European Bank
for Reconstruction and Development

Jordan diagnostic

2025

Reem Jodeh (Associate Regional Economist for the southern and eastern Mediterranean [SEMED] region in the Policy, Strategy and Delivery (PSD) Department of the EBRD) and Bassem Nemeh (Principal Regional Economist, SEMED, PSD) prepared this report, under the supervision of Alexa Tiemann (Lead Regional Economist, SEMED, PSD).

We are grateful for the guidance and comments provided by Christoph Denk (Managing Director, PSD), Artur Radziwill (Director, Country Economics, Strategy and Policy, CESP) and Peter Sanfey (Deputy Director, CESP).

We are also grateful to numerous PSD colleagues for their helpful contributions, including the following teams: Capital and Financial Markets Development (Fady Alrayyes), Country Strategy (Isabella Diez Imbriaco, Libor Krkoska), Gender and Economic Inclusion (Yasmeen Shahzadeh, Dina Moussa and Sunita Pitamber), and Governance, Competitiveness and Political Affairs (Asma Akremi, Bojana Reiner, Maxime Meftah and Tarek Osman).

The report benefited from inputs and comments by EBRD colleagues in other departments, including the Head of Country (Gretchen Biery), the Banking team (Ghaith Assamak, Farah Alaraj, Zeid Faris, Khalil Masri, Mai Hadhoud, Rawan Azar, Samer Freij and Mirna Salayta), SME Finance and Development (Khaled Alsaheb), and Climate Strategy and Delivery (Hamza Al-Assad, Daisy Qing Yang). Editor: Poilin Breathnach. The report is based on data available as of May 2025.

Country diagnostics are a European Bank for Reconstruction and Development (EBRD) tool for identifying the main obstacles to entrepreneurship and private-sector development in the economies where it operates. They also help to shape the Bank's priorities and project selection in formulating new country strategies. Each diagnostic informs the EBRD's policy engagement with the authorities in that country.

Each diagnostic assesses national progress and challenges in developing a sustainable market economy. Private-sector development and entrepreneurship are at the heart of the Bank's mandate, but in all of the Bank's investee economies, the private sector faces a range of problems and obstacles. The country diagnostic highlights the key challenges facing private companies and shows where each economy stands relative to its peers on the Bank's six transition qualities – competitive, well governed, green, inclusive, resilient and integrated – highlighting the main deficiencies and gaps in each.

The diagnostics draw on a range of methodologies and best practices for assessing how big certain obstacles are. Extensive use is made of the Bank's in-house expertise and surveys, such as the Business Environment and Enterprise Performance Survey (BEEPS) and the Life in Transition Survey, as well as other cross-country surveys and reports from institutions such as the World Bank, the World Economic Forum and the Organisation for Economic Co-operation and Development (OECD). For some larger countries, the diagnostics also draw on specially commissioned studies of selected issues that are critical to private-sector development.

The EBRD's Country Economics, Strategy and Policy (CESP) team lead the diagnostics, drawing substantially on the expertise of sectoral, governance and political experts in the Policy Strategy and Delivery (PSD) Department and consulting widely with experts across the Bank in preparing the final product. The diagnostics are shared with the EBRD Board during the country strategy process and published during the public consultation period.

The views expressed in the diagnostic papers are those of the authors alone and not of the EBRD, and are not endorsed by the government in question.

Contents

Executive summary

Jordan remains an anchor of stability in a region increasingly fraught with geopolitical conflict. The country has successfully navigated a series of external shocks in recent years while preserving political and macroeconomic stability. However, private-sector growth and investment are being challenged by regional tensions, despite the country's stability, highly skilled labour force and comparative advantages. Extended regional instability has disconnected Jordan from important neighbouring markets and led to a decade of lower exports and foreign direct investment (FDI) relative to gross domestic product (GDP). The cost of doing business has also increased since 2011 and has remained elevated, curtailing competitiveness in energy-intensive sectors. The narrow fiscal space for capital expenditure has limited the country's ability to invest in the deeper structural reforms and infrastructure needed to accommodate the fast-growing population. Faced with these challenges, Jordan's reintegration into regional and global value chains will be critical to revitalising exports, attracting FDI and leveraging its potential for innovation. Capitalising on the prospect of renewed stability in neighbouring economies will be important, as will investment in improving transport networks and logistics. An effective public-private partnership (PPP) framework is crucial in order to attract private investment to major infrastructure projects. Lastly, energy sector reforms and increasing the uptake of renewables will be key to strengthening energy resilience, addressing financial sustainability concerns and reducing energy costs.

Economic growth remains insufficient to sustain income levels and generate enough jobs for the country's growing population. The government is pursuing efforts to reduce the high level of public debt, and fiscal discipline has been maintained despite external shocks. The Central Bank of Jordan has continued to pursue its policy of preserving the currency peg and managed to keep reserves at a comfortable level, helping to cushion Jordan's vulnerability to global price shocks — particularly important given the country's dependence on food and fuel imports. Exports and FDI levels are low and concentrated in less competitive sectors due to regional instability, public administration challenges and business environment constraints. In response, the government developed its ambitious Economic Modernisation Vision (EMV) in 2022 and the Public Sector Modernisation Roadmap (PSMR) in 2023, and implementation is gathering pace.

Jordan outperforms regional peers on metrics of effective government, regulatory quality, rule of law and the rollout of e-government services. The adoption of the 2022 investment law has enhanced the business environment, however, decentralising the public administration and enhancing its efficiency could further support the delivery of quality business services and reform implementation. It is essential to: (i) progress on public-sector reforms and upscale capacity; (ii) continue the simplification and digitalisation of business services and procedures; and (iii) provide greater visibility for investors on business costs and red tape. Moreover, a well-functioning public-private partnership (PPP) framework is key to bringing private investment into strategic sectors. Although the state's economic footprint is limited compared with peers, better governance at state-owned enterprises (SOEs) would benefit private-sector growth.

Over the past decade, a series of external shocks has hampered labour productivity and access to export markets. Innovation potential remains untapped, despite the country's superior educational outcomes and institutional environment. Private-sector external competitiveness is limited by high operating costs, including some of the highest electricity tariffs in the region. These factors have resulted in a deterioration in export performance, both in terms of economic importance and product complexity. Promoting investment and job creation in high-value sectors, strengthening the innovation ecosystem and switching to greener (and cheaper) energy sources are crucial steps in reversing losses and positioning high-value exports as a lever for growth.

Integration into global value chains remains limited and mostly concentrated in backward links, while FDI inflows remain low compared with past levels. The country aims to position itself as a key regional logistics hub, but is hindered by regional instability, regulatory challenges, and the quality and cost of logistics. Significant investments in transport links and opening up the commercial freight and tourism-related transport industries to competition are critical. In parallel, the fast-growing Jordanian information and communications technology (ICT) sector is still burdened by regional disparities in access to services and affordability issues, and addressing those challenges is a prerequisite to sustained ICT growth, including e-commerce.

Private-sector growth could benefit from better alignment of human capital skills with market needs and investment priorities. This includes closer engagement with the national human capital development agenda (particularly the technical and vocational education and training [TVET] reform process) and the EMV to support job creation for youth. Recent government efforts to activate mechanisms for private-sector engagement are an important step in the right direction. In tandem, employment rates among women remain low. Regulatory reforms to remove employment restrictions, strengthen workplace protections and improve childcare bylaws are expected to support women's economic inclusion, but accommodating flexible work and expanding access to affordable childcare and safe public transport are needed. Moreover, financial inclusion and financial sector digitalisation remain key priorities when it comes to promoting access to finance for individuals and micro, small and medium-sized enterprises (MSMEs).

Past reform efforts have improved Jordan's energy resilience and positioned it as a regional leader in renewable sources uptake. Leveraging the green transition further requires the country to address the system's financial vulnerabilities and improve grid capacity and efficiency. In parallel, Jordan suffers from one of the world's highest water scarcity levels, making investments in water desalination and wastewater treatment projects key priorities, while simultaneously addressing non-revenue water (NRW) losses. Accelerating the green transition requires investment in skills to ensure a successful and just transition, while increasing access to green finance is critical for climate and competitiveness reasons.

The financial system has been resilient to successive shocks and has gained from enhanced digitalisation and risk management. The dominant banking sector benefits from sound governance, high liquidity and low non-performing loan (NPL) levels. Yet, more developed financial and capital markets are needed for private-sector growth. Addressing regulatory gaps (by enacting the new securities law), streamlining taxation policies and reducing capacity constraints are necessary.

This diagnostic provides a number of recommendations to address the aforementioned challenges to private sector-led growth and developing a sustainable market economy, in line with the EBRD's six transition qualities. While some recommendations are beyond the Bank's mandate or scope of support, they are included, as they are material to private-sector development (for example, public-sector reforms). These recommendations are explained in more detail in Annex 2.

1. **Introduction**: Regional instability and successive shocks have made for a challenging operating environment, but the Jordanian private sector has shown remarkable resilience

In recent years, Jordanian enterprises have faced a series of challenges. The country has maintained political stability, but global and, more recently, regional instability and geopolitical tensions have weighed on private-sector activity, especially trade and investment. At the same time, the business environment is not sufficiently conducive to dynamic growth or to attracting (foreign) investment, despite competitive advantages such as macroeconomic stability and highly skilled labour and comparative advantages in key sectors such as textiles and services. Regional peers have undertaken significant reform to become attractive destinations for FDI, stepping up competition for investment flows to the region. This underscores the need for Jordan to address public administration and business environment inefficiencies and constraints. The country's EMV and PSMR put forward an ambitious agenda for addressing these limitations, however, and implementation is picking up, in part thanks to support from development partners.

1.1. Political context: Jordan's political economy, geopolitical tensions, and food and water security concerns pose key challenges

Jordan remains an anchor of stability in a tense geopolitical situation in the eastern Mediterranean, but is being affected by consequent challenges. Since the outbreak of the decade-long war in Syria, Jordan has faced challenges due to the presence of militant non-state actors with strong ties to regional players along its northern border, as well as organised narcotics smuggling networks that operate in border regions. Recent political developments in Syria could offer the Jordanian private sector new opportunities to re-engage with the Syrian market as an export and investment destination, but also carry risks of spillovers in case of a turbulent political transition, particularly as uncertainty remains high. The war in Gaza, which began in October 2023, has had an adverse, albeit limited, impact on Jordan, putting additional pressure on multiple sectors of the economy, most notably tourism. The repercussions of the war have extended to the West Bank, with implications for Jordan, as the Hashemite Kingdom is guardian of the Christian and Islamic sites in Jerusalem.

Jordan continues to host the world's second-highest number of refugees per capita. Over 730,000 refugees are registered with the United Nations Refugee Agency in Jordan, predominantly from Syria (many of whom are likely to remain in the medium to long term), but also from Iraq, Yemen and, increasingly, Sudan. Over 80 per cent of refugees in Jordan live in urban areas, outside of refugee camps.[1] The United Nations High Commissioner for Refugees (UNHCR) describes Jordan as an "exemplary host" in terms of refugee access to national healthcare and education systems.[2] In addition, the United Nations Relief and Works Agency for Palestinian Refugees in the Near East

1 See UNHCR (2025).

2 Ibid.

estimates that Jordan has, for decades, been hosting close to 2 million Palestinian refugees.[3]

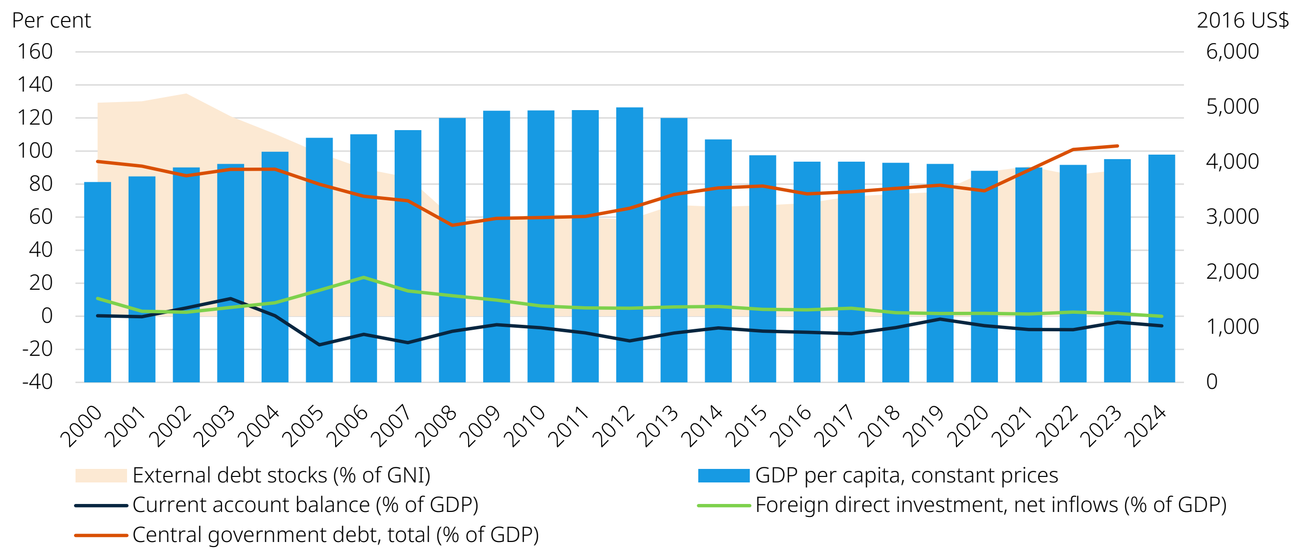
Water security (in a regional context) is a major issue with strategic implications for Jordan. Acute water scarcity and increasing climate hazards are exacerbating socioeconomic pressures in many of Jordan's arid regions and heightening the demographic pressure on cities. Coupled with the chronic difficulties of creating jobs to meet the needs of the growing population, this has made sustainable development in the country more challenging.

The additional pressures have led to an ambitious reform of Jordan's developmental model. Jordan's EMV envisages a future with less reliance on grants and donor contributions and ambitious increases in FDI. To this end, it aims to effect significant improvements in governance. However, the most fundamental aspect and objective of the EMV is to significantly improve economic inclusion, particularly of youth, the largest section of society and a crucial variable in sociopolitical stability.

1.2. Economic context: Despite Jordan's overall macroeconomic resilience, growth remains insufficient for job creation and income growth

The Jordanian economy has been remarkably resilient in the face of multiple crises over the past decade. The country enjoyed a decade of impressive growth from the late 1990s, thanks to flourishing exports (key sectors including textiles, agricultural and chemicals) and substantial FDI inflows, notably from regional neighbours. A succession of economic shocks have weighed on the economy since then, however, including (i) the global financial crisis, (ii) mounting regional tensions, which have constrained regional trade and FDI (which dropped from almost 13 per cent of gross domestic product (GDP) between 2003 and 2009 to 5.1 per cent between 2010 and 2017), and (iii) refugee inflows, which have put pressure on the job market and social services. GDP growth remained stable at an average 2.3 per cent in 2010-24, but due to its fast-growing population and the impact of external shocks, the country's average per capita income contracted from a peak of US$ 4,993 (in constant prices, equivalent to €4,400) in 2012 to US$ 4,136 (€3,645) in 2024. Unemployment has remained high for years, rising steadily since 2014 (11.9 per cent) and jumping during the pandemic to 21.4 per cent at the end of 2024. In parallel, while donor support and a series of International Monetary Fund (IMF) programmes have supported the country's financing needs, they have also led to significant debt.

Figure 1. Key macroeconomic indicators 2000-24



Source: World Bank, IMF and Central Bank of Jordan.

3 See UNRWA (2025).

Growth in recent years has been too modest to sustain per capita income levels and create enough jobs for Jordan's citizens and refugees, so unemployment remains high. GDP growth averaged around 2 per cent between 2015 and 2024. Jordan continued to benefit from its post-pandemic recovery and overall resilience in 2024, despite the negative impact of regional instability on trade, tourism and investment, with growth reaching 2.5 per cent. Nonetheless, the economy remains unable to absorb workers; unemployment was 21.4 per cent at the end of 2024, while the jobless rate among young people was more than 40 per cent. Solid macroeconomic policies over the past decade, supported by IMF programmes, have kept key indicators steady, including inflation, which has remained moderate and in the single digits (at 1.56 per cent in December 2024). The Central Bank of Jordan (CBJ) has continued to align its main interest rate with interest-rate movements in the United States of America (because of the country's currency peg to the US dollar).

The current account balance has been resolutely negative and subject to some volatility from global commodity and food prices, as well as tourism revenue. The current account deficit totalled more than 8 per cent of GDP in 2021 and 2022, but has since subsided to an estimated 5.8 per cent in 2024, as exports (notably phosphates and potash) and tourism have recovered and global price inflation on key goods imports has subsided. However, the volatility of global prices due to geopolitical tensions remains a major risk, and boosting FDI inflows could help to rebalance the current account. Meanwhile, foreign-exchange reserves have remained at comfortable levels, edging up to US$ 21.0 billion (€21.4 billion) in December 2024, covering around 8.2 months of imports.

The government is committed to fiscal consolidation through both domestic revenue mobilisation and more selective expenditure. Jordan's fiscal deficits shrank in 2023 and the government has taken significant steps to consolidate expenditure (such as phasing out fuel subsidies). However, reforms to domestic revenue mobilisation have progressed at a modest pace. High debt-servicing costs, coupled with fiscal burdens from the water and electricity sectors, are also weighing on the budget. The budget deficit has remained wide, expanding further to 6.5 per cent of GDP in 2024 due to falling revenues at the beginning of the year. Total public debt (including guarantees) remains high, at an estimated 115.0 per cent of GDP at end 2024, comprising large amounts of external debt. Nonetheless, Jordan maintains relatively comfortable access to international debt markets and, in 2024, retained favourable credit ratings or saw upgrades, despite regional instability.[4]

The near-term outlook is affected by the ongoing regional tensions, which are weighing on investment and tourism, even though progress on reforms, guided by the EMV, offers upside potential. Successive crises and an environment of regional uncertainty continue to mute growth potential, despite demonstrated resilience. Key reforms, including a fundamental review of labour legislation and the strengthening of competition governance to facilitate private-sector growth, notably in export-led sectors, should support the external balance long term. Continued donor support and access to global financial markets will also be essential to ensure the country's ability to meet significant external debt-servicing obligations in the coming years.

