

# COUNTRY ASSESSMENTS

# Jordan



## HIGHLIGHTS

- **Growth has rebounded in 2025.** Regional geopolitical tensions negatively affected private consumption, investment and tourism flows in 2024, but the slowdown was short lived, with growth picking up at the end of the year and in early 2025, alongside low inflation and ongoing fiscal consolidation.
- **Reforms under the country's Economic Modernisation Vision are advancing.** Key measures in the past year include regulatory amendments to competition and customs law, further streamlining of investor services and the digitalisation of government services.
- **Jordan is taking steps to improve the financial sustainability of the water and energy sectors.** In the water sector, the authorities are reducing water losses and inefficiencies and pushing for major investments to increase water supply and diversify sources. In the energy sector, regulatory reforms, investment plans and the roll-out of new tariff and billing systems aim to improve systemic efficiency and financial viability and promote renewable energy uptake.

## KEY PRIORITIES FOR 2026

- **Addressing high youth unemployment and low labour-market participation rates among women remains a priority.** The effective implementation of business-environment and labour-market reforms, as well as promoting entrepreneurship and innovation, will be critical to mobilising private investment and creating jobs.
- **Financial losses in the water and energy sectors need to be tackled to ensure long-term debt sustainability.** The authorities will need to sustain the momentum of ongoing reforms and invest in the infrastructure needed to improve efficiency and sustainability. For this to happen, effectively originating, managing and implementing public-private partnerships (PPPs) will be critical.
- **Expanding renewable energy generation and storage capacity will help to improve energy security.** Jordan's progress on this front has been commendable, but further diversification of the energy mix and the introduction of storage solutions could strengthen the country's resilience against price and supply-chain shocks.

### MAIN MACROECONOMIC INDICATORS (PER CENT)

| | 2021 | 2022 | 2023 | 2024 | 2025 proj. |
|---|---|---|---|---|---|
| GDP growth | 3.7 | 2.6 | 2.9 | 2.5 | 2.4 |
| Inflation (average) | 1.3 | 4.2 | 2.1 | 1.6 | 1.9 |
| Government balance/GDP | -8.5 | -6.8 | -6.9 | -7.3 | -7.5 |
| Current account balance/GDP | -8.0 | -8.1 | -3.6 | -5.9 | -5.5 |
| Net FDI/GDP [neg. sign = inflows] | -1.3 | -1.7 | -3.6 | -3.0 | -3.3 |
| External debt/GDP | 80.5 | 83.0 | 84.0 | 87.5 | na |
| Gross reserves/GDP | 41.1 | 37.2 | 37.3 | 41.1 | na |
| Credit to private sector/GDP | 82.0 | 84.2 | 81.8 | 80.2 | na |

## MACROECONOMIC DEVELOPMENTS AND POLICY RESPONSE

**The economy has remained resilient to regional headwinds.** Real gross domestic product (GDP) grew 2.5 per cent in 2024, slightly below the 2.9 per cent recorded in 2023, as regional instability weighed on trade, investment and tourism flows and muted private domestic demand in the first half of the year. However, growth picked up to 2.7 per cent year on year in the first half of 2025, thanks to better-than-expected export performance and a recovery in tourism income. Inflation remains low, at 1.7 per cent in September 2025. Unemployment has been persistently high since the pandemic, however, reaching 21.4 per cent at the end of 2024. This rate reflects higher unemployment levels among women and young people, at 32.9 per cent and 41.7 per cent, respectively.

**The budget deficit widened as interest payments increased.** The government is committed to fiscal consolidation and its ongoing International Monetary Fund (IMF) programme is on track, amid improved revenue collection and increased expenditure efficiency. However, a dip in revenues in early 2024 due to spillovers from regional conflicts, coupled with higher interest rate payments, widened the budget deficit to 7.3 per cent of GDP in 2024. In parallel, debt levels are considered sustainable, but remain high, with gross general government debt (and guarantees) estimated at 115 per cent of GDP as at the end of 2024. Jordan continues to host a substantial refugee population, putting pressure on infrastructure and basic services, while donor support for the Jordan Response Plan (to address the impact of the Syrian

refugee crisis) is increasingly limited. However, because of the resilience of its macroeconomic performance, Jordan was upgraded by two credit rating agencies in 2024 (by Moody's to Ba3 in May and by S&P Global Ratings to BB- in September).

