step toward capping national emissions at approximately 30 $MtCO_2e$ by 2030, relative to a business-as-usual projection of about44 $MtCO_2e$.

10. Realizing these targets necessitates comprehensive mitigation efforts, particularly in the energy and transport sectors, which are the largest emitters. The NDC outlines plans to increase renewable energy's share in electricity generation to 31 percent by 2030 from 14 percent in 2019 (currently at 27 percent) and to improve energy efficiency by 9 percent across sectors. The country has made notable progress and demonstrated a strong commitment to this agenda, with renewable energy currently accounting for approximately 27 percent of electricity generation and a longer-term target of 50 percent. Ongoing reforms also seek to enhance efficiency and reduce fossil fuel dependency, while investments in sustainable transport and promotion of electric vehicles further support mitigation. Additional measures focus on waste management and industrial emissions.

11. Jordan's National Climate Change Policy (2022–2050) outlines a long-term vision for transitioning to a low-carbon economy signaling strategic alignment with global climate goals, although it does not go as far as a net-zero pledge. A Long-Term Low Emissions Development Strategy under preparation will identify future mitigation opportunities in areas such as green hydrogen, energy storage, and low-carbon transport.

12. Institutional arrangements have also advanced. A high-level inter-ministerial committee now coordinates climate policy, and the Ministry of Environment collaborates with sectoral ministries to mainstream mitigation into public planning and budgeting. Supporting instruments include the National Energy Strategy, Green Growth Action Plans (2021–2025), and a forthcoming Energy Transition Roadmap.

13. Although Jordan contributes only around 0.07 percent to global GHG emissions, Jordan's mitigation ambitions are substantial. Achieving them will hinge, however, on securing international finance, technological transfer, and private sector participation.

Pandemic Preparedness

14. Jordan has made notable progress in strengthening pandemic prevention, preparedness, and response. The establishment of the Jordan Center for Disease Control (JCDC) in 2020 has enhanced disease surveillance and laboratory capacity, while the inclusion of Syrian refugees in national health plans reflects a commitment to equitable access. Health emergency coordination has been bolstered by the National Center for Security and Crisis Management (NCSCM), demonstrating high-level political commitment. These efforts are supported by improved regulatory oversight, real-time data systems, and maintained surge capacity in critical public health sectors.

15. The adoption of an all-hazard emergency preparedness approach enables readiness for a broad spectrum of crises, from natural disasters to pandemics. In 2023, with World Bank support, Jordan conducted a participatory self-assessment of pandemic preparedness. This exercise laid the groundwork for future policy reforms and further resilience-building, reaffirming the country's commitment to effective health crisis management.

C. Remaining Challenges

16. Jordan has made notable strides in advancing climate action and pandemic preparedness; however, key implementation challenges remain. Coordinating adaptation and mitigation efforts across sectors such as water, energy, agriculture, urban development, and health can be further enhanced, highlighting the need for a more integrated, nexus-based approach. While the government has promoted a "whole-of-government" and "whole-of-society" model through inter-ministerial collaboration and alignment with national development planning, overcoming sectoral silos and institutional capacity gaps remains work in progress. Embedding climate priorities into sectoral planning, budgeting, and local governance systems presents an opportunity for further institutionalization of climate resilience. Although Jordan's climate governance framework is well articulated, translating it into sustained and transformative outcomes requires continued capacity strengthening at both national and local levels.

17. Addressing non-energy emissions remains an important challenge. While substantial progress has been made in decarbonizing the electricity sector—which accounts for approximately 39 percent of CO_2 emissions—the remaining 61 percent of emissions originate from non-electricity sources, including transport, industry, residential, and other sectors. These areas demand greater attention to achieve comprehensive emission reductions.

