INTERNATIONAL MONETARY FUND

IMF Country Report No. 25/338

JORDAN

December 2025

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

In the context of the Staff Report for the Fourth Review Under the Extended Arrangement Under the Extended Fund Facility, Request for Modification of Performance Criteria, and First Review Under the Resilience and Sustainability Facility Arrangement, 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 December 12, 2025, following discussions that ended on October 9, 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 November 24, 2025.
- 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.

Copies of this report are available to the public from

International Monetary Fund • Publication Services
PO Box 92780 • Washington, D.C. 20090
Telephone: (202) 623-7430 • Fax: (202) 623-7201
E-mail: publications@imf.org Web: http://www.imf.org

International Monetary Fund
Washington, D.C.

IMF Executive Board Completes the Fourth Review under the Extended Fund Facility and First Review under the Resilience and Sustainability Facility Arrangements for Jordan

FOR IMMEDIATE RELEASE

- The IMF Executive Board completed the fourth review under the Extended Fund Facility (EFF) and the first review under the Resilience and Sustainability Facility (RSF) arrangements with Jordan, providing the authorities with immediate access to the equivalent of about US$130 million under the EFF and about US$110 million under the RSF to support the authorities' economic program.
- Economic growth accelerated to 2.7 percent in the first half of 2025, while inflation remains anchored around 2 percent, reflecting the Central Bank of Jordan's successful efforts to safeguard monetary stability and maintain the peg to the U.S. dollar, despite considerable external headwinds including regional conflicts.
- Jordan's economic program supported by the EFF arrangement remains firmly on track, as the authorities continue to pursue sound macro-economic policies and structural reforms to strengthen resilience and boost private sector-led growth and job creation. The authorities have also implemented the two reform measures due for the first RSF review, bolstering Jordan's economic outlook and prospective balance of payments stability.

Washington, DC – December 12, 2025: The Executive Board of the International Monetary Fund (IMF) today completed the fourth review of the arrangement under the Extended Fund Facility (EFF) and the first review of the Resilience and Sustainability Facility (RSF) arrangement. 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 (about US$130 million), bringing the total purchases under the EFF arrangement to the equivalent of SDR 535.238 million (about US$733 million). In addition, the Resilience and Sustainability Facility (RSF) for Jordan was approved on June 25, 2025 (see Press Release No. 25/221), with access to SDR 514.65 million (about US$700 million, equivalent to 150 percent of Jordan's quota). The Board's decision will also allow the disbursement of SDR 79.182 million (about US$110 million) under the RSF.

Jordan's economy remains resilient, supported by sound macroeconomic policies and strong international backing. Growth accelerated to 2.7 percent in the first half of 2025 and is expected to reach 3 percent in the coming years, aided by major investment projects, deeper regional integration, and sustained implementation of structural reforms. Inflation stays anchored at about 2 percent, and the current account deficit is projected to narrow to below 5 percent of GDP over the medium term. The banking sector is stable, and international reserves are strong.

Fiscal performance remains in line with program targets, with robust revenue collection and current spending discipline. The authorities are committed to reducing public debt to 80 percent of GDP by 2028 through gradual fiscal consolidation and further actions to lower the losses of public utilities, while protecting social and development spending.

The authorities are determined to step up the pace of structural reforms to achieve stronger growth and generate more jobs. Reforms are advancing to boost investment, foster competition, improve labor market flexibility, and strengthen the social safety net, alongside digitalization of government services.

Progress under the RSF continues, with measures addressing vulnerabilities in water and electricity sectors and enhancing health emergency preparedness. The two RSF Reform Measures scheduled for this review have been completed.

Following the Executive Board discussion, Kenji Okamura, Deputy Managing Director and Chair, made the following statement:

“Jordan’s continued macroeconomic stability and resilience amid persistent external headwinds are a testament to the authorities’ steadfast pursuit of sound policies, aided by strong international support. Growth continues to recover, inflation remains low, and reserve buffers are strong. In the context of lingering regional tensions and global uncertainty, the authorities continued commitment to sound fiscal and monetary policies to safeguard macroeconomic stability is important.

“The authorities continue to make progress on gradual and growth-friendly fiscal consolidation. The recalibrated fiscal stance for 2026 is appropriate. Gradual fiscal consolidation, supported by the authorities’ Medium-Term Revenue Strategy and enhanced spending efficiency would help to place public debt on a downward path, while protecting social and capital spending. Efforts to maintain the long-term financial sustainability of the pension system and improve the efficiency and financial viability of public utilities are crucial.

“Monetary policy remains appropriately focused on safeguarding monetary and financial stability and supporting the exchange rate peg that continues to serve Jordan well. Jordan's banking sector remains healthy, and the central bank continues to strengthen its systemic risk analysis, financial sector oversight, and crisis management. Ongoing efforts to further strengthen the effectiveness of the AML/CFT framework are welcome.

“Accelerated structural reforms are crucial to create a dynamic and resilient private sector and foster job-rich growth. The authorities are focused on measures to improve the business environment, promote competition, enhance labor market flexibility to address youth unemployment and low female labor force participation, and attract private investment. Strong and timely donor support remains essential to help Jordan navigate the challenging external environment and meet its development objectives, while shouldering the cost of hosting a large number of refugees.

“The solid progress of implementing the reform measures under the Resilience and Sustainability Facility will help to support the authorities’ efforts to address long-term economic vulnerabilities and strengthen Jordan’s balance of payments stability.”

Jordan: Selected Economic Indicators, 2024-2027

	2024	2025	2026	2027
		Proj.	Proj.	Proj.
Output and Prices	(Annual percentage change, unless otherwise noted)			
Real GDP growth	2.5	2.7	2.9	3.0
GDP deflator	1.9	2.3	2.4	2.3
Nominal GDP (JD billions)	41.6	43.7	46.1	48.6
Consumer price inflation (annual average)	1.6	1.9	2.2	2.2
Unemployment rate (percent) 1/	21.4	…	…	…
Fiscal Operations	(in percent of GDP, unless otherwise noted)			
Revenue and grants	22.7	22.8	23.6	23.9
Of which: grants	1.7	1.7	1.6	1.4
Expenditure 2/	28.5	28.1	28.3	28.2
Overall central government balance 3/	-5.9	-5.3	-4.8	-4.3
Primary government balance (excluding grants)	-2.6	-1.9	-1.3	-0.5
Combined public sector balance 4/	-4.0	-3.2	-2.6	-1.6
Government and guaranteed gross debt 5/	106.1	108.6	108.1	108.0
Government and guaranteed gross debt, net of SSC's holdings 5/	82.1	83.4	82.0	81.3
External Sector	(in percent of GDP, unless otherwise noted)			
Current account balance (including grants)	-5.8	-5.1	-5.7	-5.5
Foreign Direct Investment	2.7	3.0	3.0	3.0
Gross usable international reserves ($ billions) 6/	20.3	20.7	21.4	21.8
In months of imports	7.7	7.3	7.2	7.0
In percent of the IMF's Reserve Adequacy Metric	112	107	105	104

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

1/ Unemployment rate for Jordanians only (excluding foreign residents).
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, and consolidated water sector balance.

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

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

INTERNATIONAL MONETARY FUND

JORDAN

November 24, 2025

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

EXECUTIVE SUMMARY

Context: Jordan's economy continues to show resilience despite persistent headwinds from regional conflicts and global economic uncertainty. Thanks to the authorities' pursuit of sound economic policies and reforms, aided by strong international support, Jordan's economic activity continues to recover, inflation remains low, and reserve buffers are strong. Nonetheless, structural challenges, including in the labor market and public utility companies, persist, and the public debt burden remains elevated.

Program implementation and policies: The EFF-supported program remains on track, reflecting the authorities' strong ownership. All quantitative performance criteria for the fourth review and most of the indicative targets for end-June and end-September 2025 were met. Five out of six structural benchmarks set for the fourth review were also met, one was implemented with a slight delay, and steady progress is being made toward future structural benchmarks. The authorities are committed to sustaining a gradual fiscal consolidation to place the public debt ratio on a downward path, anchored by their Medium-Term Revenue Strategy and improving the finances of public utilities, while creating room for essential social and public investment spending. Monetary management continues to focus on safeguarding the exchange rate peg while preserving financial stability. Structural reforms are progressing, aimed at enhancing the business environment and competition, increasing labor market flexibility, and strengthening the long-term financial sustainability of the social security system. Performance under the RSF arrangement is also on track, with the two reform measures (RMs) due by November 2025 completed and progress made towards meeting future RMs.

Fourth EFF review and first RSF review: Staff supports the authorities' request for completion of the fourth EFF review, first RSF review, and modification of the performance criteria for net international reserves to reflect the stronger performance in 2025 and updated projections thereafter. Upon completion of these reviews, a purchase of SDR 97.784 million under the EFF arrangement and a disbursement in the amount of SDR 79.182 million under the RSF arrangement will be made available to Jordan.

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

The team consisted of César Serra (Head), Jamie Fraser, Fei Liu (all MCD), Yahia Said (Resident Representative), Leen Aghabi and Sana Almunizel (Local Economists), Maria Chiara Cavalleri (FAD), Alice Fan (SPR), and Lisbeth Rivas (STA). Maya Choueiri (OED) participated in the mission. Discussions were held in Amman during September 28–October 9, 2025. Staff met with Prime Minister Jafar Hassan, Minister of State for Economic Affairs Muhannad Shehadeh, Minister of Finance Abdelhakim Shibli, Minister of Planning and International Cooperation Zeina Toukan, 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, and Cecilia Pineda and Tariq Bani hani provided document management.

CONTENTS

ANNEXES

APPENDIX

RECENT DEVELOPMENTS, OUTLOOK, AND RISKS

1. **Economic activity continued recovering despite ongoing regional tensions.** Real GDP growth strengthened to 2.7 percent in the first half of 2025 and is expected to have remained at this pace for the rest of the year, driven by stronger export growth than projected at the time of the third review, a robust rebound in tourism inflows, an uptick in foreign direct investment, but still a subdued recovery in domestic demand. This overall performance also reflects an ongoing recovery in agriculture, manufacturing, and transportation. The disruptions to air travel and gas supplies from the Israel-Iran conflict were short-lived, with minimal impact on growth. The unemployment rate for Jordanians, however, has remained stagnant since 2023 at about 21 percent, still above pre-pandemic levels, reflecting elevated youth and female unemployment rates at 51 and 33 percent, respectively.

2. **The recovery, however, remains vulnerable to adverse external developments.** While current policies and reforms support the growth momentum, domestic demand is weighed down by the uncertainty around the fragile security situation in the region amid softer global trade prospects and the impact on Jordan's exports from the increase in U.S. tariffs. To mitigate these near-term headwinds and protect the economic recovery, the fiscal policy stance in 2026 has been recalibrated to lessen its fiscal drag on domestic demand and to support public investment (see more below). With this support, growth is projected to reach 2.9 percent in 2026 and around 3 percent thereafter, unchanged from expectations at the time of the third review, as the authorities roll out the second executive program (2026-2029) of their Economic Modernization Vision, driven by strategic reforms and the implementation of large-scale infrastructure projects.

3. **Inflation remains low.** Inflation reached 1.9 percent (y/y) during the first ten months of 2025 and is projected to remain anchored at about 2 percent over the medium term, reflecting CBJ's prudent monetary management to safeguard the exchange rate peg. With low inflation and low inflation expectations, the CBJ has cut its policy rate in line with the U.S. Federal Reserve.

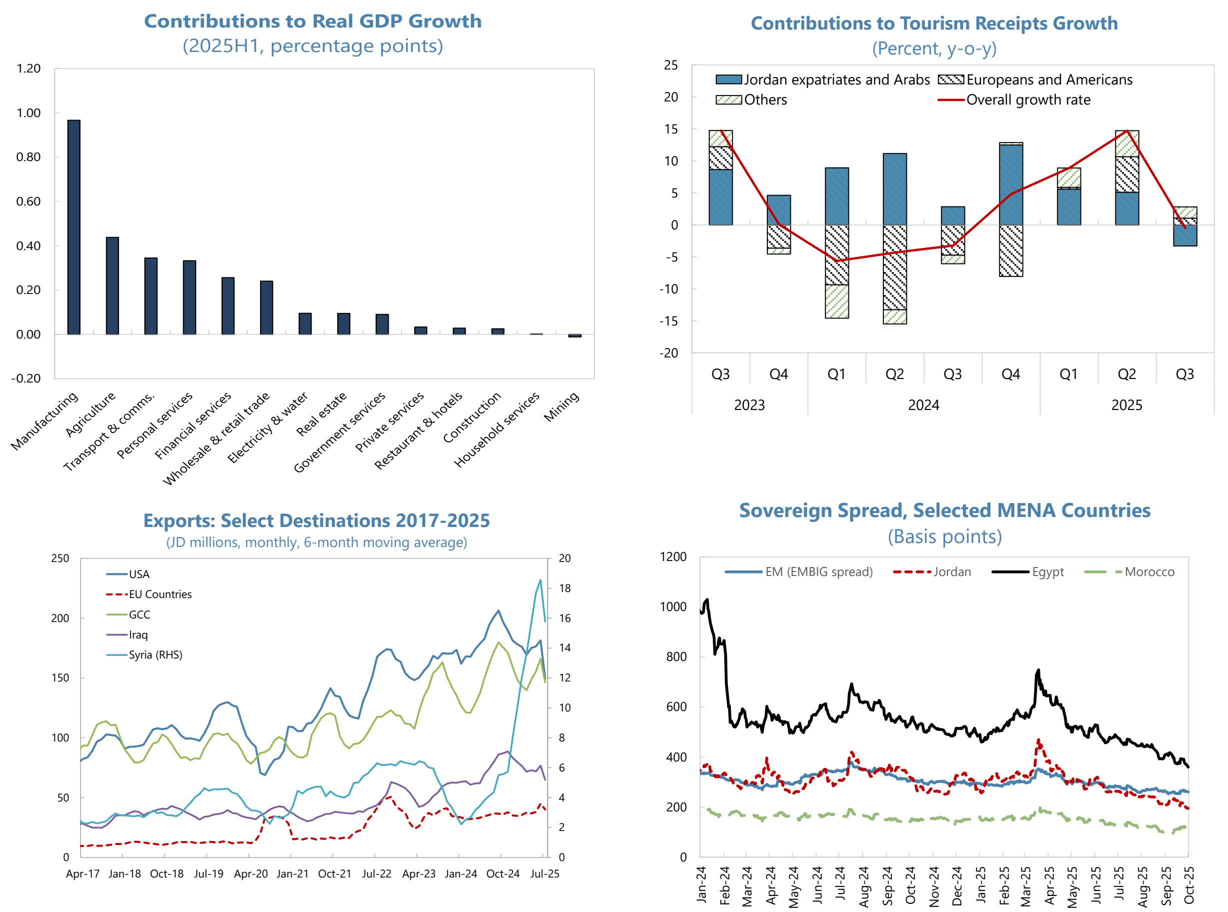
4. **The external position is projected to remain broadly stable.** Stronger export growth in 2025 than foreseen at the time of the third review, together with resilient tourism, are expected to narrow the current account deficit to 5.1 percent of GDP from 5.8 percent of GDP in 2024. The impact from higher U.S. tariffs has been modest, as textiles, accounting for about two-thirds of Jordan's exports to the U.S., remain competitive, given that Jordan's main competitors face higher tariff rates.[1] Jordan's exports to the U.S. decreased by 2.5 percent year-to-date as of July, more than offset by strong exports to neighboring countries, notably Iraq and Syria (up by 11.6 and 401.1 percent, respectively, over the same period) and robust tourism receipts despite the disruptions from the Israel-Iran conflict (up by 7 percent during the first nine months). Over the medium term, the current account deficit is projected to gradually narrow to below 5 percent of GDP, with a slight widening in the coming years, reflecting the pickup of domestic demand and FDI-related imports. Gross usable

[1] The tariff faced by Jordan's exports to the U.S. increased to 15 percent from the previous 10 percent. In comparison, Jordan's major competitors in clothing exports to the U.S., including Bangladesh, China, and Thailand, face tariffs above 30 percent (as of October 2025).

international reserves are projected to reach $20.7 billion by end of 2025 (107 percent of the Fund's ARA metric) and to remain adequate throughout the medium term.

5. Jordan's sovereign spreads have reached historic lows. Spreads widened temporarily to above 300 basis points (bps) in late June 2025 following the conflict between Israel and Iran but has narrowed to below 200 bps since then, reflecting the credibility of the authorities' policies and continued and strong international financial assistance. Taking advantage of the lower spreads, the authorities tapped the Eurobond market in early November to pre-finance the Eurobond coming due in January 2026. Jordan's domestic banking system remains sound and market confidence toward the currency peg continues to be strong.

Jordan: Recent Economic Developments



Sources: Jordanian Authorities; Haver Analytics; Bloomberg; World Bank; and IMF staff calculations.

6. Although risks are tilted to the downside, there are also opportunities (Annex I). Lingering regional tensions amid fragile ceasefires could reignite conflict, which could trigger commodity price volatility, exert inflationary pressures, increase risk premia, and weigh on growth, fiscal, and external outlook, by disrupting supply chains, undermining confidence, increasing the debt burden, and reducing investment, tourism and trade. Rising trade barriers and persistent global economic uncertainty could further exacerbate these impacts. Upside opportunities could arise from long-lasting peace in the region, including successful transitions and reconstruction in Lebanon and Syria, a permanent ceasefire in Gaza and stability in the West Bank, and further deepening of cooperation with Iraq. The acceleration of large investment projects announced over the past year could also boost growth potential.

7. Jordan's Department of Statistics has completed the rebasing of the national accounts (Annex II). A four-year long rebasing of national accounts has been finalized (last one conducted in 2016), resulting in an upward revision of nominal GDP of about 10 percent, reflecting both improvements in methodologies and better coverage of formal and informal economic activities.

POLICY DISCUSSIONS UNDER THE EFF ARRANGEMENT

Discussions focused on policies and reforms to preserve macroeconomic stability and achieve stronger and inclusive private sector-led growth, particularly through (i) sustaining a gradual fiscal adjustment to place the public debt ratio firmly on a downward path while creating space for social and capital spending; (ii) improving the financial sustainability and efficiency of the electricity and water sectors; (iii) continuing prudent monetary management to safeguard the exchange rate peg while preserving financial stability; and (iv) accelerating structural reforms to boost growth prospects and job creation.

A. Fiscal Policy: Sustaining Gradual Consolidation While Supporting Growth and Protecting the Poor

8. Despite the external headwinds, the authorities have kept the fiscal program for 2025 on track (MEFP ¶4).

- *The authorities met the end-June performance criteria (PCs) targets of central government primary deficit and combined public deficit, as well as the indicative targets (ITs) on social spending and public debt.* Domestic revenues expanded broadly in line with nominal GDP growth during January-May, before the interruptions from the Israel-Iran conflict caused them to contract by 9 percent (y/y) in June, a loss of 0.2 percent of GDP. To offset the softer revenue performance, primary current expenditures were restrained, reversing the pressures faced in 2024 after the onset of the war in Gaza. As a result, the central government primary fiscal account (excluding grants and transfers to public utilities) was in balance during the first half of 2025, overperforming its program target and outturn for the same period in 2024.

Central Government Budgetary Outturns
(Percent of GDP)

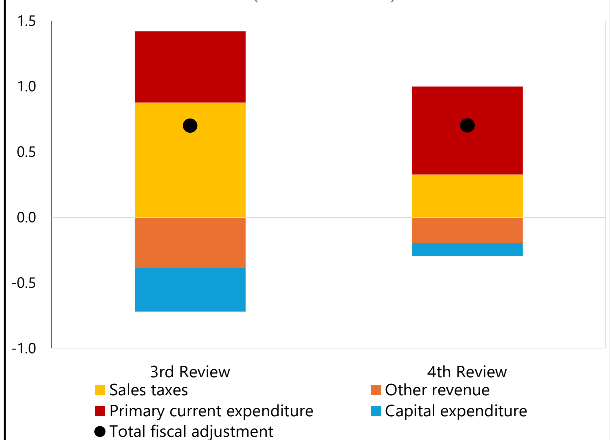
	2024H1	2025H1	2024YTDQ3	2025YTDQ3
Primary balance excl. grants	**-0.4**	**0.0**	**-1.1**	**-0.3**
Domestic revenue	**10.9**	**10.7**	**16.1**	**15.9**
Tax revenue	8.1	7.8	11.9	11.7
Taxes on income	2.8	2.6	3.7	3.4
Taxes on foreign trade	0.3	0.3	0.5	0.4
Sales taxes	4.9	4.8	7.6	7.7
Taxes on real estate	0.1	0.1	0.2	0.2
Non-tax revenue	2.8	2.9	4.1	4.2
Primary current expenditure	**10.3**	**9.5**	**15.4**	**14.3**
Compensation of employees	2.4	2.3	3.5	3.4
Military and security spending	3.5	3.5	5.2	5.3
Other	4.4	3.7	6.7	5.6
Capital expenditure	**1.0**	**1.2**	**1.7**	**1.9**

Sources: Jordanian Authorities, and IMF staff calculations.

- *Fiscal performance through end-September 2025 remained in line with program targets.* Tax revenue collection rebounded during the third quarter of 2025, supported by the removal of the GST exemption on the sale of electric and hybrid vehicles and the simplification of their special sales tax (SST, excise) regime from July, which also helps mitigate revenue losses resulting from declining oil consumption (expected yield of 0.2 percent of GDP through year-end). Together with continued prudence in expenditure management, the end-September ITs on central government primary deficit and combined public sector deficit were met. However, the end-September IT on public debt was missed as the authorities started to save proceeds from external financing to pre-finance the Eurobond coming due in January 2026.

9. Fiscal performance in 2025 is expected to remain in line with program targets (MEFP ¶4). Barring any other shocks, end-year fiscal deficit targets appear to be within reach. The central government primary deficit (excluding grants and transfers to public utilities) is expected to be limited to 1.9 percent of GDP in 2025, implying a fiscal adjustment of 0.7 percent of GDP this year. The adjustment would be secured, however, primarily through expenditure rationalization, including a smaller than expected rebound in capital expenditure. For the year as a whole, domestic revenues are expected to be weighed down by lower sales taxes, despite the authorities' recent actions to strengthen revenue mobilization, reflecting the still subdued recovery in domestic demand amid persistent regional tensions and the impact of the Israel-Iran conflict in June, as previously discussed.

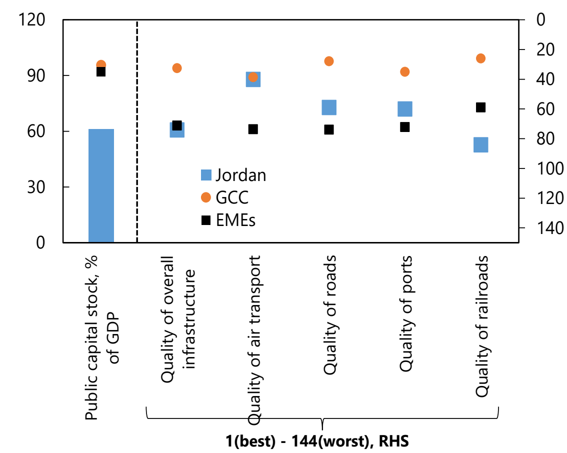
Projected Fiscal Adjustment in 2025
(Percent of GDP)



Sources: Jordanian authorities, and IMF staff calculations.

10. The authorities are committed to sustaining gradual fiscal consolidation through the end of the program, supported by credible measures under their medium-term reform strategy to place public debt on a firmly downward path (MEFP ¶6). Recurrent and persistent geopolitical shocks over the past two years have weighed on the economy and backloaded somewhat the fiscal adjustment, which was necessary to mitigate the impact of the shocks. However, with the regional and external environment still unsettled, reaching the fiscal targets originally envisaged for the end of the program in the remaining program period would require a sizable adjustment

Public Capital Stock and Quality
(Percent of GDP and Rank; Latest Value Available)



Sources: IMF Investment and Capital Stock Dataset, and World Economic Forum.

which would impart a significant drag on the economy and require curtailing public investment despite important gaps in the stock and quality of public capital. To support the recovery of domestic demand, when it is weighed down by the persistent uncertainty around the fragile security situation in the region, the program fiscal stance for 2026 has been recalibrated, targeting a central government primary adjustment (excluding grants and transfers to public utilities) of 0.6 percent of GDP, compared to the 1 percent of GDP at the time of the third review, which is still ambitious. The authorities are prepared to take the necessary contingency measures to ensure that end-year targets will continue to be met should downside risks materialize, including by restraining non-priority spending and advancing revenue measures under their Medium-Term Revenue Strategy (MTRS). In 2027-28, the adjustment will steadily increase and amount to 1.8 percent of GDP, cumulatively.

- **In line with this, the authorities have submitted the 2026 budget to Parliament targeting a primary deficit (excluding grants and transfers to public utilities) of 1.3 percent of GDP.** The budget incorporates 0.9 percent of GDP in revenue enhancing measures, based on the authorities' recently adopted MTRS (*SB for September 2025, implemented with delay*), and formulated with FAD technical assistance (TA), which will allow a small increase in capital spending. These measures include: (i) the increase in customs duty rates on durable and non-durable consumption goods other than staple foods (an overall increase of the effective tariff rate from 1.5 to 2.2 percent[2]) while taking initial steps to streamline customs exemptions provided in the context of recent geopolitical tensions; (ii) addressing inefficiencies in the taxation framework of vehicles (implemented in July 2025), and launching auctions of special and premium car number plates and licenses for ride-sharing services; (iii) the increase of SST collections of tobacco and alcohol products while intensifying efforts to curb illicit tobacco trade; and (iv) continuing the

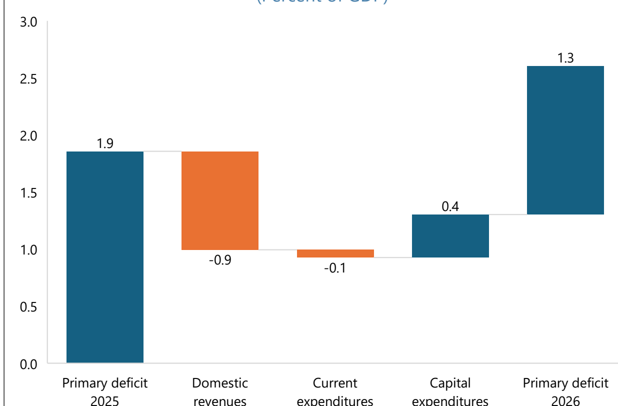
Revenue Measures in 2026 General Budget Law
(Percent of GDP)

Measure	Expected yield
Increase in customs duty rates and initial steps to streamline exemptions	0.3
Enhancing vehicle-related revenue collection, of which:	0.2
Removing GST exemption and streamlining SST rates	0.1
Auctions of special car number plates and licenses for ride-sharing services	0.1
Enhancing SST collection of tobacco, e-cigarettes, and alcohol drinks	0.2
Measures to enhance compliance and modernization[1]	0.1
Total	**0.9**

[1] These include the continued implementation of e-invoicing, the new transfer pricing framework, AI-supported audits, the revised Post-Clearance Customs Audit program, enhanced track and trace and biometric tools for tobacco and fuel derivatives.

Sources: Jordanian authorities, and IMF staff calculations.

Contributions to Primary Fiscal Adjustment in 2026
(Percent of GDP)



Sources: Jordanian authorities, and IMF staff calculations.

[2] Estimated as total collections from customs duties as percentage of non-energy imports.

implementation of tax and customs administration measures for the MTRS to realize short-term revenue gains.

- **With domestic demand expected to be on a stronger footing in the coming years and supported by credible measures under the authorities' medium-term reform strategy, the pace of fiscal consolidation will increase in 2027 and 2028 (1.8 percent of GDP cumulative).** The adjustment will be anchored on the implementation of reforms aimed at further expanding the revenue base in line with the authorities' MTRS, including: (i) continuing broadening the customs revenue base by rationalizing customs exemptions; (ii) enhancing revenue collection from real estate transactions, including by modernizing the cadastre system; (iii) expanding the sales tax base to continue tackling tax evasion, including by strategically leveraging the e-invoicing data; and (iv) sustaining administrative efforts to raise collection efficiency and compliance, guided by recommendations from a recent METAC TA.[3] The MTRS would be continuously re-assessed with the goal of identifying further actions to reduce tax expenditures and enhance the overall progressivity of the tax system. Sustaining efforts on the expenditure side will be critical to complement the MTRS. In this regard, the authorities will continue to implement the performance-based salary compensation framework for civil servants, which will promote a more efficient use of public resources. In addition to actions already taken to contain health sector arrears (see more below), planned TA from FAD will identify further actions to enhance health spending efficiency and rationalize related transfers.

- **For 2027, the authorities have already committed to specific actions to support their fiscal efforts.** In line with their MTRS, the authorities plan to adopt a new exemption framework for customs duties (*new SB for November 2026*), that will be developed following a dedicated review (*new SB for June 2026*) with a view of identifying selected exempted and zero-rated goods to be gradually discontinued starting from 2027. In addition, planned TA from METAC will ensure that the e-invoicing system is implemented in line with international standards, while confirming that the collected data is properly utilized for tax administration cross-checking.

11. These measures will be supported by the implementation of ongoing structural fiscal reforms to enhance tax and customs administration and public financial and debt management (MEFP ¶7 and ¶10). Specifically:

- The Income and Sales Tax Department (ISTD) has mandated e-invoicing for the sale of goods and the provision of services, issuing regulations requiring e-invoices for 100 percent of expenses reported in tax declarations (*SB for March 2025 met*). This enhances monitoring of economic activities, addresses under-invoicing, and strengthens the audit function and cross-checking.

- ISTD continues efforts to increase compliance, including through the expansion of digitalization of taxpayer services and improving data collection and analysis, and by leveraging digital solutions

[3] Based on IMF TA report "Preliminary Administrative Measures for a MTRS" (June 2025).

and upgrading ISTD's IT infrastructure, including through implementing a new Integrated Tax Administration System (ITAS).