The implementation of reforms under the EMV gained pace in 2023 and 2024, but has yet to bear fruit in terms of increasing Jordan's competitiveness and attracting investment. The EMV is an ambitious 10-year reform plan aimed at doubling growth rates within 10 years and creating 1 million new jobs, to be financed mainly through private investment. The vision rests on two strategic pillars: accelerating growth and improving the quality of life of all citizens. These pillars are to be achieved through eight economic growth drivers: (i) prioritising high-value sectors (mining and chemical products, pharmaceuticals, agriculture and food security, food processing, textiles and engineering industries); (ii) capitalising on Jordan's advantage of high-value services (ICT, financial, healthcare and creative industries); (iii) promoting Jordan as a destination for cultural, medical and faith tourism; (iv) attracting investment, domestic and foreign, particularly to mega-projects through PPPs; (v) investing in urban development to improve quality of life; (vi) investing in education and skills; (vii) improving resource sustainability and investing in water and energy security; and (viii) accelerating the green transition. Jordan had made progress on a number of key regulatory reforms as of mid-2024 (investment, PPPs, competition, companies, labour, social security, electricity, data protection and real-estate property laws), in addition to launching several enabling strategies (exports, mining, transport, water, digital transformation and e-commerce, among other things), as well as initiatives aimed at

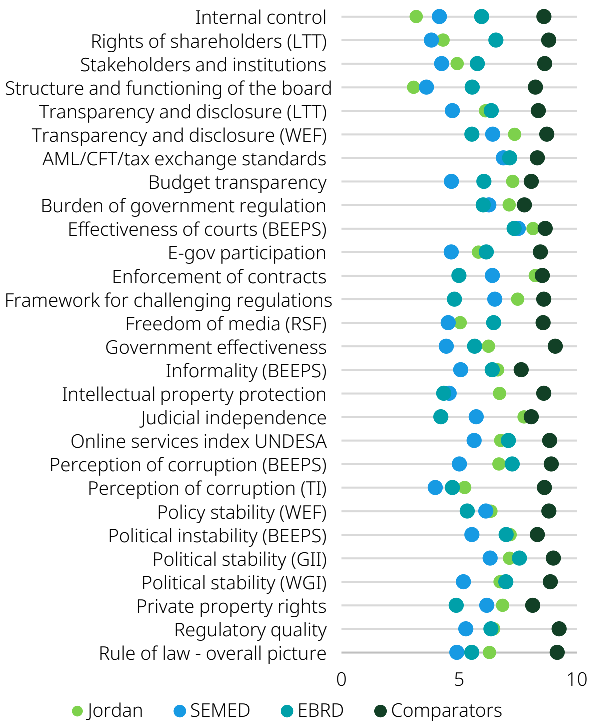
4 See Moody's Ratings (2024) and Fitch Ratings (2024).

promoting employment (national employment programme) and supporting investment in industrial activities (industrial support fund).

2. **Well governed**: Better governance and a more efficient public administration are key to attracting more private investment

Jordan ranked 15th among the economies in which the EBRD invests and first in the SEMED region in the EBRD's assessment of governance quality in 2024. The country has a relatively sound governance structure, outperforming its regional peers on metrics of effective government, regulatory environment and e-governance. It has also made notable efforts to introduce a business-friendly investment framework, including a new investment law, but these reforms have not yet spurred material private-sector growth. Promoting private investment requires: (i) further simplification and digitalisation of business processes; (ii) greater visibility for investors on true costs and red tape; and (iii) policy and regulatory stability to reduce uncertainty. The successful delivery of such reforms, as well as ensuring timely and quality delivery of government services, requires tangible progress on modernising the public sector to improve efficiency, address capacity gaps and decentralise decision making. In tandem, a functioning PPP framework is critical to bringing in much-needed private investment to strategic sectors - another area where bridging capacity gaps is critical. Private-sector growth would benefit from a stronger competition framework and, while the state's presence in the economy is relatively limited compared with that of peers, governance gaps at SOEs continue to create bottlenecks to development and to attracting investment to key sectors.

Figure 2. Well-governed ATQ component scores, 2024



Source: EBRD (2024).

Jordan continues to do well in governance rankings, but weak private-sector growth suggests something is missing

Jordan ranks highest among its peers in the SEMED region on most of the Worldwide Governance Indicators[5] and second highest on e-governance,[6] but recent reforms have not (yet) translated into upward moves. The country ranks well on indicators of government effectiveness (in the 64th percentile in

5 See World Bank (2024b).

6 See UNDESA (2024).

2023),[7] control of corruption (57th),[8] regulatory quality (59th)[9] and the rule of law (58th),[10] but less so on political stability (40th)[11] and voice and accountability (27th).[12] Data also show that Jordan's performance has not improved materially since 2011; on all indicators apart from political stability, the country's ranking has either remained relatively unchanged or declined slightly. Jordan also ranked second in SEMED behind Tunisia on the United Nations e-Government Development Index in 2024. However, despite recent gains, the country's ranking fell from 51st in 2010 to 89th out of 193 countries,[13] reflecting stalling efforts to advance digitalisation over the past decade.

Under the EMV, the rollout of e-government services has gathered pace. More than 1,567 services had been digitalised as at the end of 2024 out of the 2,400 targeted by the end of 2025. To advance the process, the Ministry of Digitisation and Economic Entrepreneurship is currently making progress on activating digital identification, with the aim of covering all citizens by end 2025. This is in addition to investing in digital infrastructure and working with partners to improve the digital skills of public-sector employees.

Jordan was able to advance a number of business-friendly reforms under the 2018-24 Reform Matrix,[14] including the introduction of new insolvency and secured lending laws, the streamlining of licences, the automation of key business registration processes and the removal of ownership restrictions on several economic activities. A new investment law in 2022 introduced measures aimed at reducing red tape for investors, including a 15-day time limit on the processing of authorisation requests, after which they are automatically approved. The associated investment promotion strategy communicates clearly on the country's position and adopts a targeted approach, prioritising sectors where Jordan has a competitive advantage.

For these reforms to translate into improved performance (and better rankings), it will be important to shore up capacity, re-engineer services and improve communication. The newly established Ministry of Investment is advancing on the implementation of the 2022 investment law and investment promotion strategy, and is setting up a digital one-stop shop for investors. The ministry launched its digital platform, "Invest Jo", as well as an interactive investment road map in 2023. However, whether this momentum will be sustained will rest on the ministry's ability to increase the number of human resources available, build technical capacity and retain talent. The work to digitalise investor services should be accompanied by comprehensive efforts to simplify, modernise and rethink the structure and ownership of those services and simplify procedures to reduce time, costs and red tape. Lastly, communicating effectively on administrative costs, tax burdens, investment incentives and operational restrictions is essential to increase visibility for investors and enable long-term planning. More broadly, ensuring consistency and stability of policy and regulations is needed to avoid unnecessary layers of bureaucracy that are counterproductive to simplifying the business environment.

Instituting an effective and agile PPP framework is central to mobilising private investment and capitalising on a model that has helped Jordan greatly in the past. Over the past two decades, attempts to increase public spending efficiency amid fiscal constraints have encouraged the use of PPPs. Jordan has thus been able to establish a number of PPPs in the energy, water, transport and logistics sectors, but has struggled to replicate the model after early pilot projects. There have been a few unsuccessful attempts to tender strategic projects, with consequent reputational impacts among international investors. In this light, Jordan's PPP framework has undergone several attempts at reform in recent years, including

7 Government effectiveness captures perceptions of the quality of public services, civil service and policy formulation and implementation, as well as the credibility of the government's commitment to such policies and degree of independence from political pressures.

8 Control of corruption captures perceptions of the extent of public power exercised for private gain and the capture of the state by private interests.

9 Regulatory quality captures perceptions of government ability to formulate and implement sound regulations to promote private-sector development.

10 Rule of law captures the extent of public confidence in the rules of society, quality of contract enforcement, property rights, the police and courts, likelihood of crime and violence.

11 Political stability captures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism.

12 Voice and accountability captures perceptions of the extent to which citizens are able to participate in selecting their government, practice freedom of expression and association, and freedom of the media.

13 See UNDESA (2024).

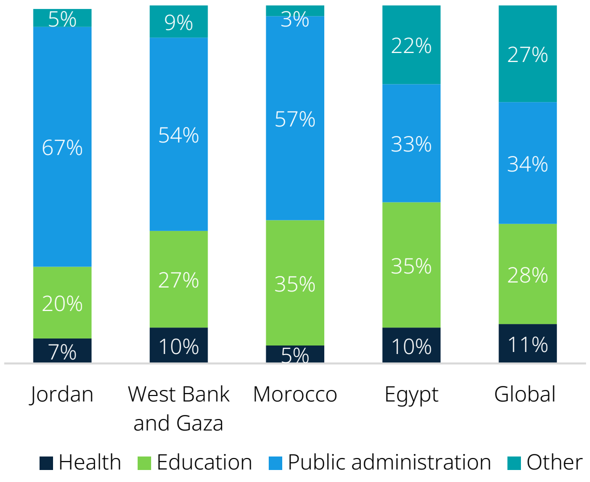
14 See Ministry of Planning and Economic Cooperation (2021).

regulatory amendments, most recently in 2023, to address gaps and framework complexities, as well as to restructure the unit responsible for managing PPPs. This team had been working under the Minister of Finance, then the Prime Minister's Office, but now falls under the Ministry of Investment – a positive development in light of the ministry's objective to increase FDI flows into the country. However, effective project implementation under the new law is critical to success. This requires developing a viable pipeline and improving the PPP appraisal and approval process within the ministries involved. It includes strengthening the capacity of line ministries to identify potential PPPs, in addition to the capacity to tender, manage and implement PPP contracts. It also requires shoring up the capacity of and empowering the PPP unit at the Ministry of Investment to conduct feasibility studies and structure PPPs that are bankable and interesting to investors.

Governance reforms are being slowed by administrative inefficiencies, capacity constraints and centralised decision-making

Jordan's public sector is large, inefficient and costly to run, with human-resource constraints affecting implementation capacity and the quality of business services. The public sector provided around 29 per cent of total employment in 2021.[15] Around 67 per cent of public employees – the highest percentage among the SEMED countries – are concentrated in public administration, as opposed to sectors such as health care and education (see Figure 3). The resulting wage bill, while lower than that of some SEMED peers, is still high; wages and pension allocations made up 36 per cent of total public expenditures in 2024, equivalent to 10 per cent of GDP.[16]

Figure 3. Sectoral distribution of paid public employment, 2021



Source: World Bank (n.d.a).

Despite the large size of the civil service, human-resource gaps remain a key challenge. Both public- and private-sector stakeholders have cited capacity gaps as a key impediment to the delivery of quality government services, as well as the effective implementation of business environment reforms and sectoral development plans. Several authorities and line ministries face delays or difficulty in attracting the human resources they need, either due to budgetary constraints or rigid organisational and compensation structures, thus limiting the ability to pay competitive salaries and attract the appropriate talent to critical jobs.

Centralised decision-making is also creating inefficiencies and inadvertently slowing investment. Investors often cite Jordan's hierarchical decision-making structure – where decisions are made at executive level – and suboptimal use of mid-management resources as a source of delays and inefficiencies. A history of frequent changes in leadership at the top of the executive branch has exacerbated the situation; between 2010 and 2024, Jordan has seen 15 changes of government (new cabinets or partial reshuffles) and eight different prime ministers.

The authorities are cognisant of the need to address vulnerabilities to successfully implement ambitious reforms under the EMV. The successful implementation of sweeping structural reforms, including the digitalisation of government services, requires more flexible structures to accommodate change, as well as comprehensive capacity-building programmes and improved change management. To this end, the government of Jordan launched the three-year PSMR in 2023. The roadmap includes reforms aimed at

15 See Jordan Department of Statistics (2024).

16 See IMF (2024).

restructuring and consolidating ministries and authorities; reorganising public administration towards decentralised human resource management, with more institutional independence in setting compensation structures; and introducing performance-based evaluation and merit-based promotion systems.[17]

SOE governance gaps and a weak competition framework constrain the private sector

Although SOEs are less of a budgetary burden in Jordan than in its SEMED peers, the state's footprint in the economy is still significant. A recent World Bank report highlights that while majority-owned SOEs are present in only around 20 per cent of the economy's sectors, the state holds minority interests in more than 60 per cent of sectors. The state's presence extends to various types of manufacturing and other competitive sectors, where the need for state ownership is not immediately obvious.[18] Direct fiscal support for SOEs is below the levels seen in some regional peers (such as Tunisia), but SOE debt exceeds 20 per cent of GDP, placing an indirect burden on government finances.

Since 2015, public investments have been managed exclusively through a government-owned holding company, the Government Investment Management Company. The company has majority stakes in or full ownership of 15 enterprises in sectors such as energy, transport and logistics, grain storage, postal services, and industrial and freezone management, as well as the Amman Stock Exchange. This is in addition to 21 enterprises in which the government holds less than a 50 per cent stake. The government has worked to strengthen corporate governance and raise efficiency in several SOEs in recent years, but much remains to be done to address loss-making SOEs and improve their financial sustainability, especially in the energy sector. The authorities are committed to preparing and publishing an SOE ownership policy and establishing an SOE monitoring unit in the Ministry of Finance to oversee (fiscal) performance and risks in the SOE portfolio.

Jordan has recently amended its competition law, but the overall competition framework could be strengthened further. In 2023, the competition law was amended to introduce a merger control function for the Competition Directorate, the prohibition of practices that hinder fair competition and the prevention of abuse of dominance, as well as a strengthened role for the directorate from a legal perspective. Despite some improvement in the law, the Competition Directorate's limited institutional capacity and independence from the Ministry of Industry and Trade (decisions require the minister's approval) undermine the effectiveness of the competition framework. Strengthening the directorate's capacity and powers is a key pillar of the newly agreed IMF programme, in recognition of how important this will be in ensuring a more level playing field for private-sector enterprises. A new law is currently being drafted to further enhance fair competition policy and strengthen the directorate's independence.

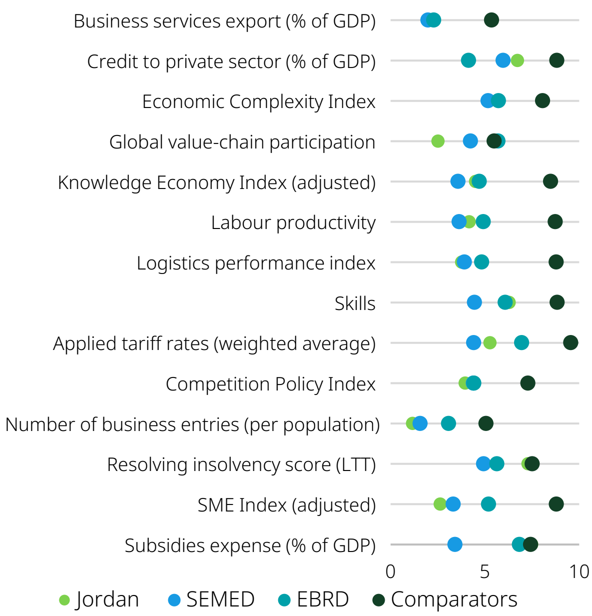
17 See Government of Jordan (2023).

18 See World Bank (2023a).

3. **Competitive**: To boost its competitiveness, Jordan needs investment and a shift in focus to export-led growth

Jordan ranked 24th among the among the economies in which the EBRD invests and first in SEMED in the Bank's 2024 assessment of the competitive quality. It remains more competitive than its regional peers, but the gap, at least in terms of productivity, has narrowed over the years. A series of external shocks has weighed on Jordan's competitiveness over the past decade. Labour productivity has fallen significantly, with job creation still concentrated in lower-productivity sectors. The economy remains unable to realise its potential for innovation despite significant advantages in terms of educational outcomes and the institutional environment. Private-sector enterprises also face high operating costs, particularly with some of the highest electricity tariffs in the region, limiting their ability to compete internationally. These factors, in addition to lost export markets due to regional instability, have resulted in a deterioration in export performance, both in terms of overall economic importance and product complexity. Promoting investment and job creation in high-value sectors, strengthening the innovation ecosystem, and switching to greener (and cheaper) energy sources are crucial to reversing losses and positioning high-value exports as a lever for growth.

Figure 4. Competitive ATQ component scores, 2024



Source: EBRD (2024).