18. In pandemic preparedness, Jordan has established core emergency response structures and demonstrated commitment to health security. Nevertheless, the 2023 Pandemic Preparedness and Resilience Assessment identified areas for improvement, particularly in inter-agency coordination, surge financing, and procurement readiness. The absence of a dedicated contingency fund and the complexity of emergency resource mobilization processes have to some extent affected response agility. Similarly, fragmented health information systems and limited integration of financial data into policy planning highlight the need for system-wide modernization. Further strengthening primary health care capacity and decentralizing decision-making processes would enhance the country's ability to respond swiftly and equitably to future health crises.

D. World Bank Engagement

19. The World Bank Group (WBG) has been a key partner in Jordan's transition toward a climate-resilient, low-carbon economy. The FY2024–2029 Country Partnership Framework (CPF) places climate action and inclusive green growth at the core of the WBG's engagement, aligned with Jordan's EMV. One of the CPF's three strategic outcomes—"Increased resilience and sustainability with green investments"—builds on recommendations from the Country Climate and Development Report (CCDR) as well as the government's emphasis on sustainable resources management.

20. WBG support spans analytical work, policy dialogue, and financing. Flagship studies, including the CCDR and Green Growth Development Policy Review, have informed key strategies such as the NDCs, the NAP, and the forthcoming Long-Term Low Emissions Development Strategy. Advisory support has helped integrate climate considerations into budgeting, public investment, and water sector sustainability planning.

21. The Bank is also assisting Jordan in greening its financial system. A multi-year technical assistance program with the Central Bank of Jordan and other institutions supported the development and implementation of the region's first Green Finance Strategy (2023–2028). This includes regulatory reforms, a national green taxonomy, and preparations for the country's first sovereign green bond. These initiatives aim to catalyze private capital and strengthen climate risk management.

22. To improve financial preparedness for climate shocks, the World Bank launched the Expanded Crisis Toolkit in 2024, complemented by a Disaster Risk Finance diagnostic in Jordan. This work underscores the importance of a risk-layered financing strategy that combines contingency funds, sovereign instruments, and market-based tools—such as the Catastrophe Deferred Drawdown Option—to ensure timely and flexible emergency responses. These efforts support both climate resilience and fiscal sustainability.

23. Operationally, the Bank has mobilized a number of initiatives aimed at addressing climate-related challenges. In FY2023, two major Program-for-Results (PforR) operations were approved: the $400 million Inclusive, Transparent, and Climate Responsive Investments PforR, which strengthens climate-smart public investment, and the $500 million Electricity Sector Efficiency and Supply Reliability PforR, which supports grid modernization, renewable energy scale-up, and energy efficiency. Additional PforRs promote climate-smart agriculture and improved water resource management.

24. The Bank has mobilized $4 million in climate grants to reduce Ozone Depleting Substance and CO_2 emissions in Jordan. The project successfully resulted in reducing CO_2 emission by 240,000 ton per year which is 8 percent of Jordan's NDC Emission Reduction Targets.

25. The WBG is also supporting development of institutional frameworks and tools to unlock climate finance. These include climate-responsive investment criteria under the 2019 Climate Change Law, a national MRV system linked to the GHG registry, and a Monitoring, Review, and Learning (MRL) framework to track adaptation progress. A national carbon market ecosystem is being developed, including Article 6 policy guidance and a Carbon Market Support Window. Efforts to mainstream gender and citizen engagement into climate policy are also underway, supported by a forthcoming Climate Change and Gender Strategy and a Climate and Citizen Engagement Action Plan.

26. In the water sector, the WBG is supporting implementation of the National Water Strategy (2023–2040) through a Series of Projects. The first, a $250 million investment (co-financed by AFD and the GCFF), focuses on water loss reduction, energy efficiency, and institutional performance. This is complemented by analytical work to enhance private sector participation, governance, and climate resilience. The $125 million Agriculture Resilience, Value Chain Development and Innovation (ARDI PforR) is further strengthening climate-smart agriculture and water-use efficiency.