- Building on the progress so far in applying the new transfer pricing rules to multinationals and mid-sized companies, ISTD further extended transfer pricing rules to related parties in September 2025. A special directorate will be established to help with the implementation of the transfer pricing rules before the end of 2026.

- To further streamline the customs clearance processes, the authorities will implement the last phase of the Unification of Border Management Initiative by December 2025, which will establish Jordan Customs as the only authorized border clearance entity for physical inspections and risk management.

- The authorities continued to implement the Public Sector Modernization Roadmap to enhance the efficiency and accountability of the public sector, notably completing ahead of time the digitalization of 80 percent of all automatable government services (*SB for December 2025 met*).

- 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.

- To stem the emergence of health sector arrears, the authorities have signed a cancer insurance agreement with the King Hussein Cancer Center to cover the treatment of Jordan's cancer patients between ages 60 and 90. The agreement includes 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 over the medium term.

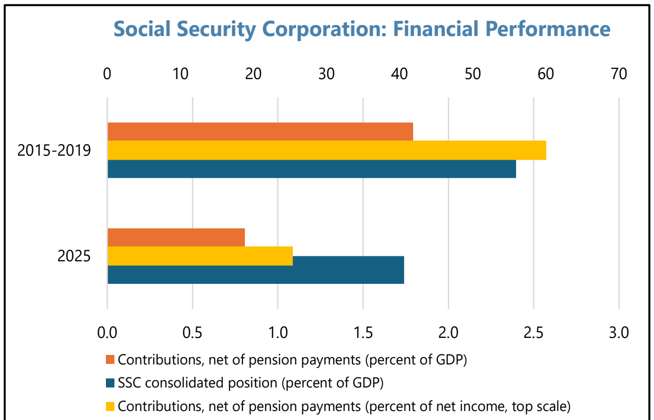
- The authorities are working on developing the state-owned enterprise (SOE) ownership policy and will adopt and publish an SOE ownership policy and assign monitoring and overseeing performance and risks in the SOE portfolio to the Fiscal Commitments Unit in the Ministry of Finance (*SB for March 2026*). The 2025 Fiscal Risk Statement will further expand the coverage of contingent liabilities of the SOE sector.

- The authorities have committed to further strengthening their debt management framework, capacity, and transparency, starting by publishing their Annual Borrowing Plan consistent with the 2026 budget and updating their Medium-Term Debt Management Strategy by June 2026.

12. To mitigate the impact of the fiscal adjustment on the most vulnerable households, the social safety net continues to be strengthened (MEFP ¶9). The number of poor and vulnerable families covered by the National Aid Fund (NAF) reached nearly 250,000 households by August 2025, with an expected increase of about 15,000 households by year-end (covering about 65 percent of the poor). NAF has recently launched the updated National Social Protection Strategy for 2025-2033 to make further progress in empowering human capital and preparing eligible beneficiaries for future jobs, in line with the Economic Modernization Vision. NAF has also been further improving the accuracy and effectiveness of its targeting formula and is in progress of establishing a voluntary unified platform for social assistance, open to Civil Society Organizations that provide financial or in-kind support to vulnerable households, to enhance coordination and help to improve the targeting of assistance.

13. The authorities are also committed to pressing ahead with reforms to maintain the long-term financial sustainability of the Social Security Corporation (SSC) (MEFP ¶8).

- *The SSC continues running surpluses, but its underlying financial position has weakened.* The SSC is expected to achieve a consolidated surplus (excluding interest income from holdings of government debt) of 1.7 percent of GDP in 2025, about 1 percent of GDP less than estimated at the time of third review. Contributions, net of pension payments, are estimated to have declined to 0.8 percent of GDP in 2025, down from 1.8 percent of GDP on average during 2015-19, as demographic pressures have started to bear, but also importantly due to the ease and benefits of early retirement practices.[4]



Sources: Jordanian authorities, and IMF staff calculations.

- *Results under the 11th actuarial review suggest that the SSC's long-term financial position will weaken further.* This underscores the critical need for reforms to support the financial sustainability of the pay-as-you-go pension system while preserving its role as a key investor in the domestic economy. In this context, the authorities have recently approved a decision to remove the mandatory retirement requirement after reaching 30 years of service in the public sector, effective from January 2026. Drawing on the findings of the 11th actuarial review, the authorities, together with technical support from the ILO, the Fund, and the World Bank, are assessing an initial set of proposals, including reforming early retirement, extending the retirement age, considering a fair actuarial accrual rate, rationalizing pension supplements, among other options, to be included in the draft amendments to the SSC law. The draft amendments will also replace the current unemployment insurance program based on individual accounts with a true insurance program based on risk pooling. A pension reform concept paper, which will include comprehensive parametric changes to ensure the SSC's long-term financial sustainability, will be developed and adopted (*new SB for May 2026*). Based on this reform concept paper and after a public consultation process to ensure awareness of the criticality of this reform, the draft amendments to the SSC law will be submitted to Parliament by September 2026 (*new SB for September 2026*).

14. The proposed changes do not alter the debt anchor under the program, as the revised macro-fiscal projections broadly offset the GDP rebasing effects over the medium term. While

[4] During 2023–24, early retirees comprised about 60 percent of new retirees receiving pensions from the SSC. As of early 2024, early retirees accounted for close to 50 percent of the total number of pensioners under the SSC.

it will take a year longer for the general government primary balance (excluding grants) to reach the primary surplus envisaged at the time of the third review, the rebasing of GDP (Annex II) still makes the debt target of reaching 80 percent of GDP by 2028 feasible. Although the public debt burden remains elevated and debt vulnerabilities persist, Jordan's public debt continues to be assessed as sustainable (Annex III). Debt vulnerabilities are mitigated by the authorities' continued commitment to sound macro-economic policies and agile debt management, development partners' firm commitments to supporting Jordan, and continued market access amid bond spreads at historic lows.

General Government Primary Balances
(Percent of GDP, excluding grants)

		2025 Est.	2026 Proj.	2027 Proj.	2028 Proj.
Level	3rd EFF Review	-0.1	1.0	2.1	3.2
	4th EFF Review	-0.8	-0.1	0.9	2.1
Annual change					
	3rd EFF Review		1.1	1.1	1.1
	4th EFF Review		0.8	1.0	1.2
Memorandum items:					
3rd Review GDP (nominal, JD billion)		39.8	42.0	44.2	46.6
Rebased GDP (nominal, JD billion)		43.7	46.1	48.6	51.2
Public debt to GDP ratio (4th EFF Review)		83.4	82.0	81.3	80.0

Note: 3rd Review numbers have been re-calculated using rebased GDP.
Sources: Jordanian authorities, and IMF staff calculations.

B. Electricity and Water Sectors: Improving Financial Sustainability

15. NEPCO's losses are expected to remain in line with program targets in 2025 and 2026 (MEFP ¶12). The net financial impact of the conflict between Israel and Iran in June was small, as additional costs arising from unforeseen heavy fuel imports were mostly offset by a reduction in the volume of gas imports caused by the disruption in gas supply. As a result, losses remained contained at 0.5 percent of GDP in the first half of 2025, with NEPCO remaining on track to meet the 2025 ceiling on operational losses of 1.0 percent of GDP. In addition, NEPCO has made progress in reducing domestic arrears, meeting the end-June and end-September 2025 ITs. For 2026, NEPCO's operating balance is projected to remain largely unchanged relative to third review expectations, declining to 0.9 percent of GDP on account of cost-saving measures.

NEPCO Operating Balance
(In percent of GDP)

	2024H1	2025H1
Revenues	1.8	1.8
Expenses	2.3	2.3
Cost of electricity purchased	2.0	2.0
Debt service	0.2	0.3
Other operating expenses	0.1	0.1
Net operating balance	-0.6	-0.5

Source: Jordanian Authorities, and IMF staff calculations.

16. Efforts are ongoing to improve NEPCO's financial outlook over the medium term (MEFP ¶12). In line with the cabinet-approved roadmap for electricity sector cost reduction and efficiency improvement to ensure NEPCO's long-term financial viability, NEPCO will continue to extend Time-of-Use (ToU) tariffs to the residential sector (*SB for September 2026*) following the rollout of smart meters *(SB for June 2026)*; enhance demand-side efficiency by establishing 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 (*SB for September 2026*); and reduce technical and commercial losses across transmission and distribution networks while seeking to optimize conventional and renewable power purchase agreements (PPAs). Further efforts will follow to achieve an economically meaningful impact on eliminating grid congestion and to continue promoting renewable energy, including via the expansion of least-cost renewable generation and storage consistent with system integration needs (*RM11 and RM12 for October 2027 under the RSF arrangement*).

17. The water sector's finances are gradually improving (MEFP ¶13). Guided by the National Water Strategy (NWS) and the Financial Sustainability Roadmap (FSR), the authorities adopted a multi-year tariff adjustment plan in 2023, with one tariff adjustment per year. Since then, two tariff increases of 4.6 percent have been implemented, and another 4.6 percent increase will become effective in early December 2025. Together with the continued reduction of non-revenue water (NRW), losses in the water sector are estimated to be contained to an estimated 0.4 percent of GDP in 2025 and 2026, in line with program targets. While the IT on domestic arrears for the water distribution companies was missed for end-June and end-September 2025, these arrears are expected to be cleared by year-end. The publication of audited financial statements for each water distribution company (*SB for September 2025 met*) has revealed the weak financial position of Yarmouk Water Company (YWC). As such, the completion of its management contract (see more below) is key to arrest the further accumulation of arrears.

18. The Aqaba–Amman Conveyance (AAC) project, which will transport desalinated seawater from Aqaba to Amman, is progressing. Following a competitive selection of the project manager, the authorities have been working on financial closure of the project, which is anticipated in the first quarter of 2026. In parallel, the authorities have finalized a master plan for the investment needs and timeline required for the readiness of the distribution network, which is expected to be financed through donor grants and concessional financing. The high unit cost of AAC water is expected to place significant pressure on the financial viability of the Water Authority of Jordan (WAJ), highlighting the need for continued momentum on reforms to ensure sector sustainability.

C. Monetary and Financial Policies: Safeguarding the Peg While Preserving Financial Stability

19. 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. The CBJ has reduced its policy rate by 50 bps so far through November 2025, following the U.S. Federal Reserve. Private sector credit growth remained relatively low and stable at 2.6 percent (y/y) in September 2025. End-June and end-September 2025 net international reserves (NIR) and net domestic asset targets were met, with NIR overperforming targets by about $1.5 billion. Gross usable international reserves are projected to reach $20.6 billion by end of 2025 (107 percent of the Fund's ARA metric) and to remain adequate throughout the medium term. The external position is assessed to be broadly consistent with the level implied by medium-term fundamentals and desirable policies (Annex IV).

20. The CBJ remains focused on safeguarding monetary and financial stability (MEFP ¶14). While continuing to follow the U.S. Federal Reserve's policy decisions, the CBJ stands ready to undertake policy adjustments as needed to safeguard monetary and financial stability and preserve adequate reserves buffers. The CBJ will gradually reduce the concessionality of its remaining preferential lending scheme, as global volatility recedes. NIR targets for end-December 2025 have been revised upwards to reflect the stronger outcomes so far, while leaving room to deal with new shocks. NIR targets for 2026 have been revised downwards to account for Eurobond amortization due in the first half of 2026, partly offset by the strong performance to date.

21. The banking system remains sound, but continued close monitoring is warranted (MEFP ¶15). The system-wide capital adequacy ratio stood at 18 percent by June 2025, well above the CBJ regulatory minimum of 12 percent. Non-performing loans increased slightly from 5.6 percent as of end-2024 to 5.8 percent by June 2025, which is expected to be temporary due to banks' loan reclassifications. The provisions for non-performing loans (coverage ratio) stood at 71.3 percent as of June 2025, compared to 74.5 percent at end of 2024. The CBJ has maintained stringent provisioning standards, in line with IFRS9's forward-looking expected loss approach.

22. The CBJ will continue to 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 (MEFP ¶16). The CBJ has been moving toward a more risk-based supervision framework based on the Supervisory Review Process (SRP) for risk analysis and bank scoring. In this context, it has introduced methodologies for Pillar 2 risk assessments in the calculation of minimum capital requirements, thereby enhancing its sensitivity to individual banks' risk profiles (*SB for November 2025 met*). The CBJ is also in the process of strengthening financial oversight by (i) aligning prudential requirements for concentration risk and related party exposure with BCPs (*SB for November 2026*), with TA from the Fund; (ii) designing and operationalizing procedures for the compensation of depositors, together with JODIC (*SB for November 2026*); (iii) reviewing and updating outdated or misaligned regulations related to credit risk to strengthen credit risk supervision (*SB for November 2027*); and (iv) developing a resolution plan for major cross-border D-SIBs.

23. The authorities aim to develop a secondary market for government securities, as a step toward further enhancing financial market development (MEFP ¶18). Based on METAC's recent TA report on developing the local currency bond market (LCBM), which assesses the development stage of the six relevant building blocks—money markets, primary market, secondary market, investor base, market infrastructure, and the legal and regulatory framework, the CBJ will develop, as initial steps, Term Sheets that are aligned with international standards and publish full bond documentation in both Arabic and English (*new SB for September 2026*). The authorities will also increase the frequency of reconciliation of data between the securities register and MOF's records from monthly to weekly (*new SB for March 2027*) and deliver data to MOF in excel format and grant MOF read access to the register (*new SB for March 2027*).

24. The CBJ will continue to enhance the effectiveness of its AML/CFT framework, including by strengthening risk-based AML/CFT supervision, and increasing international cooperation (MEFP ¶17). The CBJ has implemented all action items in Jordan's FATF action plan and was removed from the FATF grey list in October 2023. Since then, the CBJ has continued implementing reform actions to invest in enhancing risk-based AML/CFT supervision of banks, including through comprehensive analysis of cross-border data, and to ensure the adequacy, accuracy, and timely availability of information.

D. Structural Reforms: Unlocking Growth Potential to Support Inclusive Growth

25. Structural reforms remain critical to foster stronger, more inclusive and sustainable growth, raise incomes, and reduce unemployment. As highlighted in previous staff reports, private sector development continues to be constrained by high energy costs, a complex regulatory environment, elevated social security contributions, limited access to finance, labor market rigidities, skills mismatches, and weak competition policies. As a result, growth remains insufficient to meaningfully improve living standards or generate adequate employment opportunities.

26. Steadfast implementation of reforms to support private sector development, enhance labor market outcomes, and improve the investment environment, is essential. In line with the objectives of Jordan's Economic Modernization Vision, the authorities are taking steps to (MEFP ¶20):

- *Strengthening the business environment and enhancing competition,* including by: (i) submitting amendments to the Competition Law to Parliament to align it with international best practices by enhancing the independence and effectiveness of the Competition Department's authority (*SB for October 2025 met*); (ii) enhancing competition in the fuel derivatives and land transport sectors, based on the adopted action plan drawing on the findings of the reviews conducted by the Competition Directorate, with support from the World Bank; (iii) further streamlining the process for, and reducing the costs of, registering and closing businesses, including by implementing the recently adopted national plans to enhance business related services, by developing a unified portal for businesses, and to abolish, simplify and digitize sectoral licenses within the next two years; (iv) further relaxing restrictions on foreign ownership; and (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 (*SB for December 2025 met*).

- *Enhancing labor market flexibility and female labor force participation,* including by: (i) submitting amendments to the Labor Law to Parliament to increase labor market flexibility, enhance female labor force participation, reduce distortions, and improve childcare provisions while ensuring that they do not create barriers to formal employment (*SB for September 2025 met*); (ii) submitting amendments to the Social Security Law to Parliament in line with program commitments (*SB for September 2025 met*). While the draft amendments to the SSC Law were withdrawn to allow time to incorporate additional proposals based on the findings of the 11th actuarial review, as previously discussed, the authorities resubmission of the further amended SSC Law to Parliament will include the amendments 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 unemployment insurance program based on individual accounts with a true insurance program based on risk pooling.

THE RSF ARRANGEMENT

The RSF arrangement was approved in June 2025 to support the authorities' efforts to address long-term vulnerabilities in the water and energy sectors and be better prepared for future pandemics. The RSF arrangement is expected to enhance Jordan's prospective balance-of-payments (BOP) stability by promoting economic resilience and sustainability through (i) support for policy reforms that reduce macro-critical risks associated with longer-term structural challenges, and (ii) augmenting longer-term policy space and financial buffers to mitigate risks arising from such longer-term challenges. The first RSF review was focused on the implementation of the two reform measures (RMs) that were due by November 2025, aimed at improving the water and wastewater service management and strengthening fiscal resilience.

27. The performance-based management contract tender to manage and improve water and wastewater service delivery within YWC's jurisdiction, in line with international best practices, has been completed (RM1, met; MEFP ¶28). To support the water sector's FSR and enhance water security, the authorities have been expanding private sector involvement in water companies, notably in the YWC jurisdiction, to enhance operational efficiency, reduce system losses, and expand the reuse of treated wastewater for agricultural production. Following the completion of the performance-based management contract tender to manage and improve water and wastewater service delivery within YWC's jurisdiction, the authorities will sign the initial agreement contract with the selected company, which will allow access of data and information for the private company to study the financial and operational data of YWC. Based on the study, key performance indicators (KPIs), including those related to annual water sales, non-revenue water, power consumption, operational income, arrears, and annual collections ratio, will then be agreed between the government and the private company and signed in a contract. Implementation of this RM is expected to reduce prospective BOP risks, enhance BOP resilience and stability, as it helps improve the financial viability of the water sector, by enhancing service delivery, mitigating economic vulnerabilities, reducing borrowing needs, and ensuring longer-term fiscal sustainability. Moreover, better water management will increase agricultural productivity and resilience, improving net food exports in the long run.

28. The authorities have also been proactively embedding climate criteria within the National Registry of Investment Projects (NRIP) processes and enforcing the use of these processes for large investment projects (MEFP ¶31). An initial budget circular was issued in June 2025, requesting line ministries to include measures to mitigate carbon emissions and environmental impacts when determining the costs of budget projects. A second, detailed budget circular was issued in October 2025, further detailing that all large capital projects, as defined in the Regulation for the National Register for Government Projects bylaw, selected for the budget, will need to be approved by PIM and registered in the NRIP, and comply with the NRIP's newly formulated appraisal and feasibility study guidelines, which include clear climate-related impact and risk criteria. A summary of the climate assessment information of the large projects approved by PIM and registered in the NRIP will be included in the 2026 budget documents (RM2, met), and published after the approval of the General Budget Law. The implementation of this RM will contribute to reducing prospective BOP risks, starting from enabling the authorities to manage public resources more effectively, taking into consideration environmental impacts and mitigation measures, and ensuring that the growth trajectory is both environmentally sustainable and economically sound.

29. Implementation of RMs for future reviews is progressing on schedule. The CBJ is on track to complete RM3, coming due in May 2026, on issuing 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, with support from the World Bank. The authorities are also preparing to update the water sector's FSR to include a policy framework to ensure revenues cover operating and investment costs over the medium to long term (RM7 for January 2027), and the demand-response review to assess the effectiveness of the new Time-of-Use tariff structure in shifting energy consumption away from peak hours by June 2027.

PROGRAM MODALITIES

30. 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 sovereign spreads currently at record lows, as reflected in the issuance of a $700 million Eurobond in early November to pre-finance the Eurobond coming due in January 2026. Purchases under the EFF arrangement remain crucial to covering the remaining balance-of-payments needs, strengthening Jordan's external buffers amid lingering regional tensions and the uncertain and volatile external environment, and will continue to be used for budget financing.

External Financing Gap and Funding, 2024–28
(In millions of U.S. dollars)

	2024	2025	2026	2027	2028
Financing Gap	2,635	2,615	2,437	2,160	2,036
Official Financing	2,635	2,615	2,437	2,160	2,036
IMF disbursement	451	264	269	269	0
EFF	451	264	269	269	0
Identified official budget loans, of which:	2,184	2,351	2,168	1,378	1,382
World Bank	1,081	1,106	1,180	804	804
European Union	0	296	325	324	0
EIB	126	114	108	43	46
Unidentified official public external financing	0	0	0	513	655
Memorandum Item					
Eurobond issuance or commercial borrowing	0	700	1,000	1,000	1,250
RSF disbursement	0	107	218	381	0

Sources: Jordanian authorities and IMF staff estimation.

31. Program performance under the EFF and RSF arrangements remains strong. On the EFF, the authorities met all end-June 2025 PCs and most ITs for end-June and end-September 2025. The ITs on domestic arrears of the water distribution companies were missed by a small margin, but the arrears are expected to be cleared by year-end. The end-September IT on public debt was missed as the authorities started to save proceeds from external financing to pre-finance the Eurobond coming due in January 2026. The authorities have also met five out of six SBs set for this review, implemented the SB on adopting the MTRS with a small delay, and are making progress towards implementing future SBs. The authorities have also met the two RMs under the RSF arrangement due by November 2025.

32. **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 4.3 percent of GDP and 11.0 percent of exports of goods and services, 13.6 percent of reserves, and 630 percent of quota in 2027, before gradually declining (Table 8). Debt service to the Fund will peak in 2029, at 96.4 percent of quota, 22.4 percent of public external debt service, 2.6 percent of fiscal revenues, 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 as percentage of GDP. Risks stem mainly from a possible deterioration in the external environment and socio-economic challenges to sustaining 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 III).

33. **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 solid progress in implementing its recommendations and work is advanced on the outstanding priority relating to the full implementation of IFRS.

STAFF APPRAISAL

34. **Jordan's continued economic resilience amid a challenging external environment is a testament to the authorities' resolve to pursue sound macroeconomic policies.** This resilience also reflects the authorities' strong ownership of the program supported by the EFF arrangement, with program targets consistently met. Despite the highly challenging external environment, Jordan's growth is set to strengthen this year and is expected to pick up pace next year and over the medium term. The recent ceasefire agreements in the region give rise to cautious optimism, but risks remain as they have not yet resulted in a lasting peace. Moreover, global uncertainty remains elevated. Therefore, it is crucial for the authorities to stay the course to further strengthen Jordan's resilience and achieve stronger and more inclusive growth to improve living standards and reduce unemployment, in line with Jordan's Economic Modernization Vision.

35. **Steady gradual fiscal consolidation is key to placing the public debt ratio on a downward path.** The fiscal outturn has overperformed targets through the third quarter of 2025, despite the headwinds caused by regional tensions, and the end-year targets appear to be on track. The fiscal stance for 2026 has been recalibrated to support the ongoing economic recovery, without threatening the debt objectives of the program. The authorities are committed to achieving the revised fiscal path through concrete actions anchored on revenue-enhancing measures in line with their MTRS, prudent expenditure management, prioritization of public investment, expansion of social spending, and reforms to maintain the long-term financial sustainability of the pension system.

36. Continuing to improve the financial viability and efficiency of the public utilities is essential for more affordable services and fiscal sustainability. The financial performance of the public utilities is on track, benefiting from the cost saving and revenue raising measures implemented in recent years. Sustained reforms will be crucial to improve NEPCO's financial position, in line with the authorities' National Energy Strategy and the cabinet-approved roadmap for electricity sector cost reduction and efficiency improvement. The AAC is a critical endeavor to enhance water security in Jordan. Its high unit cost of water, however, underlines the urgent need for continued momentum on reforms to ensure the water sector's sustainability. Sustained reforms on the public utilities remain critical to ensure an affordable, sustainable, and pro-growth supply of these essential public goods.

37. Monetary policy should continue to focus on safeguarding monetary and financial stability. The exchange rate peg has continued to serve Jordan well, providing an effective nominal anchor, and Jordan's external position is assessed to be in line with fundamentals. International reserves are projected to remain adequate throughout the medium term. The CBJ remains committed to undertaking policy adjustments as needed to safeguard monetary and financial stability and preserve adequate reserves buffers. The CBJ should also continue to monitor banks' financial health, while further strengthening systemic risk analysis, financial sector oversight, and crisis management, in line with the FSSA recommendations.

38. The persistently high unemployment rate calls for the need to accelerate structural reforms to foster a more dynamic private sector capable of generating more jobs. Despite recent reform progress, labor market outcomes remain weak, with job creation insufficient to keep pace with labor force growth. In the context of constrained fiscal space, mobilizing higher private investment—both domestic and foreign—and raising productivity will be essential to lifting potential growth and improving employment outcomes. In this regard, sustained reform momentum is needed to address structural barriers to private sector development, including by improving the business environment, enhancing labor market flexibility, fostering competition, and strengthening the social safety net for the most vulnerable.

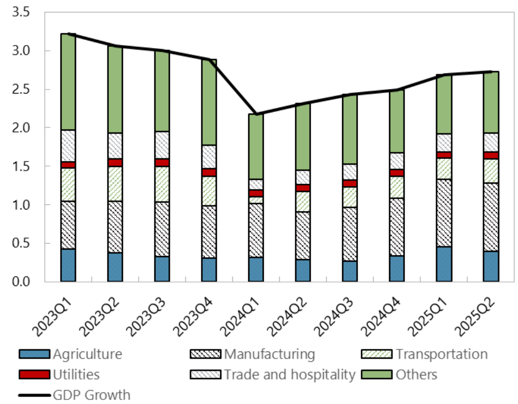
39. The RSF arrangement remains on track. The authorities have completed the two RMs set for the first RSF review, on completing a performance-based management contract tender to manage and improve water and wastewater service delivery within YWC's jurisdiction, and on proactively embedding climate criteria within the NRIP processes and enforcing the use of these processes for large investment projects, with summary of climate assessments published in the 2026 budget documents. Progress continues in implementing future RMs.

40. Staff supports the authorities' request for the completion of the fourth review under the EFF arrangement and the first review under the RSF arrangement. Staff also supports the request to establish new end-December 2026 PCs and modification of the end-December 2025 and end-June 2026 PCs on NIR, to reflect stronger reserves accumulation and updated reserves projections. The EFF arrangement will continue to anchor the authorities' economic policies aimed at maintaining macroeconomic stability, strengthening resilience, and accelerating growth, while providing a framework for international support. The RSF arrangement continues to support the authorities' efforts to address Jordan's long-term vulnerabilities and strengthen balance-of-payments stability.

Figure 1. Jordan: Real Sector Developments

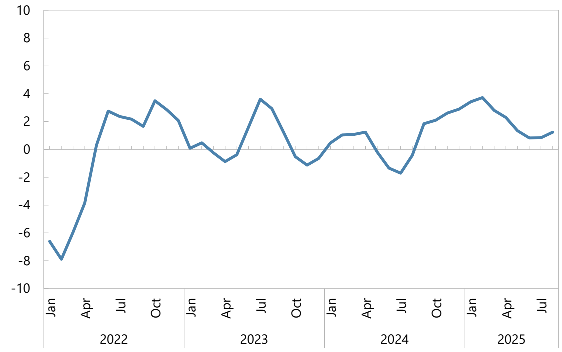
Economic activity continues to recover from the impact of regional conflict.

Contributions to Real GDP growth
(Cumulative, percent, y-o-y)



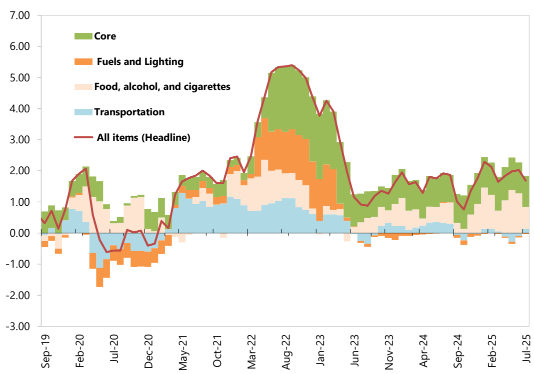
Industrial production rebounded in the second half of 2024 but has recently eased somewhat.

Industrial Production Index
(3-month moving average, y/y growth)



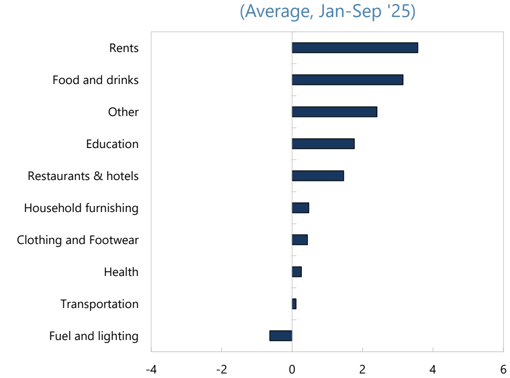
Inflation remains stable and low…

Contribution to Headline Inflation
(In percent, y-o-y changes)



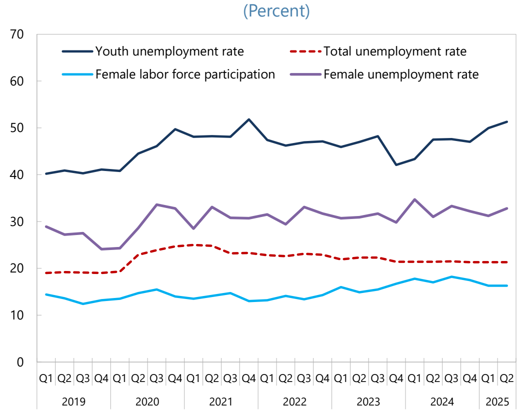
…driven mainly by rents and food and drinks.

Inflation By Sector
(Average, Jan-Sep '25)



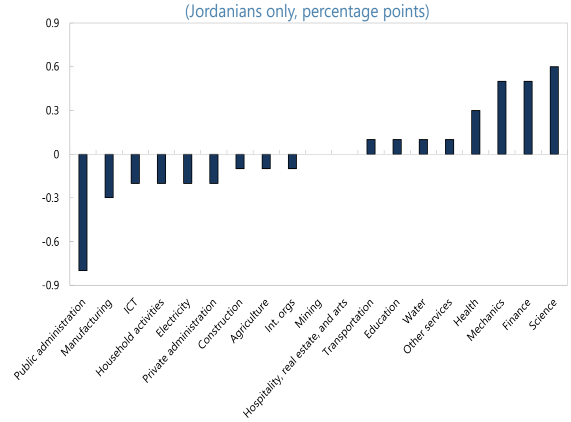
Youth and women unemployment remain high while female participation low.