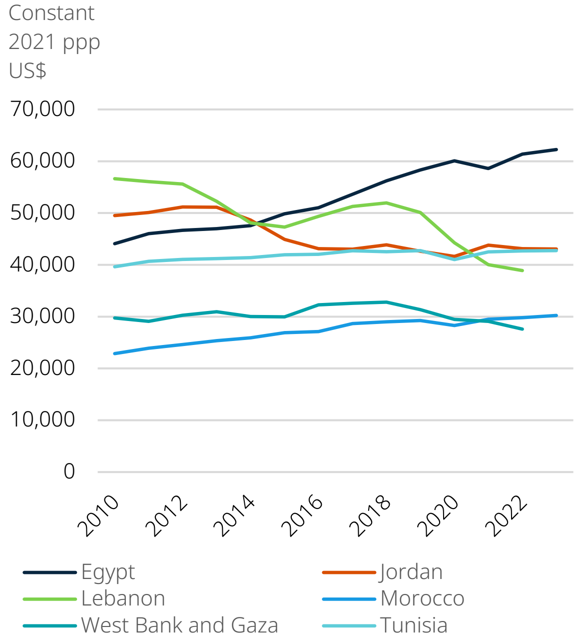
Productivity has declined and Jordan is unable to leverage its skilled labour force and potential for innovation

Labour productivity has been declining as a result of the concentration of labour in lower-productivity sectors, and the country's gap to its SEMED peers is narrowing. Over the past decade, Jordan has witnessed one of the steepest declines in productivity in the SEMED region, as the shift of workers from low- to high-productivity sectors has been limited, weighing on aggregate productivity growth.[19] The significant presence of informal labour, estimated at 55.1 per cent of total employment in 2023,[20] is likely to mean that this productivity underperformance is understated.

19 See IMF (2022).

20 See ILOSTAT (2024).

Figure 5. Productivity, GDP per employed person (constant 2021 ppp US$)



Source: World Bank (n.d.b).

The structure of formal employment in major sectors stagnated from 2016 to 2021. About 30 per cent of employees work in the public sector, with a further 20 per cent in wholesale and retail trade and 20 per cent in manufacturing. The accommodation and food sector is increasingly important for job creation, accounting for 14 per cent of jobs created between 2016 and 2021, against 5 per cent of total employment.[21] This is probably tied to the growth of the tourism sector, especially following the pandemic. Future competitiveness will depend on Jordan's ability to achieve productivity growth in what is generally a labour-intensive industry.

Foreign manufacturing firms in Jordan tend to have higher labour productivity than domestic firms. However, the potential for supply-chain linkages and knock-on effects on domestic firms is slight, as the foreign firms have limited interest in product innovation, research and development (R&D) or employing frontier technology, focusing more on low-technology, standardised activities. Small and medium-sized enterprises (SMEs) in Jordan are more internationalised than in other SEMED countries, as they are more likely to export their products, have exports account for a larger proportion of total sales, use imported inputs and have imports account for a larger proportion of inputs. They are nonetheless constrained in their capacity to absorb knowledge and technology spillovers due to limited access to finance and infrastructure.[22]

Despite a notable advantage in the institutional environment and educational outcomes, Jordan still lags other peers in the Middle East and North Africa when it comes to innovation outcomes, further damping productivity growth. The 2024 Global Innovation Index ranks Jordan 73rd out of 133 countries, well behind Gulf Cooperation Council peers and second to Morocco in SEMED. Various index metrics suggest the country boasts an institutional environment (political, regulatory and business) that should be conducive to growth in innovative industries, with relatively strong educational outcomes – including a high number of graduates in science and engineering, robust research output and tertiary inbound mobility (foreign students in tertiary education who can facilitate the exchange of ideas) – in addition to comparatively strong levels of available venture capital financing relative to the size of the economy.[23] However, Jordan is still unable to capitalise on these advantages to strengthen innovation outputs, with a notably low share of ICT, cultural and entertainment exports, muted productivity growth and limited formal training offered by firms. To leverage innovation potential, Jordan needs to address a number of challenges and increase investments to: (i) overcome the limitations of the small domestic market, mainly by improving regional integration to increase potential for scaling up innovative products; (ii) boost research and development; (iii) strengthen university-industry linkages and mechanisms to commercialise research findings; and (iv) improve the innovation ecosystem by way of a holistic innovation policy at national level that creates a culture of innovation and builds innovation-oriented skills among university graduates.

High input costs, particularly for energy, weigh on manufacturing

Jordan's electricity tariffs are particularly high and a sizeable burden on the manufacturing sector. Electricity prices for industrial and commercial enterprises have been stable over the past five years, but are the highest in the SEMED countries by a considerable margin (see Figure 6a). Tariff structures have historically aimed to supress costs for most

21 See Jordan Department of Statistics (n.d.).

22 See OECD (2022).

23 See WIPO (2023).

households to the detriment of productive users and high-consumption households.

Figure 6a. Electricity prices in SEMED, 2023

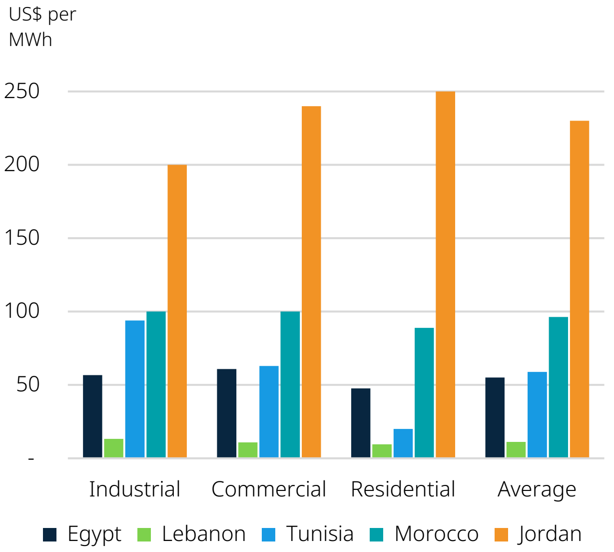
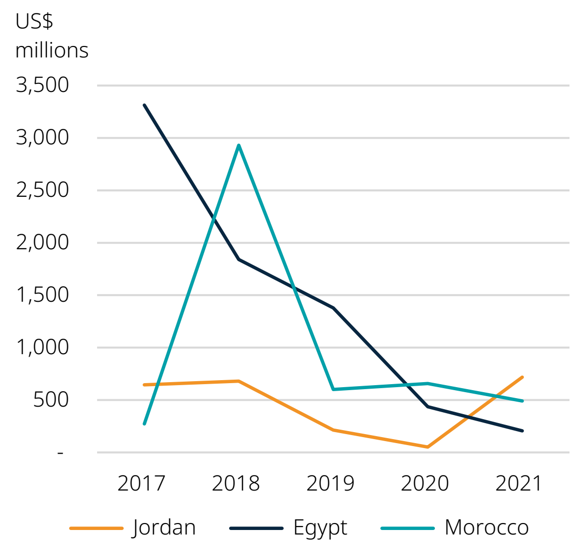


Figure 6b: Clean energy investments, 2017-21



Source: Climatescope data, 2024.

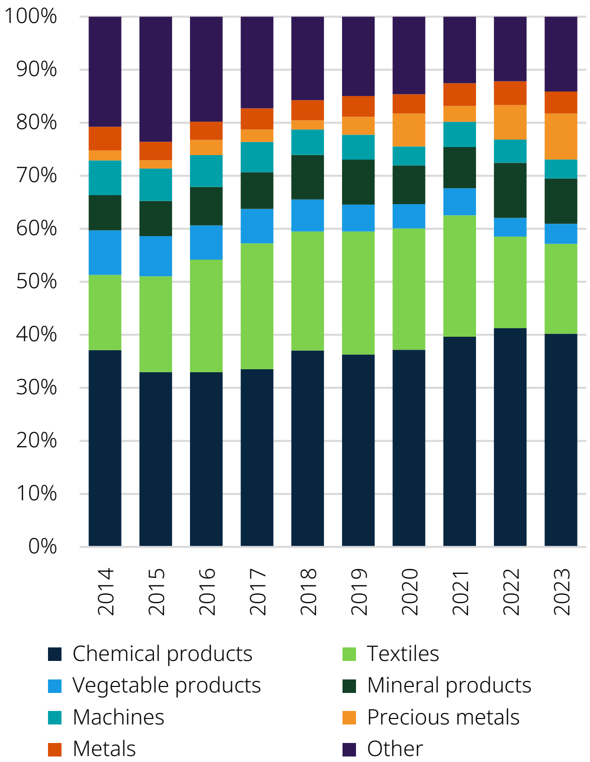
A shift in manufacturing activity towards lower-energy-intensity sectors as a result of external shocks has impacted Jordanian productivity and underscores the potential competitiveness gains to be had from a greener energy mix. Energy prices spiked following the loss of natural gas supply from Egypt in 2011. Jordanian manufacturers, which had up to that point specialised in relatively energy-intensive industries,[24] faced significant disruption. Some sub-industries, such as garment manufacturing, were less impacted[25] and came to form a larger part of the export base. The relatively lower complexity of such products contributed to the decline in the country's overall competitiveness. In this context, shifting more decisively to renewables would have a positive effect on private-sector competitiveness down the line.

Declining exports and competitiveness have constrained the country's output complexity.

Jordan's export performance has declined over the past 20 years and moved increasingly towards less complex products. The economy has faced a series of shocks, including the financial crisis in 2008, the disruption of energy supplies from Egypt in 2011, spillovers from conflicts in Syria and Iraq from 2012 onwards, and the Covid-19 pandemic in 2020. Goods exports as a percentage of GDP halved between 2008 and 2018, before recovering after the pandemic to a level that is still below the previous peak. In the SEMED region, this contrasts most starkly with Morocco, which has significantly improved its export performance since the financial crisis. In parallel, Jordan's trade is increasingly concentrated in less complex products. Chemical products and textiles collectively accounted for 59 per cent of exports in 2022, up from 53 per cent in 2013. Trade in vegetable products has declined in favour of mineral products and precious metals, mostly jewellery. Jordan's main exports rank towards the bottom of the 2021 Product Complexity Index.[26] These include potassic fertilisers, calcium phosphates, and knit sweaters and garments (ranked 883rd, 898th, 940th and 876th, respectively, out of 1,032 products). Exports of more complex products, such as pharmaceuticals, shrank by 17 per cent between 2013 and 2022.

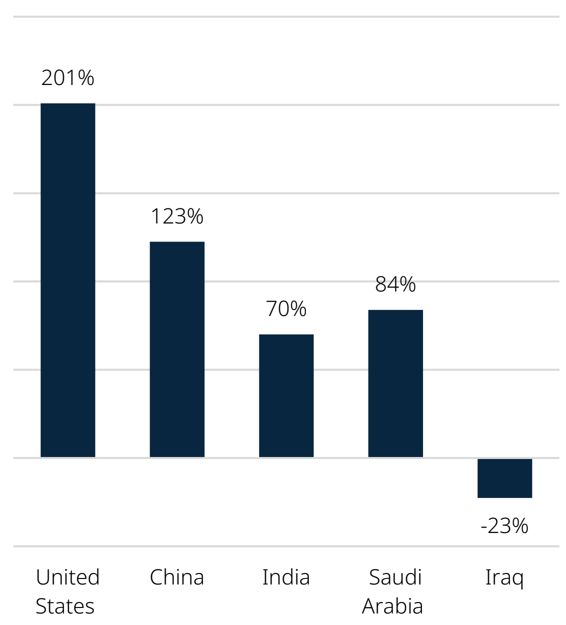
24 See Hausmann et al. (2019).
25 See O'Brien et al. (2022).
26 See Harvard Growth Lab (2021).

Figure 7a. Composition of Jordanian exports



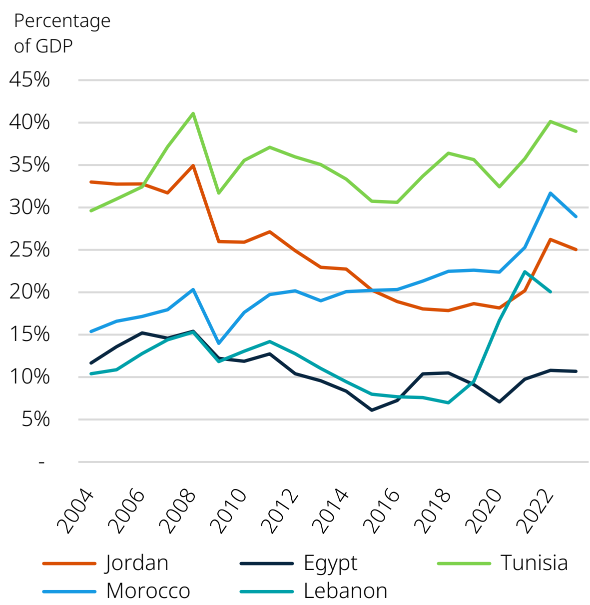
Source: Observatory of Economic Complexity (OEC) data.

Figure 7b. Export growth to top destinations, 2012-23



The composition of exports has driven a decline in Jordanian economic complexity. Since 2004, Jordan has slipped from 54th to 63rd place on the Economic Complexity Index, the largest fall of the SEMED countries.[27] Jordan's strongest-growing market since 2012 has been the United States, to which the majority of its exports are relatively low-complexity textiles.[28] Exports to major markets such as Iraq, which Jordan supplies with a diverse and more complex set of products, have declined by 24 per cent in US dollar terms over the same period.

Figure 8. Goods exports as a percentage of GDP



Source: IMF, OEC data

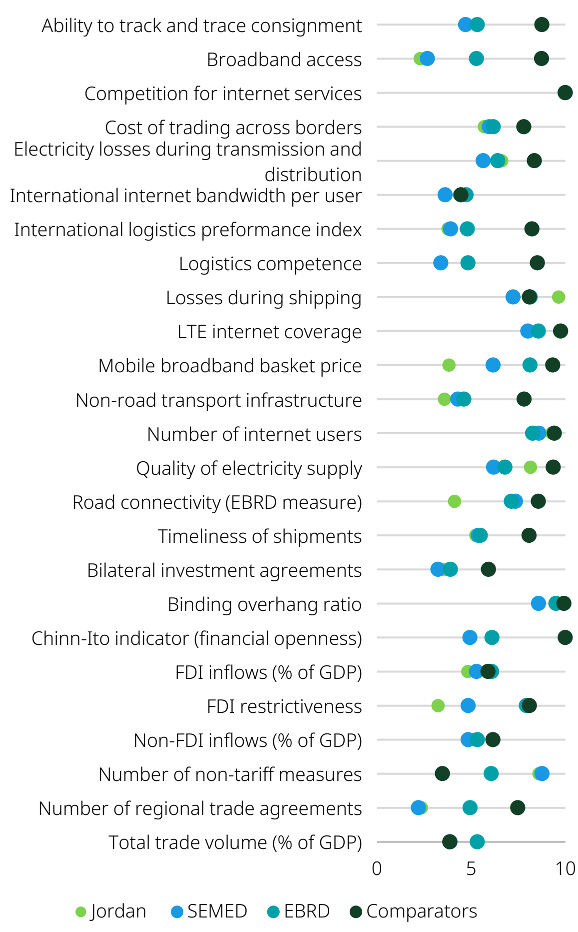
27 See OEC (2022).

28 Jordan's free trade agreement with the United States entered into force in 2001.

4. **Integrated**: Regional and global re-integration are essential for export-led growth

Jordan ranked 21st among the economies in which the EBRD operates and second in SEMED, behind Egypt, in the Bank's assessment of economic integration in 2024. Exports, especially of high-value products and services, will have to be a key driver of future economic growth and job creation, given the limitations on domestic growth. This will require Jordan to attract investment, both domestic and foreign, into these sectors and address challenges of integration. Jordan's global value-chain integration is limited and still mostly concentrated in backward linkages (imports of raw materials). Meanwhile, FDI has stagnated and flowed into sectors with limited competitiveness. Regional instability, in addition to the quality and cost of logistics, plays a significant role. The country aims to position itself as a key regional logistics hub due to its strategic position, but faces challenges, such as regulatory issues, that impact tourism, transport services and logistics; trade facilitation constraints; and the disadvantageous location of Aqaba outside major shipping routes. Regional connectivity and trade are also affected by the country's heavy reliance on road transport and limited railway links. Significant investment in transport links and in opening up the commercial freight and tourism transport industries to competition are critical steps in strengthening connectivity, reducing costs and improving the quality of services. The Jordanian ICT sector has witnessed significant growth in recent years, particularly in terms of internet and mobile usage, although regional disparities and affordability issues persist.

Figure 9. Integrated ATQ component scores, 2024

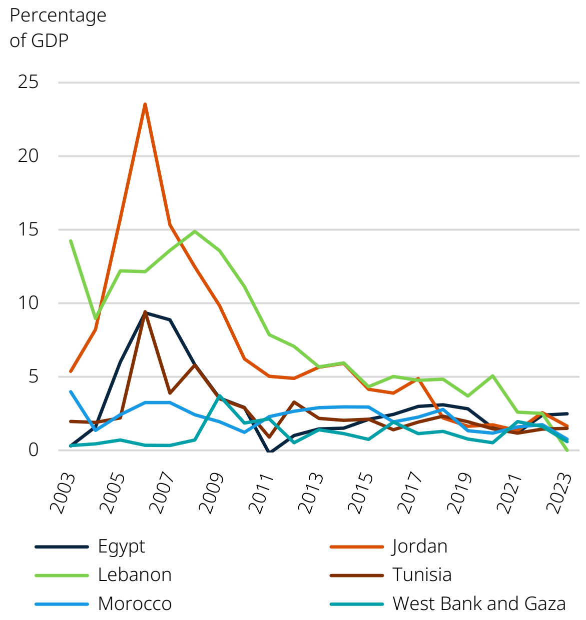


Source: EBRD (2024).