27. WBG support also extends to climate finance innovation. IFC has invested in Jordan's first domestic sustainability bond, while IFC and MIGA have backed renewable energy expansion and PPP infrastructure projects, including guarantees for the As-Samra Wastewater Treatment Plant and support for the Aqaba Amman Water Desalination and Conveyance Project (AAWDCP).

28. In pandemic preparedness, the World Bank has played a critical role. During the COVID-19 pandemic, emergency support enabled vaccine procurement and critical care expansion. In the post-pandemic phase, the Bank has focused on system resilience, leading the development of Jordan's tailored Pandemic Preparedness and Resilience (PPR) Assessment Tool, guiding reforms across governance, financing, and data systems. Digital health infrastructure is being strengthened through the Jordan People-Centric Digital Government PforR, and technical assistance is supporting a national laboratory strategy and AMR control measures.

Statement by Mohamed Maait, Executive Director for Jordan and Maya Choueiri, Senior Advisor to Executive Director
June 25, 2025

1. On behalf of the Jordanian authorities, we thank the Fund's Executive Board, management, and staff for their steadfast support to Jordan. Our authorities place high value on the productive discussions held in the context of the third review under the Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF) request.

Recent developments

2. Jordan was successful in maintaining macroeconomic stability despite an increasingly challenging regional environment and heightened global economic uncertainty. This is attributable to the authorities' strong ownership of their economic reform program and dedicated pursuit of sound economic policies and structural reforms. It is also attributable to strong international support. In 2024, growth was higher than projected, reflecting a gradual recovery of activity in the tourism, agriculture, manufacturing, and services sectors. At the same time, inflation remained low and reserve buffers strong. The authorities remain fully committed to advancing sound policies, strengthening resilience, and achieving stronger and more inclusive growth, in line with Jordan's *Economic Modernization Vision*. The authorities are carefully monitoring the ongoing regional situation and maintaining close communication with staff to assess the potential implications for Jordan.

Program performance

3. **The authorities' commitment to sound policies is reflected in continued strong program performance.** All quantitative performance criteria (PCs) for the third review were met, as were all indicative targets for end-December 2024 and most indicative targets for end-Mach 2025. The authorities also met three out of four structural benchmarks (SBs) that had been set for the third review. They also met, ahead of schedule, three additional structural benchmarks, all of which are supportive of growth by enhancing job creation, promoting labor market participation, and improving the business environment through increased competition.

Development partners' support

4. **In support of the authorities' efforts, predictable, timely, and adequate development partner support remains essential to help Jordan cope with external shocks and shoulder the burden of hosting a large number of Syrian and other refugees**. With regards to hosting refugees, sustained support from the international

community, in line with the Jordan Compact and 2019 London Initiative pledges, remains crucial. This is particularly needed as direct and indirect—via UN agencies—donor support to shoulder the cost of hosting refugees continues to decline, as stressed by staff, and only a limited number of refugees are expected to return in the near future. Jordan remains committed to the voluntary and safe return of refugees and is working closely with UNHCR to facilitate this.

Fiscal policy and reforms

5. **The 2024 fiscal outturn exceeded program targets.** The authorities took firm measures to offset revenue losses resulting from the spillover effects from regional conflicts and lower prices of key export commodities. These included reducing the preferential tax treatment of electric vehicles, raising taxes on e-cigarettes, and reducing non-priority spending. Together with containing the losses of the utility companies, the revenue measures resulted in the central government primary deficit, the combined public sector deficit, and the overall general government primary deficit that were below the program targets.

6. **Despite successive external shocks since 2020, and the increasingly challenging external environment, the authorities remain committed to the 2025 and medium-term fiscal targets**. The 2025 central government budget, approved by Parliament in January, aligns with the program target of reducing the primary deficit to 2 percent of GDP. Fiscal policy remained on track in the first quarter of 2025. However, to reflect an earlier start of capital projects due to the early approval of this year's budget, the authorities are requesting a modification of the end-June 2025 PCs for the central government's primary deficit and the combined public deficit. The authorities remain committed to the medium-term objective of reducing public debt to below 80 percent of GDP by 2028, while creating room for additional investment and social spending. To that effect, they are developing a Medium-Term Revenue Strategy, with support from the Fund's Fiscal Affairs Department. The authorities are also conducting an actuarial review of the programs managed by the Social Security Corporation, with support from the ILO and the World Bank.