Labor Market Outcomes, Jordanians
(Percent)



The share of Jordanian professionals (science, finance, technicians, and health workers) in total employment have increased.

Change in Percentage Distribution of Employment by Sector, 2024Q2 - 2025Q2
(Jordanians only, percentage points)

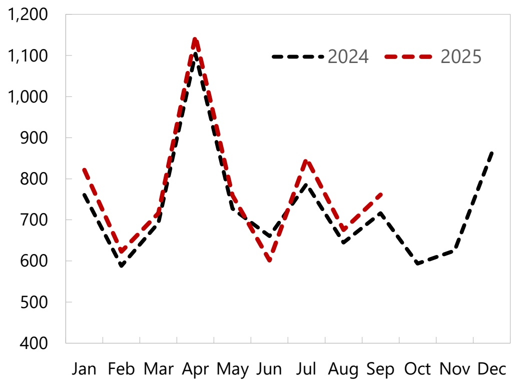


Sources: Jordanian authorities; Haver Analytics; and IMF staff calculations.

Figure 2. Jordan: Fiscal Developments

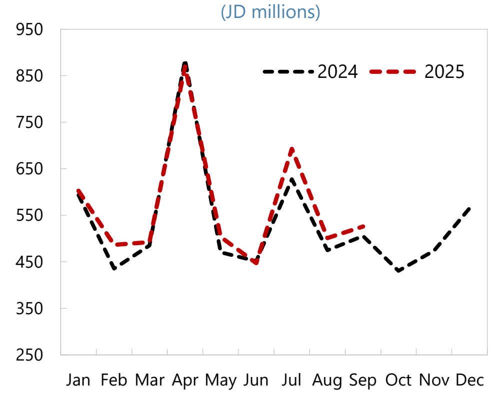
Domestic revenues rebounded in the third quarter of 2025, following the contraction in June due to the Israel-Iran conflict.

Domestic Revenues
(JD millions)



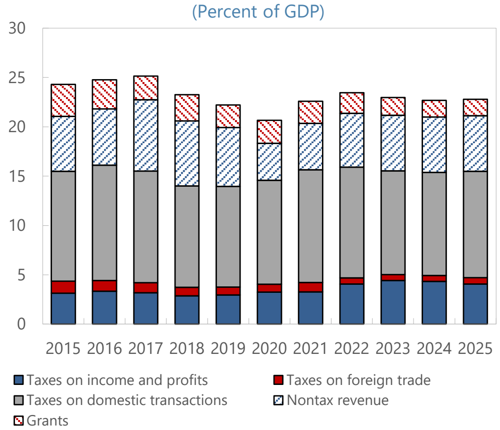
Tax revenues rose in the third quarter of 2025, supported by the reform of vehicle taxation.

Tax Revenues
(JD millions)



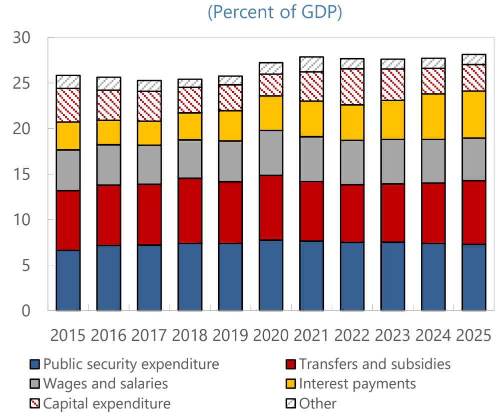
Revenues are expected to remain broadly flat in 2025.

Government Revenues
(Percent of GDP)



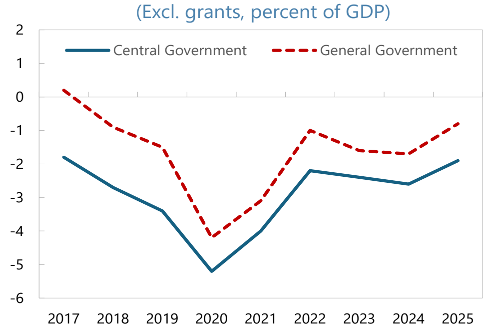
Expenditures are projected to tick up on account of higher interest payments.

Government Expenditure
(Percent of GDP)



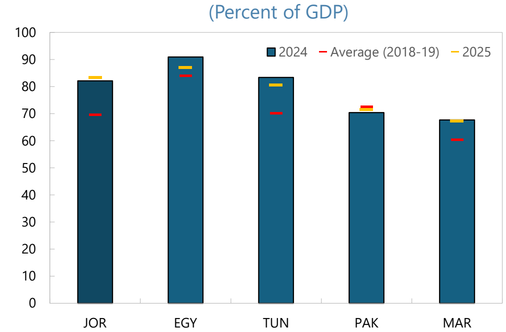
Both central and general government primary deficits have declined below pre-pandemic levels....

Primary Government Balance
(Excl. grants, percent of GDP)



...but public debt remains elevated, above pre-pandemic levels.

General Government Gross Debt
(Percent of GDP)

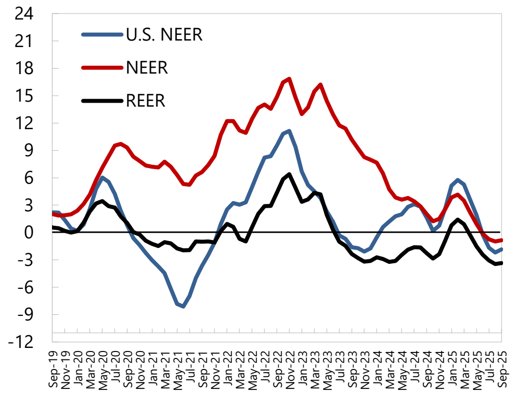


Sources: Jordanian authorities, IMF WEO database, and IMF staff calculations.

Figure 3. Jordan: External Sector Developments

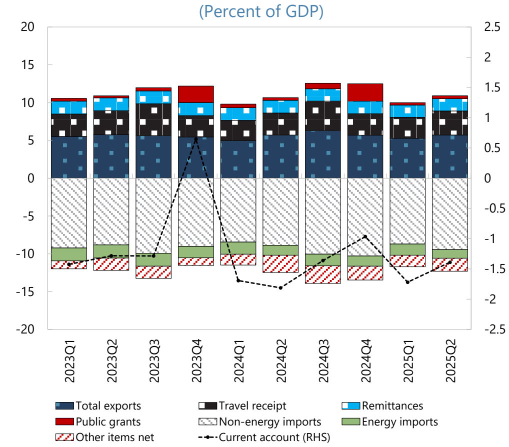
The real effective exchange rate has recently depreciated following U.S. dollar trends.

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



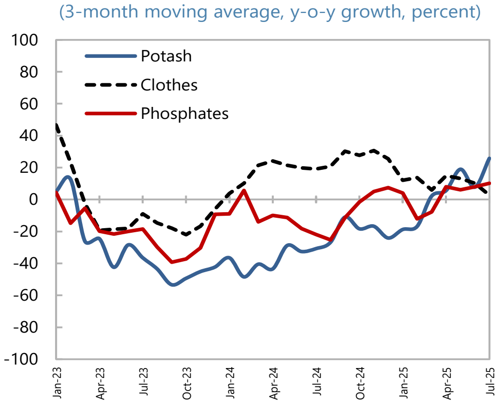
The current account deficit narrowed in 2025H1, on account of stronger exports of goods and services and improvement in primary income.

Current Account
(Percent of GDP)



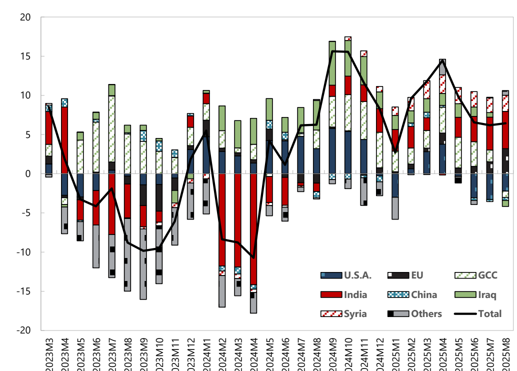
Exports of fertilizers have recovered, while exports of clothing have eased.

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



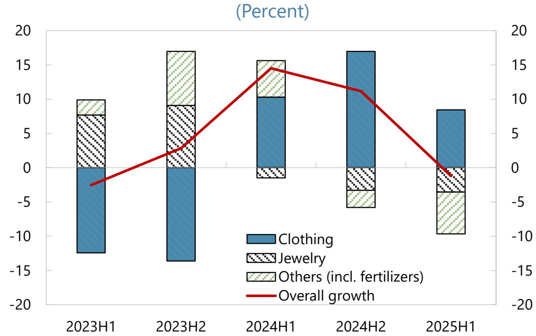
Export growth remains strong, supported by exports to the EU, India, and Syria, more than offsetting the deceleration to GCC countries and the U.S.

Contribution to Export Growth by Destination
(3-month moving average, y/y growth)



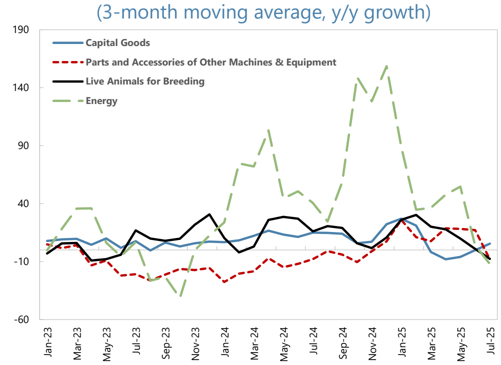
Exports to the U.S. softened in the first half of 2025…

Contribution to Growth of Exports to US
(Percent)



…while import growth has decelerated.

Mechandise Imports
(3-month moving average, y/y growth)

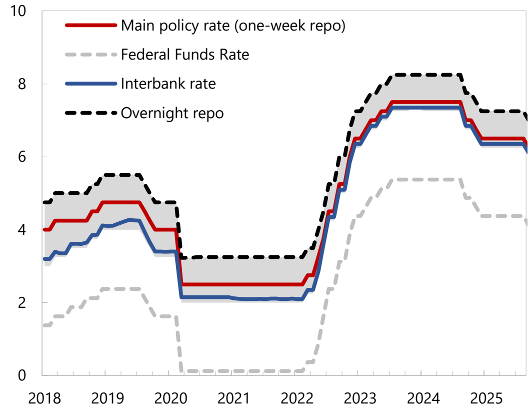


Sources: Jordanian authorities and IMF staff calculations.

Figure 4. Jordan: Monetary and Financial Indicators

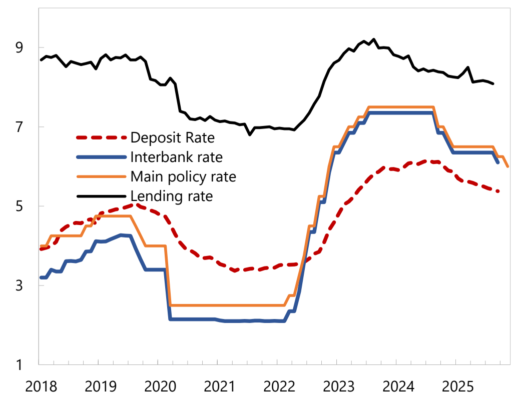
CBJ's policy rate remains in line with that of the U.S. Fed.

Interest Rates
(In percent)



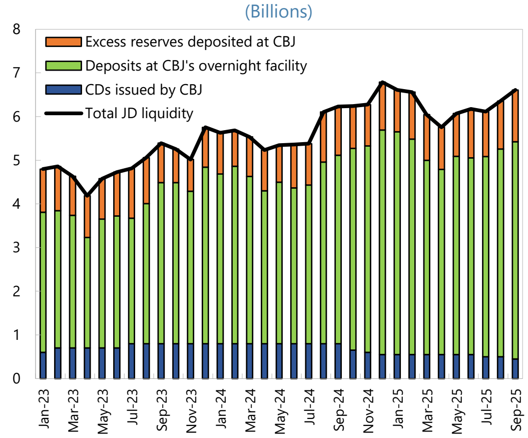
Deposit and lending rates have been trending down, following CBJ's policy rate.

Interest Rates
(In percent)



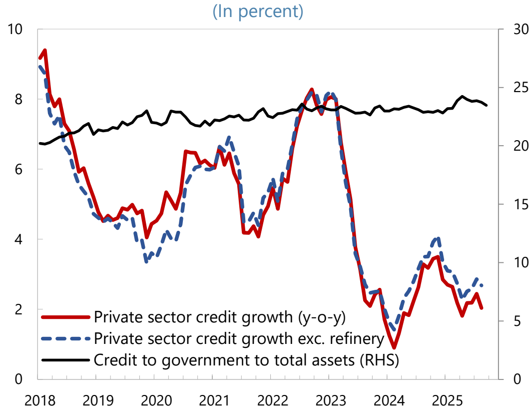
Banks' liquidity conditions remain comfortable...

Banks' JD Liquidity
(Billions)



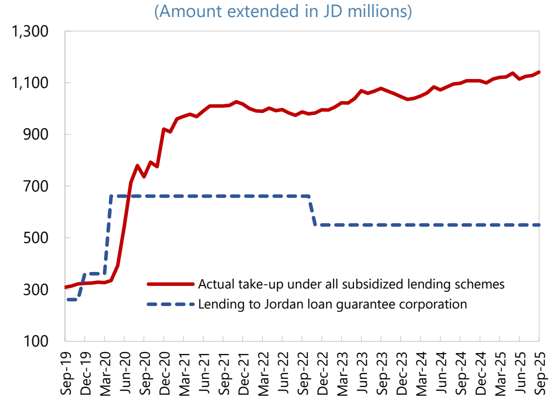
...but private sector credit growth remained relatively low.

Domestic Credit of the Banking System
(In percent)



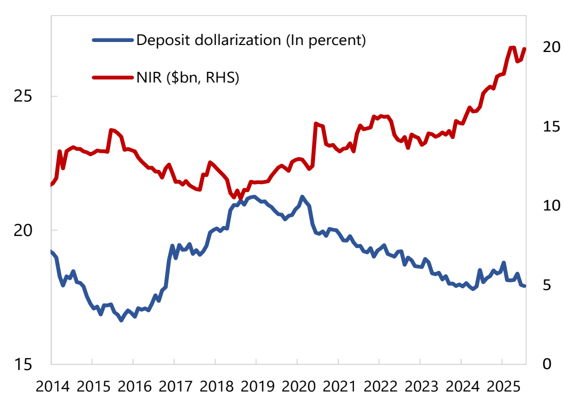
CBJ's subsidized lending schemes remain stable.

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: 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 (Met).** 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 (Met).** 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).

Table 1. Jordan: Selected Economic Indicators and Macroeconomic Outlook, 2024–30

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
	(Annual percentage change, unless otherwise noted)								
Output and prices									
Real GDP at market prices	2.5	2.7	2.7	2.9	2.9	3.0	3.0	3.0	3.0
GDP deflator at market prices	1.9	2.3	2.3	2.6	2.4	2.3	2.3	2.3	2.3
Nominal GDP at market prices (JD billions)	41.6	39.8	43.7	42.0	46.1	48.6	51.2	53.9	56.8
Nominal GDP at market prices ($ billions)	58.7	56.2	61.7	59.3	65.0	68.5	72.2	76.1	80.1
Consumer price inflation (annual average)	1.6	2.2	1.9	2.6	2.2	2.2	2.2	2.2	2.2
Consumer price inflation (end of period)	1.8	2.2	2.0	2.6	2.2	2.2	2.2	2.2	2.2
Unemployment rate (period average, percent) 1/	21.4	…	…	…	…	…	…	…	…
Fiscal operations	(In percent of GDP, unless otherwise noted)								
Revenue and grants	22.7	25.4	22.8	26.0	23.6	23.9	24.5	24.4	24.3
Of which: grants	1.7	1.8	1.7	2.0	1.6	1.4	1.3	1.3	1.2
Expenditure 2/	28.5	31.2	28.1	30.5	28.3	28.2	27.9	27.7	27.5
Overall central government balance 3/	-5.9	-5.8	-5.3	-4.5	-4.8	-4.3	-3.4	-3.3	-3.2
Central government balance excluding grants	-7.6	-7.6	-7.0	-6.5	-6.4	-5.7	-4.7	-4.5	-4.4
Primary government balance (excluding grants)	-2.6	-2.0	-1.9	-1.0	-1.3	-0.5	0.5	0.5	0.5
NEPCO operating balance	-1.0	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	-0.7	-0.6
Consolidated water sector balance	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.4
Combined public sector balance 4/	-4.0	-3.6	-3.2	-2.4	-2.6	-1.6	-0.5	-0.4	-0.6
Consolidated general government overall balance, excl. grants	-6.1	-5.1	-5.3	-3.7	-4.3	-3.4	-2.2	-1.9	-1.9
Consolidated general government primary balance, excl. grants	-1.7	-0.1	-0.8	1.1	-0.1	0.9	2.1	2.3	2.2
Government and guaranteed gross debt 5/	106.1	115.7	108.6	114.9	108.1	108.0	106.9	105.6	104.5
Government and guaranteed gross debt, net of SSC's holdings 5/	82.1	89.7	83.4	87.5	82.0	81.3	80.0	78.6	77.2
Of which: external debt	39.9	45.9	42.2	47.2	43.7	44.6	45.0	43.5	42.4
External sector	(In percent of GDP, unless otherwise noted)								
Current account balance (including grants), *of which:*	-5.8	-5.5	-5.1	-5.9	-5.7	-5.5	-5.2	-4.7	-4.5
Exports of goods, f.o.b. ($ billions)	13.3	13.6	14.3	14.3	14.9	15.5	16.4	17.2	18.2
Imports of goods, f.o.b. ($ billions)	25.5	24.6	26.4	26.7	28.3	29.9	31.4	32.5	33.5
Oil and oil products ($ billions)	3.5	3.7	3.6	3.6	3.6	3.6	3.7	3.8	3.9
Current account balance (excluding grants)	-9.7	-8.2	-8.0	-8.7	-8.5	-8.0	-7.6	-6.9	-6.6
Private capital inflows	2.5	3.4	3.0	3.4	3.1	3.0	3.0	3.5	3.5
Public grants and identified budget loans (excl. IMF)	7.6	6.6	6.7	6.3	6.1	4.5	4.3	4.1	3.9
Monetary sector	(Annual percentage change, unless otherwise noted)								
Broad money	6.1	5.1	5.1	5.6	5.4	5.4	5.4	5.4	5.4
Net foreign assets	25.5	5.3	7.8	7.2	5.1	0.6	7.7	8.9	8.1
Net domestic assets	1.8	5.1	4.4	5.1	5.4	6.7	4.8	4.4	4.6
Credit to private sector	2.9	4.6	6.9	6.0	5.8	6.3	6.3	6.3	6.3
Credit to central government	4.1	0.8	1.0	-4.2	1.6	2.4	-3.7	3.3	2.8
Memorandum items:									
Gross usable international reserves ($ millions) 6/	20,281	20,311	20,658	21,296	21,360	21,837	22,755	23,908	25,025
In months of prospective imports	7.7	7.1	7.3	7.1	7.2	7.0	7.1	7.1	7.2
In percent of reserve adequacy metric	112	105	107	105	105	104	103	104	104
Net international reserves ($ millions)	18,170	18,040	18,332	18,733	18,734	18,819	20,013	21,503	22,977
Population (millions) 7/	11.6	11.4	11.5	11.6	11.6	11.8	12.0	12.2	12.4
Nominal per capita GDP ($)	5,081	4,908	5,356	5,109	5,610	5,796	5,998	6,211	6,438
Real effective exchange rate (end of period, 2010=100) 8/	125.9	…	…	…	…	…	…	…	…
Percent change (+=appreciation; end of period)	0.9	…	…	…	…	…	…	…	…

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, and consolidated water sector balance.

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

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

7/ Data from the 2024 Revision of World Population Prospects, 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, 2024–30 1/

(In millions of Jordanian dinars)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	9,440	10,129	9,972	10,916	10,875	11,610	12,539	13,166	13,833
Domestic revenue	8,735	9,395	9,238	10,076	10,140	10,932	11,861	12,488	13,155
Tax revenue, *of which:*	6,405	7,042	6,774	7,567	7,493	8,120	8,875	9,347	9,856
Taxes on income and profits	1,800	1,829	1,777	1,987	1,893	2,042	2,202	2,315	2,439
Sales taxes	4,238	4,838	4,598	5,175	5,041	5,368	5,799	6,112	6,441
Taxes on foreign trade	258	271	288	294	443	515	593	624	663
Other taxes	109	104	111	110	117	196	281	296	312
Nontax revenue	2,330	2,353	2,464	2,509	2,647	2,811	2,987	3,141	3,299
Grants	705	734	734	840	735	678	678	678	678
Total expenditures, inc. other use of cash	11,878	12,428	12,312	12,823	13,067	13,705	14,288	14,929	15,635
Current expenditure	10,368	11,053	11,039	11,391	11,552	12,109	12,605	13,125	13,735
Wages and salaries	1,994	2,154	2,050	2,251	2,147	2,213	2,280	2,349	2,482
Interest payments	2,078	2,220	2,262	2,320	2,327	2,513	2,664	2,706	2,753
Domestic	1,168	1,214	1,286	1,283	1,271	1,400	1,454	1,431	1,409
External	910	1,006	976	1,037	1,056	1,113	1,210	1,275	1,344
Public security expenditure	3,068	3,242	3,178	3,357	3,348	3,528	3,718	3,917	4,128
Subsidies	288	258	243	271	256	269	284	299	315
Transfers, *of which*:	2,478	2,837	2,822	2,831	2,962	3,097	3,194	3,364	3,544
Pensions	1,693	1,789	1,790	1,888	1,898	2,002	2,111	2,224	2,344
Cash transfers, NAF social assistance	286	293	324	327	333	352	372	392	413
Transfers to health fund, *of which:*	151	177	176	176	155	113	72	66	70
Health arrears clearance	66	100	100	100	100	60	60	60	60
Energy arrears clearance	0	0	0	0	0	0	0	0	0
Transfers to public sector institutions	235	247	247	260	260	276	292	307	324
Purchases of goods & services	461	341	485	360	511	488	466	491	513
Capital expenditure	1,170	1,375	1,273	1,432	1,515	1,596	1,683	1,803	1,900
Adjustment on receivables and payables (use of cash)	340	0	0	0	0	0	0	0	0
Overall central government balance	-2,438	-2,298	-2,340	-1,907	-2,192	-2,095	-1,749	-1,762	-1,802
Financing	2,438	2,298	2,340	1,907	2,192	2,095	1,749	1,762	1,802
Foreign financing (net) 2/	962	1,090	1,162	1,224	949	801	1,435	524	775
Domestic financing (net)	1,477	1,208	1,178	683	1,243	1,294	314	1,238	1,027
Net IMF financing	208	148	152	242	245	301	-176	-228	-252
Other domestic bank financing	-801	-30	-14	-699	9	53	-300	676	389
Domestic nonbank financing	1,159	1,100	1,050	1,150	1,000	950	800	800	900
Use of deposits	1	-10	-10	-10	-10	-10	-10	-10	-10
Memorandum items:									
NEPCO operating balance	-428	-435	-426	-404	-402	-377	-364	-356	-343
Water sector consolidated balance	-192	-182	-182	-167	-176	-164	-150	-136	-252
Primary government balance, excluding grants and transfers to NEPCO and WAJ	-1,065	-812	-812	-428	-600	-260	237	265	272
Combined public balance 3/	-1,685	-1,429	-1,420	-998	-1,178	-801	-277	-227	-323
Overall public balance, including grants	-3,026	-2,951	-2,920	-2,494	-2,744	-2,602	-2,236	-2,226	-2,369
Consolidated general government overall balance, excl. grants	-2,554	-2,020	-2,316	-1,574	-1,987	-1,665	-1,151	-1,022	-1,092
Consolidated general government primary balance, excl. grants	-728	-53	-369	451	-41	450	1,099	1,265	1,260
Government and guaranteed gross debt	44,162	46,084	47,510	48,292	49,833	52,455	54,708	56,963	59,371
Government and guaranteed gross debt, net of SSC's holdings	34,178	35,712	36,476	36,770	37,799	39,471	40,925	42,379	43,887
Of which: External	16,624	18,292	18,465	19,880	20,135	21,638	23,019	23,447	24,113
GDP at market prices	41,619	39,815	43,745	42,035	46,094	48,569	51,176	53,924	56,819

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 and consolidated water sector balance.

Table 2b. Jordan: Central Government: Summary of Fiscal Operations, 2024–30 1/
(In percent of GDP)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
Total revenue and grants	22.7	25.4	22.8	26.0	23.6	23.9	24.5	24.4	24.3
Domestic revenue	21.0	23.6	21.1	24.0	22.0	22.5	23.2	23.2	23.2
Tax revenue, *of which*:	15.4	17.7	15.5	18.0	16.3	16.7	17.3	17.3	17.3
Taxes on income and profits	4.3	4.6	4.1	4.7	4.1	4.2	4.3	4.3	4.3
Sales taxes	10.2	12.2	10.5	12.3	10.9	11.1	11.3	11.3	11.3
Taxes on foreign trade	0.6	0.7	0.7	0.7	1.0	1.1	1.2	1.2	1.2
Other taxes	0.3	0.3	0.3	0.3	0.3	0.4	0.5	0.5	0.5
Nontax revenue	5.6	5.9	5.6	6.0	5.7	5.8	5.8	5.8	5.8
Grants	1.7	1.8	1.7	2.0	1.6	1.4	1.3	1.3	1.2
Total expenditures, inc. other use of cash	28.5	31.2	28.1	30.5	28.3	28.2	27.9	27.7	27.5
Current expenditure	24.9	27.8	25.2	27.1	25.1	24.9	24.6	24.3	24.2
Wages and salaries	4.8	5.4	4.7	5.4	4.7	4.6	4.5	4.4	4.4
Interest payments	5.0	5.6	5.2	5.5	5.0	5.2	5.2	5.0	4.8
Domestic	2.8	3.0	2.9	3.1	2.8	2.9	2.8	2.7	2.5
External	2.2	2.5	2.2	2.5	2.3	2.3	2.4	2.4	2.4
Public security expenditure	7.4	8.1	7.3	8.0	7.3	7.3	7.3	7.3	7.3
Subsidies	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Transfers, *of which*:	6.0	7.1	6.5	6.7	6.4	6.4	6.2	6.2	6.2
Pensions	4.1	4.5	4.1	4.5	4.1	4.1	4.1	4.1	4.1
Cash transfers, NAF social assistance	0.7	0.7	0.7	0.8	0.7	0.7	0.7	0.7	0.7
Transfers to health fund, *of which:*	0.4	0.4	0.4	0.4	0.3	0.2	0.1	0.1	0.1
Health arrears clearance	0.2	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1
Energy arrears clearance	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
Purchases of goods & services	1.1	0.9	1.1	0.9	1.1	1.0	0.9	0.9	0.9
Capital expenditure	2.8	3.5	2.9	3.4	3.3	3.3	3.3	3.3	3.3
Net lending	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer to NEPCO	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjustment on receivables and payables (use of cash)	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall central government balance	-5.9	-5.8	-5.3	-4.5	-4.8	-4.3	-3.4	-3.3	-3.2
Financing	5.9	5.8	5.3	4.5	4.8	4.3	3.4	3.3	3.2
Foreign financing (net) 2/	2.3	2.7	2.7	2.9	2.1	1.6	2.8	1.0	1.4
Domestic financing (net)	3.5	3.0	2.7	1.6	2.7	2.7	0.6	2.3	1.8
Net IMF financing	0.5	0.4	0.3	0.6	0.5	0.6	-0.3	-0.4	-0.4
Other domestic bank financing	-1.9	-0.1	0.0	-1.7	0.0	0.1	-0.6	1.3	0.7
Domestic nonbank financing	2.8	2.8	2.4	2.7	2.2	2.0	1.6	1.5	1.6
Use of deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:									
NEPCO operating balance	-1.0	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	-0.7	-0.6
Water sector consolidated overall balance	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.4
Primary government balance excluding grants	-2.6	-2.0	-1.9	-1.0	-1.3	-0.5	0.5	0.5	0.5
Primary government balance, excluding grants and transfers to NEPCO and WAJ	-2.6	-2.0	-1.9	-1.0	-1.3	-0.5	0.5	0.5	0.5
Combined public balance 3/	-4.0	-3.6	-3.2	-2.4	-2.6	-1.6	-0.5	-0.4	-0.6
Overall public balance, including grants	-7.3	-7.4	-6.7	-5.9	-6.0	-5.4	-4.4	-4.1	-4.2
Consolidated general government overall balance, excl. grants	-6.1	-5.1	-5.3	-3.7	-4.3	-3.4	-2.2	-1.9	-1.9
Consolidated general government primary balance, excl. grants	-1.7	-0.1	-0.8	1.1	-0.1	0.9	2.1	2.3	2.2
Government and guaranteed gross debt	106.1	115.7	108.6	114.9	108.1	108.0	106.9	105.6	104.5
Government and guaranteed gross debt, net of SSC's holdings	82.1	89.7	83.4	87.5	82.0	81.3	80.0	78.6	77.2
Of which: External	39.9	45.9	42.2	47.3	43.7	44.6	45.0	43.5	42.4
GDP at market prices (JD millions)	41,619	39,815	43,745	42,035	46,094	48,569	51,176	53,924	56,819

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 and consolidated water sector balance.

