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JORDAN ECONOMIC MONITOR   
   
Building Success, Breaking Barriers   
Unlocking the Economic Power of Women in Jordan   
   
Fall 2023   
   
   
   
   
   
   
   
   
   
   
Middle East and North Africa Region   
   
   
   
   
   
   
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 Preface   
   
The Jordan Economic Monitor (JEM) provides an update   
on key economic developments and policies over the past   
six months. It also presents findings from recent World   
Bank analytic work on Jordan. The JEM places them in a   
longer-term and global context and assesses the   
implications of these developments and other changes in   
policy on the outlook for Jordan. Its coverage ranges from   
the macro-economy to financial markets to indicators of   
human welfare and development. It is intended for a wide   
audience, including policymakers, business leaders,   
financial market participants, and the community of   
analysts and professionals engaged in Jordan. The data cut-  
off for this Jordan Economic Monitor is end-October   
2023.   
   
The Jordan Economic Monitor is a product of the Middle   
East   
and   
North   
Africa   
(MENA)   
unit   
in   
the   
Macroeconomics, Trade and Investment (MTI) Global   
Practice in the World Bank Group. This edition was led by   
Hoda Youssef (Senior Economist, MTI), with significant   
contribution from Ramy Oraby and Sarah Farid   
(Consultants). The special focus was prepared based on   
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(Senior Health Economist). It has benefitted from   
comments from Norbert Fiess (Lead Economist) and   
Daniel Lederman (Lead Economist and Deputy MENA   
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the guidance of Eric Le Borgne (Practice Manager), Holly   
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The findings, interpretations, and conclusions expressed in   
this Monitor are those of the World Bank staff and do not   
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Acronyms and Abbreviations   
   
8M-2023   
First eight months of 2023   
LFP   
Labor Force Participation   
H1-2023   
First half of 2023   
LHS   
Left-hand-side   
H1-2022   
First half of 2022   
MENA   
Middle East and North Africa   
BoP   
Balance of Payments   
MIF   
Military Insurance Fund   
BRP   
Bus Rapid Transit   
MOF   
Ministry of Finance   
Bps   
Basis points   
MOH   
Ministry of Health   
CAD   
Current Account deficit   
MoSD   
Ministry of Social Development   
CBJ   
Central Bank of Jordan   
MTI   
Macroeconomics, Trade and Investment   
CG   
Central Government   
NDA   
Net domestic assets   
CHIP   
Civil Health Insurance Program   
NEPCO   
National Electricity Power Company   
CPI   
Consumer Price Index   
NEET   
Not in education, employment, nor training   
COVID-19   
Coronavirus Disease 2019   
NFA   
Net foreign assets   
DHS   
Demographic and Health Survey   
PIM   
Public Investment Management   
DoS   
Department of Statistics   
PPP   
Public Private Partnership   
ECE   
Early childhood education   
Q1   
First Quarter   
EGRA   
Early grade reading assessment   
Q2   
Second Quarter   
EFF   
Extended Fund Facility   
Q4   
Fourth Quarter   
e.o.p.   
End-of-period   
T-bills   
Treasury bills   
FLFP   
Female Labor Force Participation   
T-bonds   
Treasury bonds   
FCU   
Fiscal Cost Unit   
TVET   
Technical and Vocational Education and   
Training   
FDI   
Foreign direct investment   
TEA   
Total entrepreneurial activity   
f.o.b.   
Free on Board   
ToT   
Terms of Trade   
FY   
Fiscal Year   
REER   
Real Effective Exchange Rate   
GRB   
Gender-responsive budgeting   
RHS   
Right-hand-side   
GDP   
Gross Domestic Product   
SDR   
Special drawing rights   
GoJ   
Government of Jordan   
SMEs   
Small and medium-sized enterprises   
GST   
General Sales Tax   
SSC   
Social Security Corporation   
GNI   
Gross National Income   
SOE   
State owned enterprise   
GNFS   
Goods and nonfactor services   
SSIF   
Social Security Investment Fund   
HCR   
Human capital report   
U.S.   
United States   
IMF   
International Monetary Fund   
USD   
United States Dollar   
JEM   
Jordan Economic Monitor   
WAJ   
Water Authority of Jordan   
JD   
Jordanian Dinar   
WB   
World Bank   
KG   
Kindergarten education   
WBG   
World Bank Group   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
   