Jordan is less integrated into global value chains than regional peers, with stronger backward than forward linkages. The country's integration into global value changes is most prominent in its backward linkages (imports of foreign raw materials) in the apparel industry and its forward linkages (exports of raw materials as inputs to foreign production) in the chemicals and minerals industry. However, these linkages started to decline following the financial crisis, and more so in periods of regional instability, to levels that were among the lowest in the SEMED region by 2018 - around 40 per cent of exports via value-chain linkages. Investment in improving customs and logistics, as well as product compliance with international standards, and upgrading existing value chains to higher-value-added activities will be crucial to improving integration, especially in light of unstable regional markets and high production costs that will require finding new, likely less price-sensitive markets.[29]

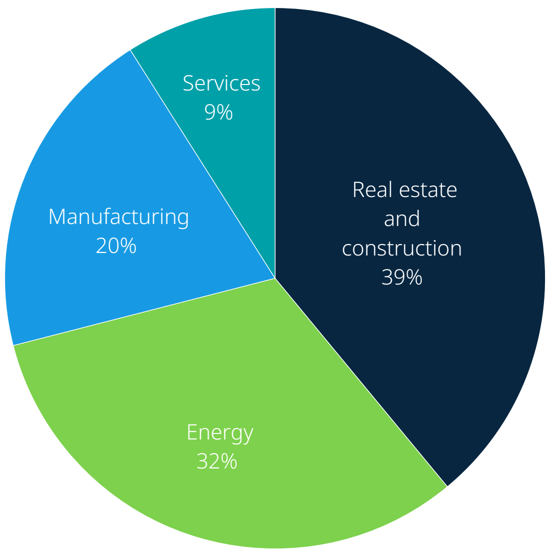
The economy is still unable to attract sufficient levels of FDI and most investments are concentrated in less competitive sectors. FDI inflows have yet to recover to their pre-financial crisis levels. Thanks to the aforementioned series of shocks, FDI net inflows crashed to around 5 per cent of GDP between 2010 and 2017 from their pre-financial crisis peak and dropped further to 2 per cent of GDP between 2018 and 2022 (see Figure 10a). All SEMED countries saw declining or stagnating FDI during this period, with Jordan and Lebanon standing out in terms of the depth of the drop. FDI has historically been concentrated in sectors with limited impact on the economy's competitiveness. Real estate and energy accounted for 71 per cent of net inflows over 2003 to 2017 (see Figure 10b), but only 8 per cent of value added in the economy overall. Manufacturing FDI is concentrated in garment production, a relatively low-complexity and low-skills-intensity sector that is less likely to generate productivity spillovers to the domestic economy.[30]

Figure 10a: FDI net inflows (2003-2030)



Source: World Bank and OECD data.

Figure 10b: FDI by sector (2003-17)



The quality and cost of logistics and transport services is a determining factor in regional connectivity and integration

When it comes to mobility, Jordan is heavily reliant on road transport for trade and travel, with varying road quality and plans for expansion. The quality of Jordan's road infrastructure aligns with averages observed across SEMED and the EBRD regions more broadly. According to World Economic Forum estimates in 2019, 30 per cent of the country's road surfaces are in very good condition, 40 per cent are in fair condition and 30 per cent are in poor or very poor condition.[31]

While motorways, primary and secondary roads provide decent connectivity between cities and urban areas, rapid growth in transport demand has strained parts of the network, prompting the government to put forward plans to expand and upgrade roads and to improve connectivity, mobility and international links with neighbouring countries, such as Saudi Arabia and Iraq.[32]

Jordan faces substantial obstacles when it comes to railway links, which are scarce for goods transport and non-existent for passenger travel, making trucking a central component of the freight industry. Apart from the limited Aqaba railway network service, which transports phosphate from the Ma'an mines to the port of Aqaba, the absence of a broader railway network in Jordan makes the country's trucking fleet the central component of the land freight sector,

29 See EBRD (2020).
30 Ibid.
31 See World Economic Forum (2019).
32 See UN-Habitat (2021).

with rail transport confined to the transport of phosphates for export. Around 55 per cent of trucks are owned by individuals, and a significant portion of the fleet has been in operation for over 15 years.[33] The scarcity of railway links also limits accessibility to the sole port of Aqaba, particularly in light of the recent relocation of all but one cargo terminal to the south of the country and the lack of a rail-line extension to service them.

Efforts have been made to reform and modernise logistics infrastructure at Aqaba port and Queen Alia International Airport, although further improvements are needed to boost efficiency. Jordan has the second-lowest score in SEMED (after Tunisia) on the Liner Shipping Connectivity Index, which measures connectivity to the global liner shipping network, ranking 53rd globally.[34] This is probably a consequence of Aqaba's distance from major shipping routes, as well as stiff competition in generating container traffic regionally. Container traffic is handled at the Aqaba Container Terminal (ACT), which has greatly improved its performance in recent years, particularly through efforts to streamline processes and technological advancements that have helped reduce import clearance times from four weeks in 2018 to just 2-3 days currently. Despite this progress, Jordan's Customs Service continues to conduct a high level of physical inspections, often justified by security concerns. In addition, the application of fleet management and an electronic toll collection system is lacking, exacerbating issues stemming from outdated equipment, most notably x-ray inspection devices, and a shortage of specialised human resources in transport and logistics. According to the International Finance Corporation, the new free zone opened in 2019 at Queen Alia International Airport, Jordan's primary international airfreight gateway, exemplifies modern logistical services provision, particularly in terms of storage and warehousing, helping to promote investment and exports.[35]

Goods transportation costs in Jordan are high relative to the quality of service provided to users, primarily due to regulations that inadvertently hinder competition. This is particularly noticeable in the trucking services that run between Aqaba and Amman, as well as in land transport within the tourism industry. The inland freight costs for containers and general cargo from Aqaba to other parts of the country are high, constituting around 25 per cent of total sea-freight costs from Europe to Aqaba. Restrictive measures regulate transport services specific to tourism, including licensing requirements and regulatory criteria, with only eight registered companies, six of which are operational, and an ageing fleet of 600-700 buses. Measures previously introduced by the government to address the oversupply of trucks in Jordan's transport sector, such as restricting trip frequency and imposing minimum prices for transport services, have inadvertently led to increased costs and reduced efficiency, affecting the competitiveness of Jordanian products. Similarly, requirements stipulating that only trucking companies may access cargo pickup systems at Aqaba port and regulations setting minimum truck ownership requirements for licensing as a company favour incumbents, hinder market entry and incentivise informal operations. Despite recent reforms, such as tax exemptions for fleet upgrades, implementing less stringent measures that foster an ecosystem where efficient and productive players can coexist could further unlock the economic potential of the transport and tourism sectors.

Boosting ICT quality and capability will be essential as a direct service export and catalyst for global integration

The ICT sector's exponential growth is a success story, thanks to public and private investment, but could catalyse even faster growth. The sector has grown markedly in recent years, benefitting from a strong enabling environment. Both fixed and mobile communications are liberalised, with multiple service providers, 3G and 4G networks are widely accessible and the rollout of 5G networks started in 2023. Public and private investments in mobile and broadband infrastructure have enabled an increase in access to the internet. The use of the internet by individuals in Jordan, at 86 per cent, is well above the world average of 63 per cent. When disaggregated between fixed and broadband internet connections, the data suggest that a majority of Jordanians access the internet through their smartphones. This is confirmed by the most recent World Development Indicators, which find 68 mobile subscriptions and 7 fixed broadband subscriptions per 100 people. Only 7 Jordanians in 100 have fixed telephone subscriptions.[36] Furthermore, Jordan is demonstrating its strategic importance in terms of global interconnectivity, with the Aqaba Digital Hub serving as the landing point for the forthcoming

33 See Mordor Intelligence (2023).

34 See UNCTAD (n.d.).

35 See International Finance Corporation (2021).

36 See World Bank (2022a).

Blue-Raman cable connecting Europe to Asia via the Red Sea, as well as plans for a large-scale data centre in Jordan to serve local, regional and global companies.

High costs and significant inequalities between urban and rural areas when it comes to internet and mobile connectivity are weighing on private-sector growth. Broadband internet continues to have a lower penetration rate in territories outside of the main urban centres, such as Amman.[37] In addition, despite good progress on liberalising the broadband and mobile markets, Jordan has some of the highest prices for these services in the region. The quality of service could benefit from improvement, too, with users across the country experiencing bandwidth and connectivity issues. Jordan ranks last among the SEMED countries and 116th globally for mobile internet speed. It performs substantially better on fixed broadband speed, ranking first among the SEMED countries and 35th globally.[38] Improving the quality and prices requires strengthening competition and increasing infrastructure investment. Another source of relatively high costs is the country's substantial telecom taxes; Jordan's fiscal constraints have led to a series of tax increases and the removal of tax exemptions on fixed and mobile internet services.

Cost and quality of service also present an obstacle to the more rapid growth of the digital economy, including digital payments and mobile e-commerce. E-commerce is on the rise in Jordan, yet its potential to drive socioeconomic development remains largely untapped. The country ranked higher than all SEMED countries apart from Lebanon, at 76th out of 152 world economies in 2020, on the UN Trade and Development (UNCTAD) B2C E-commerce Index and is considered to have medium readiness for the development of e-commerce.[39] Eighteen per cent of stakeholders consider ICT infrastructure the most relevant factor in creating an environment conducive to e-commerce.[40] According to the UNCTAD surveys, the primary measures for establishing a conducive e-commerce atmosphere include implementing a minimal customs regime, establishing a single window for cross-border traders and streamlining customs procedures for e-commerce transactions. The current Jordanian legal and regulatory frameworks could benefit from better alignment with regional and international best practices or offer the necessary provisions to support the development of e-commerce and the digital economy, or to protect SMEs and consumers.[41]

37 See OECD (2021).

38 See Speedtest Global Index (2024).

39 See UNCTAD (2022).

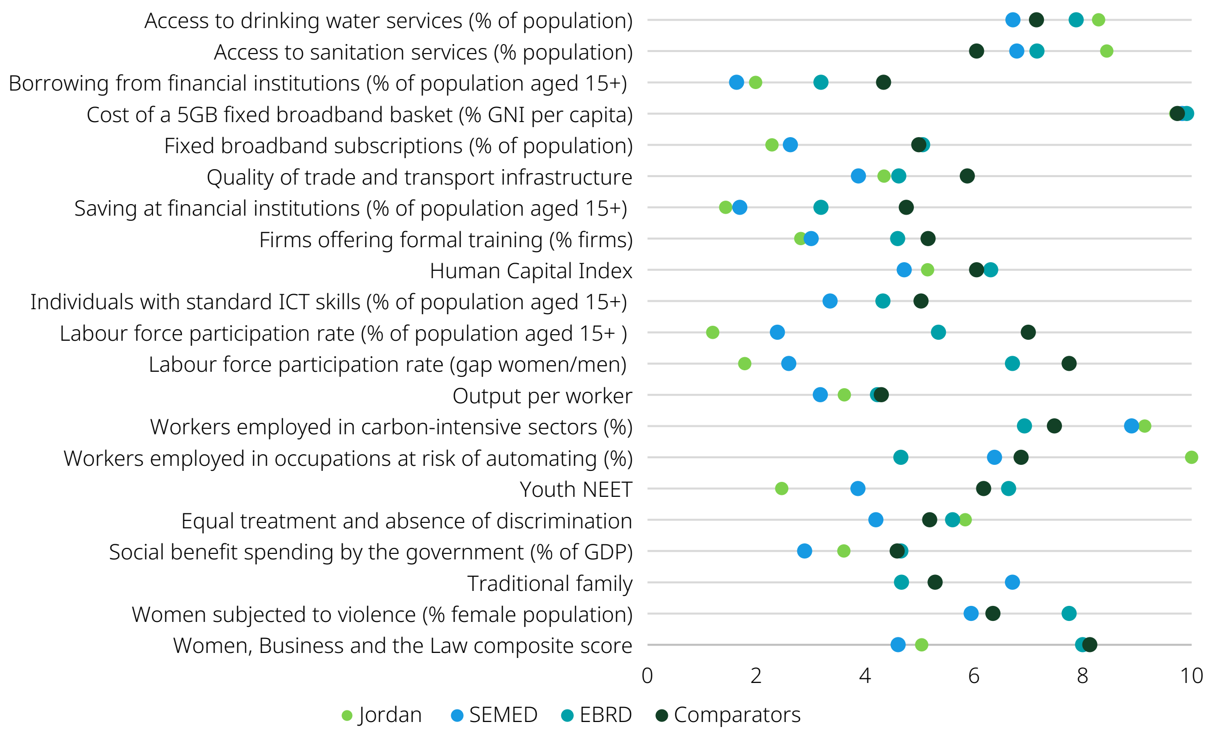
40 Ibid.

41 Ibid.

5. **Inclusive**: Economic inclusion gaps remain large, especially among women and youth, who struggle to access market-relevant skills and employment opportunities

Jordan ranked 27th among the economies in which the EBRD operates and ahead of SEMED peers on the EBRD's economic inclusion quality in 2024. Private-sector growth depends on skilled human capital in various sectors, especially to facilitate Jordan's green and digital transformation ambitions. However, the private sector is generating fewer jobs than the number of labour market entrants, and new entrants to the labour market often do not possess the key skills required by employers and are more motivated to pursue careers in the public sector. The private sector could benefit from closer engagement in the national human capital development agenda, particularly the reform process underway to re-align TVET outcomes with market needs. Recent government efforts to activate mechanisms for private-sector engagement are an important step in the right direction and continued momentum is critical, as is aligning labour-market policies with investment priorities under the EMV to support job creation for Jordanian youth. In tandem, employment rates among women remain low, with several factors affecting their entry into the labour market. Investments in enabling infrastructure, including transportation and care services, could facilitate the transition from education to employment, especially for women and those outside the capital. Regulatory reforms to remove employment restrictions, strengthen workplace protections and improve childcare bylaws are expected to support women's economic inclusion. In this light, the adoption and effective implementation of upcoming regulatory amendments that accommodate flexible work are necessary, along with major investments to expand access to affordable childcare and safe public transport. Lastly, financial inclusion, coupled with the digital transformation of the financial sector, remains a priority to promote access to finance for individuals and MSMEs.

Figure 11. Inclusive ATQ component scores, 2024



Source: EBRD (2024).

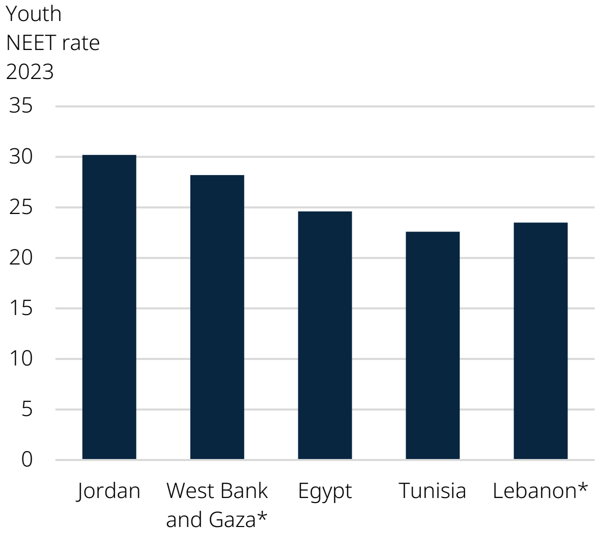
High youth unemployment is one of the most pressing political and economic challenges

Youth unemployment has increased since the pandemic, as job creation in the private sector has remained subdued and public-sector capacity to absorb labour has remained constrained. Around 40.5 per cent of Jordanians between the ages of 20 and 24 and 29.0 per cent of those between the ages of 25 and 29 are unemployed.[42] The private sector has been unable to create sufficient jobs for many years, with job creation remaining low compared with the number of new entrants into the labour market.[43] The Jordanian economy is estimated to create between 70,000 and 90,000 new jobs per year,[44] against nearly 100,000 young people entering the labour market. While sectors such as ICT are experiencing fast growth, their share of total employment remains low (for instance, total employment in ICT is estimated at just 2 per cent). Meanwhile, the public sector remains the largest single employer in Jordan, especially in more rural governorates,[45] but is becoming increasingly constrained by the financial implications of this.[46]

Consequently, the Jordanian authorities are seeking to create over 1 million new jobs in the coming 10 years under the EMV, driven largely by investments in high-value industries, such as pharmaceuticals, engineering and chemicals, boosting private-sector productivity and innovation to address unemployment.[47] The government has also introduced amendments to the Social Security Law aimed at promoting youth employment, including waiving social security contributions on young hires, but more is needed to tackle the youth employment challenge.

42 See Jordan Department of Statistics (2023).
43 See World Bank (2021a).
44 See Jordan News (2023).
45 See Al Tal and Husseini (2023).
46 See World Bank (2023b).
47 See EBRD (2022), Jordan.

Figure 12. Youth not in employment, education or training



* Latest data available for Lebanon and West Bank and Gaza are for 2019 and 2022, respectively.
Source: World Bank (n.d.b).

Clear preferences for public-sector employment and concerns about finding decent work continue to hinder the school-to-work transition for young people. Jordanian youth continue to prefer employment in the public sector, as it offers greater job security and shorter, more predictable working hours.[48] This preference is also encouraged by a growing wage premium in the public sector over the past two decades for comparable skill and experience levels.[49] Overall, while there is a clear preference for jobs that offer predictable hours and pay, compensation for overtime work and demand for more skilled than manual labour, such employment opportunities and conditions cannot be guaranteed.[50] Many believe that jobs, especially vocational or service jobs, are not suited to their qualifications or do not provide an appropriate wage, pushing them to lengthen their school-to-work transitions in the hope of finding better economic opportunities.[51, 52] Young men are more likely than women to be in work they see as "temporary" or "unacceptable" to generate income for the household while in transition towards more suitable employment.[53] Migrant workers in Jordan are more likely to accept any job, even those with low wages, long hours or precarious conditions. Consequently, in sectors such as construction, manufacturing and domestic work, employers prefer to hire migrant workers over Jordanians.[54]

The skills mismatch between employer demand for skilled labour and market supply is hampering the youth transition from education to employment. Indeed, the majority of those who are unemployed hold a secondary school certificate or higher (56.6 per cent).[55] This is also the case in emerging industries, such as ICT, where only 7.5 per cent of graduates work in their field. Gaps in access to soft skills (such as communications and customer service) and the digital skills needed by employers hinder graduates' transition to the labour market.[56] Addressing the skills mismatch will be crucial to combatting rising unemployment and supporting growth and private-sector productivity.