**The current account deficit widened in 2024 due to declining tourism income and costlier imports.** The deficit rose to 5.9 per cent of GDP in 2024 from 3.6 per cent in 2023, despite robust exports and a steady inflow of remittances. However, tourism income began to recover from the last quarter of the year and helped to narrow the current account deficit in the first quarter of 2025, along with strong growth in goods exports. Despite a temporary dip in foreign currency flows, foreign reserve levels have remained comfortable, at JOD 16.1 billion (€19.45 billion) in August 2025, covering approximately eight months of imports.

**Growth is expected to remain moderate in the short term, but the downside risks are significant.** In 2025 growth is expected to reach 2.4 per cent, with strong upside potential for higher growth given the most recent economic data. Growth will likely benefit from the re-opening of the Syrian market to Jordanian businesses and a recovery in tourism and foreign investment. In 2026 growth is forecast at 2.6 per cent, as the upturn continues and private investment picks up, provided uncertainty decreases and the restoration of calm in the region materialises. However, risks to the outlook from regional instability remain significant, as Jordan remains vulnerable to rising energy and food prices and global supply-chain disruptions, due to its high import dependency.

### ASSESSMENT OF TRANSITION QUALITIES (1-10)




## STRUCTURAL REFORM DEVELOPMENTS

**Jordan is progressing steadily on macro-fiscal reforms under its IMF-supported programme.** In June 2025 the IMF completed its third review under the four-year, US$ 1.2 billion (€1.0 billion) Extended Fund Facility (EFF) arrangement, approved in January 2024. The IMF commended Jordan's economic resilience, as well as the authorities' commitment to meeting programme targets, despite regional turmoil. The programme aims to advance fiscal consolidation while creating room for additional investment and social spending, preserve financial stability and access to finance, improve the efficiency and financial viability of the water and electricity sectors, and advance structural reforms to improve the business environment and strengthen competition. In addition, the IMF approved a 30-month, US$ 700 million

(€603 million) Resilience and Sustainability Facility in June 2025. The facility will help to address structural vulnerabilities in the water and energy sectors, while also enhancing Jordan's capacity to respond to public health emergencies, including future pandemics.

**The implementation of reforms outlined in the Economic Modernisation Vision is under way.** Public-sector reforms and the digitalisation of government services continued, with a 64 per cent completion rate as at February 2025. Further measures to improve the business environment and encourage foreign investment include streamlining and digitalising investor services, with 95 services brought online by the end of 2024. Amendments to the Competition Law were approved by the cabinet and submitted to parliament in early 2025 to allow the establishment of a dedicated competition council and the enforcement of stricter penalties for violations. Moreover, the amendments to the Customs Bylaw, approved in March 2025, aim to increase efficiency and transparency, streamline procedures, accelerate processing times and introduce electronic notification systems and remote inspections.

**Efforts to improve water-sector financial sustainability and resilience are advancing.** The authorities continued to implement the Financial Sustainability Roadmap, including measures to reduce non-revenue water (water produced, but not billed due to leaks, theft and metering errors), which fell from 50 per cent of all water produced to 45 per cent in 2022-24 and is targeted for additional reductions of 2 percentage points annually to 2040. A second round of water-tariff adjustment was also implemented in December 2024 as part of a multi-year adjustment plan to 2028. Meanwhile, work to increase water supply and diversify water sources continues, including on the Aqaba-Amman Water Desalination and Conveyance project, which is currently in the preparation and early construction phase. Once completed, which is scheduled for the end of 2029, the project will distribute 300 million cubic metres of desalinated water across the country.

**Steps are being taken to improve energy resilience and increase renewable energy uptake.** The rollout of the time-of-use tariff (to be completed by September 2026) to help manage the electricity grid's peak loads and reduce generation costs is progressing steadily. Beyond that, a comprehensive masterplan was developed in 2024 to outline investments needed to meet the expected growth in electricity demand in the coming years and ensure system reliability, support renewable energy development and enable investment in energy storage solutions. In parallel, the government lifted the moratorium on additional large-scale renewable energy projects that had been in place since 2019 and introduced amendments to the General Electricity Law. These amendments allow entities involved in the transmission, generation and distribution of electricity, as well as private individuals, to construct and operate energy storage facilities. Furthermore, amendments to the Energy and Energy Efficiency Law paved the way for current efforts to shift from net metering to net billing in order to adequately cover storage services and reduce costs for grid operation.

**Jordan is also laying the groundwork for its green hydrogen industry.** Additional memoranda of understanding were signed in 2024, bringing the total to 14 memoranda and one framework agreement on green hydrogen projects, with a total envisaged production capacity of around 5 million tonnes a year. 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 achieve price predictability and cost competitiveness, including through government efforts to reduce barriers arising from regulatory gaps, limited land and water availability, and inadequate infrastructure.