Table 2c. Jordan: General Government: Summary of Fiscal Operations, 2024–30 1/

(In millions of Jordanian dinars, unless otherwise noted)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
A. Total general government revenues:	14,053	15,400	14,885	16,540	16,177	17,276	18,580	19,610	20,847
(in percent of GDP)	33.8	38.7	34.0	39.3	35.1	35.6	36.3	36.4	36.7
Central government revenues, excl. grants	8,735	9,395	9,238	10,076	10,140	10,932	11,861	12,488	13,155
Central government grants	705	734	734	840	735	678	678	678	678
NEPCO	1,539	1,593	1,592	1,647	1,678	1,714	1,745	1,775	1,805
WAJ revenues incl. grants	103.0	48.3	78.8	50.0	74.7	86.5	83.4	88.5	113.6
WAJ Revenues	70.4	48.3	50.8	50.0	48.7	52.5	56.4	60.5	85.4
WAJ grants	33	-28	28	-38	26	34	27	28	28
Water distribution companies	286	326	314	367	345	374	404	436	629
SSC (excluding interest revenues on gov debt holding)	2,684	3,304	2,928	3,560	3,205	3,491	3,808	4,143	4,467
B. Total general government expenditure, inc. use of cash:	15,904	16,780	16,400	17,337	17,372	18,183	18,988	19,891	21,003
(in percent of GDP)	38.2	42.1	37.5	41.2	37.7	37.4	37.1	36.9	37.0
Central government (inc. use of cash & excl. interest paid to SSC)	11,353	11,927	11,683	12,263	12,372	12,959	13,509	14,129	14,833
NEPCO	1,967	2,025	2,018	2,053	2,081	2,091	2,110	2,132	2,148
WAJ	284	292	177	262	175	170	164	170	292
Water distribution companies	332	333	359	345	389	409	435	456	472
SSC	1,968	2,202	2,163	2,414	2,356	2,555	2,770	3,004	3,257
Wages and salaries	17.7	22.6	22.7	23.8	24.0	25.3	26.6	28.0	29.5
Social security payments	1,925	2,136	2,118	2,344	2,308	2,504	2,717	2,948	3,199
Goods and services	25.1	43.7	22.4	46	23.6	24.9	26.2	27.6	29.1
C. Interest expenditure:	1,794	1,995	1,920	2,063.2	1,920	2,081	2,224	2,258	2,324
Central government (excluding interest paid to SSC)	1,553	1,719	1,633	1,760	1,632	1,767	1,885	1,907	1,951
NEPCO	218	240	266	267	267	292	316	329	350
WAJ	23.4	36.2	21.0	36.6	21.4	21.8	22.3	22.7	23.2
1. Central government primary balance (ex grants)	-1,065	-812	-812	-428	-600	-260	237	265	272
(in percent of GDP)	-2.6	-2.0	-1.9	-1.0	-1.3	-0.5	0.5	0.5	0.5
2. Central government primary balance (inc grants)	-360	-78	-78	413	135	418	915	944	951
(in percent of GDP)	-0.9	-0.2	-0.2	1.0	0.3	0.9	1.8	1.7	1.7
3. Balance of utilities (NEPCO, WAJ, water distribution companies)	-620	-617	-608	-571	-578	-541	-514	-492	-595
(in percent of GDP)	-1.5	-1.5	-1.4	-1.4	-1.3	-1.1	-1.0	-0.9	-1.0
4. Combined public balance (1+3)	-1,685	-1,429	-1,420	-998	-1,178	-801	-277	-227	-323
(in percent of GDP)	-4.0	-3.6	-3.2	-2.4	-2.6	-1.6	-0.5	-0.4	-0.6
5. SSC balance	716	1,101	765	1,146	849	937	1,038	1,139	1,210
(in percent of GDP)	1.7	2.8	1.7	2.7	1.8	1.9	2.0	2.1	2.1
6. General government primary balance (ex grants) (4+5) 1/	-728	-53	-369	451	-41	450	1,099	1,265	1,260
(in percent of GDP)	-1.7	-0.1	-0.8	1.1	-0.1	0.9	2.1	2.3	2.2
7. General government primary balance (inc grants)	10	681	393	1,291	720	1,162	1,804	1,971	1,967
(in percent of GDP)	0.0	1.7	0.9	3.1	1.6	2.4	3.5	3.7	3.5
8. General government overall balance	-1,817	-1,314	-1,554	-772	-1,226	-953	-446	-316	-386
(in percent of GDP)	-4.4	-3.3	-3.6	-1.8	-2.7	-2.0	-0.9	-0.6	-0.7
9. General government balance excluding grants	-2,554	-2,020	-2,316	-1,574	-1,987	-1,665	-1,151	-1,022	-1,092
(in percent of GDP)	-6.1	-5.1	-5.3	-3.7	-4.3	-3.4	-2.2	-1.9	-1.9
Government and guaranteed gross debt, net of SSC's holdings	34,178	35,712	36,476	36,770	37,799	39,471	40,925	42,379	43,887
(in percent of GDP)	82.1	89.7	83.4	87.5	82.0	81.3	80.0	78.6	77.2
Government and guaranteed gross debt	44,162	46,084	47,510	48,292	49,833	52,455	54,708	56,963	59,371
(in percent of GDP)	106.1	115.7	108.6	114.9	108.1	108.0	106.9	105.6	104.5
Memorandum items:									
SSIF interest income on government debt	525	501	629	560	695	746	779	799	802
SSIF government bond holding (% of total investment fund assets)	58	58	59	59	59	59	58	57	56
Nominal GDP at market prices	41,619	39,815	43,745	42,035	46,094	48,569	51,176	53,924	56,819

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, 2024–30
(In millions of Jordanian dinars)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
NEPCO Balance									
Revenues *of which*	1,539	1,593	1,592	1,647	1,678	1,714	1,745	1,775	1,805
Electricity sales	1,485	1,546	1,540	1,596	1,627	1,658	1,686	1,715	1,745
Expenses	1,967	2,025	2,018	2,053	2,081	2,091	2,110	2,132	2,148
Purchase of electricity	1,702	1,707	1,700	1,709	1,735	1,729	1,734	1,740	1,745
Depreciation	36	36	36	36	36	36	36	36	36
Interest payments 1/	218	240	266	267	267	292	316	329	350
Other expenses	12	43	17	43	43	34	23	27	17
Operating balance (QPC)	-428	-435	-426	-404	-402	-377	-364	-356	-343
Total net domestic financing	428	435	426	404	402	377	364	356	343
Banks	462	470	460	464	442	397	364	356	343
Loans and bonds	501	470	460	464	442	397	364	356	343
Overdrafts	45	0	0	0	0	0	0	0	0
Other items 2/	-130	0	0	0	0	0	0	0	0
Increase in payables	91	-35	-34	-60	-40	-20	0	0	0
Direct transfer from central government	0	0	0	0	0	0	0	0	0
To cover losses and repay arrears	0	0	0	0	0	0	0	0	0
To repay loans	0	0	0	0	0	0	0	0	0
Payables to the private sector	91	-35	-34	-40	-40	-20	0	0	0
Of which: Increase in arrears	-34	-35	-34	-40	-40	-20	0	0	0
Memorandum items:									
Operating balance (percent of GDP)	-1.0	-1.1	-1.0	-1.0	-0.9	-0.8	-0.7	-0.7	-0.6
Brent oil prices (USD per barrel)	79.2	72	69	68	66	66	66	67	67
Outstanding loans and bonds (stocks, end-of-period)	4,280	4,778	4,774	5,302	5,256	5,673	6,037	6,393	6,737
Overdrafts	277	232	232	232	232	232	232	232	232
Total payables	2,548	2,373	2,514	2,313	2,474	2,454	2,454	2,454	2,454
to government 3/	1,814	1,789	1,814	1,789	1,814	1,814	1,814	1,814	1,814
to private sector	734	584	700	524	660	640	640	640	640
Of which: arrears (IT)	94	60	60	20	20	0	0	0	0

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

1/ Interest payments on outstanding loans and bonds.

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

3/ 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, 2024–30
(In millions of Jordanian dinars)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
Consolidated Water Sector Balance									
Total Revenues (inc. Grants)	347	374	363	417	392	425	459	495	712
of which: Water Sales 1/	238	257	240	284	260	283	306	331	479
Expenditure 2/	419	398	409	410	419	431	442	454	796
of which:									
Salaries, wages and allowances	85	87	84	89	86	88	90	93	95
Electricity Expenses	136	138	136	143	136	137	137	137	228
Administrative Expenses	55	56	53	57	54	56	57	58	234
Disi Water Purchases	68	69	69	71	73	77	82	86	88
Samra Water Purchases	44	47	45	49	47	50	52	55	127
Interest payments	31	28	22	29	23	23	24	25	26
Operating balance	-72	-23	-46	7	-27	-5	18	41	-85
Capital Expenditure	126	159	139	163	149	159	168	166	156
WAJ Overall balance	-247	-244	-137	-212	-132	-123	-113	-109	-174
Overall balance of Distribution Companies 3/	-46	-8	-45	22	-44	-35	-31	-14	-65
Overall balance Consolidated Water Sector 4/	-192	-182	-182	-167	-176	-164	-150	-135	-252
Total net financing	192	182	182	167	176	164	150	135	252
Grants	33	-28	28	-38	26	34	27	28	28
Transfers from Central Government 5/	124	182	132	176	127	107	99	83	198
Loans (net borrowing)	31	28	22	29	23	23	24	25	26
of which:									
Domestic loans	0	0	0	0	0	0	0	0	0
Foreign loans	31	28	22	29	23	23	24	25	26
Others 6/	4	0	0	0	0	0	0	0	0
Memorandum items:									
WAJ overall balance (percent of GDP)	-0.6	-0.6	-0.3	-0.5	-0.3	-0.3	-0.2	-0.2	-0.3
Overall balance of Distribution Companies (percent of GDP)	-0.1	0.0	-0.1	0.1	-0.1	-0.1	-0.1	0.0	-0.1
Overall balance Consolidated Water Sector (percent of GDP)	-0.5	-0.5	-0.4	-0.4	-0.4	-0.3	-0.3	-0.3	-0.4
Domestic payment arrears of WAJ in JD million 7/	0	0	0	0	0	0	0	0	0
Domestic payment arrears of Aqaba, Miyahuna and Yarmouk Distribution Companies in JD million 8/	0	0	0	0	0	0	0	0	0
Outstanding loans, *of which:*	2,418	2,712	2,572	2,917	2,722	2,852	2,975	3,083	3,306
Domestic loans and bonds	197	197	197	197	197	197	197	197	197
Foreign loans	446	470	468	499	491	514	538	563	588
Advances from Central Government	1775	2045	1907	2221	2034	2141	2240	2323	2521
Grants and foreign loans to capital expenditure ratio (in percent)	50	0	36	-6	33	36	30	32	34
Grants to capital expenditure ratio (in percent)	26	-17	20	-23	17	21	16	17	18

Sources: Jordanian authorities; and IMF staff estimates.

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, after adding the overall balance of Karaq, Tafila, Maan, and Balqa water companies.

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, 2024–30
(In millions of U.S. dollars, unless otherwise indicated)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
Current account (CA)	-3,423	-3,092	-3,142	-3,477	-3,719	-3,781	-3,751	-3,563	-3,567
Trade balance	-12,202	-11,006	-12,010	-12,382	-13,392	-14,404	-14,990	-15,273	-15,317
Exports f.o.b.	13,305	13,594	14,346	14,334	14,935	15,461	16,438	17,231	18,207
Imports f.o.b.	25,506	24,600	26,356	26,717	28,326	29,865	31,429	32,504	33,523
Energy	3,413	3,660	3,554	3,596	3,566	3,609	3,722	3,833	3,947
Non-energy	22,094	20,940	22,803	23,120	24,760	26,256	27,707	28,671	29,576
Services and income (net), *of which:*	3,258	2,423	3,754	3,191	4,611	5,552	6,126	6,562	6,546
Travel receipts	7,239	7,669	7,668	8,499	8,251	8,609	9,064	9,589	10,288
Current transfers (net), *of which:*	5,521	5,491	5,114	5,714	5,061	5,072	5,112	5,148	5,204
Public grants	2,272	1,519	1,813	1,705	1,799	1,719	1,719	1,719	1,719
Remittances (gross)	3,898	3,355	4,048	3,437	4,106	4,264	4,375	4,489	4,626
Capital and financial account 1/	427	1,823	2,015	2,340	2,801	2,803	3,338	3,167	3,602
Foreign direct investment	1,572	1,836	1,825	1,998	1,982	2,084	2,166	2,616	2,756
Portfolio flows (private)	-83	101	36	49	49	-58	24	70	87
Other capital flows	-72	801	584	964	899	953	974	837	861
Errors and omissions	2,081	0	0	0	0	0	0	0	0
Overall balance	-861	-1,269	-1,127	-1,137	-918	-978	-414	-396	35
Financing	861	1,269	1,127	1,137	918	978	414	396	-35
Reserves (+ = decrease)	-1,907	-730	-1,037	-1,367	-1,201	-1,304	-1,347	-650	-1,061
Commercial banks' NFA (+ = decrease)	310	-350	-350	-350	-350	0	0	0	0
Program financing (+ = increase)	2,458	2,348	2,513	2,854	2,468	2,282	1,760	1,046	1,026
Official budget support	2,214	2,190	2,349	2,562	2,168	1,891	2,036	1,382	1,382
World Bank	1,081	1,081	1,106	1,014	1,180	804	804	804	804
Bilateral and other multilateral loans	1,132	1,108	1,243	992	989	575	578	578	578
Unidentified financing	0	0	0	556	0	513	655	0	0
Budget grants	0	0	0	0	0	0	0	0	0
Budget loans	0	0	0	556	0	513	655	0	0
IMF (net), *of which:*	244	159	164	292	300	391	-276	-335	-356
IMF disbursement	451	366	371	473	486	650	0	0	0
EFF	451	260	264	261	269	269	0	0	0
RSF	0	105	107	212	218	381	0	0	0
Memorandum items:									
Gross reserves	21,934	21,963	22,310	23,030	23,012	23,489	24,406	25,560	26,677
Gross usable reserves 2/	20,281	20,311	20,658	21,378	21,360	21,837	22,755	23,908	25,025
In percent of the IMF Reserve Adequacy Metric	112	105	107	105	105	104	103	104	104
Excluding RSF	111	104	107	104	104	100	100	101	101
In months of next year's imports	7.7	7.1	7.3	7.2	7.2	7.0	7.1	7.1	7.2
Excluding RSF	7.7	7.0	7.2	7.1	7.1	6.8	6.8	6.9	7.0
Current account (percent of GDP)	-5.8	-5.5	-5.1	-5.9	-5.7	-5.5	-5.2	-4.7	-4.5
Current account ex-grants (percent of GDP)	-9.7	-8.2	-8.0	-8.7	-8.5	-8.0	-7.6	-6.9	-6.6
CA ex-grants and energy imports (percent of GDP)	-3.9	-1.7	-2.3	-2.7	-3.0	-2.8	-2.4	-1.9	-1.7
Energy imports	5.8	6.5	5.8	6.1	5.5	5.3	5.2	5.0	4.9
Public grants	3.9	2.7	2.9	2.9	2.8	2.5	2.4	2.3	2.1
Merchandize export growth (percent)	5.8	2.2	7.8	5.4	4.1	3.5	6.3	4.8	5.7
Re-exports	28.1	6.0	3.9	5.0	2.7	6.4	6.4	6.4	6.5
Domestic exports	4.1	1.8	8.2	5.5	4.2	3.3	6.3	4.7	5.6
Merchandize import growth (percent)	4.0	3.7	3.3	8.6	7.5	5.4	5.2	3.4	3.1
Energy (percent)	-8.6	4.9	4.1	-1.7	0.4	1.2	3.1	3.0	3.0
Non-energy (percent)	6.2	3.5	3.2	10.4	8.6	6.0	5.5	3.5	3.2
Travel growth (percent)	-2.3	5.9	5.9	10.8	7.6	4.3	5.3	5.8	7.3
Remittances growth (percent)	1.6	4.6	3.8	2.4	1.4	3.8	2.6	2.6	3.0
FDI (percent of GDP)	2.7	3.3	3.0	3.4	3.0	3.0	3.0	3.4	3.4
Total external debt (percent of GDP)	82.3	87.7	83.2	87.4	83.1	82.4	81.3	78.4	76.1
Of which, Public external debt (Percent of GDP)	39.9	45.9	42.2	47.2	43.7	44.6	45.0	43.5	42.4
Nominal GDP	58,701	56,156	61,699	59,287	65,012	68,503	72,181	76,056	80,140

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 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, 2024–30
(In millions of U.S. dollars, unless otherwise indicated)

		2024	2025		2026		2027	2028	2029	2030
			Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
(1)	**Gross financing requirements**	**7,065**	**6,931**	**7,286**	**7,410**	**7,746**	**7,732**	**7,220**	**6,471**	**7,390**
	Current account deficit (excl. grants)	5,695	4,611	4,955	5,182	5,518	5,500	5,470	5,282	5,285
	of which: Energy imports	3,413	3,660	3,554	3,596	3,566	3,609	3,722	3,833	3,947
	Amortization of public sector loans 1/	831	613	121	1,047	1,542	373	223	854	499
	Amortization of sovereign bonds	0	1,000	1,500	1,000	500	1,600	1,250	0	1,250
	GCC deposits at the CBJ	333	500	500	0	0	0	0	0	0
	IMF repurchases	206	207	210	181	186	259	276	335	356
(2)	**Change in reserves (+ = increase) 2/**	**1,907**	**624**	928	**1,155**	**983**	**923**	**1,347**	**650**	**1,061**
(3)	**Gross financing sources**	**4,256**	**5,105**	**5,599**	**5,742**	**6,292**	**6,495**	**6,530**	**5,739**	**7,070**
	FDI, net	1,572	1,836	1,825	1,998	1,982	2,084	2,166	2,616	2,756
	Public grants	2,272	1,519	1,813	1,705	1,799	1,719	1,719	1,719	1,719
	Public sector borrowing (excl. official budget support) 3/	289	489	1,006	416	928	812	412	412	412
	Issuance of sovereign bonds 4/	0	750	700	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
	CBJ other financing (net) 5/	-15	-40	-15	-40	-15	-15	-15	85	-15
	SDR allocation held at CBJ	0	0	0	0	0	0	0	0	0
	Private capital flows, net 6/	138	551	270	663	598	895	998	907	948
(4)	**Errors and omissions**	2,081	0	0	0	0	0	0	0	0
(1)+(2)-(3)-(4)	**Total financing needs**	**2,635**	**2,451**	**2,615**	**2,823**	**2,437**	**2,160**	**2,036**	**1,382**	**1,382**
	Official public external financing	**2,635**	**2,451**	**2,615**	**2,823**	**2,437**	**2,160**	**2,036**	**1,382**	**1,382**
	Identified official budget support	2,184	2,190	2,351	2,006	2,168	1,378	1,382	1,382	1,382
	IMF purchases, *of which*	451	260	264	261	269	269	0	0	0
	EFF	451	260	264	261	269	269	0	0	0
	Unidentified public external financing	0	0	0	556	0	513	655	0	0
	IMF RSF Disbursement	0	105	107	212	218	381	0	0	0
	Memorandum Items:									
	Gross financing requirements (in percent of GDP)	23.9	24.6	23.5	24.9	23.7	22.5	19.9	16.9	18.3
	Gross Usable Reserves (including RSF)	20,281	20,311	20,658	21,378	21,360	21,837	22,755	23,908	25,025
	Gross Usable Reserves	20,281	20,206	20,552	21,166	21,035	21,131	22,048	23,202	24,319
	In percent of the IMF Reserve Adequacy Metric 7/	112	105	107	105	105	104	103	104	104
	Excluding RSF	111	104	107	104	104	100	102	101	101
	In months of next year's imports of GNFS	7.7	7.1	7.3	7.2	7.2	7.0	7.1	7.1	7.2
	Excluding RSF	7.7	7.0	7.2	7.1	7.1	6.8	7.2	6.9	7.0

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/ Excluding RSF disbursements
3/ Includes loans on CBJ books.
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, 2024–30
(In millions of U.S. dollars, unless otherwise indicated)

		2024	2025		2026		2027	2028	2029	2030
			Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
(1)	**General Government Gross Needs**	**2,736**	**3,957**	**3,892**	**4,303**	**4,298**	**3,485**	**3,440**	**2,189**	**3,203**
	NEPCO energy imports	847	826	886	820	899	861	863	858	860
	Net interest payments	519	527	391	510	426	37	128	141	238
	Amortization of external debt 1/	1,370	2,321	2,331	2,228	2,228	2,232	1,750	1,189	2,105
	Amortization of domestic debt in FX	0	284	284	745	745	355	700	0	0
(2)	**General Government Sources**	**2,994**	**3,407**	**4,177**	**4,338**	**4,958**	**4,535**	**4,080**	**2,130**	**3,380**
	Public grants	2,272	1,519	1,813	1,705	1,799	1,719	1,719	1,719	1,719
	Public sector borrowing 2/	721	855	1,381	889	1,414	1,462	412	412	412
	Sovereign bonds 3/	0	750	700	1,000	1,000	1,000	1,250	0	1,250
	Local bonds in FX	0	284	284	745	745	355	700	0	0
	GCC deposits at the CBJ	0	0	0	0	0	0	0	0	0
(3)=(2)-(1)	**General Government Balance**	**258**	**-550**	**285**	**35**	**660**	**1,050**	**640**	**-58**	**177**
(4)	**Financing under the EFF**	**2,214**	**2,190**	**2,350**	**2,562**	**2,168**	**1,891**	**2,036**	**1,382**	**1,382**
	Identified official budget support	2,214	2,190	2,350	2,006	2,168	1,378	1,382	1,382	1,382
	Unidentified external financing	0	0	0	556	0	513	655	0	0
(5)=(3)+(4)	**General Government Balance under the EFF**	**2,472**	**1,640**	**2,635**	**2,597**	**2,828**	**2,942**	**2,676**	**1,323**	**1,559**
(6)	**CBJ Balance under the EFF**, of which	**-1,907**	**-730**	**-1,037**	**-1,367**	**-1,201**	**-1,304**	**-1,347**	**-650**	**-1,061**
	Increase in gross reserves	1,907	730	1,037	1,367	1,201	1,304	1,347	650	1,061
(7)=(5)+(6)	**Public Sector Net Balance**	**565**	**910**	**1,598**	**1,231**	**1,628**	**1,637**	**1,330**	**674**	**498**

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.

Table 3d. Jordan: External Budget Financing, 2024–30
(In millions of U.S. dollars unless otherwise indicated)

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
Budget grants, of which	**994**	**1,054**	**1,035**	**842**	**1,036**	**957**	**957**	**957**	**957**
United States	845	855	845	685	685	685	685	685	685
EU	30	81	63	65	65	54	54	54	54
GCC	28	64	23	38	38	189	189	189	189
Budget Loans	**1,951**	**2,326**	**2,347**	**2,699**	**2,168**	**1,378**	**1,148**	**1,102**	**298**
Multilateral, of which:	**1,391**	**1,480**	**1,564**	**1,448**	**1,447**	**847**	**1,062**	**1,015**	**212**
Arab Monetary Fund	0	212	213	212	0	0	212	212	212
Asian Infrastructure Investment Bank	53	55	55	84	84	0	0	0	0
World Bank	1,081	1,081	1,106	1,014	1,180	804	804	804	0
EIB	126	108	114	108	108	43	46	0	0
Bilateral, of which:	**560**	**846**	**783**	**694**	**721**	**531**	**87**	**87**	**87**
EU	0	269	296	171	325	324	0	0	0
IMF purchases	**451**	**366**	**371**	**473**	**486**	**650**	**0**	**0**	**0**
Sovereign issuance	**0**	**750**	**700**	**1,000**	**1,000**	**1,000**	**1,250**	**0**	**1,250**
Guaranteed	0	0	0	0	0	0	0	0	0
Non-guaranteed	0	750	700	1,000	1,000	1,000	1,250	0	1,250

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

Table 4a. Jordan: Monetary Survey, 2024–30

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
	(Stocks, in millions of Jordanian dinars)								
Net foreign assets	9,690	10,208	10,443	10,947	10,976	11,037	11,883	12,939	13,983
Central bank	14,338	14,601	14,843	15,092	15,128	15,189	16,035	17,091	18,135
Commercial banks	-4,648	-4,393	-4,400	-4,145	-4,152	-4,152	-4,152	-4,152	-4,152
Net domestic assets	35,531	37,338	37,088	39,250	39,107	41,736	43,723	45,652	47,754
Net claims on general government	17,489	17,713	17,893	17,497	18,387	18,747	18,281	18,750	19,169
Net claims on central budgetary government 1/	12,882	12,989	13,011	12,449	13,222	13,543	13,037	13,465	13,844
Net claims on NEPCO	4,000	4,105	4,094	4,429	4,376	4,416	4,456	4,496	4,536
Net claims on other own budget agencies 2/	-1,531	-1,518	-1,547	-1,518	-1,547	-1,547	-1,547	-1,547	-1,547
Claims on other public entities	2,138	2,138	2,335	2,138	2,335	2,335	2,335	2,335	2,335
Claims on financial institutions	947	947	921	947	921	921	921	921	921
Claims on the private sector	31,131	32,585	33,286	34,543	35,212	37,420	39,763	42,254	44,907
Other items (net)	-14,035	-13,907	-15,012	-13,737	-15,412	-15,352	-15,242	-16,272	-17,242
Broad money	45,222	47,546	47,531	50,197	50,084	52,773	55,606	58,591	61,737
Currency in circulation	6,083	6,323	6,322	6,600	6,662	7,020	7,397	7,794	8,212
Jordanian dinar deposits	31,944	33,597	33,585	35,532	35,389	37,289	39,291	41,400	43,623
Foreign currency deposits	7,195	7,626	7,624	8,065	8,033	8,464	8,919	9,398	9,902
	(Flows, in millions of Jordanian dinars)								
Net foreign assets	1,967	511	753	739	533	61	846	1,056	1,044
Net domestic assets	620	1,800	1,556	1,912	2,019	2,628	1,987	1,930	2,102
Net claims on general government	1,011	212	404	-216	494	360	-466	469	419
Net claims on central budgetary government	504	107	129	-540	211	320	-506	429	379
Net claims on NEPCO	494	105	94	324	282	40	40	40	40
Net claims on other own budget agencies	-301	0	-16	0	0	0	0	0	0
Claims on financial institutions	-88	0	-26	0	0	0	0	0	0
Claims on the private sector	861	1,438	2,155	1,958	1,926	2,208	2,343	2,491	2,653
Other items (net)	-1,163	150	-977	170	-400	60	110	-1,030	-970
Broad money	2,587	2,311	2,310	2,651	2,552	2,689	2,833	2,985	3,146
Currency in circulation	276	239	239	277	339	358	377	397	418
Jordanian dinar deposits	1,714	1,640	1,641	1,935	1,803	1,900	2,002	2,110	2,223
Foreign currency deposits	597	432	429	439	409	431	454	479	505
Memorandum items:									
Year-on-year broad money growth (percent)	6.1	5.1	5.1	5.6	5.4	5.4	5.4	5.4	5.4
Year-on-year private sector credit growth (percent)	2.9	4.6	6.9	6.0	5.8	6.3	6.3	6.3	6.3
Foreign currency/total deposits (percent)	18.4	18.5	18.5	18.5	18.5	18.5	18.5	18.5	18.5
Private sector credit/total deposits (percent)	79.5	79.0	80.8	79.2	81.1	81.8	82.5	83.2	83.9
Currency in circulation/JD deposits (percent)	19.0	18.8	18.8	18.6	18.8	18.8	18.8	18.8	18.8
Money multiplier (for JD liquidity)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Velocity (GDP/M)	0.9	0.8	0.9	0.8	0.9	0.9	0.9	0.9	0.9

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, 2024–30

	2024	2025		2026		2027	2028	2029	2030
		Third Review	Est.	Third Review	Proj.	Proj.	Proj.	Proj.	Proj.
				(Stocks, in millions of Jordanian dinars)					
Net foreign assets 1/	14,338	14,601	14,843	15,092	15,128	15,189	16,035	17,091	18,135
Foreign assets	16,317	16,372	16,585	17,082	17,082	17,420	18,071	18,889	19,680
Of which: Bilateral accounts	767	767	767	767	767	767	767	767	767
Of which: encumbered due to forwards or swaps	590	590	590	590	590	590	590	590	590
Foreign liabilities	1,979	1,771	1,741	1,990	1,954	2,231	2,036	1,798	1,546
Of which: Net Fund Position	1,427	1,573	1,544	1,793	1,756	2,034	1,838	1,600	1,348
Of which: GCC grants-related	552	197	197	197	197	197	197	197	197
Net domestic assets	-4,920	-4,621	-4,866	-4,559	-4,615	-4,112	-4,363	-4,792	-5,176
Net claims on central budgetary government 2/	1,866	2,036	2,009	2,233	2,212	2,479	2,273	2,025	2,015
Net claims on own budget agencies and other public entities	-247	-247	-263	-247	-263	-263	-263	-263	-263
Net claims on financial institutions	647	647	672	647	672	672	672	672	672
Net claims on private sector	32	32	33	32	33	33	33	33	33
Net claims on commercial banks	-4,732	-4,953	-3,755	-5,088	-3,707	-3,470	-3,516	-3,698	-4,071
Of which: FX deposits of commercial banks	651	651	687	651	687	687	687	687	687
CDs	-550	-200	-450	-200	-450	-450	-450	-450	-450
Other items, net (asset: +)	-1,936	-1,936	-3,112	-1,936	-3,112	-3,112	-3,112	-3,112	-3,112
Jordanian dinar reserve money	9,418	9,980	9,977	10,533	10,513	11,077	11,672	12,298	12,959
Currency	6,733	6,973	6,973	7,250	7,312	7,670	8,047	8,444	8,862
Commercial bank reserves	2,685	3,007	3,004	3,283	3,201	3,407	3,625	3,855	4,097
Of which: required reserves	1,589	1,671	1,671	1,767	1,761	1,855	1,955	2,060	2,170
				(Flows, in millions of Jordanian dinars)					
Net foreign assets	2,186	263	505	491	285	61	846	1,056	1,044
Foreign assets	2,030	54	267	711	498	338	651	818	792
Foreign liabilities	-157	-209	-238	220	213	277	-196	-238	-252
Net domestic assets	-1,628	299	54	62	251	504	-252	-429	-383
Net claims on central budgetary government	156	170	143	197	203	267	-206	-248	-10
Net claims on commercial banks	-1,067	-221	977	-135	48	236	-46	-181	-373
Other items, net (asset: +)	-942	0	-1,177	0	0	0	0	0	0
Jordanian dinar reserve money	558	562	559	553	536	564	595	627	660
Currency	292	239	239	277	339	358	377	397	418
Commercial banks' reserves	266	322	319	276	196	207	218	230	242
Memorandum items:									
Gross international reserves ($ millions)	21,934	22,010	22,310	23,012	23,012	23,489	24,406	25,560	26,677
Gross usable international reserves ($ millions)	20,281	20,358	20,658	21,360	21,360	21,837	22,755	23,908	25,025
As a ratio to JD broad money (in percent)	38	36	37	36	36	35	35	34	34
As a ratio of JD reserve money (in percent)	153	145	147	144	144	140	138	138	137
Net international reserves (millions of JD)	12,882	12,790	12,997	13,281	13,282	13,343	14,189	15,246	16,291
Net international reserves (millions of U.S. dollars)	18,170	18,040	18,332	18,733	18,734	18,819	20,013	21,503	22,977
Money multiplier (for JD liquidity)	4.0	4.0	4.0	4.0	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, 2016–25

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025H1
Nonperforming Loans/Total Loans	4.2	4.9	5.0	5.5	5.0	4.5	5.1	5.1	5.6	5.8
Coverage Ratio	75.4	79.3	69.5	71.5	79.9	81.5	75.6	75.6	74.5	71.3
NPLs net of provisions/Equity	4.1	4.2	6.3	6.4	4.2	3.8	5.4	5.4	6.1	7.2
Capital Adequacy Ratio	17.8	16.9	18.3	18.3	18.0	17.3	17.9	17.9	18.0	18.0
Leverage Ratio	13.2	12.6	12.4	12.2	11.7	11.4	11.8	11.8	11.7	11.6
Return on equity	9.1	9.6	9.4	5.1	8.3	8.8	9.3	9.3	9.1	11.5
Return on assets	1.2	1.2	1.2	0.6	1.0	1.0	1.1	1.1	1.1	1.3
Interest Margin/gross income	75.8	78.5	77.6	80.6	79.1	77.9	79.3	79.3	78.8	72.2
Liquidity Ratio	130.1	131.9	133.8	136.5	141.5	138.0	142.5	142.5	144.7	142.4
Growth Rate of Total Assets 1/	1.6	3.0	5.4	5.6	7.9	4.9	3.7	3.7	5.8	2.4
Growth Rate of Customer Deposits 1/	0.9	2.0	4.4	4.2	8.4	6.6	4.4	4.4	6.8	3.1
Growth Rate of Credit Facilities 1/	8.0	5.3	3.1	5.9	5.9	8.9	2.7	2.7	4.1	2.0

Source: Central Bank of Jordan.