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Executive Summary   
Jordan has prudently navigated difficult times,   
showing resilience in the face of several external   
shocks.   
Notwithstanding   
the   
post-COVID   
recovery, the country has been navigating through a   
low-growth equilibrium hovering around an average   
of 2.2 percent over the past decade (2012-2022).   
Real GDP growth registered 2.4 percent in 2022 and   
has accelerated to 2.7 percent in H1-2023, compared   
to a pre-COVID-19 (2012-2019) average of 2.4   
percent.1 Growth was supported by a robust   
contribution from services (driven by transport and   
communications, finance and insurance and   
wholesale and retail trade activities), in addition to   
manufacturing and a rebound in agriculture.   
Meanwhile, the hotels and restaurants sector   
witnessed its highest annual growth since Q2 2022   
(also reflecting the strong rebound of tourism and   
travel receipts), but its contribution to overall   
growth remains marginal given its low weight in the   
economy.   
Despite the growth recovery, entrenched   
structural constraints continue to weigh on   
labor market outcomes. Labor force participation   
continued its gradual decline to 33.0 percent in Q2-  
2023, down from 39.2 percent in 2017. The decline   
is driven by a fall in both male and female   
participation. At 13.8 percent in Q2-2023, Jordanian   
female labor participation remains among the lowest   
in the world. Equally concerning, the overall   
employment rate has declined to 25.6. percent in   
Q2-2023 and remains well below the pre-COVID-  
19 average of 31.2 percent (2012-2019). Despite   
lower participation, unemployment inched up to   
22.3 percent in Q2-2023, remaining well above the   
pre-COVID average of 15.1 percent (2012-2019).   
   
1 Jordan’s real and nominal GDP figures for 2020-22   
were largely revised in October 2023, resulting in   
changes to real sector developments, as well as fiscal,   
debt, monetary and external sector data measured as   
ratios-to-GDP. Upward revisions of export and FDI   
data for 2022 and Q1-2023 also resulted in a   
reduction in the current account deficit.   
Annual   
headline   
inflation   
decelerated   
significantly in 2023, supported by monetary   
policy tightening and lower commodity prices.   
Annual headline inflation continued to decelerate to   
1.4 percent in October 2023, down from its peak of   
5.4 percent in September 2022. The deceleration has   
been supported by a favorable base effect and muted   
monthly inflation, mainly driven by lower fuel and   
transportation prices and the contained effect from   
food and core items prices. Since March 2022, the   
Central Bank of Jordan (CBJ) has raised its key   
policy rate by 525 basis points to reach the highest   
level since 2006/07, making Jordan one of the few   
countries in the region with positive real policy rates.   
Jordan’s central government fiscal balance was   
supported by economic growth and revenue-  
enhancing reforms, whereas total expenditure   
grew at a slower pace. The Central Government   
(CG) fiscal deficit (including grants) narrowed to 5.6   
percent of GDP in 2022, and the primary balance   
recorded a surplus of 0.3 percent of GDP in 7M-  
2023. The revenues increase in the first seven   
months of 2023 is mainly driven by improvements   
in non-tax revenues, despite the decline in foreign   
grants. On the other hand, an increase in total   
expenditure in 2022 was mainly driven by the re-  
introduction of fuel and food subsidies as part of the   
government response to inflationary pressures from   
high global commodity prices. With the removal of   
fuel subsidies in 2023, lower spending on (mainly   
food) has offset the increase in interest payments   
and capital expenditure.   
Notwithstanding   
the   
improved   
fiscal   
performance, debt-to-GDP continues to rise   
from already elevated levels. Gross government   
and guaranteed debt2 continued to grow - with   
2 The Central Government debt covers (1) the budget   
sector debt; and (2) the guaranteed debt of 57 government   
units including the National Electric Power Company   
(NEPCO) and the Water Authority of Jordan (WAJ). The   
General government debt consolidates the above with the   
government debt held by the Social Security Corporation   
   
   
   