Jordan's TVET sector has historically been unable to deliver for both learners and employers, despite its strategic importance in boosting human capital development. The sector is fragmented, with many ministries, vocational institutions and stakeholders involved in the design of programmes, but a lack of coordination and implementation. Private-sector engagement in TVET delivery is low, as providers are unable to see the value of their involvement. There is also a dearth of labour market data available to inform the strategic direction of TVET, including the lack of a national labour market information system. In terms of educational outcomes, notable skills gaps exist, as institutions are unable to deliver the necessary quality of TVET. Lastly, there are negative social connotations around TVET,[57] which is seen as less socially acceptable and desirable for young people.[58, 59]

The authorities are keen to develop the TVET sector by encouraging greater private-sector involvement in the hope of enhancing quality and facilitating youth transition into employment. The Government of Jordan supported the establishment of the Technical and Vocational Skills Development Commission (TVSDC) in 2019 to lead the TVET reform process. The TVSDC is mainly responsible for issuing occupational licences for graduates and accreditation of TVET providers and programmes, and providing TVET quality assurance. Around 15 sector skills councils were formed under the commission to facilitate public-private dialogue on skills, representing industries including hospitality and

48 See UNICEF (2021).
49 See Winkler-Seales and Gonzalez (2019).
50 See International Labour Organization (2017).
51 See World Bank (2021b).
52 See Al Tal and Husseini (2023).
53 See International Labour Organization (2023a).
54 See Al Tal and Husseini (2023).
55 See Jordan Department of Statistics (2023).
56 See World Bank (2021a).
57 See European Training Foundation (2023).
58 See TVSDC (2023).
59 See World Bank (2021a).

tourism, logistics, chemicals, water and energy, and ICT.[60] The TVSDC acts as the umbrella organisation overseeing the work of the private sector in skills governance and, with EBRD support, has institutionalised this public-private dialogue. In addition, the TVSDC and Ministry of Labour have recently adopted a new TVET Strategy for 2023-27,[61] which prioritises reforms to improve governance and institutional development; enhance the quality of TVET provisions and alignment with market demand; and introduce a framework for work-based learning and to facilitate the transition into employment.

Enabling foreign direct investment can unlock high-quality skills development and jobs. Coordination is crucial to aligning labour-market policies and skills development programmes with investment opportunities, in line with the priority sectors of the EMV (including agriculture, ICT, transport and logistics, healthcare, water and energy, and tourism).[62]

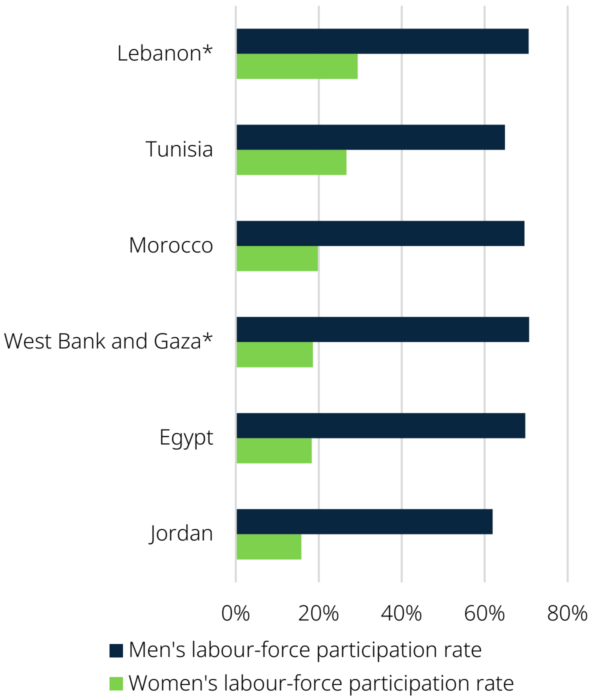
Jordan's entrepreneurial ecosystem has improved, but further promotion of innovation and entrepreneurship is needed to support income creation. Over the past decade, Jordan's entrepreneurial ecosystem has grown, but there have been significant obstacles to further development. Since 2014, Jordan's position in the Global Entrepreneurship Index (GEI), which evaluates 137 countries' entrepreneurial ecosystems, as well as the quality of entrepreneurship, has risen 23 places (from 72nd to 49th).[63] While its GEI score of 37 per cent is consistent with the rest of the region, it is more competitive on product innovation, technology absorption, startup skills and cultural support metrics. However, Jordan lags its regional peers when it comes to networking, risk capital and risk acceptability. Digital labour platforms have also emerged as an innovative approach to promoting access to income-generating opportunities in Jordan, especially for women or those with mobility restrictions, enabling them to access short-term self-employment opportunities remotely.[64] The Ministry of Digital Economy and Entrepreneurship and the World Bank's Youth, Technology, and Jobs programme, among other development initiatives, are supporting the growth of gig employment platforms by tapping into regional and international markets, building the capacity of youth to seek out such opportunities online.[65]

Low female labour-force participation is a lost opportunity, given women's high skills levels

Most Jordanian women are highly educated, far more so than their male counterparts, but sociocultural attitudes with regard to household and childcare responsibilities make the transition to employment significantly more challenging. Women's workforce participation in Jordan is estimated at just 14 per cent, the lowest in SEMED and below the 19 per cent average of the Middle East and North Africa.[66] In addition, around 71.8 per cent of women in the labour force hold a bachelor's degree or higher, compared with just 25.6 per cent of men. Despite their high levels of secondary and tertiary attainment, research suggests that a quarter of working women in Jordan leave the workforce on getting married or having children.[67] Sociocultural attitudes around women's primary responsibility to the household and childcare hinder their ability to enter (or remain in) the workforce. Jordanian women continue to shoulder most household and childcare responsibilities, regardless of employment status, with women who do not work outside the home putting in an average of 12 hours of unpaid care work a day and working women putting in 8 hours a day in addition to their paid jobs.[68] Women are also often encouraged to pursue employment in "suitable" occupations, such as in teaching or healthcare, which are predominantly in the public sector and oversaturated.[69]

60 See European Training Foundation (2023).
61 See TVSDC (2023).
62 See Government of Jordan (2022).
63 See GEDI (n.d.).
64 See International Labour Organization (2023b).
65 See Ministry of Digital Economy and Entrepreneurship (n.d.).
66 See World Bank (2024a).
67 See Al Tal and Husseini (2023).
68 See World Bank (2023b).
69 See Al Tal and Husseini (2023).

Figure 13. Labour-force participation rates



Note: * Latest data available for Lebanon are for 2019; for Morocco and the West Bank and Gaza, 2022.
Source: World Bank (n.d.b).

Lack of access to childcare is a significant barrier to women's employment, and investment in affordable childcare services could influence outcomes significantly. The supply of childcare in Jordan is limited, especially in rural areas, and is predominantly private-sector operated. Only 2.3 per cent of children under the age of five benefit from formal childcare, with the majority from higher-income families due to the associated cost. On the supply side, shortages of licensed childcare providers mean that existing services can only accommodate about 3 per cent of children under five. Expanding childcare services would help more women access employment opportunities; the World Bank estimates that investments in expanding access to care facilities could increase female labour-force participation by 2-7 percentage points, depending on whether services were provided at a fee or free of charge.[70] Expanding the care sector could also directly provide job opportunities, including for women, as up to 60,000 caregivers are estimated to be needed to address the service gap.[71]

Access to safe, affordable and accessible transportation is crucial to enabling access to economic opportunities for all, especially women. Public transportation across Jordan is largely unavailable, inaccessible or inadequate for user needs, with the Global Infrastructure Outlook estimating a US$ 10 billion investment gap in road transport services alone.[72] User grievances include long waiting times, lengthy trips and a lack of comfort (especially physical space). This hinders access to economic opportunities for all, but affects women disproportionately. Indeed, research found that 6 out of 10 non-working women in Amman see commuting as the main barrier to accessing employment.[73] A study by the World Bank shows that a 5 percentage point improvement in the safety of public transit stops in Amman alone would support an increase in female labour-force participation of 4.7 percentage points.[74] The design and operation of public transit must be gender-responsive to take into account the unique needs and patterns of women, including accommodating shorter trips, access to nurseries and schools, and access to healthcare services.

Policy reforms are crucial in order to support women's access to economic opportunities, complemented by investments in enabling infrastructure and public-sector capacity building to implement reforms. The government has made some progress, such as the adoption of the Flexible Working Hours Bylaw (2018), the expansion of employer-supported childcare regulations (in 2021 and 2023), and new reforms that mandate pay equity and define and prohibit sexual harassment in the workplace for the first time (in 2023). The government has also removed Article 69 of the constitution, which restricted women's employment in specific sectors and on night shifts, outlawing discrimination in access to employment based on gender. However, capacity-building support for government actors, including the Ministry of Labour and the Ministry of Social Development, is needed to implement and monitor reform. Under the EMV, the government has committed to reforms including safe transportation, the expansion of workplace nurseries and the formalisation of women's informal labour, aiming to double the female labour-force participation rate over the coming decade.[75]

70 See World Bank (2023g).
71 See World Bank (2023b).
72 See Global Infrastructure Outlook (n.d.).
73 See World Bank (2023c).
74 Ibid.
75 See World Bank (2023d).

Economic inclusion of Syrian refugees and other migrants in Jordan remains a priority, but donor funding is waning

Many refugees find employment in the informal sector in Jordan, in precarious working conditions with low pay. Around 20 per cent of registered Syrian refugees in host communities across Jordan are engaged in formal employment (35 per cent of registered Syrian men; 5 per cent of registered Syrian women), with formal employment concentrated in manufacturing, construction, food and beverages, and agriculture, in line with government regulations to obtain work permits.[76] The large influx of Syrian refugees, predominantly to governorates in the north, have put significant pressure on Jordan's infrastructure, including education, healthcare and water. Notably, the strain on the country's educational infrastructure has contributed to weak performance among students and, thus, weak labour-market outcomes.[77] The Jordan Response Platform for the Syria Crisis has forged critical partnerships and coordination between the Government of Jordan and members of the donor and development community on the response to the impact of the Syrian crisis over the past decade, enforcing requirements on all aid programmes to benefit both Syrians and host communities across the country. However, funding has been decreasing in recent years, which could put the availability of humanitarian and development aid at risk.[78]

Improving access to finance will be critical to economic inclusion and entrepreneurship

Access to finance remains a strong barrier to MSME development, and reforms to promote women-led MSMEs remain limited due to the lack of an official definition. Only 28.3 per cent of formal MSMEs have outstanding credit lines from formal financial institutions, with shares progressively decreasing in proportion to the size of the enterprise (38 per cent for medium enterprises, 34.5 per cent for small enterprises and 27.6 per cent for formal micro enterprises). In addition, a 2022 survey conducted by the CBJ and the Gesellschaft für Internationale Zusammenarbeit (GIZ) Jordan shows that while, in theory, loan sizes offered by microfinance institutions and banks largely overlap, in practice, microfinance institutions tend to avoid granting loans of more than JOD 10,000 (€13,029), while banks avoid lending less than JOD 100,000 (€130,290), creating a "missing middle" in terms of financing needs for most MSMEs.[79] Meanwhile, data on women-led MSMEs and their access to finance are scarce and the absence of an official definition for women-led enterprises limits visibility for both regulators and financial institutions and complicates the collection and analysis of sex-disaggregated data.

Despite gains in financial inclusion in recent years, progress on increasing women's account ownership has been slower, and the gap compared to men has grown. The share of adults with an account increased from 33.1 per cent in 2017 to 43.1 per cent in 2022, largely driven by growth in mobile wallet accounts over the past five years, particularly during the COVID-19 pandemic, as the government worked to reduce usage of cash and cheques and encourage the digital payment of salaries and national aid.[80] Meanwhile, women's account ownership increased from 27.2 per cent in 2017 to 31.0 per cent in 2022, but the gap to men has widened further (with 53.1 per cent of men having accounts as of 2022). Consequently, women exhibit lower digital payment usage and lower rates of borrowing from banks, but higher borrowing from micro-finance institutions.[81] The CBJ is seeking to reduce the finance gender gap to 35 per cent by 2030 in the update of the National Financial Inclusion Strategy 2023-28.[82]

The financial inclusion of refugees is significantly lower than that of local communities in Jordan, with only 12.1 per cent having a formal bank account, as the majority are not legally allowed to open one, and 10.4 per cent using digital payments in 2022. Also, fewer than 5.5 per cent of refugees borrowed from the formal financial sector in 2022, compared with 66.5 per cent who reported borrowing informally.[83] This is largely down to their low income (they have a median income of just JOD 60 [€78.20] per month)[84] and limited employment opportunities, as well as some banks choosing not to work with Syrian refugees at all, perceiving them as a high-risk segment. Refugees are

76 See UNHCR (2023).
77 See ILO, UNICEF and ETF (2023).
78 See World Bank (2023e).
79 See CBJ (2022).
80 Ibid.
81 Ibid.
82 See CBJ (2023a).
83 See CBJ (2022).
84 Ibid.

predominantly users of informal credit, and limitations on their access to formal channels significantly impact their ability to grow and formalise their businesses.[85]

Jordan is making progress on the digital transformation of the financial sector and developing the fintech ecosystem is a key priority. Nearly all financial institutions now offer mobile banking apps and the use of these apps is increasing steadily.[86] There is still room for further expansion of digital financial services, including to promote financial inclusion, especially considering the country's strong digital infrastructure and access to smartphones.[87]

Fintech is one of the three key priorities in Jordan's National Financial Inclusion Strategy (2023-28), with initiatives such as interoperable retail payment systems, digitising payments such as cash transfers and bill payments, and introducing cutting-edge identity solutions to include vulnerable population groups, including rural areas, women and refugees.[88] In addition, through its training arm, the Institute of Banking Studies, the CBJ is developing a specialised fintech training body, the Jordan FinTech and Innovation Academy, to develop the fintech and digital capacity of the financial sector and help it become a regional centre of excellence.

85 See CBJ (2022).

86 Ibid.

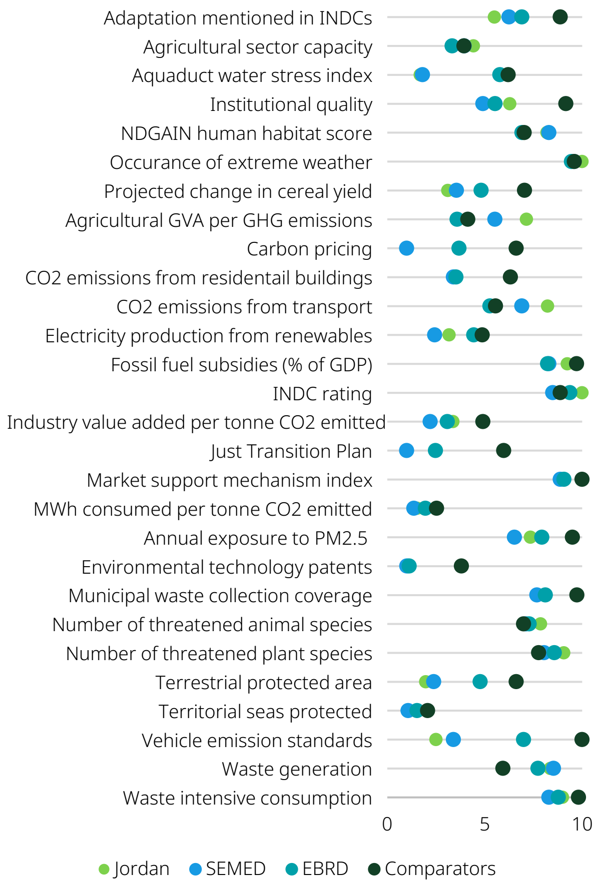
87 See World Bank (2021a).

88 See CBJ (2023a).

6. **Green**: Jordan's green transition has been successful, but risks from climate change and resource scarcity could significantly impact livelihoods

Jordan ranked 23rd among the economies in which the EBRD operates and ahead of SEMED peers on the EBRD's green transition quality in 2024. Climate risks and increased urban concentration continue to put pressure on infrastructure and livelihoods. Efforts to green electricity generation in Jordan have been largely successful, with the country leading its SEMED peers in terms of the uptake of renewable sources. However, its overall dependence on fossil fuels remains high, and the country suffers from one of the highest levels of water scarcity in the world, making energy and water security a key priority. To address the growing water challenge, Jordan will need to scale up investment in water desalination and wastewater treatment projects, while simultaneously revamping networks to reduce severe water loss through the grid. Lastly, accelerating the green transition requires investment in skills to ensure a successful and just transition, while increasing access to green finance is critical for climate and competitiveness reasons.

Figure 14. Green ATQ component scores, 2024



Source: EBRD (2024).

Climate change policies have moved up the policy agenda, but threats and risks are becoming more pressing

The country has committed in its Nationally Determined Contribution (NDC) to reducing emissions, greening the energy sector and advancing green growth. Jordan submitted its first NDC to the United Nations Framework Convention on Climate Change in 2016, updating it in 2021 and enhancing its commitment by raising its macroeconomic GHG emissions reduction target from 14 per cent to 31 per cent by 2030 compared with a business-as-usual scenario. Much of this is conditional on international support.[89] The sectors prioritised for mitigation and adaptation actions include energy, transport, water and agriculture, health, waste and biodiversity. In line with these targets, the government launched its Green Growth National Action Plan 2021-25, which added tourism as a sectoral focus.

Jordan's total carbon emissions doubled in the 30 years to 2022, yet its carbon intensity has been falling steadily. In 2022, energy was the key emitting sector, followed by industry and waste. The country's energy intensity (total energy supply per unit of GDP) has been falling at a modest rate for the past 20 years. Its energy mix is fossil-fuel dominated, with oil constituting around half of the total energy supply, followed by natural gas at 41,4 per cent. In 2021, more than 44 per cent of final energy was consumed by the transport sector, followed by the residential sector (26 per cent) and industry (14 per cent). When it comes to electricity, Jordan has one of the lowest per capita consumption rates in the EBRD regions.