1/ Year to date growth rates.

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

Review	Availability Date	Action	Purchase	
			SDR Million	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: Access and Phasing Under the 2025 Resilience and Sustainability Facility (RSF) Arrangement

Availability Date	Conditions	SDR Million	Percent of Quota 1/
June 25, 2025	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.

Table 8. Jordan: Indicators of Fund Credit, 2025–49

(In millions of SDR unless stated otherwise)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049
Existing and prospective Fund credit (SDR million)																									
Purchases	275	354	473	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EFF	196	196	196	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RSF	79	158	277	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stock of existing and prospective Fund credit	1660	1878	2162	1962	1719	1462	1211	978	828	686	596	529	473	422	370	319	267	216	164	113	61	20	0	0	0
EFF	1581	1641	1648	1448	1205	948	696	464	314	171	81	24	0	0	0	0	0	0	0	0	0	0	0	0	0
RSF	79	238	515	515	515	515	515	515	515	515	515	505	473	422	370	319	267	216	164	113	61	20	0	0	0
Obligations	166	224	289	302	331	330	313	285	196	183	127	101	88	82	80	78	76	74	72	70	68	57	33	13	13
Principal (repayments/repurchases)	83	136	188	200	243	257	252	232	150	142	90	67	56	51	51	51	51	51	51	51	51	42	20	0	0
EFF	83	136	188	200	243	257	252	232	150	142	90	57	24	0	0	0	0	0	0	0	0	0	0	0	0
RSF	0	0	0	0	0	0	0	0	0	0	0	10	32	51	51	51	51	51	51	51	51	42	20	0	0
Charges and interest	83	88	101	101	88	73	62	53	46	41	37	34	32	30	28	26	24	22	21	19	17	15	14	13	13
Fund obligations (repurchases and charges) in percent of:																									
Quota	48.5	65.2	84.4	87.9	96.4	96.2	91.3	83.2	57.3	53.5	36.9	29.5	25.7	23.8	23.2	22.7	22.1	21.6	21.0	20.5	19.9	16.5	9.7	3.9	3.9
GDP	0.4	0.5	0.6	0.5	0.5	0.6	0.5	0.5	0.3	0.3	0.2	0.1	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	0.9	1.2	1.5	1.5	1.5	1.4	1.3	1.1	0.7	0.6	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0
Gross international reserves	1.1	1.4	1.8	1.8	1.9	1.8	1.7	1.6	1.1	1.0	0.6	0.4	0.3	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Government revenue	1.7	2.2	2.6	2.5	2.6	2.5	2.3	2.0	1.3	1.1	0.7	0.6	0.5	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.0	0.0
External debt service, public	7.9	9.3	13.4	16.1	22.4	15.0	21.0	14.0	7.8	10.7	7.0	5.3	4.4	3.8	3.5	3.3	3.0	2.8	2.6	2.4	2.2	1.7	1.0	0.4	0.3
Fund credit outstanding in percent of:																									
Quota	483.7	547.4	630.3	571.9	501.1	426.2	352.9	285.2	241.4	199.9	173.7	154.2	137.9	122.9	107.9	92.9	77.9	62.9	47.9	32.9	17.9	5.8	0	0	0
GDP	3.6	4.0	4.3	3.7	3.1	2.5	2.0	1.5	1.2	1.0	0.8	0.7	0.6	0.5	0.4	0.3	0.3	0.2	0.1	0.1	0.0	0.0	0	0	0
Exports of goods and services	9.1	9.9	11.0	9.5	7.9	6.3	5.0	3.8	3.1	2.4	1.9	1.6	1.3	1.1	0.9	0.7	0.6	0.4	0.3	0.2	0.1	0.0	0	0	0
Gross international reserves	10.9	12.1	13.6	11.9	9.9	8.1	6.7	5.5	4.8	3.7	2.8	2.1	1.6	1.2	0.9	0.7	0.5	0.3	0.2	0.1	0.1	0.0	0	0	0
Government revenue	16.8	18.3	19.4	16.5	13.7	11.1	8.8	6.7	5.3	4.2	3.4	2.9	2.4	2.0	1.7	1.4	1.1	0.8	0.6	0.4	0.2	0.1	0	0	0
External debt, public	4.4	4.8	5.3	4.6	4.0	3.3	2.7	2.2	1.9	1.5	1.2	1.0	0.9	0.7	0.6	0.5	0.4	0.3	0.2	0.1	0.1	0.0	0	0	0
Memorandum items:																									
Quota (SDR million)	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343	343
Gross domestic product (USD million)	61,699	65,012	68,503	72,181	76,056	80,140	84,628	89,367	94,371	99,656	105,237	111,130	117,353	123,925	130,865	138,193	145,932	154,104	162,734	171,847	181,471	191,633	202,365	213,697	225,664
Exports of goods and services (USD million)	24,676	26,029	27,039	28,622	30,111	32,004	33,467	35,304	37,538	39,987	42,710	45,619	48,726	52,044	55,588	59,374	63,417	67,736	72,349	77,276	82,538	88,159	94,163	100,575	107,424
Gross international reserves (USD million)	20,658	21,360	21,837	22,755	23,908	25,025	25,170	24,571	24,081	25,493	29,924	35,126	41,231	48,397	56,810	66,684	78,274	91,879	107,849	126,595	148,599	174,427	204,745	240,333	282,106
Government revenue (USD million)	13,314	14,065	15,338	16,375	17,329	18,198	19,121	20,248	21,443	22,695	23,964	25,430	26,974	28,610	30,346	32,187	34,141	36,212	38,409	40,740	43,212	45,834	48,615	51,565	54,693
External debt service, public (USD million)	2,856	3,320	2,982	2,590	2,043	3,056	2,069	2,820	3,495	2,371	2,504	2,644	2,792	2,948	3,113	3,288	3,472	3,666	3,871	4,088	4,317	4,559	4,814	5,084	5,369
Total external debt, public (USD million)	51,352	54,037	56,435	58,690	59,658	60,977	61,055	61,682	61,669	62,680	66,190	69,897	73,811	77,944	82,309	86,918	91,786	96,926	102,354	108,086	114,138	120,530	127,280	134,408	141,934
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	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.

Annex I. Risk Assessment Matrix[1]

Risks and Likelihood	Economic Impact	Policy Responses
Global Risks		
High	High	
Geopolitical Tensions. Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade, and supply chains.	• Intensification of regional conflicts would affect consumer and investor sentiment, disrupting the ongoing economic recovery. • Disruptions to trade, tourism, FDI, and capital flows would widen fiscal and current account deficits, increasing gross public and external financing needs. Inflation pressures could rise due to higher import prices.	• Provide targeted fiscal measures to support vulnerable households and firms, and strengthen social safety nets. • Diversify energy and food import sources to mitigate supply chain disruptions.
High	High	
Escalating Trade Measures and Prolonged Uncertainty. Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge, especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.	• Reduced external trade and FDI inflows would weaken economic growth, pressure the current account, and increase external financing needs. • Higher commodity prices would generate inflationary pressures.	• Provide targeted fiscal measures to support vulnerable households and firms, and strengthen social safety nets. • Diversify energy and food import sources and expand strategic reserves to reduce exposure to global supply disruptions. • Deepen regional and global trade agreements to counteract trade barriers and attract investment.
High	High	
Commodity Price Volatility. Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability.	• An increase in fuel and/or food prices would pressure the current account deficit and external financing needs. • Higher commodity prices would generate inflationary pressures.	• Provide targeted fiscal measures to support vulnerable households, and strengthen social safety nets. • Diversify energy and food import sources and expand strategic reserves to reduce exposure to global supply disruptions.
High	High	
Fiscal Vulnerabilities and Higher Long-Term Interest Rates. Rising public debt and deficit levels may put	• An increase in long-term interest rates and global risk premium could result in a negative feedback loop	• Maintain prudent macroeconomic policies and accelerate fiscal

[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
upward pressure on long-term interest rates and increase the risk of sovereign bond market disruptions. These developments could amplify capital flow volatility, tighten financial conditions, threaten sovereign debt sustainability, and trigger global spillovers. To the extent that major economies are affected, market imbalances (such as reduced investor capacity to absorb sovereign debt) could emerge, exacerbating risks from a close sovereign-financial nexus.	between sovereign and banks and hence worsen bank balance sheets. It could also result in higher funding costs for corporates and the sovereign. The impacts on the corporates, if spillback to banks, could negatively affect asset quality of banks.	consolidation to preserve debt sustainability. • Monitor banks' buffers to withstand shocks and continue to implement measures recommended by the FSSA as appropriate. • Diversify sovereign funding sources, seeking to mitigate the impact of higher borrowing costs on interest expenses. • Accelerate structural reforms to foster stronger growth.
High	**Medium**	
Financial Market Volatility and Correction. Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among Non-Bank Financial Intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks.	• Heightened capital outflows from EMDEs could exacerbate liquidity shortages, increase risk premiums, and constrain growth prospects.	• Monitor banks' buffers to withstand shocks, introduce measures recommended by the FSSA as appropriate. • 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. • Deepen domestic capital markets to reduce dependence on external financing.
High	**High**	
Decline in International Aid. A further sharp reduction in international financial assistance, including development aid and humanitarian support, could severely affect low-income and fragile countries. Such an additional aid withdrawal would strain public finances, worsen current accounts, increase debt vulnerabilities, and lead to a further deterioration in living conditions and food security.	• Reduction in development aid could strain public finances, limit social spending, and slow development projects and economic growth while increasing reliance on costly alternative financing.	• Diversify the donor base by strengthening partnerships with emerging donors, regional development funds, and multilateral institutions to secure alternative funding sources. • Maintain prudent macroeconomic policies and accelerate fiscal consolidation to preserve debt sustainability.

Risks and Likelihood	Economic Impact	Policy Responses
Low	**Medium**	
New Trade Agreements. A breakthrough in trade talks could reduce uncertainty and protectionism, boost investment and productivity, and support broader reforms to lift medium-term growth.	• Lower uncertainty, higher investments, and medium-term growth globally could improve remittances, trade, and tourism inflows and strengthen the domestic growth outlook, improving fiscal and current account balances.	• Continue fiscal and structural reforms to entrench the gains from stronger global growth.
Medium	**Medium**	
Climate change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic 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 and increase public financing needs to ensure water security.	• 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 encourage climate adaptation investments. • Prioritize securing sustainable water supplies by expanding desalination projects, improving irrigation systems, supporting climate-smart agriculture, and ensuring the 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. Rebasing of National Accounts

1. Jordan's Department of Statistics (DoS) has completed the rebasing of the national accounts. This four-year long rebasing exercise was implemented under the technical leadership of the National Accounts Directorate, with extensive support from ESCWA and the Fund, reflecting the government's determination to improve the timeliness and quality of national accounts data to better inform and support decision-making process.

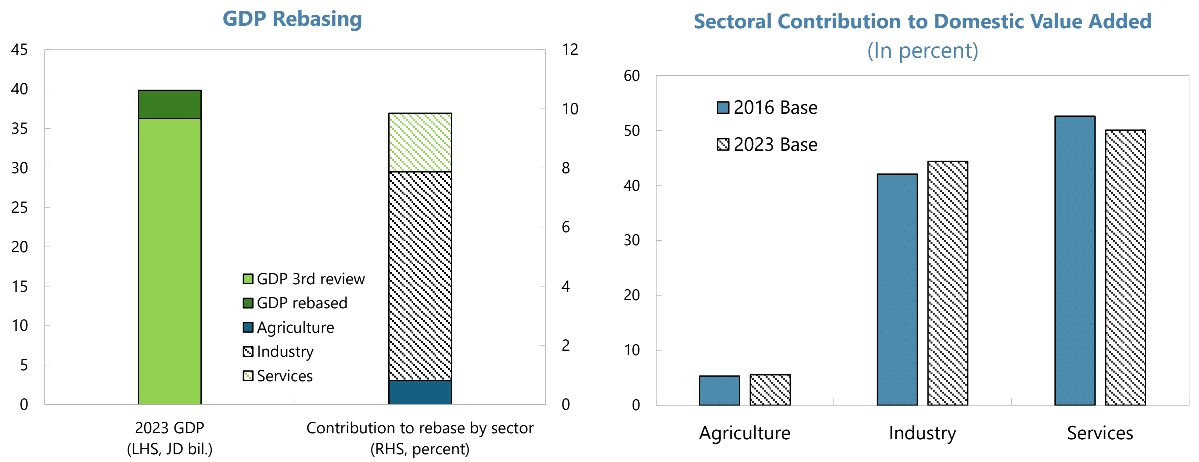
2. The rebasing of national accounts, including revisions to source data and methodologies, is critical to ensure high-quality and consistent time series. The rebasing of national accounts is the process of updating the base year for compilation of national accounts data, essential to reflect current economic structures and prices. Revisions are implemented at the same time to incorporate improvements in source data and methodologies, as well as to introduce new international standards and classifications. This exercise leads to a more accurate picture of the economy, including emerging industries and non-observed sectors,[1] and is crucial for evidence-based policymaking.

3. Jordan's rebasing reflects improvements in source data and methodologies. The rebasing updated the base year from 2016 to 2023, resulting in an upward revision of nominal GDP of about 10 percent. Most of the revision is explained by improvements in the construction, domestic trade, electricity, real estate, and transport sectors. The system for national accounts was also switched from a private system to a public system for foreign trade data. Improvements in source data included the use of the Economic Census for 2023, the Household Income and Expenditure Survey for 2022, the digitalization of financial statements at enterprise level from the Company Comptroller Department, data from producer associations, administrative data from the different ministries and public corporations, among other sources. As part of the methodological improvements, DoS has followed international practices for the estimation of non-observed economic activities, implemented the main recommendations of the System of National Accounts 2008 (2008 SNA), and adopted the International Standard Industrial Classification of all Economic Activities (Revision 4) at the 4-digit level. The activities of free zones and e-commerce were also included in the production boundary. The Financial Intermediation Services Indirectly Measured (FISIM), which are the implicit charges made by banks, are no longer deducted from total value added; they are now allocated to industries and uses as recommended by international standards.

4. As a result, the coverage of formal and informal activities in national accounts has been expanded. The addition of newly identified formal and informal activities is estimated at about 40 and 60 percent, respectively, of the overall revision. Following the rebasing, the sectoral contributions to total domestic value added remain largely stable with industrial activities gaining some relative importance compared to service activities.

[1] Non-observed activities are productive activities that are not captured in regular data collection for national accounts. This includes underground and informal activities, as well as household production for own final use, and formal activities missed due to data collection deficiencies.

Annex II. Figure 1. Sectoral Contributions to GDP Rebasing



Sources: Jordanian authorities, and IMF staff calculations.

Annex III. Sovereign Risk and Debt Sustainability Assessment

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

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Moderate	Overall risk is assessed as moderate, reflecting a relatively consistent vulnerability profile across both medium- and long-term horizons.
Near term 1/	n.a.	n.a.	Not applicable
Medium term	Moderate	Moderate	In line with its mechanical signal, medium term risk is assessed as moderate, reflecting a declining debt to GDP ratio and manageable financing risks, based on the envisaged fiscal adjustment at the general government level over 2026-28.
Fanchart	Moderate	...	
GFN	Moderate	...	
Stress test		...	
Long term	...	Moderate	The authorities commitment to implement a comprehensive parametric pension reform, following the results of the 11th acturial review, is expected to maintain the long-term financial sustainability of the Social Security Corporation (SSC). Elevated GFNs would remain a risk, if the envisaged fiscal consolidation and debt reduction targets are further delayed by additional spending pressures from regional tensions, water scarcity, higher-than-expected energy losses, or other shocks. On balance, staff assesses long-term risks to be moderate.
Sustainability assessment 2/		Sustainable	The debt to GDP ratio is projected to decline gradually over the medium term thanks to fiscal consolidation efforts and further actions to reduce the lossess of public utilities. Financing risks remain manageable, due to the relatively long average debt maturity of about 6 years, sustained financial surpluses of the SSC, strong development partner support, and continued market access amid sovereign spreads at historical lows. The baseline gradual fiscal consolidation is anchored by the authorities' Medium-Term Revenue Strategy and further actions to rationalize expenditures. Accordingly, public debt is assessed as sustainable. However, escalation of regional tensions, higher-for-longer interest rates, and trade and commodity price shocks 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-to-GDP ratio, driven by fiscal consolidation and growth. Public debt is projected to reach 83.4 percent of GDP (post GDP rebasing) in 2025, and is expected to decline to 80 percent of GDP by 2028. Jordan's high public debt renders it vulnerable to a sudden tightening of financial conditions, but the large share of concessional debt and continued access to concessional financing provide an important cushion. Moreover, Jordan has significant buffers: FX reserves at more than 7 months of imports and assets of the Social Security Investment Fund at about 40 percent of GDP. Continued fiscal consolidation and accelerated structural reforms, including decisive actions to reduce NEPCO's losses, address the water scarcity challenge in a fiscally prudent manner, and implement parametric reforms to maintain the long-term financial sustainability of the social security system, while mitigating climate change risks, remain essential to preserve 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 III. Table 2. Jordan: Debt Coverage and Disclosures

	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/
chosen coverage	chosen coverage	chosen coverage	Missing from recommended coverage	Missing from recommended coverage

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
chosen	

Color code: chosen coverage (green); Missing from recommended coverage (red); Not applicable (grey)

Reporting on Intra-Government Debt Holdings

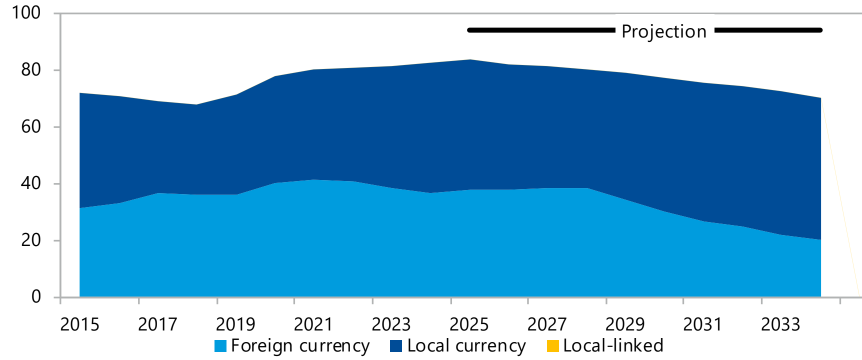
	Issuer \ Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
1	Budget. central govt									0
2	Extra-budget. funds									0
3	Social security funds	10.0								10.0
4	State govt.									0
5	Local govt.									0
6	Nonfin pub. corp.									0
7	Central bank									0
8	Oth. pub. fin. corp									0
	Total	10.0	0	0	0	0	0	0	0	10.0

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 public sector coverage broadly corresponds to the general government. It includes the central government, the Social Security Corporation, NEPCO, WAJ, and water distribution companies. The coverage does not include local and state governments. GCC deposits at the Central Bank of Jordan (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.

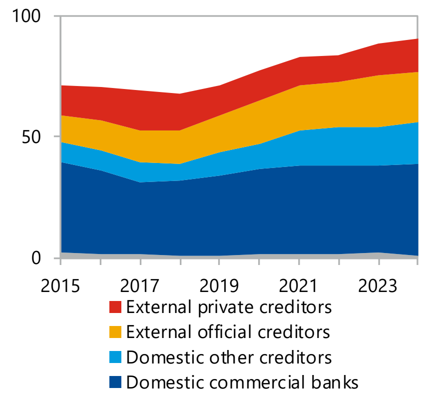
Annex III. Figure 1. Jordan: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)

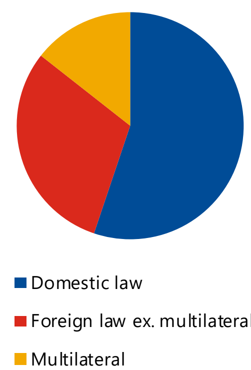


Note: The perimeter shown is general government.

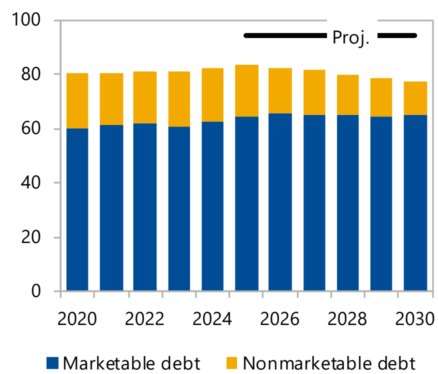
Public Debt by Holder (Percent of GDP)



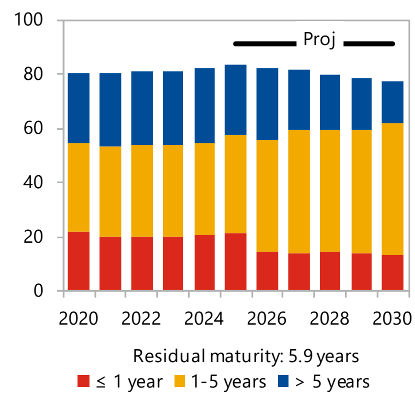
Public Debt by Governing Law, 2024 (percent)



Debt by Instruments (Percent of GDP)



Public Debt by Maturity (Percent of GDP)



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 residual debt maturity currently averages about six years. Over the medium term, this average is expected to shorten, reflecting increased reliance on market-based financing and a gradual shift away from longer-term bilateral and multilateral funding.

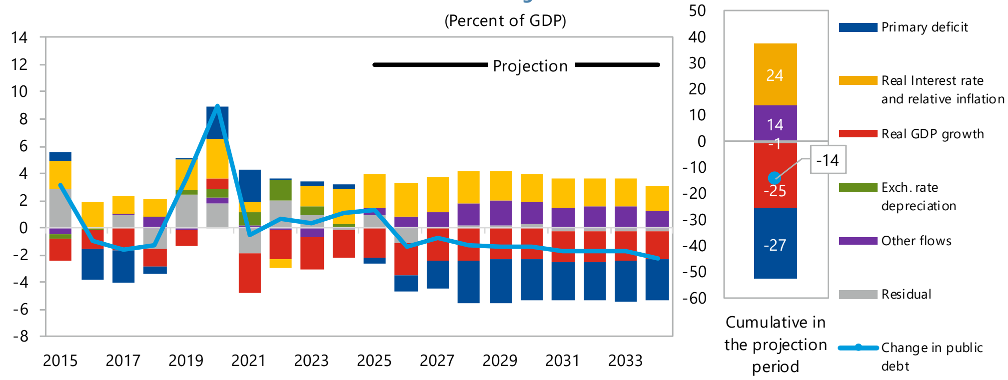
Annex III. Table 3. Jordan: Baseline Scenario

(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	82.1	83.4	82.0	81.3	80.0	78.6	77.2	75.6	73.9	72.1	69.8
Change in public debt	1.1	1.3	-1.4	-0.7	-1.3	-1.4	-1.4	-1.7	-1.7	-1.7	-2.3
Contribution of identified flows	1.3	0.3	-0.2	-0.7	-1.5	-1.6	-1.7	-1.4	-1.4	-1.5	-2.1
Primary deficit 1/	0.3	-0.5	-1.2	-2.0	-3.1	-3.3	-3.1	-2.8	-2.9	-3.0	-3.0
Noninterest revenues	33.4	33.6	34.7	35.1	35.9	35.9	36.3	36.7	36.7	36.7	36.7
Noninterest expenditures	33.7	33.1	33.5	33.1	32.8	32.7	33.2	33.9	33.8	33.8	33.7
Automatic debt dynamics	0.9	0.3	0.1	0.1	0.0	-0.1	-0.2	-0.1	-0.1	-0.1	-0.3
Real interest rate and relative inflation	2.7	2.5	2.4	2.5	2.4	2.2	2.1	2.1	2.1	2.0	1.8
Real interest rate	2.9	2.6	2.4	2.4	2.3	2.1	1.9	2.0	2.0	1.9	1.7
Relative inflation	-0.2	-0.1	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Real growth rate	-2.0	-2.2	-2.3	-2.4	-2.4	-2.3	-2.3	-2.3	-2.2	-2.2	-2.1
Real exchange rate	0.2	…	…	…	…	…	…	…	…	…	…
Other identified flows	0.1	0.5	0.8	1.2	1.6	1.8	1.6	1.5	1.6	1.6	1.3
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(-) Interest revenues 1/	-0.3	-0.3	-0.3	-0.3	-0.3	-0.4	-0.4	-0.4	-0.4	-0.4	-0.4
Accumulation of assets 1/	0.4	0.8	1.2	1.5	2.0	2.1	2.0	1.9	1.9	2.0	1.6
Contribution of residual	-0.2	1.0	-1.2	-0.1	0.2	0.2	0.3	-0.3	-0.3	-0.3	-0.2
Gross financing needs	19.0	15.6	22.7	15.8	14.0	19.0	18.1	18.1	17.3	17.0	17.2
of which: debt service	19.0	16.4	24.3	18.2	17.5	22.6	21.5	21.2	20.6	20.4	20.6
Local currency	13.0	9.8	17.3	12.3	13.2	13.7	13.8	14.9	15.9	15.3	16.8
Foreign currency	6.0	6.6	6.9	5.8	4.3	8.9	7.8	6.4	4.7	5.1	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	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Nominal GDP growth (percent)	4.4	5.1	5.4	5.4	5.4	5.4	5.4	5.6	5.6	5.6	5.6
Effective interest rate (percent)	5.6	5.7	5.4	5.3	5.3	5.0	4.9	5.0	5.1	5.1	4.8

Contribution to Change in Public Debt

(Percent of GDP)



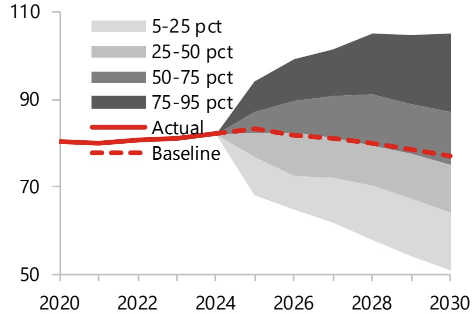
The debt to GDP ratio is expected to gradually decline over the medium term, driven by fiscal consolidation, lower energy and water sector losses, and sustained real GDP growth. The rebasing of GDP (Annex II), which has raised nominal GDP by 10 percent, would by itself lower the debt-to-GDP ratio projected for 2025 at the time of the third review from 89.7 percent to 81.6 percent. With fiscal targets expected to be met by end-2025, the higher debt-to-GDP ratio projected for 2025 under the fourth review (83.4 percent) reflects the lower SSC consolidated surplus, as discussed in the main text of the staff report, as well as valuation effects from the dinar depreciation against the euro and SDR and a pre-financing operation, as the authorities have saved proceeds from the Eurobond issued in November 2025 and other external financing to repay the Eurobond maturing in January 2026. Over the medium term, the combined effect of the GDP rebasing is broadly offset by the cumulative impact of the lower general government primary balance (excluding grants) from 2025 and related higher interest payments than previously projected. The overall envisaged fiscal adjustment remains adequate to place public debt on a downward path, declining to about 80 percent of GDP by 2028.