   
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persisting pressures from the electricity and water   
sectors, reaching 111.4 percent of GDP in 2022   
(from 108.8 percent of GDP in the previous year).   
General government debt (which nets out the SSIF   
holdings) also increased to 88.8 percent of GDP in   
2022, up from 87.5 percent in the previous year. As   
of July 2023, gross government and guaranteed debt   
increased to JD40.1 billion, up from JD38.5 billion   
at the end of December 2022, primarily due to   
higher foreign currency debt following the issuance   
of $1.25 billion (JD 0.9 billion) Eurobonds. Box 1   
presents more details on the evolution of public debt   
over the past 25 years.   
External accounts remain negative but are   
improving in H1-2023, supported by an increase   
in travel receipts and a narrowing trade deficit.   
The current account deficit narrowed to 7.7 percent   
of GDP in 2022, due to the sustained recovery in   
travel receipts and despite a widening trade deficit.   
Meanwhile, the capital and financial account surplus   
declined in 2022, leading to a deterioration in the   
balance of payments (BoP) to a deficit of 1.5 percent   
of GDP. The current account continued to benefit   
from further pickup in travel receipts in H1-2023   
and narrowing trade deficit (mainly owing to a   
contraction   
in   
oil   
imports)   
despite   
lower   
remittances. Additionally, the capital and financial   
accounts surplus witnessed an increase, leading to a   
shrinking of the BoP deficit.   
Going forward, growth is expected to reach 2.6   
percent in 2023, primarily propelled by the   
services sector. A subsequent deceleration to 2.5   
percent is anticipated in 2024, followed by a   
resurgence to 2.6 percent thereafter. While inflation   
is expected to remain contained, social welfare   
remains threatened by several factors, including the   
inability of the private sector to absorb a growing   
labor force and to keep up with public sector wages,   
as well as cuts in humanitarian assistance.   
Meanwhile, fiscal consolidation will continue to   
build on the growing domestic revenues, leading to   
an expected narrower deficit of 5.1 percent of GDP.   
On the external front, the current account is   
expected to benefit from the recovery in travel   
receipts and easing pressures on global commodity   
prices.   
The global environment remains challenging.   
Major central banks have pushed their policy rates   
to the highest levels in years and signaled that tight   
monetary conditions may continue until there is   
concrete evidence that inflation is moving back to its   
targeted levels. This has increased the cost of   
financing and is eating up the limited fiscal space. At   
the same time, global growth as well as that of   
Jordan's main trading partners is expected to   
decelerate in 2023, and then to stabilize broadly   
thereafter. The prices of Jordan's key imported   
commodities (e.g., oil and wheat) have returned to   
their level before the Russian invasion of Ukraine.   
However,   
international   
oil   
prices   
increased   
significantly following OPEC+ production cuts and   
the onset of the ongoing conflict in the Middle East.   
The Special Focus highlights the role of women   
and their increased economic participation as   
central to Jordan’s development agenda. The   
piece takes a life-cycle approach, and follows the   
journey of girls and women from birth (looking at   
the access to essential reproductive and child health   
services), through education and into the labor   
market. It sheds light on the barriers to women’s   
increased participation in the economy, starting with   
females’ (as well as males’) low education attainment   
despite high enrollment rates in the early stages of   
education. As they get prepared to enter the labor   
market, women face a series of barriers that may   
deter them, including caregiving responsibilities,   
public transportation, in addition to the prevailing   
social norms, among others. This piece builds on   
recent analytical work and surveys to provide   
granular information on the availability and   
affordability of childcare provision, as well as on   
women’s concerns when using public transportation   
(for example relating to comfort, wait times, safety   
and accessibility).   
   
(SSC), which is currently running an annual surplus   
through its investment agency, the Social Security   
Investment Fund (SSIF) (see Box 1 for more details).   
   
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A. Recent Economic Developments   
1. Real Sector and Labor Market   
Promising sectors are driving growth, but labor   
market outcomes are yet to follow.   
Jordan has been trapped in a low-growth   
equilibrium averaging 2.2 percent over the past   
decade, one of the slowest trajectories in   
comparison to similar countries (Figure 1.1).   
After reaching 2.4 percent during 2022,3 real GDP   
growth accelerated to 2.7 percent during H1-2023.   
Growth was propelled by a strong contribution   
from services – with transport and communications,   
finance and insurance and wholesale and retail trade   
of 0.9 percentage points, combined (Figure 1.2), in   
addition to a robust contribution of 0.3 percent   
from the agriculture sector (partially due to   
favorable base effects). The industrial sector also   
continues to register robust contributions to   
growth, with manufacturing growing by 3.6 percent   
and mining by 3.9 percent. The latter has   
underperformed in 2022 compared to expectations   
given the high potash and phosphate prices (2.9   
percent growth in 2022), albeit remaining higher   
than its historical average. Meanwhile, the   
restaurants and hotels sector grew by 5.8 percent,   
but its contribution to overall growth remains   
marginal (0.1 ppts) given its low weight in the   
economy (1.4 percent of GDP).   
The recovery in tourism and travel receipts was   
broad-based across travel categories and   
country/region of origin in 2022. Similar to other   
key MENA tourism countries, all travel purposes   
continued to expand in H1-2023, albeit at a slower   
rate after witnessing a strong rebound in 2022.   
Business-related travel was the fastest growing   
purpose for travel during the first half of 2023   
(Figure 1.3). The composition of country/region of   
origin has slightly shifted, with non-Arab travel   
arrivals witnessing the strongest increase of 109   
percent in H1-2023 compared to the same period in   
2022, and Jordanians’ and other Arab nationalities’   
   