Climate change implications and increased urban concentration are putting additional pressure on infrastructure and the livelihoods of many communities at risk. Despite its relatively low per capita energy consumption, a growing young population, industrialisation and desertification are increasing urban concentration and adding to the already high degree of pressure on municipal infrastructure, including waste management. The impact of climate change on water resources, coupled with increased desertification, drought and decreasing precipitation levels, is undermining the livelihoods of rural communities and risks exacerbating employment challenges by impacting crop production, food processing, tourism and transport.

Despite gains in greening electricity generation, the country remains heavily reliant on imports of fossil fuels for its total energy consumption. Jordan imports over 93 per cent of its fossil-fuel needs, equivalent to around 8 per cent of GDP. It has pursued policies to reduce its dependence on fossil fuels, including reducing customs on electric vehicles, with considerable uptake by individuals for personal purposes, as well as by ride-sharing services. However, the use of public transport for mobility is still far below potential and much of the country's fleet depends on conventional sources of energy.

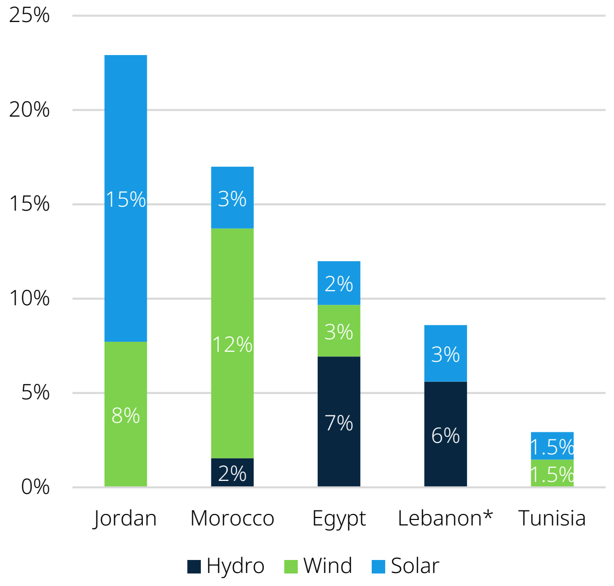
Jordan has exceeded its own renewable energy targets and continues to accelerate its energy transition, but still imports lots of fossil fuels

Jordan leads its SEMED peers in generating electricity from renewable sources and has outpaced its own targets, making it more ambitious. Implementation of the National Energy Sector Strategy (2020-30) is advancing steadily.[90] It aims to increase self-sufficiency through domestic natural and renewable sources, reduce consumption and improve energy efficiency, and to reduce carbon emissions by 10 per cent by 2030. The plan also aims to increase the share of solar and wind in electricity generation to 31 per cent by 2030. However, in 2023, the country had already achieved about 27 per cent of its electricity generation from renewable energy sources and now plans to increase the targeted share to 50 per cent by 2030.

89 See Ministry of Environment (2021).

90 See Ministry of Energy and Mineral Resources (2020).

Figure 15. Share of renewable electricity generation (non-combustible), 2022



* Latest data available for Lebanon are for 2021.
Source: International Energy Agency data, 2022.

Increasing the share of renewable energy in the country's energy mix could be an important catalyst for growth in several ways. First, expanding renewable energy capacity will have direct effects through (foreign) investment, job creation and growth. Second, if this happened in tandem with the rollout of e-mobility and other means of electrification, this would lower the country's imports of fossil fuels, thus greening growth and improving the balance of payments. Third, as Jordan's relatively high electricity costs for the private sector have undermined competitiveness (and led to a decline in manufacturing), cheaper renewable energy could boost overall competitiveness and reinvigorate export growth. Fourth, Jordan's current and planned electricity interconnections with bordering countries and expected increase in electricity exports presents an opportunity to expand the country's installed renewable energy capacity, particularly to export to countries with complementary load profiles. Fifth, renewable energy could boost Jordan's potential as a provider of green services, namely, the production of tradeable services (such as business, accounting, information technology and outsourcing) with a lower embedded carbon footprint than many potential competitors, such as countries in Asia - a competitive advantage that is becoming more relevant as key markets and companies accelerate their own green transitions, driven, for example, by European legislation.[91]

Water stress has become a key constraint on livelihoods and economic growth

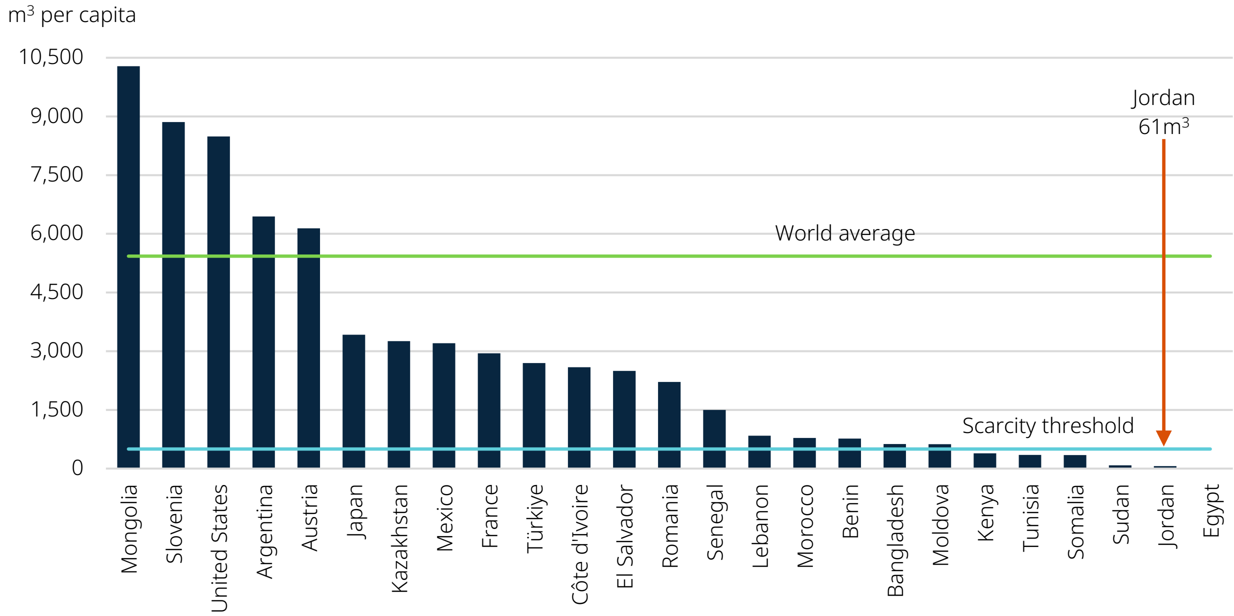
Jordan is one of the most water-stressed countries in the world, so sustainable water supply is a top priority, not least because of its fast-growing population. The physical impact of climate change and climate variability is already putting significant strain on its potable water, food production and existing critical infrastructure and services. Climate-resilience investments are urgently needed in these sectors. In parallel, Jordan has seen its population grow more than fivefold between 1975 and 2024 through a combination of organic growth and refugee inflows, so climate change and regional tensions are likely to put further stress on the country's water resources. Today, at less than 100m^3 per capita per year, the country's level of available water is well below the absolute water scarcity threshold of 500m^3 per capita per year used by the United Nations.[92, 93]

91 See EBRD (2023), p.44.

92 See Ministry of Water and Irrigation (2023).

93 See FAO (n.d.).

Figure 16. Renewable freshwater resources per capita, 2021



Source: Our World in Data, 2025.

Accelerating water-sector reforms is crucial not only to address water stress, but also to improve energy efficiency by improving operating efficiency. The government is making progress on implementing the 2023-40 National Water Strategy. This includes reducing NRW levels by at least 2 per cent annually (it achieved a 5 per cent decrease in 2022-24)[94] to 37 per cent and 25 per cent by 2030 and 2040,[95] respectively. It is also embarking on a multiyear programme to raise water tariffs, with the objective of ensuring cost recovery by 2030. The National Water Strategy also envisages modernising water-sector institutions by laying a strong foundation for water-sector governance and management. The water sector is the largest single energy consumer in Jordan, Half of water utilities' operational costs stem from electricity demand,[96] in addition to non-revenue water losses in the network, which currently amount to a staggering 47 per cent.[97]

Investing in water desalination is critical if Jordan is to keep up with increasing demand from its fast-growing population. The government is moving ahead with the construction of a large desalination plant in Aqaba, in addition to a 450 km conveyor pipeline to transport the desalinated water to the north. This is expected to provide 300 million cubic metres of fresh water upon completion. The project is structured as a PPP and is of major importance to the country; its success is crucial to ensuring Jordan's water security in the medium term.

Efforts to accelerate the green transition must be complemented by investment in green skills and improving access to green finance

Jordan's green growth ambitions have also embedded the promotion of human capital and economic development opportunities in key sectors. The country's lack of relevant skills and capacity, while expanding its green growth ambitions, underscores the need to build a vocational skillset in renewable energy.[98] The country's TVET strategy cites the need to create a standalone green TVET strategy on skills for sustainability, including the green and digital skills that will help usher in the fourth industrial revolution. The Energy Sector Green Growth National Action Plan (2021-25) further emphasises the need to focus on developing the skills and techniques necessary to support the growth of the energy sector. This is complemented by the prioritisation of actions to improve knowledge and skills related to energy storage and environmental management, including hazardous waste management, both in terms of national experts and private-sector technical jobs.[99]

94 See IMF (2024).
95 See Ministry of Water and Irrigation (2023).
96 See World Bank (2023f).
97 See IMF (2024).
98 See Ministry of Environment (2017).
99 See Ministry of Environment (2020).

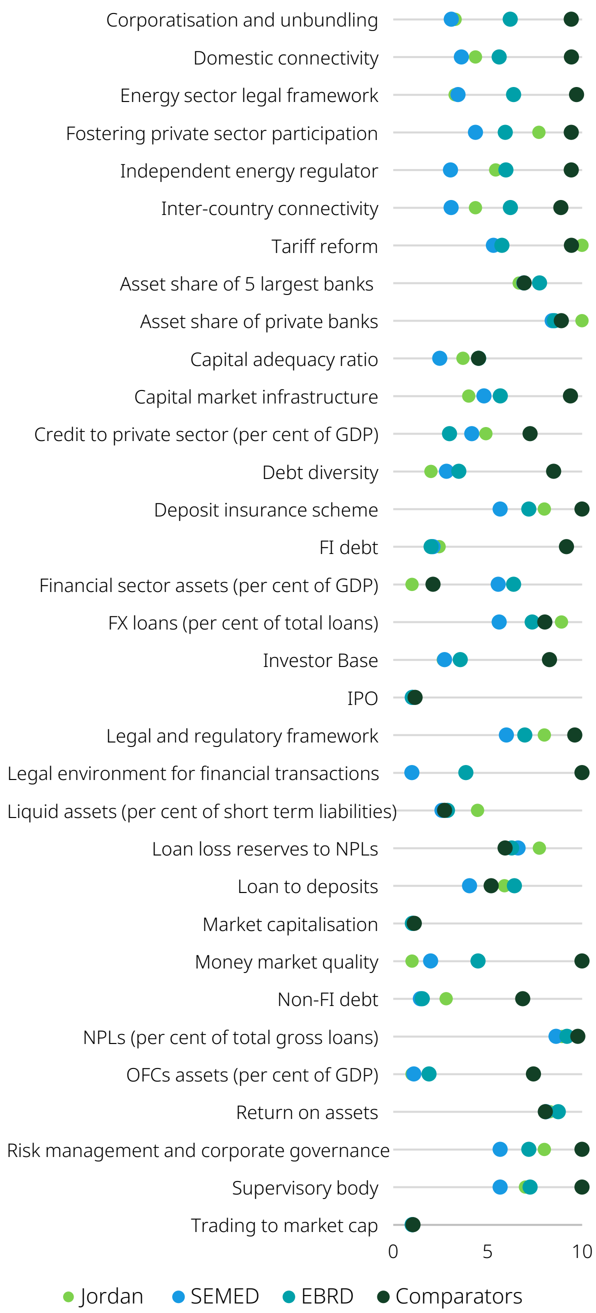
Expanding access to green finance is another cornerstone of accelerating the green transition and an opportunity to leverage greener technologies at business level as high energy costs make renewables more attractive. Increasing access to green finance is a top priority for financial institutions, including both banks and microfinance institutions.[100] Around 7 per cent of adult borrowers take out loans for green and eco-friendly purposes, including the purchase of energy-efficient appliances, solar lighting or e-vehicles. As for MSMEs, green finance usage rates are correlated to size: 10.5 per cent of formal micro enterprise, 16.7 per cent of small firm and 23.1 per cent of medium-sized enterprise loans are for green and eco-friendly purposes.[101] High energy costs have encouraged more demand from businesses for green finance to reduce costs and improve competitiveness, and the authorities should capitalise on this opportunity to advance the uptake of green technologies across the board. In this context, the CBJ launched the Green Finance Strategy (2023-28) in November 2023.[102] The initiative aims to advance green financing and foster environmentally sustainable investments that help reduce the adverse effects of climate change.

100 See CBJ (2022).
101 Ibid.
102 See CBJ (2023).

7. **Resilient**: Jordan has proven resilient against external shocks, but advancing energy sector reforms and developing financial markets are priorities

Jordan ranked 20th among the economies in which the EBRD operates and first in SEMED when it came to the EBRD's resilience quality in 2024. On the energy front, past reform efforts have strengthened Jordan's energy resilience, but addressing the system's financial sustainability challenges and improving grid capacity will be key steps in fulfilling the county's true potential for renewable energy uptake. To this end, the focus on improving efficiency and reducing the cost of energy generation and distribution should be prioritised, given the limited room for increasing tariffs. On the financial front, Jordan's financial system has demonstrated resilience against successive shocks in recent years. The sector is largely dominated by banks, which enjoy sound governance, good asset quality, low NPL levels and high liquidity. Yet, limited sources of alternative finance due to underdeveloped and illiquid financial markets, and the absence of secondary bond markets restrict the sector's ability to promote private investment in line with Jordan's ambitious aspirations for economic growth and job creation.

Figure 17. Resilient ATQ component scores, 2024



Source: EBRD (2024).

7.1. Energy resilience: early reforms facilitated large-scale investment in renewable energy, but further reforms could be a crucial driver of faster growth

Jordan has made notable progress on energy sector reforms since 2008, with good private-sector participation at both the generation and distribution ends of the supply chain. The successful implementation of reforms has helped reorganise and open up the energy sector for private investment. As a result, it is now largely unbundled, with one state-owned enterprise, the National Electric Power Company (NEPCO), responsible for transmission, system operation, the bulk supply of electricity and importing fuel for electricity generation.[103] Around 70 per cent of electricity is generated by the private sector, while all distributors of electricity are fully privately owned.

The energy sector has proven resilient against recent supply shocks, but remains burdened by the legacy of previous ones. Long-term gas contracts have helped Jordan counter supply-chain disruptions, as well as the oil and gas price shocks of the pandemic and the war on Ukraine. The accelerated pace of renewable energy adoption had also helped the country reduce its dependence on fossil fuels for generation somewhat, by as much as a third at end 2024. However, persistent vulnerabilities as a result of disrupted Egyptian gas flows in 2012-13 continue to weigh on the only buyer in the sector, NEPCO, which has accumulated more than JOD 5 billion (€6.5 billion) in debt. The sector's financial commitments could potentially grow even more with the US$ 2.1 billion (€18.5 billion) Attarat power plant now fully operational. First agreed in 2008, the plant was expected to help Jordan diversify its energy sources and meet growing needs. A 30-year power purchase agreement (PPA) was signed in 2014, which is expected to put further pressure on NEPCO's finances.

Unlocking further potential and ensuring energy security will require addressing the sector's financial woes, but with already high tariffs, a focus on improving efficiency and reducing costs should be prioritised. In 2022, the government introduced electricity tariff reforms aimed at reducing costs for key business sectors, reducing cross-subsidies and improving the targeting of electricity subsidies for households. Such reforms have been a considerable step in the right direction, but remain insufficient to reduce the financial burden or improve efficiency. This is despite the cost of electricity in Jordan being higher than peers in the region. With limited room for further increases without negatively affecting the economy's competitiveness, additional efforts are needed to improve the targeting of subsidies to households, address remaining cross-subsidies, improve grid efficiency and management, and find ways to reduce generation and distribution costs. In this regard, the ongoing roll-out of time-of-use tariffs (to be completed by September 2026) is a positive step towards managing peak loads and reducing generation costs.

The authorities have devised plans and implemented reforms to address financial vulnerabilities, but significant challenges persist in the absence of cost recovery and amid the limitations of the current set-up and the single buyer model. In 2023, the government approved the Electricity Sector Efficiency and Reliability Programme and implemented measures to improve NEPCO's governance, boost revenues, including connection fees for self-generating businesses and time-of-use tariffs.[104] However, NEPCO continues to be the sole bearer of financial risk under the current sectoral set-up; the relationship between generators and NEPCO is governed by long-term PPAs with set prices, while the relationship with distributors is governed by long-term licences (of up to 30 years) with guaranteed returns. In addition, the company continues to incur losses from tariffs that are not cost reflective. A comprehensive master-plan for NEPCO was developed in 2024 to outline the required investments in generation and transmission assets to address the expected growth in demand in the coming years and ensure system reliability. The implementation of the plan's recommendations aims to further support renewable energy development and investment in energy storage solutions.