1/ General government primary deficit, including grants and excluding SSC's interest revenue. Other identified flows: SSC's interest revenues exclude interest received from holdings of government debt and SSC's accumulation of assets exclude new acquisition of government debt.

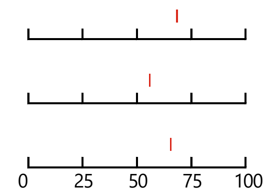
Annex III. Table 4. Jordan: Medium-Term Risk Assessment

	Value	Contrib 1/	Percentile in peer group 2/

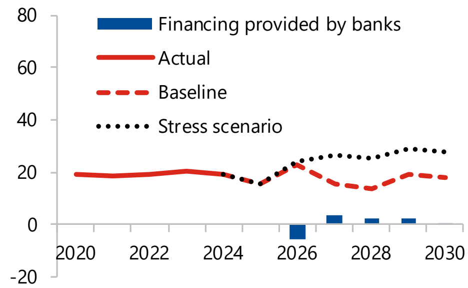
Final Fanchart (Percent of GDP)



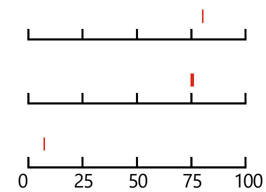
Debt fanchart module	Value	Contrib 1/
Fanchart width *(percent of GDP)*	54.1	0.8
Probability of debt non-stabilizaiton *(percent)*	3.5	0.0
Terminal debt-to-GDP x institutions index	38.7	0.8
Debt fanchart index (DFI)		1.7
Risk signal: 3/		Moderate



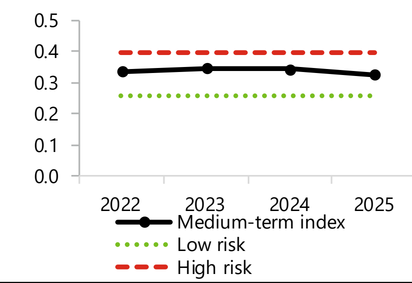
Gross Financing Needs (Percent of GDP)



Gross financing needs (GFN) module	Value	Contrib 1/
Average baseline GFN *(percent of GDP)*	17.5	6.0
Initial Banks' claims on the gen. govt *(pct bank assets)*	22.2	7.2
Chg. In banks' claims in stress *(pct banks' assets)*	4.9	1.6
GFN financeability index (GFI)		14.8
Risk signal: 4/		Moderate



Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	1.7	0.4	0.5	0.2
GFN finaceability index	14.8	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: 22.7 pct.

While the debt-to-GDP ratio remains high, the probability of debt non-stabilization is low and in line with the median of its distribution across peers, as the envisaged fiscal adjustment under the program places the debt-to-GDP ratio on a downward path. Under the stress test scenario—introducing a shock to GDP growth, higher primary deficit, and higher interest payments—GFNs would increase by about 10 percentage points of GDP over the next five years. However, the GFN module assesses risks as moderate and, overall, the medium-term risk is also 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.

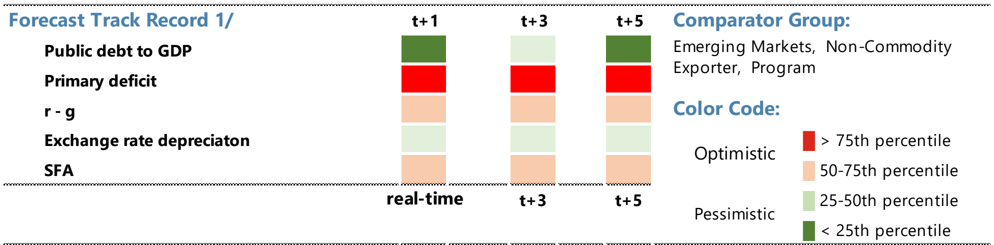
2/ The comparison group is emerging markets, non-commodity exporter, program.

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.

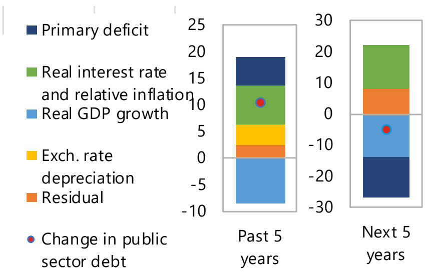
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

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

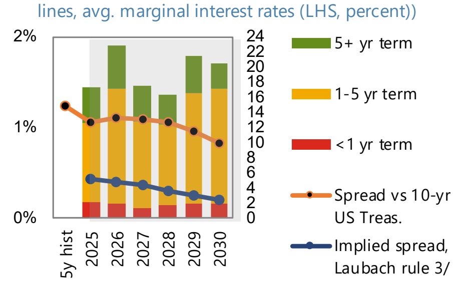


Public Debt Creating Flows

(Percent of GDP)

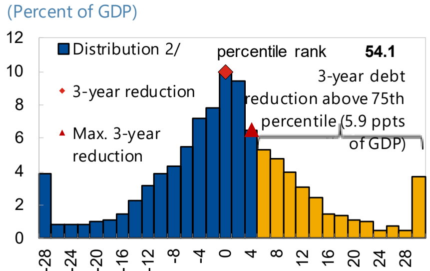


Bond Issuances (Bars, debt issuances (RHS, %GDP); lines, avg. marginal interest rates (LHS, percent))

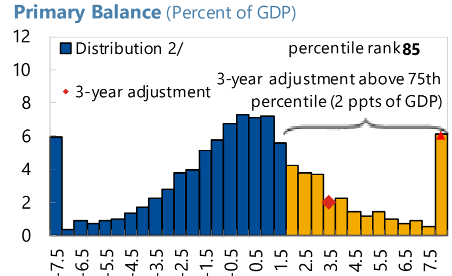


3-Year Debt Reduction

(Percent of GDP)

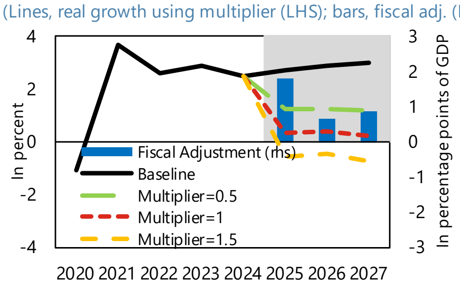


3-Year Adjustment in Cyclically-Adjusted Primary Balance (Percent of GDP)



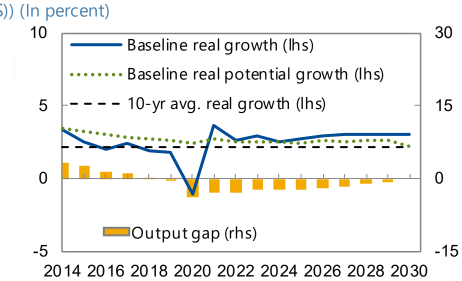
Fiscal Adjustment and Possible Growth Paths

(Lines, real growth using multiplier (LHS); bars, fiscal adj. (RHS))



Real GDP Growth

(In percent)



Analysis from the realism tools does not signal any major concern. The forecast error track record reflects the impact of regional conflict on the projections for Jordan. The 3-year debt reduction is at about the median, reflecting continued gradual fiscal consolidation of the central government as well as lower losses of the energy and water sectors.

Source : IMF Staff.

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

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

3/ 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 III. Figure 3. Triggered Modules

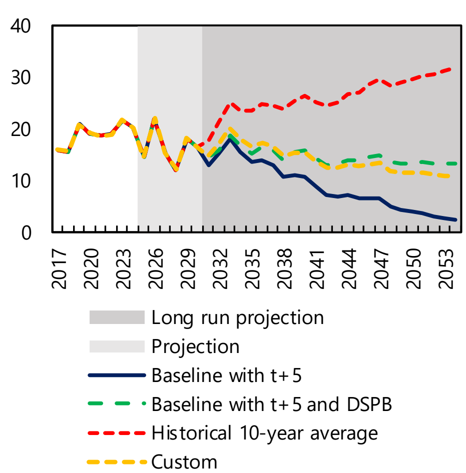
Large amortizations	Pensions	Climate change: Adaptation	Natural Resources
	Health	Climate change: Mitigation	

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

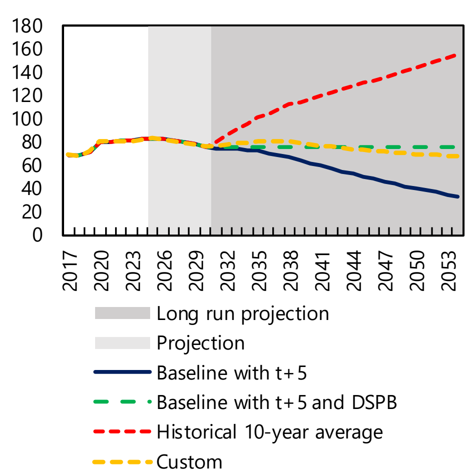
Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP 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	3.1%	2.7%	2.5%
Real depreciation	-2.2%	-2.2%	-2.2%
Inflation (GDP deflator)	2.3%	2.3%	2.3%

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio



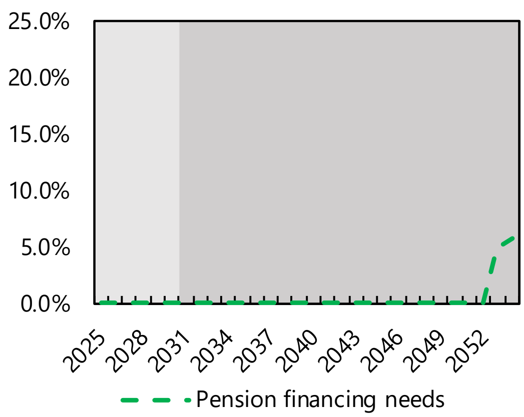
The default large amortization module calculates GFNs and public debt based on amortization from existing debt under three scenarios. In the Baseline with t+5 scenario, which sustains a high primary balance (general government) of about 4 percent of GDP, public debt will be below 73 percent of GDP by 2035 and GFNs will progressively diminish to around 5 percent of GDP by 2039. The custom scenario imposes a lower primary balance averaging 2.5 percent of GDP over the extended term, while keeping other macroeconomic variables unchanged. In this scenario, public 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, eventually declining to under 10 percent by 2040.

Annex III. Figure 3. Triggered Modules (continued)

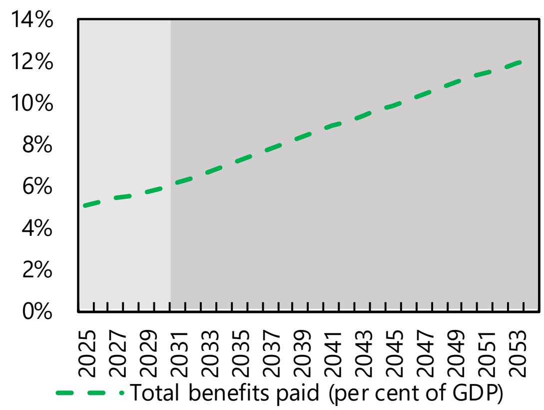
Jordan: Demographics: Pensions

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%

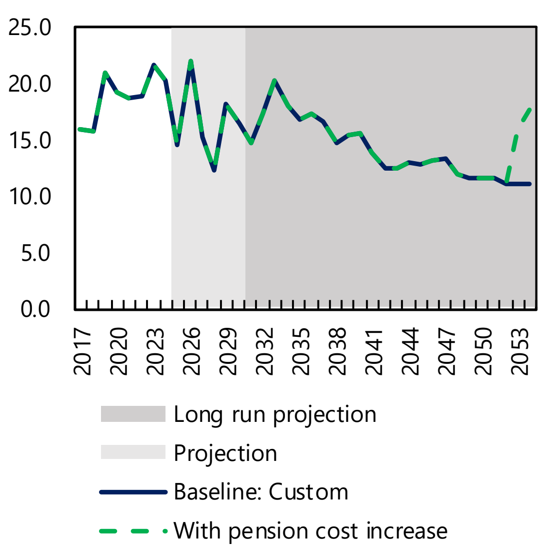
Pension Financing Needs



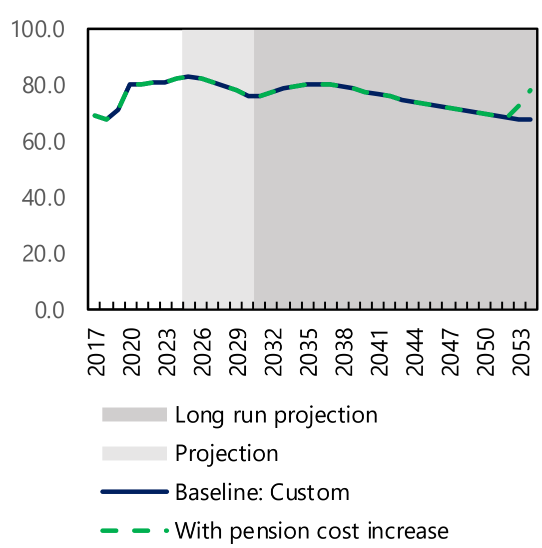
Total Benefits Paid



GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

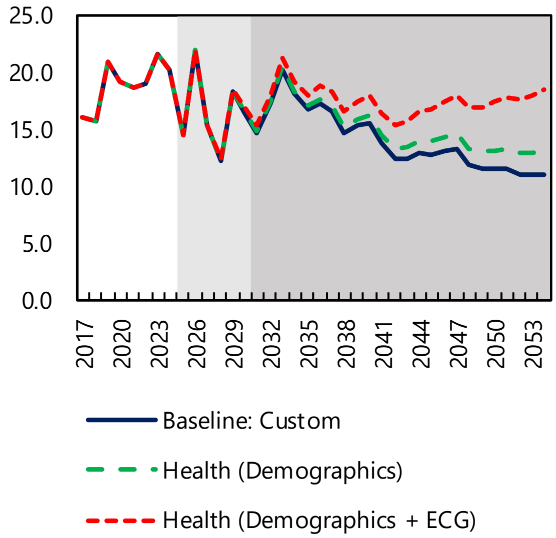


This part of the analysis focuses on the implications of demographic change on social security, pension funds, and public health programs on long-term fiscal costs and debt pressures. Regarding pensions, Jordan's SSIF assets amounted to JD 17.9 billion (about 40 percent of GDP) in September 2025. Although the SSC operates with a surplus owing to favorable demographic factors, starting in the 2030s, pension payments would surpass contributions if the government does not undertake parametric pension reform. Starting in the 2050s, budgetary financing may become essential, increasing GFNs and public debt levels. These risks are mitigated by the government's commitment to pressing ahead with reforms in 2026 to maintain the long-term financial sustainability of the Social Security Corporation.

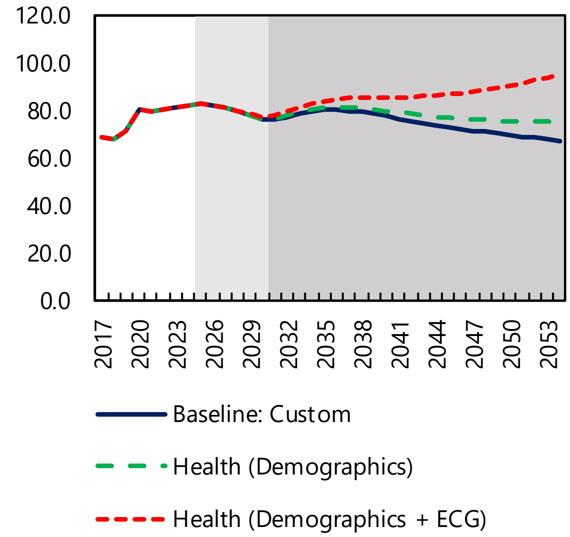
Annex III. Figure 3. Triggered Modules (continued)

Jordan: Demographics: Health

GFN-to-GDP Ratio



Total Public Debt-to-GDP Ratio

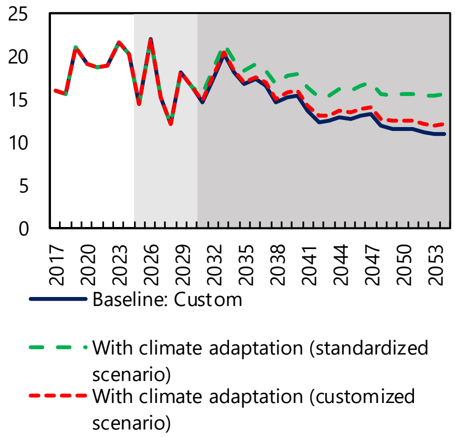


Jordan is expected to face increasing healthcare spending pressures from its demographics. As of early 2025, Jordan's population is around 11.5 million, up from just 5.3 million in 2004. A high birth rate, but also the impact of large refugee inflows, exerts an upward pressure on healthcare costs. In the scenario with excess costs growth (ECG) at 0.6 percent annually, financing needs could rise, jeopardizing the downward path of the public debt-to-GDP ratio. Ongoing actions under the EFF and RSF seek to develop strategies to strenghten the resilience of the healthcare sector while ensuring quality care and financial sustainability, including through an upcoming expenditure review and reform measures under the RSF to strengthen public financial management on pandemic and health spending.

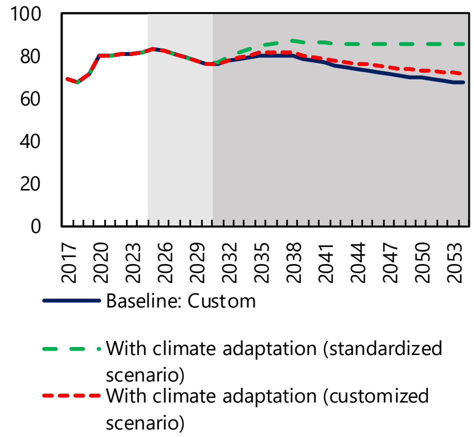
Annex III. Figure 3. Triggered Modules (concluded)

Jordan: Climate Change: Adaptation

GFN-to-GDP Ratio



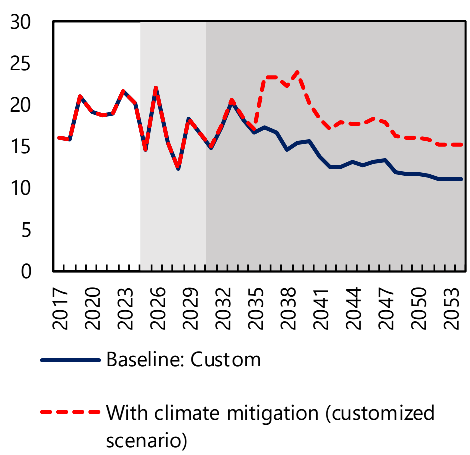
Total Public Debt-to-GDP Ratio



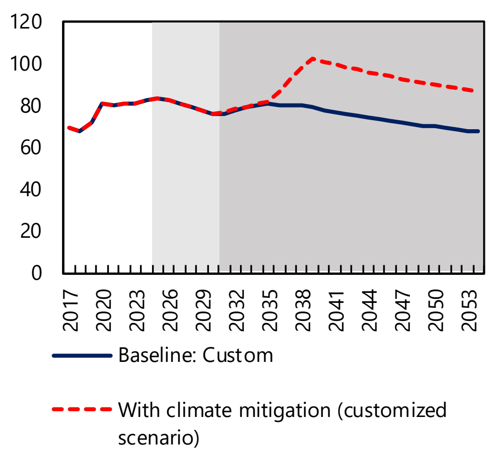
The standard adaptation module incorporates 0.9 percent of GDP in additional costs over the medium term, reflecting average adaptation expenses associated with investments, existing assets, and coastal protection. The customized module adds 0.2 percent of GDP in costs, as coastal protection expenses are comparatively modest relative to standard adaptation assumptions. With these additional adaptation costs, public debt is projected to decrease to 65 percent of GDP only around 2045. 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 percent reduction in GHG emissions by 2030. Investments for mitigation will likely increase financing needs, and public 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) includes: (i) public and publicly guaranteed external debt and (ii) external liabilities of the banking sector and private corporations. Due to data limitations, estimates of private sector external debt, particularly for the non-banking sector, may be incomplete. External debt is defined based on the residency criterion.

2. Persistent regional uncertainties have increased demand for external financing; however, Jordan's public external debt remains moderate. Public external debt is expected to increase from 41.3 percent of GDP in 2024 to 43.5 in 2025 and 44.9 percent in 2026, peaking at approximately 46.1 percent in 2028. Thereafter, the debt ratio is projected to gradually decline. The increase in the near term is primarily driven by still high gross public financing needs and continued reliance on concessional lending and market access. Despite the upward trajectory, the debt profile remains favorable, supported by improvement in current account deficits, non-debt creating capital inflows, lower central government primary deficits, and a relatively high proportion of concessional financing.

3. Private external debt is projected to remain moderate at around 50 percent of total external debt. As of 2025Q2, banks accounted for about 82 percent of private external debt, primarily in the form of non-resident deposits (about 90 percent of banks' external debt), with the remainder held by non-financial corporations. Projections assume that banks will maintain their exposure to non-residents, while corporates will continue to meet financing needs through debt-creating flows. Over the medium term, non-financial firms' share of total private external debt is expected to gradually rise from about one-fifth to more than one quarter. Given the moderate level of private external debt and the strong balance sheets of domestic banks, contingent liability risks to the public sector are expected to remain limited.

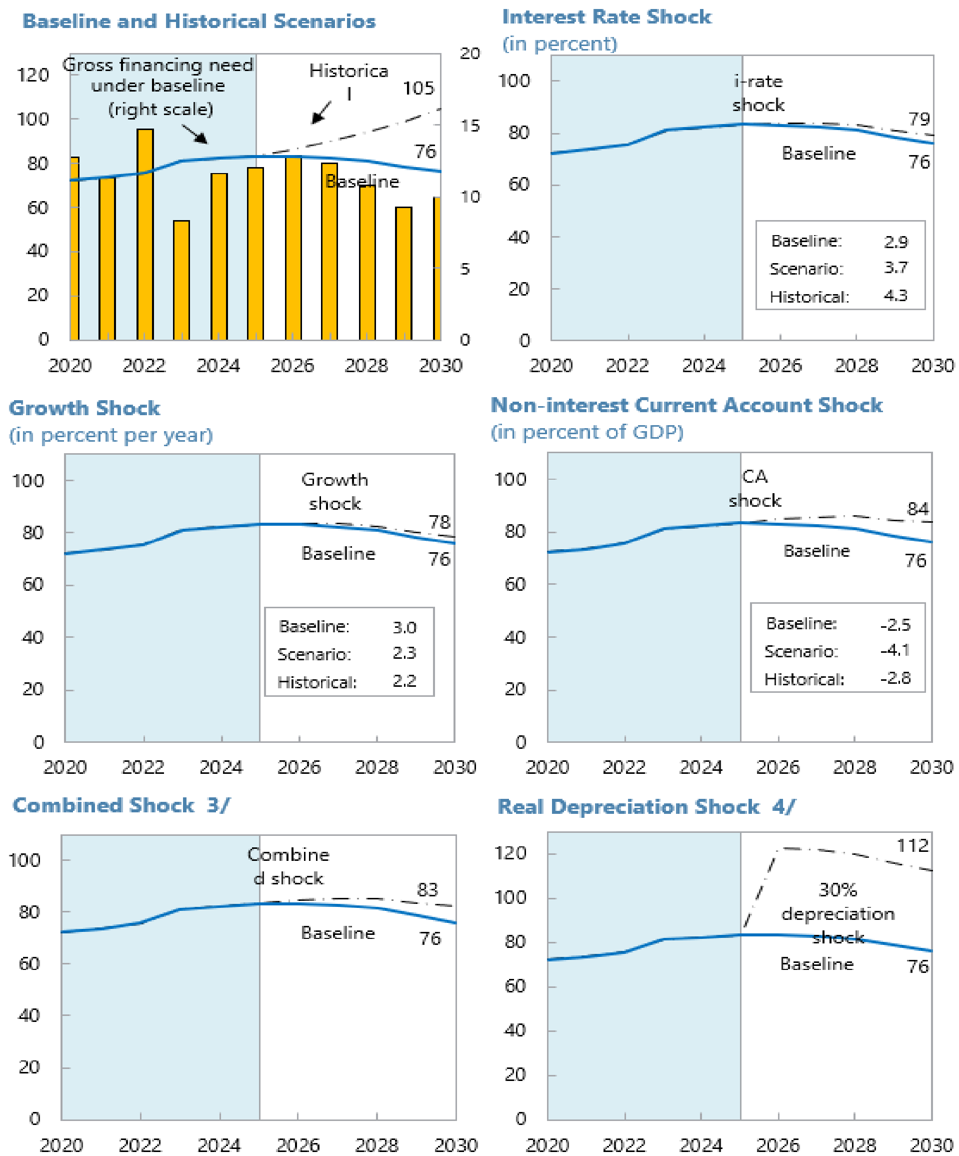
4. External financing needs are expected to remain sizable during the program period but gradually decline thereafter. The elevated financing needs reflect persistent current account deficits as domestic demand picks up and due to sustained FDI-related imports, still subdued fertilizer export prices, and elevated interest rates, as well as rising amortization needs, notably from Eurobonds maturing over the medium term.

5. The external debt trajectory is assessed to remain sustainable under standardized stress-test scenarios. A one-half standard deviation increase in interest rates raises Jordan's medium-term external debt as percent of GDP by only 3 percentage points (ppt), reflecting the high share of concessional loans. Similarly, Jordan's external debt is resilient to non-monetary shocks: a comparable growth shock increases the external debt ratio by only 2 ppt, while a non-interest current account shock of similar magnitude raises it by 8 ppt. A combined shock involving higher interest rates and lower growth and non-interest current account balances results in a 9-ppt-increase in external debt over the 5-year horizon. These findings highlight the importance of strong and sustainable economic growth for preserving debt sustainability. Overall, risks to external debt sustainability remain moderate, conditional on continued robust FDI inflows and external buffers.

A large and sustained real depreciation would, however, significantly worsen the external debt trajectory: a 30 percent depreciation shock would increase the external debt-to-GDP ratio from 72 percent to 112 percent in the medium term, underscoring the importance of safeguarding the currency peg.