7. **In addition, solid progress is being made in advancing structural fiscal reforms in several areas including state-owned enterprises (SOEs), public-private partnership (PPP), public procurement, and preventing the accumulation of arrears**. Acknowledging the fiscal risks that **SOEs** can present to public finances and reflecting the recommendations of the Fund's Fiscal Affairs Department, the 2024 Fiscal Risk Statement expanded the coverage of contingent liabilities of the SOE sector. The authorities will also adopt and publish an SOE ownership policy and assign monitoring and overseeing performance and risks in the SOE portfolio to the Fiscal Commitments and Contingent Liabilities unit in the Ministry of Finance. In addition, the authorities

established a centralized database of all **PPP contracts** concluded since the 2020 PPP law came into effect, with analytical tools, to enhance fiscal risk analysis by identifying critical risk factors and generating actionable insights. The authorities continue to strengthen **public procurement** and aim to complete the roll out of Jordan's National E-Procurement System (JONEPS) to all ministries and government entities by June 2026. The customs clearance processes are being further streamlined. Measures to avoid **arrears** accumulation are being implemented, with budgetary spending units' electricity payments being made directly by the Ministry of Finance's treasury department. The authorities are making good progress in addressing the underlying causes of arrears stemming from health exemptions. They have centralized the process for granting healthcare exemptions and are providing coverage for select treatments that have been at the source of most exemptions and payment arrears.

Electricity and Water Sector Reforms

8. **Measures to improve the financial sustainability of the electricity sector are starting to show positive results.** Owing to continuing efforts to reduce technical and operational losses and increase revenues, NEPCO's losses in 2024 were lower than projected at 1.1 percent of GDP. NEPCO also made progress in reducing arrears. Time-of-use tariffs are being rolled out further, with the aim to reduce peak demand and thus reduce the need to utilize more costly conventional generation capacity. The authorities are committed to implement measures to durably reduce NEPCO's operational losses in the coming years. In line with the Cabinet-approved roadmap for electricity sector cost reduction and efficiency improvement to ensure NEPCO's long term financial viability, they plan to optimize conventional and renewable power purchase agreements. They also plan to reduce operational and technical losses in the distribution companies to the targeted 9 percent level.

9. **The financial sustainability of the water sector is also improving, and reforms to meet Jordan's demand for water in a financially sustainable manner are progressing.** Since the Cabinet adopted the *Financial Sustainability Roadmap* for the water sector in November 2022, the authorities have made solid progress in reforming the sector. Notably, they are continuing to reduce non-revenue water and are taking steps to achieve full cost recovery for operations and maintenance of water and wastewater services by 2030. As a result of the measures adopted, the sector's financial position improved in line with projections, reflecting the impact of tariff adjustments and operational efficiency gains. Continued work aims to reduce the water sector arrears, including through the adoption of transparent financial reporting by the water distributions companies. Efforts to ensure a sufficient and reliable supply of water are ongoing, notably through the *Aqaba Amman Conveyance* project to pump desalinated seawater to the capital Amman.

Monetary and Financial Policies

10. **Despite the increasingly challenging external environment, the Central bank of Jordan (CBJ) continues to successfully maintain monetary stability, safeguarding the peg with the U.S. dollar and strengthening its reserves position**. Monetary policy will continue to be underpinned by the CBJ's firm commitment to the exchange rate peg to the U.S. dollar. The peg has served Jordan's economy well by providing a credible nominal anchor of monetary and financial stability and enhancing confidence in the dinar. This is evidenced by the declining rate of dollarization. The CBJ will continue to align its policy rates with those of the U.S. Federal Reserve and, will remain vigilant to changes in global financial conditions. It stands ready to undertake policy adjustments as needed to safeguard monetary and financial stability. The authorities are requesting a modification of the end-December 2025 PC on the CBJ's net international reserves, to reflect the stronger performance in accumulating reserves.