The government's immediate priority is to strengthen the system's flexibility, particularly in light of the rising share of variable renewable power in Jordan's electricity mix. One option being considered is the development of energy storage capacity, including a pumped hydro storage plant. At the policy level, amendments to the General Electricity Law to allow for energy storage were approved in November 2024. The updated law allows entities

103 See IAEA (2018).

104 See IMF (2023b).

involved in the transmission, generation and distribution of electricity, as well as private individuals, to construct and operate storage facilities.

A key consideration for Jordan is to keep improving load management in a way that reduces overall system costs. The current net metering scheme has contributed to the successful development of small-scale renewable projects, while empowering businesses and households, but is starting to encounter some limitations. The shift to a net billing scheme to adequately cover storage services and reduce overall system costs for grid operators is, therefore, important. Amendments to the Energy and Energy Efficiency law in 2024 were an important step in this direction, paving the way for ongoing efforts to replace all electricity meters with smart meters (to be completed by end 2025). This comes in parallel to a cabinet decision in 2024 to lift a moratorium on additional large-scale renewable energy projects that had been in place since 2019.

The economic potential of becoming a major green hydrogen hub could further accelerate renewable energy expansion and sectoral reforms. Between 2023 and 2024, the Ministry of Energy and Mineral Resources signed 14 memoranda of understanding and one framework agreement on the development of green hydrogen projects in Jordan, with a total production capacity of around 5 million tonnes per annum. The 2024 amendments to the General Electricity Law also include incentives for investments in green hydrogen through PPPs. With development potential still further down the line, the industry will need strategic support to reach price predictability and cost competitiveness, including through government efforts to reduce barriers arising as a result of regulatory gaps, land and water availability, and infrastructure.

The mandate and independence of the EMRC could be further strengthened to support the implementation of the reforms enacted by the government and to foster private investor confidence. Although the EMRC is equipped with a strong mandate in the Regulator Law, weak human capacity, perceived conflicts of interest and the mismanagement of fees are all factors hindering its effective and independent regulation of the electricity sector.

7.2. Financial resilience: Jordan's resilient banking system has aided stability, but investors need more diversified financing sources

Jordan's financial system has demonstrated resilience against successive shocks in recent years. Yet, limited sources of alternative finance due to underdeveloped and illiquid financial markets, and the absence of secondary bond markets restrict the sector's ability to promote private investment in line with Jordan's ambitious aspirations. Public investment in digitalising the financial sector and efforts to strengthen risk management practices across the board have realised notable efficiency gains and bolstered the sector's resilience, but addressing regulatory gaps (by enacting the new securities law), discouraging taxation policies and dealing with capacity constraints in multiple institutions is necessary to develop the sector and attract new investment.

Jordan's banking sector has been a model of stability, but should also diversify towards more sophisticated and non-conventional financing instruments

Supported by a robust regulatory framework, Jordan's banking sector has demonstrated resilience amid regional instability and economic challenges. After weathering the Syrian war and the Covid-19 pandemic reasonably well, the banking sector continues to adapt to the effects of the wars in Ukraine and Gaza, including higher commodity prices, tighter financial conditions and slower growth.

Banks dominate the Jordanian financial sector, holding over 90 per cent of all financial assets.[105] In 2024, total assets in the Jordanian banking sector reached US$ 98.52 billion (€94.33 billion), equivalent to 184.4 per cent of GDP, growing at an annual average rate of 4.6 per cent since 2014. The sector consists of 20 privately owned banks, of which four are foreign banks and four are Islamic. The two largest banks, Arab Bank and Housing Bank, collectively account for over 30 per cent of the sector's assets, while the five largest banks hold close to 60 per cent of total assets. The banking sector is well capitalised, with a solid average capital adequacy ratio (18.0 per cent as at end 2024)

105 See CBJ (2025).

against a regulatory minimum of 12 per cent. Liquidity is sufficient, with a loan-to-deposit ratio of 74.5 per cent.

The banking sector has seen a decided trend towards consolidation and regional expansion. Except for Arab Bank, the sector has traditionally focused on the domestic market. However, there has been an increase in both consolidation and expansion activity, with Capital Bank of Jordan acquiring Bank Audi's branches in Jordan and Iraq in 2021, then Société Générale Jordan. In 2022, Arab Jordan Investment Bank acquired the Jordan branch of National Bank of Kuwait. Most recently, Arab Jordan Investment Bank acquired Standard Chartered Bank's branches in the country.

Banks are mainly deposit funded, with little incentive to tap into capital markets for funding; they have a simple business model, relying mostly on interest income. Total deposits have been growing steadily, with an average annual growth rate of 6.8 per cent since 2012. A significant share of deposits, 78.5 per cent, is held in local currency, with 21.4. per cent held in foreign currency, equivalent to 15 per cent of the loan book. Despite being short term in nature, deposits are a cost-effective source of funding, mainly thanks to the stickiness of the deposit base. Though public-sector lending is moderately high, at around 26 per cent of total assets, loans to the private sector have been increasing in recent years, with robust credit growth at an average annual rate of 5.6 per cent since 2021.

Asset quality has improved over the past decade, but the full impact of the recent crisis could put pressure on NPLs. NPLs decreased from 5.1 per cent of the total loan book in 2020 to 4.6 per cent in 2022, but then started to increase again, to stand at 5.6 in the first half of 2024. Sluggish economic growth, fiscal consolidation efforts and a shift from extending credit primarily to the public sector to a greater emphasis on the high-yielding sector have contributed to a slight decline in asset quality.

The CBJ is responsible for banking supervision and has contributed to the sector's stability. An IMF report in 2023 noted the system's overall resilience and the adequacy of supervisory practices and standards, but noted areas of vulnerability, concentration risk, bank exposure to sovereign debt and high levels of household debt.[106] About 20 per cent of bank assets are in sovereign debt, excluding loans to other public entities – higher levels than in Morocco and Tunisia, for example. The authorities are committed to moving towards a more forward-looking and risk-based approach, including for capital requirements, as well as anti-money laundering and countering the financing of terrorism (AML/CFT) supervision. Jordan was also removed from the Financial Action Task Force (FATF) grey list in 2023, further demonstrating the seriousness with which the central bank takes efforts to combat money laundering and terrorist financing,

Underdeveloped capital markets continue to limit the financial sector's ability to meet financing needs for private investment and to improve the tradability of public debt instruments

Jordan's capital market is underdeveloped. The country had MSCI Emerging Market status, but was downgraded to a Frontier Market in 2008 for not meeting market capitalisation and liquidity requirements (the number of listed companies dropped by almost 100 to 179 and liquidity declined by 80 per cent following the market crash in 2008.) Debt and money markets are still nascent and derivatives are non-existent. While the equity market is sizable, liquidity is shallow and there have not been any initial public offerings since 2015. The institutional investor base is also underdeveloped, with the Social Securities Fund the sole institutional investor, holding 12.4 per cent of Amman Stock Exchange (ASE) market capitalisation as at end 2023. The market previously had several funds managed by asset managers, but the introduction of excessive tax policies severely undermined the investment funds industry.

The equity market is highly concentrated and limited by the absence of new issuance. The top 10 companies account for two-thirds of market capitalisation and for half of trading volumes, which are low and average US$ 7 million daily. Corporate bonds are very limited and there have been only a few issues each year. Most have stemmed from the Jordan Mortgage Refinance Company (JMRC), NEPCO and the Water Authority Company of Jordan (WAJ). The remaining corporate bond market is very shallow, with only a handful of issuers, primarily in the financial sector. Secondary market trading of corporate bonds is virtually non-existent. The derivatives market is also constrained by gaps in the legal and regulatory framework, including insufficient enforceability of contracts. Interest- and exchange-rate hedging

106 See IMF (2023a).

instruments are also in low demand due to the currency peg.

The government issues large volumes of sovereign bonds in the domestic market, but the absence of secondary markets limits tradability. While bonds are issued in a wide range of tenors, from 1 to 15 years, many of these bonds are not often rolled over for comparable tenors. Government securities are largely sold to banks in Jordan and to the Social Security Investment Fund (SSIF). The lack of frequent pricing data for bonds in various longer maturities makes it difficult to establish a reliable yield curve. In recent years, there have been sizeable issues of government securities, but these are not traded on the secondary market, limiting the prospects of establishing the yield curve necessary to provide a pricing benchmark.

Tax policy and the capital market legal and regulatory regime have not kept pace with global developments. Jordan's securities and company laws do not cover - and sometimes restrict - the issuance or trading of certain types of security, hampering market development. Passing the amended securities law is critical to addressing these gaps and to developing new financial products. In addition, resolving discouraging taxation policies is important for rejuvenating the investment management industry. Lastly, addressing capacity gaps at the official bodies responsible for the country's capital market infrastructure is crucial for the sector's development. As part of budget cuts, the government folded the ASE, the Securities Depository Centre (SDC) and the Jordan Securities Commission (JSC), the market regulator overseeing the operations of both, into the civil-service structure in 2012, which brought about severe personnel losses, reduced efficiency and impeded institutional development.

The authorities are investing in strengthening the sector's resilience through digitalisation and improved risk management. Efforts to digitalise the sector have achieved noticeable efficiency gains thanks to the rollout of new technologies, including XBRL company disclosure at the ASE and the launch of e-portfolios for securities investors by the SDC. Preparations are also underway at the CBJ to introduce open banking. In tandem, efforts to strengthen risk management practices have gained pace with the central bank's and JSC's adoption of a risk-based supervisory framework and the SDC's implementation of international best-practice risk management measures.

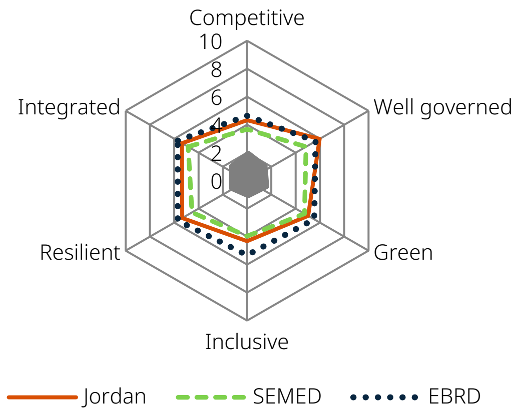
Annex 1. Assessment of transition qualities

In the EBRD's 2024 assessment of transition qualities, Jordan ranked 20th out of the 36 economies in which the EBRD operates and first in the SEMED region, with an average score of 5.27.

It scored highest on the "well-governed" (6.12) and "integrated" (5.58) qualities, while its lowest scores were for the "inclusive" (5.01) and "competitive" (4.53) qualities, where there were significant gaps to the overall EBRD averages (Figure 18).[107]

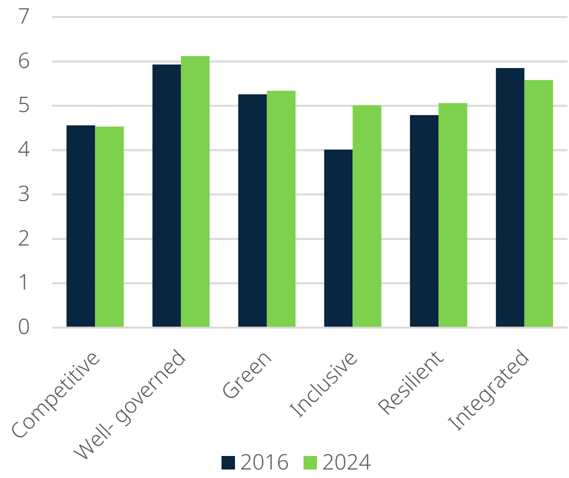
Relative to 2016, Jordan was more resilient (+0.27 point), better governed, more inclusive and slightly greener. However, it became less integrated (-0.27 point) and less competitive.

Figure 18. Assessment of transition qualities, 2024



Source: EBRD (2024).

Figure 19. Assessment of transition qualities, 2016-24



107 The EBRD's assessment of transition qualities scores is based on a distance-to-frontier approach, with the best-performing countries used as a benchmark. The resulting scores are rescaled from 1 to 10, where 1 represents little or no progress and 10 represents the frontier. The Bank considers six qualities of an economy, namely, competitive, well governed, green, inclusive, resilient and integrated.

Annex 2. Key recommendations

Transition quality	Key recommendations
1. Well governed	To promote private investment, Jordan needs to: 1.1. simplify the business environment and improve the implementation of reforms by: (i) ensuring the effective implementation of the 2022 investment law; (ii) continuing to digitalise, streamline and modernise investment-related services and reduce ownership fragmentation between government bodies; and (iii) bringing all investment services under an automated one-stop shop and ensuring interoperability among different entities 1.2. ensure consistency and stability in economic policies and regulations to reduce uncertainty and improve communication to increase investor visibility on business costs and operational restrictions 1.3. institute an effective and agile PPP framework through the effective implementation of the new PPP law; shore up capacity at different government units responsible for developing a viable pipeline; and improve the screening, selection and structuring of PPPs in order to successfully attract the private sector 1.4. sustain progress under the PSMR by: (i) reducing inefficiencies in service delivery and sustaining the momentum of the e-government service rollout; (ii) closing capacity gaps hindering the implementation of reform in line ministries and authorities; and (iii) empowering middle management across the public sector for more efficient and decentralised decision-making 1.5. strengthen the governance and financial sustainability of SOEs and authorities, particularly in sectors such as energy and water, publish an SOE ownership policy and improve the performance and risk monitoring of SOE portfolios 1.6. ensure a more level playing field for private-sector enterprises by strengthening the competition framework, notably by improving the Competition Directorate's institutional capacity and independence from line ministries.
2. Competitive	Improving competitiveness by reversing losses in labour productivity and promoting export-led growth requires: 2.1. increased investment promotion efforts to attract private investment (domestic and foreign) to high-value exports, particularly ones where Jordan enjoys a comparative advantage and high potential, including financial and business services and ICT 2.2. prioritise investments that help reduce input costs, particularly energy costs (through investment in renewables to ultimately bring down firm-level energy costs over time), to help shift the structure of exports back towards more complex products 2.3. explore new export markets to offset the impact of the limited size of the domestic market and extended crises in neighbouring economies.

Transition quality	Key recommendations
3. Integrated	To improve its integration into regional and global value chains, Jordan needs to: 3.1. invest in streamlining and digitalising customs services, particularly on the import side, to facilitate the private sector's access to raw materials, reduce processing time and limit excessive inspections 3.2. invest in improving the compliance of export product with international standards and upgrading existing value chains to higher-value-added activities 3.3. support regulatory reform in the trucking sector, given the prominent role it plays in the national freight industry, to enhance competition and improve service quality, including by reconsidering trip frequency caps and minimum truck ownership requirements 3.4. support measures to promote competition in Jordan's broadband and mobile markets to lower prices and enhance service quality, particularly in underserved rural areas to reduce disparities and improve accessibility 3.5. invest in expanding transport links, including railway, to alleviate pressure on overstretched road infrastructure, leveraging PPPs where possible.
4. Resilient – financial	A key priority for strengthening financial resilience is to advance capital and financial market development reforms, most notably by: 4.1. strengthening the legal framework, including by enacting the draft securities law, and fostering the development of new financial products 4.2. shoring up the capacity of regulatory institutions governing the sector, scaling up investments in infrastructure and advancing digitalisation 4.3. resolving taxation policy issues to rejuvenate the investment management industry 4.4. encouraging institutional investors, mainly the Social Security Investment Fund (SSIF), to diversify their portfolios and consider investing more in exchange-listed instruments 4.5. investing in the development of money markets and a secondary government securities market to improve tradability and the frequency of pricing data for different maturities, thus helping to establish a reliable yield curve 4.6. strengthening risk management practices, with the Central Bank of Jordan and the Jordan Securities Commission adopting a risk-based supervisory framework and the Securities Depository Centre implementing best-practice risk management measures.
5. Inclusive	Enhancing the economic inclusion of youth and women, as well as refugees, requires: **Closing skills gaps:** 5.1. addressing the skills mismatch between educational outcomes and market demand, particularly in digital and soft skills 5.2. advancing market-driven TVET reforms with greater involvement of the private sector, including by improving governance, enhancing the quality of TVET education and introducing a framework for work-based learning **Reforming labour policies:** 5.3. aligning labour policies and skills development programmes with the needs of priority sectors under the EMV to leverage job creation 5.4. reforming labour regulations and policies to accommodate flexible work to enhance women's economic inclusion **Improving access to enabling services:** 5.5. introducing investment and regulatory reforms to promote affordable childcare 5.6. scaling up investments in safe and accessible public transport to increase mobility and enhance the economic inclusion of women, youth and refugees

Transition quality	Key recommendations
	Improving financial inclusion: 5.7. promoting financial inclusion for MSMEs and marginalised groups, including addressing gaps in the financing offering of mid-sized loans 5.8. improving visibility on access to finance for women-led businesses, including by adopting an official definition and improving the collection of sex-disaggregated data 5.9. advancing the digital transformation of the financial sector.
6. Green and energy resilient	Advancing the green transition and increasing energy and water resilience requires: 6.1. leveraging the country's renewable energy potential through investment in infrastructure to strengthen grid stability and absorption capacity 6.2. addressing the energy sector's financial sustainability challenges, mainly by focusing on improving efficiency and reducing the cost of energy generation and distribution, particularly given the limited room for higher tariffs; shifting to a net billing system, rolling out smart metering and implementing time-of-use tariffs are a priority 6.3. investing in energy storage capacity, including through pumped-hydro storage, as well as developing the regulatory framework to allow for different modes of storage 6.4. investing in developing a green hydrogen industry in Jordan, including through developing the necessary infrastructure and regulatory framework 6.5. scaling up investment in water desalination and wastewater treatment projects, while resolving non-revenue water issues by revamping infrastructure and management practices 6.6. increasing investment in and promoting the private use of e-mobility to reduce dependence on fossil-fuel imports and reduce emissions 6.7. scaling up the availability of green financing products, so the private sector can adopt green technologies, energy and waste management solutions 6.8. investing in green skills development programmes to meet private-sector demand in emerging green industries.