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

(External debt, percent of GDP)



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 III. Table 5. Jordan: External Debt Sustainability Framework, 2020–30

(In percent of GDP, unless otherwise indicated

		Actual								Projections						
		2020	2021	2022	2023	2024	2025			2025	2026	2027	2028	2029	2030	Debt-stabilizing
										41.0	39.5	37.8	36.3	35.0	33.7	non-interest current account 7/
1	**Baseline: External debt 1/**	72.3	73.6	75.7	81.2	82.3	83.2			**83.2**	**83.1**	**82.4**	**81.3**	**78.5**	**76.1**	**-9.2**
	Of which: Public and Publicly Guaranteed External Debt	37.3	37.2	36.3	38.3	39.9	42.2			42.2	43.7	44.6	45.0	43.5	42.4	
2	Change in external debt	10.1	1.3	2.1	5.5	1.1	1.0			1.0	-0.1	-0.7	-1.1	-2.9	-2.4	
3	Identified external debt-creating flows (4+8+9)	5.1	2.1	2.1	-3.5	-0.3	0.0			0.0	0.2	-1.6	-2.0	-4.2	-5.4	
4	Current account deficit, excluding interest payments	3.7	5.4	4.8	-0.8	1.0	1.1			1.1	2.5	2.9	2.8	2.3	2.0	
5	Deficit in balance of goods and services	16.7	18.7	17.3	12.1	13.2	11.3			11.3	12.4	12.2	11.7	10.9	10.2	
6	Exports	21.8	27.4	38.8	39.6	38.8	40.0			40.0	40.1	39.5	39.7	39.6	40.0	
7	Imports	38.5	46.0	56.1	51.7	51.9	51.3			51.3	52.5	51.7	51.4	50.5	50.2	
8	Net non-debt creating capital inflows (negative)	-1.5	-1.2	-1.6	-3.3	-2.7	-3.0			-3.0	-3.0	-4.5	-4.4	-6.1	-7.2	
9	Automatic debt dynamics 2/	2.9	-2.1	-1.1	0.6	1.3	1.9			1.9	0.8	0.1	-0.4	-0.4	-0.3	
10	Contribution from nominal interest rate	1.9	1.9	2.8	4.2	4.8	4.0			4.0	3.1	2.4	2.0	1.9	1.9	
11	Contribution from real GDP growth	0.7	-2.6	-1.9	-2.1	-1.9	-2.1			-2.1	-2.3	-2.4	-2.3	-2.3	-2.2	
12	Contribution from price and exchange rate changes 3/	0.3	-1.3	-2.0	-1.4	-1.5	-1.9			...	...	...	...	...	...	
13	Residual, incl. change in gross foreign assets (2-3) 4/	5.1	-0.9	0.1	9.0	1.4	0.9			0.9	-0.3	0.8	0.9	1.3	3.1	
	External debt to exports (in percent)	331.7	268.8	195.2	205.0	212.2	212.2			208.1	207.3	208.7	205.0	198.1	190.5	
	External debt to GDP (in percent)	150.7	145.0	141.2	144.5	140.2	134.9			134.9	127.9	120.3	112.7	103.2	95.0	
	Gross external financing need (in billions of U.S. dollars) 5/	6.1	5.7	7.9	4.7	6.8	7.4			7.4	8.4	8.4	7.8	7.0	8.0	
	in percent of GDP	12.7	11.3	14.7	8.3	11.6	12.1			12.1	12.9	12.3	10.8	9.2	9.9	
	Scenario with key variables at their historical averages 6/									**83.2**	**86.1**	**90.1**	**94.1**	**98.7**	**105.2**	**-1.5**
	Key Macroeconomic Assumptions Underlying Baseline							5-Year Historical Average	10-Year Standard Deviation							
	Real GDP growth (in percent)	-1.1	3.8	2.7	3.0	2.5	2.7	2.2	1.3	2.7	2.9	3.0	3.0	3.0	3.0	
	Exchange rate appreciation (US dollar value of local currency, change in percent)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	GDP deflator (change in domestic currency)	-0.5	1.9	2.8	1.9	1.9	2.3	1.6	0.9	2.3	2.4	2.3	2.3	2.3	2.3	
	GDP deflator in U.S. dollars (change in percent)	-0.5	1.9	2.8	1.9	1.9	2.3	1.6	0.9	2.3	2.4	2.3	2.3	2.3	2.3	
	Nominal external interest rate (in percent)	3.0	2.7	4.0	5.8	6.2	5.1	4.3	1.6	5.1	3.9	3.1	2.5	2.5	2.6	
	Growth of exports (U.S. dollar terms, in percent)	-35.4	32.8	49.6	7.2	2.3	8.4	11.3	22.8	8.4	5.6	3.8	5.9	5.2	6.3	
	Growth of imports (U.S. dollar terms, in percent)	-16.1	26.6	28.7	-3.3	4.9	3.8	8.2	14.5	3.8	7.7	3.8	4.7	3.4	4.7	
	Current account balance, excluding interest payments	-3.7	-5.4	-4.8	0.8	-1.0	-1.1	-2.8	3.2	-1.1	-2.5	-2.9	-2.8	-2.3	-2.0	
	Net non-debt creating capital inflows	1.5	1.2	1.6	3.3	2.7	3.0	2.1	1.2	3.0	3.0	4.5	4.4	6.1	7.2	

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 IV. External Sector Assessment

Overall Assessment: *Jordan's external position in 2024 was broadly consistent with the level implied by medium-term fundamentals and desirable policies, according to the results of the EBA-Lite model. The current account deficit widened to 5.8 percent of GDP from 3.3 percent in 2023, reflecting lower fertilizer prices and weaker tourism receipts amid regional conflicts. Despite the elevated CA deficit, Jordan's reserves buffers remained adequate, with gross international reserves at 112 percent of the IMF's ARA metric in 2024—equivalent to 7.7 months of imports. The external position is projected to remain stable in 2025.*

Potential Policy Responses: *Preserving Jordan's external stability requires continued sound macro-financial policies and advancing structural reforms to lift productivity and support growth. Priorities include maintaining debt sustainability, enhancing the business environment, and improving export competitiveness. Sustaining reserves above 100 percent of the ARA metric is essential to safeguard the exchange rate peg to the U.S. dollar.*

Foreign Assets and Liabilities: Position and Trajectory

Background. Jordan's Net International Investment Position (NIIP) increased to -83.9 percent of GDP in 2024 from -88.3 percent of GDP in 2023. Gross assets as percent of GDP dropped from 78.3 percent in 2021 to 73.7 percent in 2024, hovering around 70 percent since 2022. Other than international reserves (about 50.6 percent of gross assets), the main asset components are foreign direct investment (FDI) and currency and deposits, standing at 23.1 and 15.6 percent of gross assets, respectively. Gross liabilities as percent of GDP, on the other hand, steadily declined from 164 percent in 2021 to 157.7 percent in 2024. Nearly half (47.6 percent) were in the form of FDI, followed by commercial banks' currency and deposits (15.6 percent) and general government's loans (12.9 percent). Gross liabilities grew by 3.4 percent in 2024, reflecting steady growth in general government's liabilities, which averaged an annual growth of 10.3 percent over the last five years. Overall, the improvement of Jordan's NIIP position in 2024 mainly reflects strong growth in investments and international reserves. Jordan's Net International Investment Position (NIIP) improved to about -80 percent in the second quarter of 2025.

Assessment. Large and steady FDI inflows have mitigated the risks from gross external liabilities, as they are less volatile than other funding sources. Banking sector's liabilities were partly offset by the banks' accumulation of external assets. Looking ahead, with sound economic policies and solid structural reform progress, the NIIP is projected to improve over the medium term supported by stronger exports and tourism inflows.

2024 (% GDP)	NIIP: -83.9%	Gross Assets: 73.7	Debt Assets: 15.4%	Gross Liab.: 157.7%	Debt Liab.: 47.1%

Current Account

Background. The current account deficit widened from 3.3 percent of GDP in 2023 to 5.8 percent in 2024, driven by lower tourism receipts amid regional conflicts, lower fertilizer export receipts affected by low fertilizer prices, and an unexpected increase in import demand for electric vehicles. Fertilizer prices, which dropped sharply in 2023, stabilized in 2024, and are expected to recover modestly in the coming years. Larger export volumes partially offset the pressure from low prices. As a result, the trade deficit widened by half a percentage point of GDP. Although Jordan's export to the U.S. accounts for about one-fourth of total goods export, the recent increase of U.S. tariffs to 15 percent applied on Jordanian exports is expected to have a limited impact, because Jordan's competitors in the U.S. market—mainly in textiles—face higher tariffs. In 2025, stronger export growth than foreseen at the time of the third review, together with resilient tourism, is expected to narrow the current account deficit to 5.1 percent of GDP from 5.8 percent of GDP in 2024. Beginning in 2026, the Jordanian government plans to start the construction of several mega projects, including the AAC project, which would require sizable imported input, leading potentially to larger CA deficits. Over the medium term, however, as exports and tourism further expand, the current account deficit is expected to gradually narrow to below 5 percent of GDP.

Assessment. After accounting for cyclical and conflict-related factors, the CA balance was estimated at -5.5 percent of GDP, about 0.8 percent weaker than the CA norm in 2024. A sizable positive policy gap emerges due to smaller fiscal adjustments needed in the medium term, based on current policies, relative to the rest of the world. The positive contribution of sound policies partly offset the negative impact of weak fundamentals on the CA norm. Overall, the results indicate that policy adjustments are insufficient to eliminate the CA gap—stronger structural reforms to boost fundamentals, such as productivity, are required.

Jordan: Model Estimates for 2024 (in percent of GDP)

	CA model 1/	**REER model**
	(in percent of GDP)	
CA-Actual	**-5.8**	
Cyclical contributions (from model) (-)	-0.2	
Natural disasters and conflicts (-)	0.0	
Adjusted CA	**-5.5**	
CA Norm (from model) 2/	**-4.7**	
Adjusted CA Norm	**-4.7**	
CA Gap	**-0.8**	**0.4**
o/w Relative policy gap	2.9	
Elasticity	-0.3	
REER Gap (in percent)	**2.6**	**-1.5**

1/ Based on the EBA-lite 3.0 methodology
2/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

Background. Following real appreciations in 2022 and 2023, the real effective exchange rate (REER) depreciated by about 2 percent in 2024 and by a further 3.8 percent in the first half of 2025 (y/y). The nominal effective exchange rate (NEER), after four consecutive years of appreciation, also depreciated by 2.0 percent in 2025H1 relative to the same period in 2024.

Assessment. The EBA-lite CA model implies a REER overvaluation of 2.6 percent in 2024, suggesting a moderate overvaluation. This estimation is based on a negative CA gap of 0.8 percent and a REER elasticity of -0.3. Since the dinar is pegged to the U.S. dollar, the conclusion of overvaluation reflects the strength of the dollar in 2024, while Jordan's external sector performance was weakened by the ongoing regional conflict. In contrast, the results from the REER model approach suggest that the dinar was undervalue by 1.5 percent in 2024. Overall, staff assessed the 2024 Jordan's REER position in the range of -1.5 to 2.6 percent.

Capital and Financial Accounts: Flows and Policy Measures

Background. Jordan experienced a 15.5 percent decline in FDI in 2024, largely reflecting base effects. Inflows were strong prior to the onset of the regional conflict in 2023 but fell sharply after its start in 2023Q3. Uncertainty remains elevated as regional conflicts persist.

Assessment. FDI is expected to recover over the medium term supported by the implementation of structural reforms aimed at increasing Jordan's competitiveness. However, a potential decline in official donor support could impose pressures on external financing and reserve buffers. Continued structural reforms to enhance productivity and improve the business environment is vital to bolster investor confidence and sustaining donor support.

FX Intervention and Reserves Level

Background. The Jordanian dinar is pegged to the U.S. dollar. While CBJ's main policy instrument is the policy rate, which follows the U.S. Fed funds rate, FX intervention is conducted as a supplementary tool. Gross usable reserves have been increasing in recent years, reaching 35 percent of GDP in 2024, and they are projected to remain broadly stable in the coming year. Reserve coverage, measured by the IMF ARA metric, stood comfortably at 112 percent in 2024 (equivalent to 7.7 months of imports) and is projected to remain adequate throughout the medium term.

Assessment. International reserves in Jordan have remained comfortably above program targets, providing critical support to the peg. Maintaining gross usable reserves at 100 percent or above of the IMF's ARA metric is important. Sustained gradual fiscal consolidation and implementation of structural reforms will help strengthen the external sector and contribute to further accumulate reserves.

Appendix I. Letter of Intent

Amman, Jordan
November 24, 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, enhance our balance-of-payments position and stability, and alleviate structural impediments to growth and job creation. The third review under this EFF arrangement was successfully completed in June 2025.

Our economic program under the EFF arrangement remains firmly on track, despite persistent external shocks, amidst lingering regional conflicts and deepening global geopolitical and economic uncertainty. Jordan's economy has continued to show resilience in the face of these headwinds, reflecting our continued pursuit of sound macro-economic policies and structural reforms and the steadfast support of our partners. 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 June 4, 2025, as augmented in the MEFP attached to this Letter.

Despite the war in Gaza, which continues to inflict immense suffering on civilians, the short but intense conflict between Israel and Iran, and broader geopolitical tensions, economic growth accelerated to 2.7 percent during the first half of 2025; tourism receipts were up by 7 percent for the first nine months of this year despite the impact on travel from the Israel-Iran conflict; the current account balance benefited from broad-based export expansion driven by new opportunities in Iraq and Syria; FDI grew by a healthy 36.4 percent during the first half of 2025. As a result, gross international reserves exceeded US$23 billion, comfortably above the IMF reserve adequacy level. The Central Bank of Jordan (CBJ) successfully contained inflation below 2 percent, by maintaining its commitment to monetary stability which continued to shield Jordanians from the cost-of-living increases experienced elsewhere. The CBJ continued to adjust 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.

We over-performed the fiscal program targets despite the adverse impact on public finances from the war between Israel and Iran and other geopolitical tensions. We were able to contain the central government primary deficit (excluding grants and transfers to public utilities) for the first half of 2025 to 0 percent of GDP, overperforming the program target for the fourth review. This, together with continued progress in reducing the operational losses of the utility companies, allowed us to contain the combined public deficit to 0.6 percent of GDP.

We have met all commitments for the fourth review under the EFF arrangement. We met all end-June 2025 performance criteria and most of the end-June and end-September 2025 indicative targets, as detailed in Table 1 of the attached MEFP. We have also implemented all structural benchmarks that had been set for the fourth review.

Over the past four and half years, ESCWA and the IMF have provided extensive support to the Department of Statistics (DOS) for an overdue rebasing of the national accounts, resulting in an upward revision of 2023 nominal GDP of about 10 percent. The last rebasing was conducted in 2016 while IMF guidelines indicate that national accounts should ideally be rebased every five years (see Annex II of the staff report). The revision was made possible by improvements in methodologies and better coverage of both formal and informal economic activities. Nevertheless, the debt ratio remains high, including from the impacts of recurrent and persistent geopolitical shocks over the past two years. We will therefore maintain the pace of equitable, growth-friendly gradual fiscal consolidation to place debt on a firmly downward path towards 80 percent of GDP by 2028.

Looking ahead, as regional tensions ease, opening new opportunities for our private sector, and thanks to our continued efforts to diversify sources of growth, including through a number of strategic projects starting with the Aqaba Amman Conveyor project (AAC), we expect Jordan’s growth to reach 2.7 percent in 2025. We expect the current account deficit to narrow to about 5 percent of GDP, with exports, including those to Syria and Iraq, and higher tourism receipts more than offsetting the impact of higher imports. Inflation is expected to remain low, at around 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 U.S. dollar. The CBJ will remain vigilant to changes in global financial conditions and stand ready to undertake policy adjustments as needed to safeguard monetary and financial stability.

With the aim of safeguarding the nascent economic recovery in the context of elevated uncertainty, and in order to make room for public investment and targeted support for vulnerable households, while remaining on track towards our debt target, we intend to recalibrate the path of fiscal consolidation envisioned under the third review for 2026. We will slightly moderate the pace of fiscal consolidation in 2026 to 0.6 percent of GDP from the planned 1 percent adjustment at the time of the third EFF review, while keeping fiscal consolidation for 2027 and 2028 at an average annual adjustment of 0.9 percent of GDP. To achieve this, we will pursue revenue-based fiscal measures from our newly adopted Medium-Term Revenue Strategy (MTRS), supported by further efforts to enhance the efficiency of current expenditures. We will also implement parametric and structural reforms to our social security system based on a roadmap developed in cooperation with our partners, including the IMF, with the aim of safeguarding its long-term financial sustainability while enhancing coverage.

We have submitted to Parliament a central government budget for 2026, consistent with reducing the central government primary deficit (excluding grants and transfers to the public utilities) to 1.3 percent of GDP (from 1.9 percent in 2025). Moreover, as measures to improve the financial position of our utility companies continue to yield positive results, we expect to achieve a reduction in the combined public primary deficit to 2.6 percent of GDP, thus reducing public debt to 82.0 percent of GDP by end of 2026.

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. These include the Labor Law, with the amendments aimed at enhancing labor market flexibility and female labor participation, and the Competition Law, to improve the independence and effectiveness of our competition authority. The amended Social Security Law, aimed at strengthening unemployment insurance and harmonizing benefits between men and women, will be resubmitted to Parliament in 2026 with the addition of parametric and structural reforms aimed at safeguarding the financial viability of the social security system. 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 the 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 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 fourth review under the extended arrangement and approval to make a purchase in the amount of SDR 97.784 million. We also request modification to raise the end-December 2025 and lower the end-June 2026 performance criteria on the CBJ's net international reserves, to reflect the stronger performance so far, while leaving room to address downside risks, as presented in Table 1 of the attached MEFP. We believe that the policies set forth in the MEFP attached to our Letter of June 4, 2025 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 June 4, 2025, 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 fifth review under the extended arrangement to be completed on or after May 1, 2026, and the sixth review on or after November 1, 2026.

In June 2025, the IMF approved 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. With support from the World Bank and KfW Development Bank, we have completed the tender for managing and improving water and wastewater service delivery within Yarmouk Water Company's jurisdiction, in line with international best practices (Reform Measure (RM) 1). We have also issued instructions as part of the 2026 budget preparations 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 (RM2). In light of the above, we request approval for a disbursement in the amount of SDR 79.182 million under the RSF.

The RSF arrangement will continue to run concurrently with the EFF arrangement and be monitored through implementation of RMs, as described in the attached MEFP.

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 preserve macro-economic stability and demonstrate resilience amid a highly challenging and volatile regional environment.** The protracted conflict in Gaza along with the escalation in regional tensions in mid-2025—including the short hostility between Iran and Israel—have further exacerbated uncertainty. Despite these headwinds, growth continued to recover, underpinned by sound macro-economic policies, sustained reform momentum, and strong international support. Real GDP growth accelerated to 2.8 percent in the second quarter of 2025 and is expected to reach 2.7 percent by end of 2025 (from 2.5 percent in 2024), driven by strong export growth, a sustained rebound in tourism, an uptick in foreign direct investment, and gradual recovery in domestic demand. Inflation is expected to remain anchored at around 2 percent, reflecting CBJ's prudent monetary management to safeguard the exchange rate peg while preserving financial stability. Barring additional shocks, we expect that growth will accelerate in the coming years to 3 percent, with upside potential impacts from the accelerated implementation of strategic investment projects, including the Aqaba Amman Conveyor (AAC), as well as from deeper regional economic integration amid cautious optimism of improved regional conditions, notably in Syria, West Bank and Gaza, Lebanon, and Iraq.

2. **We will continue to pursue prudent macro-economic policies and advance the structural reform agenda under our Economic Modernization Vision, with the objective of safeguarding macro-economic stability and laying the groundwork for inclusive and sustainable growth.** In the current context of elevated uncertainty, we are focused on rebuilding fiscal and reserve buffers, while preserving space for spending to support growth and protect vulnerable groups. Monetary and financial stability will remain a key policy anchor. In parallel, we will advance structural reforms to bolster economic resilience, improve competitiveness, and foster a more dynamic private sector, capable of generating more jobs, needed to address the persistently high unemployment rate, which remains around 21 percent.

3. **Our performance under the IMF-supported program remains strong, notwithstanding the difficult external environment.** All key commitments for the fourth EFF review have been met. We met all end-June 2025 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-June 2025 were also observed, while most ITs for end-September 2025 were met. We have also met five structural benchmarks (SBs) set for this review, implemented one with a small delay, and are making progress towards implementing future SBs (Table 2).

POLICIES FOR SAFEGUARDING MACROECONOMIC STABILITY AND BOOSTING GROWTH

Fiscal Policy and Structural Fiscal Reforms

4. We exceeded the end-June 2025 fiscal targets and remain committed to achieving the end-year deficit targets. Although income tax collection in the first half of 2025 was somewhat weaker than anticipated due to the adverse impact of the Israel-Iran conflict and other geopolitical tensions, sales taxes and non-tax revenues performed broadly in line with expectations. Despite the headwinds from regional tensions, the primary balance overperformed the program target, recording a surplus of JD 9.3 million by end-June, supported by prudent expenditure management. Revenue collection picked up in the second half of this year, thanks to the reform of vehicle taxation that we adopted in late June. Together with continued fiscal discipline, we are committed to maintain the central government primary deficit in line with the program target of JD 812 million at the end of 2025.

5. We remain committed to our fiscal policy anchor of placing public debt on a steady downward path. To achieve this, and to cement the progress made in the last few years, we are committed to further efforts at revenue mobilization and spending rationalization, and to ensure the financial viability and efficiency of our public utilities and the Social Security Corporation (SSC). These efforts, together with our pro-growth structural agenda, will help us achieve the program objective of bringing public debt to 80 percent of GDP by 2028.

6. To ensure steady progress toward meeting our debt-reduction target, we will continue implementing gradual fiscal consolidation over the coming years. To this end:

- With support from the IMF's Fiscal Affairs Department, we have conducted an assessment of our tax system and developed a Medium-Term Revenue Strategy (MTRS) consistent with our fiscal objectives, which was adopted by Cabinet in November. The MTRS is a testament of our commitment to improve revenue collection capacity by broadening the tax bases, continuing combating tax evasion, and further strengthening tax and customs administration.

- We have submitted to Parliament a 2026 budget aligned with a reduction in the primary central government deficit (excluding grants and transfers to public utilities) to JD 600 million, equivalent to 1.3 percent of GDP (from 1.9 percent of GDP in 2025). This target will be supported primarily by revenue measures under our MTRS, projected to yield close to 1 percent of GDP in 2026. Key measures include: (i) supporting vehicle demand growth through the simplification of the vehicle taxation framework (implemented in June 2025); (ii) reforming customs duties while starting to streamline exemptions provided in the context of geopolitical tensions; (iii) enhancing the collection of special sales taxes while intensifying efforts to curb illicit tobacco trade; and (iv) continuing strengthening the efficiency of customs and revenue administration (see below). The reform to our customs framework aims at creating a more transparent and equitable customs system that supports an open trade system, encourages investment, reduces opportunities for evasion, strengthens the integrity of border operations, and improves resource allocation efficiency. These revenue mobilization efforts will be critical to expand the envelope for capital expenditures to support our growth agenda.

- We are committed to sustaining a steady fiscal consolidation in 2027–28, with fiscal adjustment at an annual average of 0.9 percent of GDP. We expect these fiscal efforts will bring the general government primary balance (excluding grants) from a deficit of just below 1 percent of GDP this year to a surplus of 2.1 percent of GDP in 2028. In addition to the revenue measures adopted for 2026, that will continue to generate revenues, we will implement reforms aimed at further expanding the revenue base in line with our MTRS, including: (i) continuing broadening the customs revenue base by rationalizing customs exemptions; (ii) enhancing revenue collection from real estate transactions; (iii) expanding the sales tax base to continue tackling tax evasion; and (iv) continuing to improve tax and customs administration (see below).

- We will conduct a comprehensive review of customs exemptions with a view of discontinuing selected exempted and zero-rated goods, starting from 2027, except those under bilateral agreements, used as inputs for exports (including capital goods), re-exports, goods for basic needs (such as medicines), and sensitive goods, to establish a more streamlined, efficient, and transparent customs regime *(new SB by end-June 2026)*. Based on the recommendations of this review, Cabinet will adopt a new framework for custom duties, with implementation beginning with the 2027 budget *(new SB by November 2026)*.

- We will also continue rationalizing and enhancing the efficiency of current expenditures to support social and capital investments. Our recent efforts to implement a performance-based compensation framework for civil servants and the new cancer insurance agreement for Jordanians with King Hussein Cancer Center (see below) will promote a more efficient and sustainable use of public resources. With the support of our partners, we will conduct an expenditure review to further identify areas in need of efficiency-enhancing reforms.

- We are committed to using 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. In case any risks to the budget materialize, we will take the necessary contingency measures to ensure that fiscal targets are met, by reducing non-priority spending and taking additional revenue measures.

7. **Further improving revenue administration continues to be an important pillar of our fiscal consolidation strategy.** Building on the substantial progress made in recent years to broaden the revenue base, we aim to continue to increase revenue collection by further broadening the revenue base and improving compliance in line with our revenue administration reform plan, notably by increased digitalization of taxpayer services and data capture and analysis. Specifically:

- We will implement reforms to introduce fully digitalized public services and streamline license procedures to increase turnover in the property market, including by amending the Real Estate Property Law for the purpose of legalizing the promise to sell on the allotment, which will contribute to revenue growth.

- 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 the sale of goods and provision of services, as well as for purchase transactions, and issued regulations requiring e-invoices for 100 percent of expenses reported in tax declarations (*SB for March 2025 met*). This enhances monitoring of economic activities, addresses under-invoicing, and strengthens the audit function of the sales-tax framework.

- To leverage digital solutions, we continue upgrading ISTD's IT infrastructure, including by implementing a new Integrated Tax Administration System (ITAS). We expect the procurement of ITAS to be finalized by December 2025.

- ISTD has transitioned from traditional auditing to risk-based auditing, supported by the use of AI. A risk-based audit system is being developed to select audit samples and review all submitted tax returns using an AI program that relies on data processing, analysis, and risk identification. ISTD will also establish a specialized Risk Management Directorate to institutionalize and professionalize risk management operations, data analysis, and the use of AI in auditing within the executive directorates. The project is expected to be completed by the end of 2026.

- ISTD has already applied the new transfer pricing rules to multinationals and related parties, as part of Phase I of the overall roll-out, and to mid-sized companies, including family-owned companies, as Phase II of the roll-out. For this purpose, the administrative setup has been put in place within relevant Directorates and work is ongoing for full implementation. Phase III, which extends transfer pricing rules to related parties, has been completed by September 2025. A special directorate will be established within ISTD to help with the implementation of transfer pricing rules before the end of 2026. In the meantime, ISTD will continue conducting information campaigns and has posted guidelines, while also providing training.

- 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 came into effect in June 2025. To further improve valuation control, the Customs Administration has initiated data exchanges with seven countries and has created a database for declarations to ensure more precise customs duties and prevent under-invoicing. We will also introduce electronic certificates of origin. We will implement the last phase of the Unification of Border Management Initiative by December 2025, which will establish Jordan Customs as the only authorized border clearance entity for physical inspections and risk management.

8. **We are committed to the long-term financial sustainability of the SSC.** We have recently approved a decision to remove the mandatory retirement requirement after reaching 30 years of service in the public sector, effective from January 2026. The implementation of the decision will help retain essential skills in public administration while contributing to the long-term sustainability of SSC. We have completed the 11th actuarial review of the SSC, with support from the ILO. Drawing

on the outcome of this review, we are assessing an initial set of proposals, including reforming early retirement, extending the retirement age, considering a fair actuarial accrual rate and a timeline for implementation, rationalizing pension supplements, strengthening the definition and scope of work-related injury insurance, introducing a lower tier option with lower contribution and accrual rate and more emphasis on short-term benefits to attract new entrants into the workforce, among other options, to be included in the draft amendments to the SSC law. The draft amendments will also replace the current unemployment insurance program based on individual accounts with a true insurance program based on risk pooling. With assistance from the IMF, the World Bank, and the ILO, we will further develop and adopt a pension reform concept paper, which will include comprehensive parametric changes to ensure SSC's long-term financial sustainability (*a new SB for May 2026*). Based on this reform concept paper and after a public consultation process to ensure awareness of the criticality of this reform, we will resubmit the revised draft amendments of the SSC law to Parliament in September 2026 (*a new SB for September 2026*).

9. We continue strengthening our social safety net. We will maintain a minimum threshold for social spending (an IT under the EFF arrangement), consisting of: (i) non-wage components of the education and health sectors' current expenditure envelope; (ii) the National Aid Fund's (NAF) and other entities' social protection programs; and (iii) the school feeding program. The number of families covered by the NAF reached nearly 250,000 households by August 2025, with an expected increase of about 15,000 households in 2025. We have recently launched the updated National Social Protection Strategy for 2025-2033 to make further progress in empowering human capital and preparing the eligible beneficiaries for future jobs, in line with the Economic Modernization Vision. NAF has also further improved the accuracy and effectiveness of its targeting formula, with support from the World Bank, to further enhance the targeting of its programs, and upgrade and expand the National Unified Registry as the sole government gateway for social assistance. We are also in progress of establishing a voluntary unified platform for social assistance, open to CSOs that provide financial or in-kind support to vulnerable households, to enhance coordination and help to improve the targeting of assistance.

10. We will further improve our public financial management, particularly in the areas of fiscal risk analysis, cash management, public investment management, and macro-fiscal analysis. Specifically:

- 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 of performance and risks in the SOE portfolio to the Fiscal Commitments Unit (FCU) in the Ministry of Finance (MOF) (*SB for March 2026*). We have instructed the submission of SOEs' annual audited statements to the FCU.

- We have established a centralized database of all PPP contracts concluded since the 2023 PPP law came into effect, with analytical tools, to enhance our fiscal risk analysis by identifying critical risk factors and generating actionable insights. The Ministry of Finance's Macro-Fiscal Unit (MFU) and FCU have prepared the 2025 Fiscal Risk Statement, which builds on the first two fiscal risk statements produced in 2023 and 2024 and expands the analysis on contingent liabilities from the SOE sector. Over time, the report has expanded its coverage from 3 SOEs in 2023 to more than 10 major SOEs that are assessed in the current report.

- We continue to strengthen public procurement and aim to complete rolling out the Jordan National E-Procurement System (JONEPS) for all ministries and government entities by June 2026. The first phase of the integration of JONEPS and the Government Financial Management Information 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, by training key users that will work with municipalities. We have started to draw on the JONEPS data to prepare an annual procurement and commitment plan that considers multi-year commitments, ensures control of budget implementation, and minimizes arrears accumulation due to unanticipated commitments.

- To stem the emergence of health sector arrears, we have signed a cancer insurance agreement with the King Hussein Cancer Center, with the aim to cover the treatment of Jordan's cancer patients between ages 60 and 90, which account for the majority of patients. The cost of this insurance will be financed by the central government budget. The agreement includes 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 over the medium term.

- We will strengthen our debt management framework, capacity, and transparency, starting by publishing our Annual Borrowing Plan consistent with the 2026 budget and updating our Medium-Term Debt Management Strategy by June 2026.

Electricity and Water Sector Reforms

11. 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 (*SB for January 2025 met*). We have completed the installation of smart meters covering 91 percent of end users and anticipate full coverage in advance of the deadline (*SB for June 2026*). Following the full roll-out of smart meters, we will apply ToU tariffs to all sectors, including the residential sector, by September 2026 (*SB for September 2026).*

12. We will limit NEPCO's losses to about JD 430 million (1.0 percent of GDP) in 2025 and are committed to implement measures to durably reduce NEPCO's operational losses in the coming years. The net financial impact of the 12-day conflict in June was negligible, as the costs arising from the unforeseen heavy fuel oil imports, due to disrupted gas supply, were largely offset by a reduction in the volume of gas imports. The growth of electricity demand in the second half of 2025 is expected to result in a small reduction in NEPCO's net losses to about JD 430 million in 2025. 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 continue to work: (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 the Energy and Minerals Regulatory Commission (EMRC) and distribution companies (*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.

13. 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, which is in line with the Cabinet-approved Financial Sustainability Roadmap (FSR). We have reduced non-revenue water (NRW) by 6.7 percent cumulative since 2022, to 45 percent by end of 2025, exceeding our annual target rate of 2 percent. We will continue to reduce NRW by an average of 2 percent per year, to 37 percent and 25 percent by 2030 and 2040, respectively. The third water tariff increase will be implemented effective December 2025, with a commitment to further annual average increases of 4.6 percent. We will limit the consolidated water sector's operational losses to JD 182 million (0.4 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 first quarter of 2026 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 have published audited financial statements for each of the water companies (Miyahuna, Yarmouk, and Aqaba) for the financial year 2024 (*SB for September 2025 met*), and we will continue with the publication of audited financial statements on an annual basis.