11. **The banking sector remains liquid and well-capitalized.** Banks are assessed to be well-placed to withstand further shocks, given high levels of system-wide regulatory capital and robust earnings. The system-wide capital adequacy ratio stood at 18 percent at end-2024, well above the CBJ regulatory minimum of 12 percent. Non-performing loans increased slightly by half a percentage point to 5.6 percent, reflecting the reclassification of some loans, as well as the impact of the regional conflict. The provisions for non-performing loans (coverage ratio) remain strong at 74.5 percent as of end-2024, although slightly lower than their level of 75.6 percent at end-2023. The CBJ has maintained stringent provisioning standards, in line with IFRS9's forward-looking expected loss approach.

12. **Building on ongoing progress, the CBJ is further strengthening the resilience of the financial sector, in line with the recommendations of the Financial System Stability Assessment (FSSA).** Solid progress has been made in implementing the recommendations of the 2023 joint IMF-World Bank Financial System Stability Assessment. The CBJ already aligned its prudential requirements on asset classification with Basel Core Principles. The multi-agency crisis management committee has been established and is operational. The CBJ has strengthened the role of the Financial Stability Committee. Moreover, the CBJ has collected and will continue to collect additional data for more comprehensive and thorough financial stability analyses. Building on progress made, the CBJ will further strengthen financial sector resilience, including by (i) introducing Pillar 2 risk assessment methodologies to make capital assessments more sensitive to individual banks' risk profiles; (ii) aligning prudential requirements for concentration risk; (iii) designing and operationalizing procedures for the compensation of depositors; and (iv) updating regulations related to credit risk to strengthen credit risk supervision and developing resolution plan for major cross border Domestic Systemically Important Banks. Jordan continues to enhance the effectiveness

of the AML/CFT framework, including by strengthening risk-based AML/CFT supervision, and increasing international cooperation.

Structural Policies to Promote Jobs and Inclusive Growth

13. The authorities remain committed to a robust structural reform agenda to promote job creation, enhance the business environment, and strengthen governance, in line with their Economic Modernization Vision.

14. **A key element of the growth strategy is to improve the business environment, enhance competition, and attract higher levels of foreign and domestic investment**. As part of their Public Sector Modernization Roadmap, the authorities are implementing a job description and performance-based salary-setting mechanism for all Category 1 **civil service** employees that is based on position qualifications, competencies, and merit. The performance-based promotion mechanism was rolled out to cover all civil servants in March 2025. The authorities have also submitted to Parliament, ahead of schedule, amendments to the **Competition Law** to align it with international best practices by strengthening the Competition Department's authority, ensuring its administrative and financial independence, and enhancing its executive capacity. The authorities are also: (i) further streamlining the process for, and reducing the costs of, **registering and closing businesses**; (ii) further streamlining **sectoral licensing requirements**, and ensuring that the approval time for license applications does not exceed 30 days; (iv) easing restrictions and regulations in the **transport and fuel sectors**, based on recently completed studies; (v) **digitalizing 80 percent of automatable government services** to improve service delivery and reduce costs for businesses and citizens, in line with the Public Sector Modernization Roadmap; and (vi) **further relaxing restrictions on foreign ownership** through bilateral negotiations and expediting the approval of full foreign ownership applications.