References

R. Al Tal and J. Husseini (2023), *Youth Unemployment in Jordan: Failed Strategies and Deferred Promises*, Amman, Arab Renaissance for Democracy & Development (ARDD). Available at: https://ardd-jo.org/publication/youth-unemployment-in-jordan-failed-strategies-and-deferred-promises/.

Central Bank of Jordan (CBJ) (2022), *Financial Inclusion Diagnostic Study in Jordan 2022*, Amman. Available at: https://www.cbj.gov.jo/ebv4.0/root_storage/en/eb_list_page/financial_inclusion_diagnostic_study_2022.pdf.

CBJ (2023), *National Financial Inclusion Strategy (2023-2028)*, Amman. Available at: https://www.cbj.gov.jo/En/List/The_Financial_Inclusion_National_Strategy_Project.

CBJ (2023b), *Green Finance Strategy 2023-2028*, Amman. Available at: https://www.cbj.gov.jo/EN/Pages/Green_Finance_Strategy.

CBJ (2025), "Monthly Statistical Bulletin – April 2025", Amman. Available at: https://www.cbj.gov.jo/en/Pages/Monthlystatistical.

EBRD (2020), *Global Value Chains Diagnostic: Southern and Eastern Mediterranean region (Egypt, Jordan, Morocco and Tunisia)*, London. Available at: https://www.ebrd.com/content/dam/ebrd_dxp/assets/pdfs/country-strategies/GVC%20diagnostic_SEMED.pdf.

EBRD (2022), *Transition Report 2022-23: Business Unusual*, London. Available at: https://www.ebrd.com/transition-report-2022-23.

EBRD (2023), *Transition Report 2023-24: Transitions big and small*, London. Available at: https://www.ebrd.com/news/publications/transition-report/transition-report-202324.html.

EBRD (2024), *Transition Report 2024-25: Navigating Industrial Policy*, London. Available at: https://www.ebrd.com/home/news-and-events/publications/economics/transition-reports/transition-report-2024-25.html.

European Training Foundation (2023), *Enabling success: Supporting youth in MENA in their transition from learning to decent work*, Turin, Italy. Available at: https://www.etf.europa.eu/en/publications-and-resources/publications/enabling-success-supporting-youth-mena-their-transition.

FAO (n.d.), "Water Scarcity", Land & Water, Rome. Available at: https://www.fao.org/land-water/water/water-scarcity/en/.

Fitch Ratings (2024), "Fitch Affirms Jordan at 'BB-'; Outlook Stable", New York and London. Available at: https://www.fitchratings.com/research/sovereigns/fitch-affirms-jordan-at-bb-outlook-stable-10-05-2024.

GEDI (n.d.), "Global Entrepreneurship Index", Washington, DC. Available at: http://thegedi.org/global-entrepreneurship-and-development-index/.

Government of Jordan (2022), *Economic Modernisation Vision*, Amman. Available at: https://www.jordanvision.jo/en/.

Government of Jordan (2023). *Public Sector Modernisation Roadmap*, Amman. Available at: https://govreform.jo/EBV4.0/Root_Storage/EN/EB_Info_Page/Road_map.pdf.

Global Infrastructure Hub (2020), "InfraCompass", Washington, DC. Available at: https://infracompass.gihub.org/.

Global Infrastructure Outlook (n.d.), "Investment forecasts for Jordan", Washington, DC. Available at: https://outlook.gihub.org/countries/Jordan.

Harvard Growth Lab (2021)," Atlas of Economic Complexity: Country & Product Complexity Rankings", Cambridge, MA. Available at: https://atlas.cid.harvard.edu/rankings/product/2021?filter=.

R. Hausmann, T. O'Brien, M.A. Santos, A. Grisanti, S. Kasoolu, N. Taniparti, J. Tapia and R. Villasmil (2019), *Jordan: The Elements of a Growth Strategy*, Cambridge, MA, Harvard University Growth Lab. Available at: https://growthlab.hks.harvard.edu/publications/jordan-elements-growth-strategy.

IAEA (2018), "Country Nuclear Power Profiles: Jordan (2018)", Vienna. Available at: https://www-pub.iaea.org/MTCD/Publications/PDF/cnpp2018/countryprofiles/Jordan/Jordan.htm.

ILO, UNICEF and ETF (2023), *Enabling success: Supporting youth in MENA in their transition from* *learning to decent work*, Geneva, Switzerland, New York and Turin, Italy. Available at: https://www.etf.europa.eu/en/publications-and-resources/publications/enabling-success-supporting-youth-mena-their-transition.

ILOSTAT (2024), "SDG indicator 8.3.1 – Proportion of informal employment in total employment by sex and sector (%)", Geneva, Switzerland. Available at: https://rshiny.ilo.org/dataexplorer15/?lang=en&id=SDG_0831_SEX_ECO_RT_A.

International Energy Agency (n.d.), "Renewables: Jordan", Paris. Available at: https://www.iea.org/countries/jordan/renewables.

International Finance Corporation (2021), *Creating Markets in Jordan: Country Private Sector Diagnostic*, Washington, DC. Available at: https://www.ifc.org/en/insights-reports/2021/cpsd-jordan.

International Labour Organization (2017), *A Challenging Market Becomes More Challenging: Jordanian Workers, Migrant Workers and Refugees in the Jordanian Labour Market*, Beirut. Available at: https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@arabstates/@ro-beirut/documents/publication/wcms_556931.pdf.

International Labour Organization (2023a), *School-to-work transition of young women and men in Jordan*, Geneva, Switzerland. Available at: https://www.ilo.org/publications/school-work-transition-young-women-and-men-jordan.

International Labour Organization (2023b), *Platform work in Jordan: Challenges and opportunities*, Geneva, Switzerland. Available at: https://www.ilo.org/publications/platform-work-jordan-challenges-and-opportunities.

International Monetary Fund (IMF) (2022), *Jordan: Selected Issues*, IMF Country Report No. 22/222, Washington, DC. Available at: https://www.imf.org/en/Publications/CR/Issues/2022/07/13/Jordan-Selected-Issues-520671.

IMF (2023a), *Financial Sector Assessment Program and Financial System Stability Assessment*, IMF Country Report No. 2023/140, Washington, DC. Available at: https://www.imf.org/en/Publications/CR/Issues/2023/04/19/Jordan-Financial-Sector-Assessment-Program-Financial-System-Stability-Assessment-532667.

IMF (2023b), *Jordan: Sixth Review Under the Extended Arrangement Under the Extended Fund Facility and Request for Modification of Performance Criteria - Press Release; and Staff Report*. IMF Country Report No. 2023/240. Washington, DC. Available at: https://www.imf.org/en/Publications/CR/Issues/2023/06/30/Jordan-Sixth-Review-Under-the-Extended-Arrangement-Under-the-Extended-Fund-Facility-and-535452.

IMF (2024), *2024 Article IV Consultation, Second Review Under the Extended Fund Facility, and Request for Modification of Performance Criteria-Press Release; Staff Report; And Statement by the Executive Director for Jordan. IMF Country Report No. 24/345*, Washington, DC. Available at: https://www.imf.org/en/Publications/CR/Issues/2024/12/17/Jordan-2024-Article-IV-Consultation-Second-Review-Under-the-Extended-Arrangement-Under-the-559656.

Jordan Department of Statistics (n.d.), *Jordan in numbers and statistics yearbook*, Amman. Available at: https://dosweb.dos.gov.jo/product-category/jordan-in-figures_yearbook/.

Jordan Department of Statistics (2023), "The Department of Statistics: The unemployment rate decreased to 21.4% during the fourth quarter of 2023", Amman. Available at: https://dosweb.dos.gov.jo/unemp_q4_e_2023/.

Jordan Department of Statistics (2024), "Labour force statistics: employment in establishment", Amman. Available at: https://dosweb.dos.gov.jo/labourforce/employment-and-unemployment/.

Jordan News (2023), "Jordan generates 70,000 to 90,000 job opportunities annually – DoS", *Jordan News*, 6 September 2023. Available at: https://www.jordannews.jo/Section-109/News/Jordan-generates-70-000-to-90-000-job-opportunities-annually-DoS-30735.

Jordan Times (2024), "For 2nd consecutive year and 8th time in its history, QAIA named 'Best Airport by Size' in Middle East", *Jordan Times*, 12 March 2024. Available at: https://www.jordantimes.com/news/local/2nd-consecutive-year-and-8th-time-its-history-qaia-named-%E2%80%98best-airport-size%E2%80%99-middle-east.

Ministry of Digital Economy and Entrepreneurship (n.d.), "YTJ Activities", Amman. Available at: https://www.modee.gov.jo/EN/Pages/YTJ_Activities.

Ministry of Energy and Mineral Resources (2020), *Summary of the Jordan Energy Strategy for 2020-2030*, Amman. Available at: https://www.memr.gov.jo/EBV4.0/Root_Storage/EN/EB_Info_Page/Summery_of_the_Comprehensive_Strategy_of_the_Energy_Sector_2020_2030.pdf.

Ministry of Environment (2017), *A National Green Growth Plan for Jordan*, Amman. Available at: https://faolex.fao.org/docs/pdf/jor178927E.pdf.

Ministry of Environment (2020), *Energy Sector Green Growth National Action Plan 2021-2025*, Amman. Available at: https://www.sustainability.gov/pdfs/ggi-jordan-energy.pdf.

Ministry of Environment (2021), *Updated Submission of Jordan's 1st NDC, Amman*. Available at: https://unfccc.int/sites/default/files/NDC/2022-06/UPDATED%20SUBMISSION%20OF%20JORDANS.pdf.

Ministry of Planning and Economic Cooperation (2021), *Reform Matrix: 2021 at a glance*, Amman. Available at: https://mop.gov.jo/ebv4.0/root_storage/ar/eb_list_page/reform_matrix_2021_at_a_glance.pdf.

Ministry of Water and Irrigation (2023), *National Water Strategy 2023-2040*, Amman. Available at: https://www.mwi.gov.jo/EBV4.0/Root_Storage/AR/EB_Ticker/National_Water_Strategy_2023-2040_Summary-English_-ver2.pdf.

Moody's Ratings (2024), "Rating Action: Moody's Ratings upgrades Jordan to Ba3; changes the outlook to stable from positive", New York. Available at: https://ratings.moodys.com/ratings-news/420606/.

Mordor Intelligence (2023), *Jordan Freight and Logistics Market Size & Share Analysis - Growth Trends & Forecasts (2024-2029),* Hyderabad, India. Available at: https://www.mordorintelligence.com/industry-reports/jordan-freight-and-logistics-market.

T. O'Brien, B. Thảo-Nguyên, E. Frasheri, F. Garcia, E. Protzer, R. Villasmil and R. Hausmann (2022), *What Will It Take for Jordan to Grow?*, Cambridge, MA, Harvard University Growth Lab. Available at: https://growthlab.hks.harvard.edu/publications/what-will-it-take-jordan-grow.

Observatory of Economic Complexity (OEC) (2022), "Economic Complexity Index: Countries (ECI) Rankings", Boston, MA, Datawheel. Available at: https://oec.world/en/rankings/eci/hs6/hs96?tab=ranking.

OECD (2021), *Citizens' Voice in Jordan: The Role of Public Communication and Media for a More Open Government*, Paris. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2021/12/citizens-voice-in-jordan_e495e042/da85277c-en.pdf.

OECD (2022), *FDI qualities review of Jordan: strengthening sustainable investment*, Paris. Available at: https://www.oecd.org/en/publications/2022/06/fdi-qualities-review-of-jordan_e67d2828.html.

Speedtest Global Index (2024), "Median Country Speeds Updated June 2024", Seattle, WA, Ookla. Available at: https://www.speedtest.net/global-index.

TVSDC (2023), *Jordan National TVET Strategy (JNTS) 2023-2027*, Amman. Available at: https://tvsdc.gov.jo/tvet-strategy/.

UNCTAD (n.d.), "Liner shipping connectivity index, quarterly", New York. Available at: https://unctadstat.unctad.org/datacentre/dataviewer/US.LSCI.

UNCTAD (2022), *Jordan E-Trade Readiness Assessment*, New York. Available at: https://unctad.org/system/files/official-document/dtlstict2021d6_en.pdf.

UNDESA (2024), "e-Government Development Index", New York. Available at: https://publicadministration.un.org/egovkb/Data-Center.

UN-Habitat (2021), *Mainstreaming Transport and Mobility into Jordan's National Urban Policy Thematic Guide*, Amman. Available at: https://unhabitat.org/sites/default/files/2022/02/transportthematic_guide_en.pdf.

UNHCR (2023), "Socioeconomic situation of refugees in Jordan, Q3 2024", Geneva, Switzerland. Available at: https://data.unhcr.org/en/documents/details/106930.

UNHCR (2025), "Jordan", Geneva, Switzerland. Available at: https://www.unhcr.org/where-we-work/countries/jordan.

UNICEF (2021), *Youth Transitions to Adulthood in Jordan: High Aspirations, Challenging Realities*, New York. Available at: https://www.unicef.org/.

UNRWA (2025), "Where we work: Jordan", Amman. Available at: https://www.unrwa.org/where-we-work/jordan.

H.J. Winkler-Seales and A.S. Gonzalez (2019), Jobs Diagnostic Jordan, Washington, DC, World Bank. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/681161574097516931/jobs-diagnostic-jordan.

WIPO (2023), *Global Leaders in Innovation, 2023*, Geneva, Switzerland. Available at: https://www.wipo.int/edocs/pubdocs/en/wipo-pub-2000-2023-section1-en-gii-2023-at-a-glance-global-innovation-index-2023.pdf.

World Bank (n.d.a), "Worldwide Bureaucracy Indicators", Washington, DC. Available at: https://www.worldbank.org/en/data/interactive/2019/05/21/worldwide-bureaucracy-indicators-dashboard.

World Bank (n.d.b), "World Development Indicators: GDP per person employed (constant 2021 PPP $)", Washington, DC. Available at: https://data.worldbank.org/indicator/SL.GDP.PCAP.EM.KD.

World Bank (2021a), *Creating Markets in Jordan – Volume 1: Main Report*, Washington, DC. Available at: https://www.ifc.org/content/dam/ifc/doc/mgrt/cpsd-jordan-main-report.pdf.

World Bank (2021b), *Country Private Sector Diagnostic: Creating Markets in Jordan – Executive Summary*. Washington, DC. Available at: https://www.ifc.org/content/dam/ifc/doc/mgrt/cpsd-jordan-summary.pdf.

World Bank (2022), "World Development Indicators 2022: Fixed Broadband Subscriptions (per 100 people)", Washington, DC. Available at: [please provide precise link],

World Bank (2023a), *The Business of the State*, Washington, DC. Available at: https://www.worldbank.org/en/publication/business-of-the-state.

World Bank (2023b), *Jordan Economic Monitor, Fall 2023 : Building Success, Breaking Barriers - Unlocking the Economic Power of Women in Jordan*, Washington, DC. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099603312182322486/idu0056e275100e7a04ea1088b00c4b24ebf37c8.

World Bank (2023c), *Ten-thousand Steps in Her Shoes: The Role of Public Transport in Women's Economic Empowerment*, Washington, DC. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099110923132529670/p17306603670db0a30ac330cb26e7e79ecb.

World Bank (2023d), "Increasing Women's Economic Participation is Key to Jordan's Long-Term Growth and Development", Washington, DC. Available at: https://www.worldbank.org/en/news/press-release/2023/12/19/increasing-women-s-economic-participation-is-key-to-jordan-s-long-term-growth-and-development.

World Bank (2023e), *Economic Monitor – Building Success, Breaking Barriers: Unlocking the Economic Power of Women in Jordan*, Washington, DC. Available at: https://documents1.worldbank.org/curated/en/099603312182322486/pdf/IDU0056e275100e7a04ea1088b00c4b24ebf37c8.pdf.

World Bank (2023f), *International Bank For Reconstruction and Development Project Appraisal Document on a Proposed IBRD Loan in the Amount of US$200 Million and a Proposed Global Concessional Financing Facility Grant in the Amount of US$50 Million to the Hashemite Kingdom of Jordan for the Jordan Water Sector Efficiency Project*, Washington, DC. Available at: https://documents1.worldbank.org/curated/en/099052623124518529/pdf/BOSIB0d4798d310db097bc06922e98e0ee3.pdf.

World Bank (2023g), *State of the Mashreq Women Flagship: Who Cares? Care Work and Women's Labor Market Outcomes in Iraq, Jordan, and Lebanon*, Washington, DC. Available at: https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099000502222338765/p16815701c336d00e095dc093ef29af40a7.

World Bank (2024a), "Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate)", Washington, DC. Available at: https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS.

World Bank (2024b), "World Governance Indicators, 2023 Update", Washington, DC. Available at: https://www.worldbank.org/en/publication/worldwide-governance-indicators.

World Economic Forum (2019), *Global Competitiveness Report 2019*, Geneva, Switzerland. Available at: https://www.weforum.org/publications/global-competitiveness-report-2019/.

World Economic Forum (2020), *Global Competitiveness Report 2020: How Countries Are Performing on the Road to Recovery*, Geneva, Switzerland. Available at: https://www.weforum.org/publications/the-global-competitiveness-report-2020/.

Five Bank Street
London E14 4BG
United Kingdom
www.ebrd.com

Note: Terms and names used in this report to refer to geographical or other territories, political and economic groupings and units, do not constitute and should not be construed as constituting an express or implied position, endorsement, acceptance or expression of opinion by the European Bank for Reconstruction and Development or its members concerning the status of any country, territory, grouping and unit, or delimitation of its borders, or sovereignty.