Monetary and Financial Policies

14. The CBJ's policies will continue to preserve monetary and financial stability. 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 our economy well by providing a credible nominal anchor of monetary and financial stability and strong confidence in the national currency. The CBJ will continue to adjust its policy rate following the U.S. Federal Reserve while standing ready to undertake policy adjustments as needed to safeguard monetary and financial stability and preserve adequate reserves buffers (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, as global volatility recedes. 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.

15. 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 by June 2025, well above the CBJ regulatory minimum of 12 percent. Non-performing loans increased slightly from 5.6 percent as of end-2024 to 5.8 percent by June 2025, which is expected to be temporary due to banks' loan reclassifications. The provisions for non-performing loans (coverage ratio) stood at 71.3 percent as of June 2025, compared to 74.5 percent at end of 2024. The CBJ has maintained stringent provisioning standards, in line with IFRS9's forward-looking expected loss approach.

16. 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. Specifically:

- The CBJ has started monitoring the Liquidity Coverage Ratio (LCR) by significant currency and analyzing FX liquidity separately from total liquidity. The CBJ has also strengthened the role of the Financial Stability Committee (FSC), including by expanding its membership to the Finance Companies and Credit Bureaus Supervision Department and the Insurance Supervision Department and conducting semi-annual meetings, while refocusing the role of FSC on macroprudential policies and systemic risks. 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 introduced Pillar 2 risk assessment methodologies to make capital assessments more sensitive to individual banks' risk profiles (*SB for November 2025 met*). The CBJ has been moving towards a risk-based supervision framework based on the Supervisory Review Process (SRP) for risk analysis and bank scoring, which incorporates Pillar 2 components into the calculation of minimum capital requirements, thereby enhancing sensitivity to individual banks' risk profiles.

- The CBJ will continue to strengthen financial oversight by (i) aligning prudential requirements for concentration risk and related party exposure with BCPs (*SB for November 2026*), with technical assistance from the IMF; (ii) designing and operationalizing procedures for the compensation of depositors together with JODIC (*SB for November 2026*); (iii) reviewing and updating outdated or misaligned regulations related to credit risk to strengthen credit risk supervision (*SB for November 2027*); and (iv) developing a resolution plan for major cross-border D-SIBs.

- The CBJ has collected and will continue to collect additional data for more comprehensive and thorough financial stability analyses, including on: (i) top-down bank stress testing on a globally consolidated basis; (ii) probabilities of default, including on more granular loan portfolios; (iii) the analysis of nonfinancial corporate vulnerabilities to a broader set of firms; and (iv) household vulnerabilities at a more granular level. The CBJ will address remaining data gaps by March 2027 to further incorporate cross-border dimensions and interconnectedness in systemic risk monitoring, with technical assistance from the IMF's Monetary and Capital Markets Department.

17. The CBJ has implemented all action items in Jordan's FATF action plan. It will continue to enhance the effectiveness of the AML/CFT framework, including by strengthening risk-based AML/CFT supervision, and increasing international cooperation.

18. To deepen our financial markets, we aim to develop a secondary market for government securities, as a step toward further financial market development. Based on METAC's technical assistance report on developing the local currency bond market (LCBM), which assesses the development stage of the six relevant building blocks—money markets, primary market, secondary market, investor base, market infrastructure, and the legal and regulatory framework, the CBJ will develop Term Sheets that are aligned with international standards and publish full bond documentation in both Arabic and English (*new SB for September 2026*). Furthermore, we will increase the frequency of reconciliation of data between the securities register (Depo/X) and MOF's records from monthly to weekly (*new SB for March 2027*) and deliver the reconciled data to MOF in excel format, in a frequency no less than monthly, and grant MOF read access to the Depo/X register (*new SB for March 2027*).

19. Given the important role MSMEs play in job creation, we recognize the need to improve access to finance for MSMEs. We have made corporate credit reports easily accessible to companies through digital channels to facilitate access to information and speed up transactions, and we will continue to enhance data collection by the Credit Bureau. We will also collect disaggregated data on MSME lending from all supervised entities, to assist us in the design of measures aimed at increasing access to finance for MSMEs.

Structural Policies to Promote Jobs and Growth

20. We remain committed to advancing and deepening structural reforms aimed at enhancing job creation, improving the business environment, and strengthening Jordan's

economic resilience, in line with the objectives of the Economic Modernization Vision, to achieve stronger and more inclusive growth.

- We have submitted to Parliament: (i) amendments to the Competition Law, which will enhance the independence and effectiveness of our competition authority (*SB for October 2025 met*); and (ii) amendments to the Labor Law that reduce distortions and enhance labor market flexibility and female labor participation (*SB for September 2025 met*). We remain committed to ensuring the passage of the Labor Law consistent with the original provisions envisaged to support labor market flexibility.

- We 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 the interpretation to be issued by March 2026.

- Moreover, in December 2025, we adopted a national plan that aims at enhancing business related services, including the development of a unified portal for businesses, process re-engineering reforms, and a plan to abolish, simplify, and digitize priority sectoral licenses, within the coming two years. We will start by streamlining three food-related licenses under the JFDA, to be completed by April 2026. We will also ensure that the approval time for license applications will not exceed 30 days.

- We have also adopted action plans to enhance competition in the fuel derivatives and land transport sectors, 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 have granted an initial approval for a new company and are reviewing another company's permit application to operate in LPG cylinder filling; have streamlined the licensing renewal process, including the launch of 30 e-services and reduction of service fees; issued new instructions related to the storage and distribution of LPG cylinders; and will strengthen EMRC capacities in terms of competition practices and assessments, including the revision of all relevant regulations that affect the sector's market conditions.

- We have also digitalized 80 percent of automatable government services in line with the Public Sector Modernization Roadmap (*SB for December 2025 met*).

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

	Jun-25				Sep-25				Dec-25		Mar-26		Jun-26		Sep-26	Dec-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)	550	543	-9.3	Met	660	505	132	Met	812		142		213		470	600
Combined public deficit (flow, cumulative ceiling)	830	823	264	Met	1,110	955	548	Met	1,438		271		473		900	1182
Net International Reserves of the Central Bank of Jordan in USD million (stock, floor)	14,400	14,833	15,785	Met	14,445	15,748	16,335	Met	15,245	15,600	16,153	15,845	16,554	15,950	15,700	16,245
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)	530		561	Met	820		884	Met	1,142		293		587		890	1340
Public debt (stock, ceiling) 2/	35,500		35,359	Met	35,650		35,892	Not met	35,800	36,500	36,100	36,800	36,385	37,120	37,490	37,967
Domestic payment arrears of NEPCO (stock, ceiling) 3/	80		78	Met	70		69	Met	60		50		40		30	20
Domestic payment arrears of WAJ (stock, ceiling) 4/	0		0	Met	0		0	Met	0		0		0		0	0
Domestic payment arrears of Aqaba, Miyahuna and Yarmouk Distribution Companies (stock, ceiling) 5/	0		31.5	Not met	0		42.8	Not met	0		0		0		0	0
Net Domestic Assets of the Central Bank of Jordan (stock, ceiling)	1,456	1,149	-1,491	Met	1,850	926	-1,844	Met	155	-96	1,355	1,530	1,895	2,247	3,359	-1015
Memorandum items for adjustors																
Foreign budgetary grants received by the central government (flow)	40		27		350		40		734		4		20		50	735
Foreign budgetary grants and loans received by the Central Bank of Jordan (USD millions, flow, cumulative from beginning of year)	420		853		541		1,844		3,119	4,021	71		292		700	2,971
Programmed stock of the combined health and energy arrears	60		58		55		52		50		45	50	40		30	20
Domestic payment arrears of WAJ and water distribution companies	0		32		0		42.8		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 Third Review				
1	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
2	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
3	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
4	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; implemented with delay	Improving fiscal sustainability
II. Structural Benchmarks for the Fourth Review				
5	Develop and adopt a Medium-Term Revenue Strategy based on IMF technical assistance and consistent with fiscal objectives.	September 2025	Not met; implemented in November	Improving fiscal sustainability
6	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
7	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
8	Publish audited financial statements for each of the water companies (Miyahuna, Yarmouk and Aqaba) for the financial year 2024.	September 2025	Met	Improving financial transparency
9	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
10	The CBJ to introduce Pillar 2 risk assessment methodologies to make capital assessments more sensitive to individual banks' risk profiles.	November 2025	Met	Safeguarding financial stability

Table 2. Jordan: Status of Structural Conditionality (continued)

No.	Measure	Time Frame (by end-period)	Status	Macroeconomic Rationale
II. Structural Benchmarks After the Fourth Review				
11	Complete the digitalization of 80 percent of all automatable government services in line with the Public Sector Modernization Roadmap.	December 2025	Met	Improving the business environment and public service delivery
12	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
13	Cabinet to adopt a pension reform concept paper including parametric changes that ensure SSC's long-term financial sustainability while strengthening social protection coverage.	May 2026	New	Improving fiscal and social security sustainability
14	The CBJ to develop Term Sheets that are aligned with international standards and publish full bond documentation in both Arabic and English.	September 2026	New	Deepening and broadening financial market development
15	MOF will conduct a comprehensive review of customs exemptions with a view of discontinuing selected exempted and zero-rated goods, starting from 2027, except those under bilateral agreements, used as inputs for exports (including capital goods), re-exports, goods for basic needs (such as medicines), and sensitive goods.	June 2026	New	Improving fiscal sustainability and efficiency
16	Based on the recommendations of the comprehensive review of customs exemptions, Cabinet will adopt a new framework for customs duties, with implementation beginning with the 2027 budget.	November 2026	New	Improving fiscal sustainability and efficiency
17	Complete the installation of smart meters for the residential sector.	June 2026		Improving financial viability of the electricity sector
18	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		Improving financial viability of the electricity sector
19	Apply time-of-use tariffs to cover all sectors, including the residential sector.	September 2026		Improving financial viability of the electricity sector

Table 2. Jordan: Status of Structural Conditionality (concluded)				
No.	**Measure**	**Time Frame (by end-period)**	**Status**	**Macroeconomic Rationale**
20	Re-submission to Parliament of a draft SSC law consistent with the proposed parametric reforms in the pension reform concept paper.	September 2026	New	Improving fiscal and social security sustainability
21	The CBJ to align prudential requirements for concentration risk and related party exposure with Basel Core Principles.	November 2026		Safeguarding financial stability
22	The CBJ to design and operationalize procedures for compensation of depositors, together with JODIC.	November 2026		Safeguarding financial stability
23	The CBJ to increase the frequency of reconciliation of data between the securities register (Depo/X) and MOF's records from monthly to weekly.	March 2027	New	Deepening and broadening financial market development
24	The CBJ to deliver the reconciled data to MOF in excel format, in a frequency no less than monthly, and grant MOF read access to the Depo/X register.	March 2027	New	Deepening and broadening financial market development
25	The CBJ to review and update outdated or misaligned regulations related to credit risk to strengthen credit risk supervision.	November 2027		Safeguarding financial stability

Reforms Under the Resilience and Sustainability Facility

21. 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 flash floods that caused fatalities and substantial damage, adversely affecting 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.

22. 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.

23. 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 making the health system more agile and capable of responding 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.

24. 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

25. 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 2025–35, with a strong focus on supporting renewable energy integration.

In this context, 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 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 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 400 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-2035 Energy Strategy.

26. 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 by June 2027. 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.

27. 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 international best 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.

28. To support the FSR and enhance water security, we are further expanding private sector involvement in water companies. To enhance operational efficiency, reduce system losses, and expand the reuse of treated wastewater for agricultural production, we have concluded a performance-based management contract tender, in line with international best practices, to manage and improve water and wastewater service delivery within YWC's jurisdiction (*RM1, met*), with the initial agreement contract to be signed soon. About six months after the initial agreement, and after the private company has studied the financial and operational data of YWC, key performance indicators (KPIs), including those related to annual water sales, non-revenue water, power consumption, operational income, and annual collections ratio, will be jointly agreed and signed in a contract.

29. We are also scaling up private sector participation in wastewater management to boost treated wastewater reuse and ease pressure on freshwater resources. We have started issuing invitations for EOIs and prequalifying 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

30. 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.

31. 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 issued a budget circular in June 2025, requesting line ministries include measures to mitigate carbon emissions and environmental impacts when determining the costs of budget projects. A second, detailed budget circular was issued in October 2025, further detailing that all large capital projects, as defined in the Regulation for the National Register for Government Projects bylaw, selected for the budget, will need to be approved by PIM and registered in the NRIP, and comply with the NRIP's newly formulated appraisal and feasibility study guidelines, which include clear climate-related impact and risk criteria. A summary of the climate assessment information of the large projects approved by PIM and registered in the NRIP will be published in the 2026 budget documents (*RM2, met*). 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.

32. 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 has classified SOEs into strategic, immature-strategic, and non-strategic categories. It will then develop the asset register in phases—with the real-estate sector covered this year 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.

33. 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 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.

34. 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 effective collection and analysis of climate-related financial data, including risks stemming from extreme weather events.

35. 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 December 2025.

Reform Pillar III: Strengthening Pandemic Preparedness

36. 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.

37. 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.

38. 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 international experience in designing triggers to access 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 current work with the World Bank on a disaster risk financing assessment.

39. 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 (i) 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.

40. 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 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

41. 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 for the electricity sector (NEPCO and the three distribution companies), and the water sector without delay, to allow for timely program monitoring.

42. The monitoring of the implementation of the policies under the RSF arrangement will be done by means of 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: Reform Measures Under the RSF Arrangement

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Assessment	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	November 2025	Met	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	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: Reform Measures Under the RSF Arrangement (continued)

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Assessment	Review Timeframe	RM Expected Outcome
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.	Water Sector Financial Sustainability Roadmap The National Water Strategy (2023–2040)	WB works with government in 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	October 2027		8th (final) EFF review	Reducing peak electricity demand and grid congestion; promoting RE development.

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

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Assessment	Review Timeframe	RM Expected Outcome
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 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.	National Climate Change Policy of the Hashemite Kingdom of Jordan 2022–2050 Energy Sector Green Growth National Action Plan 2021–2025	WB works with government in this area	October 2027		8th (final) EFF review	Institutionalizing and implementing the RE development plan.
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	IMF 2023 TA on C-PIMA and Green PFM		November 2025	Met	4th EFF review	Expected to jumpstart the inclusion of climate information in projects appraisal and selection.

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

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Assessment	Review Timeframe	RM Expected Outcome
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.						
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		November 2026		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.
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		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	WB to support CBJ in this area	May 2026		5th EFF review	Strengthen Jordan's climate-related financial risk management system

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

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Assessment	Review Timeframe	RM Expected Outcome
	Sustainability Disclosure Standard S2 Climate Related Disclosures					
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.						
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	November 2026		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)		November 2026		6th EFF review	Codifying the triggers and uses of emergency financing, which is expected to expedite the process during health emergencies.

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

Reform Measures	Diagnostic Reference	DP Role	Implementation Date	Assessment	Review Timeframe	RM Expected Outcome
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		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)		October 2027		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

(continued…)

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, and the consolidated overall deficit of WAJ and 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 government are monitored semi-annually (with indicative targets for the other quarters) on a

---

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.

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 nonbank 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. Data on liquid financial assets, such as currency and deposits and other accounts receivable, of general government including the central government, the public utility companies, and SSC.

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

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

87. 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).

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

89. 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).

90. National accounts statistics (quarterly).

91. 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 regular updates.

DEFINITIONS OF THE PRINCIPAL CONCEPTS AND VARIABLES

92. 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.

Statement by Mohamed Maait, Executive Director for Jordan and Maya Choueiri, Senior Advisor to Executive Director
December 12, 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 fourth review under the Extended Fund Facility (EFF) and the first review under the Resilience and Sustainability Facility (RSF).

Recent Developments

2. **Jordan has successfully maintained macroeconomic stability despite a challenging regional environment and heightened global economic uncertainty**. This resilience is attributable to the authorities' strong ownership of their economic reform program, dedicated pursuit of sound macroeconomic policies and structural reforms, and robust international support. In 2025, growth is expected to accelerate to 2.7 percent, driven by a recovery in tourism, agriculture, manufacturing, and services, as well as a surge in foreign direct investment and exports—particularly to Iraq and Syria. Inflation remained low, and gross international reserves exceeded US$23 billion, comfortably above the IMF reserve adequacy level. Jordan's sovereign spreads have reached historic lows, signaling stronger fiscal controls, economic growth, and rising investor confidence. Leveraging these favorable market conditions, the authorities accessed the Eurobond market in early November to secure pre-financing for the bond maturing in January 2026. Their November 2025 $700 million Eurobond issuance was oversubscribed nearly three times, with investor offers far exceeding the amount available. The bond carried a 5.75% coupon—1.75 percentage points lower than Jordan's previous 2023 issuance—highlighting improved market sentiment and reduced borrowing costs. Jordan's domestic banking system remains robust, and confidence in the currency peg is unwavering. Reflecting this strength, Moody's reaffirmed Jordan's long-term foreign and local currency issuer ratings with a stable outlook on October 30. The authorities remain fully committed to advancing sound policies, strengthening resilience, and achieving stronger and more inclusive growth. This is operationalized through the roll out of the second executive program (2026-2029) of Jordan's *Economic Modernization Vision*, which is driven by strategic reforms and the implementation of large-scale infrastructure projects.

3. **Jordan's Department of Statistics has completed the rebasing of the national accounts (Annex II of the staff report).** During the past four and a half years, ESCWA and the IMF have provided substantial support to the Department of Statistics for the long-overdue rebasing of national accounts. This effort led to an upward revision of the 2023 nominal GDP by approximately 10 percent, reflecting enhanced methodologies and

more comprehensive coverage of both formal and informal economic activities. Notably, the previous rebasing occurred in 2016, even though IMF guidelines recommend rebasing national accounts every five years.

EFF and RSF Program Performance

4. Jordan's economic program under the EFF arrangement remains firmly on track. All quantitative performance criteria for the fourth review and most of the indicative targets for end-June and end-September 2025 were met. Five out of six structural benchmarks set for the fourth review were also met. The indicative target on public debt was narrowly missed, reflecting the authorities' prudent decision to begin accumulating reserves early from external financing sources in anticipation of the Eurobond maturing in January 2026. This proactive pre-financing approach ensured that sufficient resources would be available when the bond comes due, even as it temporarily impacted the debt target. Steady progress is being made toward future structural benchmarks, supporting growth by enhancing job creation, promoting labor market participation, and improving the business environment. The authorities' economic program remains focused on (i) sustaining a gradual fiscal adjustment to place the public debt ratio firmly on a downward path while creating space for social and capital spending; (ii) improving the financial sustainability and efficiency of the electricity and water sectors; (iii) continuing prudent monetary management to safeguard the exchange rate peg while preserving financial stability; and (iv) accelerating structural reforms to boost growth prospects and job creation.

5. Performance under the RSF arrangement is also strong, with the two reform measures (RMs) due by November 2025 completed and progress made towards meeting future RMs. These RMs aim at improving the water and wastewater service management and strengthening fiscal resilience. They entail completing a performance-based management contract tender to manage and improve water and wastewater service delivery within the Yarmouk Water Company's jurisdiction. They also entail proactively embedding climate criteria within the National Registry of Investment Projects processes and enforcing the use of these processes for large investment projects, with summary of climate assessments published in the 2026 budget documents.

Development Partners' Support

6. **Amid ongoing challenges and heightened uncertainty, predictable, timely, and robust international support is essential to meet Jordan's financing needs**. Continued assistance is also crucial to help Jordan manage the significant responsibility of hosting a large population of Syrian and other refugees, especially since only a limited number are expected to return in the near future. The authorities remain committed to ensuring the voluntary and safe return of refugees and are working closely with UNHCR

to facilitate this process. The authorities highly value the steadfast support of the IMF, World Bank, European Union as well as bilateral support, notably by Germany, Japan, the U.S., and GCC countries, which has been instrumental in advancing reforms and maintaining stability.

Fiscal Policy and Reforms

7. **Despite the adverse impact on public finances from external shocks, the authorities over-performed the end-June 2025 fiscal program targets and remain committed to achieving the end-year deficit targets.** The authorities took firm measures to offset revenue losses from regional conflicts and other external shocks, including reducing preferential tax treatment, raising taxes on e-cigarettes, and reducing non-priority spending. These measures, together with containing utility company losses, resulted in central government and public sector deficits below program targets.

8. **The authorities remain committed to their fiscal policy anchor of placing public debt on a steady downward path.** To achieve this, and to consolidate the progress achieved in recent years, the authorities remain committed to further spending rationalization and enhanced revenue mobilization, notably through advancing measures outlined in the Medium-Term Revenue Strategy. In line with this commitment, the authorities have submitted the 2026 budget to Parliament targeting a primary deficit (excluding grants and transfers to public utilities) of 1.3 percent of GDP. The authorities are also committed to ensuring the financial viability and efficiency of public utilities and the Social Security Corporation (SSC). As domestic demand is projected to strengthen in the coming years—bolstered by credible measures under the authorities' medium-term reform strategy—the pace of fiscal consolidation will accelerate in 2027 and 2028, reaching a cumulative 1.8 percent of GDP. The measures supporting the 2027 targets have already been identified and committed to. They include the development of a new exemption framework for customs duties (scheduled as a structural benchmark for November 2026). This framework will be shaped by a dedicated review (structural benchmark for June 2026) aimed at identifying selected exempted and zero-rated goods to be gradually discontinued starting in 2027. Additionally, planned technical assistance from METAC will ensure that the e-invoicing system is implemented in accordance with international standards. The authorities expect these efforts, together with Jordan's pro-growth structural agenda, to help achieve the program objective of bringing public debt to 80 percent of GDP by 2028.

9. **Fiscal consolidation efforts will be further strengthened by the ongoing structural reforms aimed at enhancing tax and customs administration, as well as improving public financial and debt management.** Jordan has advanced a comprehensive set of reforms to strengthen fiscal management, public sector efficiency, and transparency. The Income and Sales Tax Department (ISTD) mandated e-invoicing

for all sales and expenses, expanded digital taxpayer services, and upgraded IT infrastructure to improve compliance and oversight. Transfer pricing rules were extended to related parties, with a dedicated directorate planned to support enforcement. Customs clearance is being streamlined under a unified border management system. The government has accelerated digitalization, completing 80% of automatable services, and is rolling out the National E-Procurement System (JONEPS) across ministries. Health sector arrears are being addressed through a new cancer insurance agreement. Additionally, a state-owned enterprise (SOE) ownership policy is in development, with expanded monitoring and risk analysis. Debt management is being strengthened through the publication of an Annual Borrowing Plan and updates to the Medium-Term Debt Management Strategy.

10. **The Jordanian authorities are strongly committed to ensuring the long-term financial sustainability of the Social Security Corporation (SSC)**. Recent reforms include removing the mandatory retirement requirement after 30 years of public service, effective January 2026. This change will extend the contributory period and shorten the benefit period, thereby enhancing the sustainability of the SSC and helping to retain essential skills within the workforce. Following the 11th actuarial review, the authorities—supported by the ILO, IMF, and World Bank—are evaluating initial proposals to be incorporated in the draft amendments to the SSC law. These include reforming early retirement, extending the retirement age, considering a fair actuarial accrual rate and a timeline for implementation, rationalizing pension supplements, strengthening the definition and scope of work-related injury insurance, introducing a lower tier option with lower contribution and accrual rate and more emphasis on short-term benefits to attract new entrants into the workforce. The draft amendments to the SSC law will also transition unemployment insurance from individual accounts to a pooled risk model. A comprehensive pension reform concept paper is being developed, with public consultation planned before submitting revised legislation to Parliament in September 2026 (structural benchmark for September 2026). Despite ongoing demographic and fiscal challenges, these reforms—supported by sound macroeconomic policies and agile debt management—are expected to safeguard the sustainability of Jordan's public debt and strengthen the financial position of the SSC, while also reinforcing its role as a key investor in the domestic economy.

11. **Jordan continues to strengthen its social safety net to mitigate the impact of fiscal adjustment on the most vulnerable households**. By August 2025, the National Aid Fund (NAF) covered nearly 250,000 poor and vulnerable families, with an expected increase of about 15,000 households by year-end—reaching approximately 65 percent of the poor. The authorities have launched an updated National Social Protection Strategy for 2025–2033 to empower human capital and prepare beneficiaries for future employment, in line with the *Economic Modernization Vision*. NAF has enhanced the accuracy and effectiveness of its targeting formula and is developing a voluntary unified

platform for social assistance, open to Civil Society Organizations, to improve coordination and targeting of support for vulnerable households.

Electricity and Water Sector Reforms

12. **Measures to strengthen the electricity sector's financial sustainability continue to show positive results**. NEPCO's losses are expected to remain within program targets for 2025 and 2026, with the net financial impact of recent regional conflict contained by offsetting changes in fuel and gas imports. Losses were 0.5 percent of GDP in the first half of 2025, keeping NEPCO on track for the annual ceiling of 1.0 percent. Progress has been made in reducing domestic arrears, and cost-saving measures are projected to further lower losses to 0.9 percent of GDP in 2026. Ongoing reforms include extending time-of-use tariffs, rolling out smart meters, establishing an Automated Energy Control Center, and optimizing power purchase agreements, all aimed at improving efficiency, grid stability, and promoting renewable energy.

13. **Jordan's water sector finances are gradually improving, guided by the National Water Strategy and Financial Sustainability Roadmap.** Annual tariff increases of 4.6 percent have been implemented since 2023, helping to contain sector losses to around 0.4 percent of GDP in 2025 and 2026. While some arrears targets were missed mid-year, they are expected to be cleared by year-end. Audited financial statements have highlighted the need for reforms, especially for Yarmouk Water Company. The Aqaba–Amman Conveyance project, which will transport desalinated seawater to Amman, is progressing toward financial closure in early 2026, though the authorities acknowledge that its high unit cost underscores the need for continued sector reforms to ensure long-term sustainability.

Monetary and Financial Policies

14. **Despite the continuously challenging external environment, the Central Bank of Jordan (CBJ) continues to demonstrate strength in preserving monetary and financial stability, by safeguarding the peg to the U.S. dollar and maintaining strong reserve buffers.** The CBJ's firm commitment to the exchange rate peg to the U.S. dollar has anchored confidence in the national currency and provided a credible foundation for stability. The CBJ actively aligns its policy rates with the U.S. Federal Reserve and stands ready to adjust policies as needed. The CBJ successfully contained inflation below 2 percent, by maintaining its commitment to monetary stability which continued to shield Jordanians from the cost-of-living increases experienced elsewhere. At the same time, the CBJ has maintained reserve buffers well above IMF adequacy metrics. Confidence in the dinar and ample reserves and continue to keep the dollarization rate down. The CBJ requested the establishment of new end-December 2026 performance criteria and modification of the end-December 2025 and end-June2026 performance criteria on net

international reserves, to reflect stronger reserves accumulation and updated reserves projections.

15. **The banking sector remains liquid and well-capitalized.** The system-wide capital adequacy ratio stood at 18 percent by June 2025, well above the CBJ regulatory minimum of 12 percent. Non-performing loans remain manageable, and provisioning standards are robust. The CBJ has indeed maintained stringent provisioning standards, in line with IFRS9's forward-looking expected loss approach.

16. **The CBJ is further strengthening financial sector resilience in line with FSSA recommendations by advancing systemic risk analysis, oversight, and crisis management**. The CBJ has adopted a risk-based supervision framework, introducing Pillar 2 methodologies to better tailor minimum capital requirements to individual banks' risk profiles. Ongoing reforms include aligning prudential standards for concentration risk and related party exposure with Basel Core Principles, developing depositor compensation procedures, updating credit risk regulations, and preparing resolution plans for major Domestic Systemically Important Banks.

17. **The CBJ has implemented all action items in Jordan's FATF action plan.** It will continue to strengthen the effectiveness of the AML/CFT framework, including by advancing risk-based supervision and expanding international cooperation.

18. **To deepen Jordan's financial markets, the authorities plan to develop a secondary market for government securities**. Building on METAC's technical assistance for the local currency bond market, the CBJ will prepare internationally aligned Term Sheets and publish comprehensive bond documentation in both Arabic and English (structural benchmark for September 2026). Additionally, the frequency of data reconciliation between the securities register and the Ministry of Finance will increase from monthly to weekly, with reconciled data delivered at least monthly and MOF granted direct read access to the register (structural benchmark for March 2027).

Structural Policies to Promote Jobs and Inclusive Growth

19. **The authorities remain committed to advancing and deepening structural reforms to enhance job creation, improve the business environment, and strengthen economic resilience, in line with the *Economic Modernization Vision*.** Key steps include:

a. Submitting amendments to the Competition Law to Parliament to align with international best practices, enhancing competition in fuel derivatives and land transport sectors, streamlining and digitizing business registration and licensing processes, relaxing restrictions on foreign ownership, and digitalizing 80 percent of automatable government services to improve efficiency and reduce costs for businesses and citizens.

b. Submitting amendments to the Labor Law and Social Security Law to Parliament, aiming to increase labor market flexibility, boost female participation, reduce distortions, and improve childcare provisions without creating barriers to formal employment. While the draft Social Security Law amendments were temporarily withdrawn to incorporate additional proposals from the 11th actuarial review, the authorities plan to resubmit further amendments that will harmonize benefit rights for males and females in an actuarially neutral way, facilitate flexible work arrangements, and transform unemployment insurance from an individual account system to a pooled risk insurance model, thereby supporting a more inclusive and adaptable labor market.

Conclusion

20. The Jordanian authorities deeply value their strong partnership with the Fund, which has consistently delivered reliable policy advice, financial assistance, and capacity-building support—serving as a cornerstone for reform momentum and helping Jordan navigate a complex and challenging environment. The authorities are committed to maintaining reform momentum through effective prioritization, sequencing, and communication of reforms. In light of Jordan's strong performance under the EFF and RSF-supported arrangements and its commitment to the programs' objectives, we respectfully seek the Executive Directors' support for the completion of the fourth review under the EFF and first review under the RSF arrangement.