15. **Efforts aimed at enhancing labor market flexibility and female labor force participation are progressing**. In this regard, the authorities have also submitted to Parliament, ahead of schedule, **amendments to the Labor Law** that enhance labor market flexibility and female labor participation, reduce distortions, and improve childcare provisions while ensuring that they do not create barriers to formal employment. The authorities will continue to work with Parliament to ensure that the adopted law and subsequent bylaws are fully in line with these policy objectives. The authorities have also submitted to Parliament, ahead of schedule, **amendments to the Social Security Law** that strengthen unemployment insurance, facilitate flexible work arrangements, and reduce benefit inequality between men and women in an actuarily neutral way. The authorities are also **streamlining procedures for issuing work permits** and lowering their costs through amended regulations for skilled non-Jordanians. They are **harmonizing public sector pay scales between men and women**; and **improving**

public transport services to support greater workforce participation, particularly among women.

16. **Efforts aimed at further improving governance and transparency are ongoing.** The authorities are working to (i) criminalize illicit gains from public procurement; (ii) require companies to disclose beneficial ownership information in accordance with the new beneficial owner registry regulations; and (iii) continue with the roll-out of the electronic system for public procurement.

Request for an RSF Arrangement

17. **Jordan's requested RSF arrangement is designed to effectively reinforce the macroeconomic objectives of the EFF.** The RSF arrangement will indeed support the authorities' efforts to address long-term vulnerabilities in the water and energy sectors and to be better prepared for public health emergencies, including pandemics. In the water and energy sectors, the RSF will help to reduce public sector borrowing needs, ease fiscal pressures, and support long-term fiscal and debt sustainability, thus strengthening Jordan's balance-of-payment stability. Similarly, the RSF will strengthen resilience to public health emergencies to help limit the potentially very large public financing and balance of payments needs that could arise from new health emergencies, as witnessed during the COVID-19 pandemic. The RSF arrangement is designed to have **substantial synergies with the current EFF arrangement**.

18. **Reform measures concentrate on three macro-critical pillars, leveraging the Fund's core expertise: (i) Enhancing resilience of the energy and water sectors; (ii) Strengthening fiscal and financial sector resilience; (iii) Strengthening health emergency and pandemic preparedness**. Thirteen reform measures (RMs) are proposed under the RSF arrangement to cover the three reform pillars. The RMs were designed in close consultation with development partners, including the World Bank and the World Health Organization.

a. **Reform Pillar I: Enhancing resilience of the energy and water sectors**: Building on the progress made to date in improving the financial sustainability of the energy and water sectors in the context of the EFF, two RMs are envisaged for the energy sector with the aim of expanding energy storage capacity and enhancing energy efficiency. Three RMs are envisaged for the water sector with the aim of updating the water sector Financial Sustainability Roadmap, enhancing the performance of the water companies, and expanding private sector participation in the treated wastewater sector.

b. **Reform Pillar II: Strengthening fiscal and financial sector resilience:** This reform pillar seeks to improve fiscal planning by incorporating climate-related risks and vulnerabilities into public financial management processes. Three RMs are proposed to strengthen budget processes and risk management with the aim to support fiscal sustainability.

c. **Reform Pillar III: Strengthening health emergency and pandemic preparedness:** This reform pillar focuses on ensuring resilient health service delivery during health emergencies, including pandemics. Learning from the pandemic, four RMs are proposed, covering: (i) Adopting instructions mandating the implementation of an emergency-ready health benefit package, (ii) Codifying the sources and uses of financing for public health emergencies, (iii) Adopting and implementing a governance framework that outlines clear roles, responsibilities and coordination mechanisms among government agencies for health emergencies preparedness and response, and (iv) Establishing a framework of procedures and templates for consolidated monitoring and reporting of public spending on health emergencies to strengthen decision-making during public health emergencies, as well as the assessment of spending afterwards.

Conclusion

19. The Jordanian authorities highly value their strong partnership with the Fund, which has consistently provided reliable policy advice, financial support, capacity development, and a foundation for reform momentum, aiding Jordan in navigating a challenging environment. Considering Jordan’s strong performance under the EFF-supported program and its commitment to the program’s objectives and considering the strength of the proposed reform package under the RSF, we would appreciate the Executive Directors’ support for the completion of the third review under the EFF and request for an RSF arrangement.