3 Growth had slowed to 2.0 percent during Q4-2022, the   
slowest registered pace since Q1-2021, resulting in   
slightly lower growth for 2022 than initially expected. The   
arrivals losing some momentum compared to the   
previous quarters (Figure 1.4). Recent data show   
that total arrivals increased by 51 percent during   
7M-2023 compared to the corresponding period of   
2022, with a marked pickup (of 76 percent) in single-  
day tourists, which represent 17 percent of total   
arrivals.   
Figure 1. 1 Jordan has one of the slowest growth   
trajectories compared to peer countries   
10-year average growth (in percent, y-o-y)   
   
Source: World Development Indicators   
Figure 1. 2 Services continue to lead growth, with   
robust contribution from industry and agriculture   
Percentage points, y-o-y growth   
   
Source: Department of statistics (DoS) and WB staff calculations   
slowdown came on the back of a short-lived contraction   
in mining and quarrying as well as a slowdown in   
manufacturing.   
-12  
-10  
-8  
-6  
-4  
-2  
0  
2  
4  
6  
8  
Tunisia  
Algeria  
Jordan  
Arab World  
Morocco  
MENA  
Egypt  
LMI  
Malaysia  
Philippines  
Turkey  
India  
Vietnam  
2012-2022 average growth  
2020 growth  
-2.0  
-1.0  
0.0  
1.0  
2.0  
3.0  
4.0  
2018  
2019  
2020  
2021  
2022  
H1-2021  
H1-2022  
H1-2023  
Agriculture  
Industry  
Services  
Net Taxes  
Real GDP  
   
Jordan Economic Monitor Fall 2023   
   
   
13   
   
Figure 1. 3 Growth in tourism receipts for all purposes   
normalized in H1-2023, with fastest growth in   
business tourism   
Y-o-y growth, percent   
   
Source: CBJ and WB staff calculations   
Figure 1. 4 Travel arrivals are equally distributed by   
region/country of origin   
Thousands   
   
Source: CBJ and WB staff calculations   
Generating employment remains a major   
challenge, as economic growth has not   
translated into significant gains in labor market   
outcomes. Labor force participation remains on a   
downward trend, reaching 33.0 percent in Q2-2023,   
with female labor force participation (FLFP) rates   
still among the lowest in the world and declining   
further to 13.8 percent in Q2-2023 (the “In Focus”   
presents a deep dive into women’s economic   
empowerment). Labor force participation for men   
(53.0 percent) is also low by global and regional   
standards, which points to the need to increase labor   
force participation for both men and women, and to   
narrow the gap between them to accelerate growth.   
Employment rates have inched down (25.6 percent   
in Q2-2023, from 26.1 percent in Q2-2022) and   
remain low reflective of modest job creation (Figure   
1.5).   
 Despite low participation, unemployment rates   
remain high and have only slightly declined to 22.3   
percent in Q2-2023, compared to 22.6 percent in the   
previous year. Unemployment remains well above   
pre-pandemic levels and regional averages (Figure   
1.6). Women and youth (ages 15-24) continue to be   
the most affected, with 30.9 and 47 percent   
unemployment rates, respectively.   
Figure 1. 5 All labor market indicators remain   
unfavorable   
Percent of labor force, percent of working age   
population, percent of labor force.   
   
Source: DoS   
Figure 1. 6 Unemployment is still high, particularly   
among women   
Percent   
of   
labor   
force  
   
Source: DoS and WB staff calculations   
-100%  
-50%  
0%  
50%  
100%  
150%  
200%  
250%  
300%  
2017  
2018  
2019  
2020  
2021  
2022  
H1-2022  
H1-2023  
Annual growth in receipts  
Travel receipts  
Business  
Personal  
Health  
Education  
-300  
200  
700  
1200  
1700  
2200  
2700  
Q1-2020  
Q2-2020  
Q3-2020  
Q4-2020  
Q1-2021  
Q2-2021  
Q3-2021  
Q4-2021  
Q1-2022  
Q2-2022  
Q3-2022  
Q4-2022  
Q1-2023  
Q2-2023  
Jordanian  
Arab  
Non-Arab  
Total  
0  
10  
20  
30  
40  
Q1  
Q3  
Q1  
Q3  
Q1  
Q3  
Q1  
Q3  
Q1  
Q3  
Q1  
2018  
2019  
2020  
2021  
2022  
2023  
Umemployment  
Labor force participation  
Employment  
10  
15  
20  
25  
30  
35  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
Q3  
Q4  
Q1  
Q2  
2018  
2019  
2020  
2021  
2022  
2023  
Total  
Male  
Female  
   
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14   
   
The poverty rate stands at 15.7 percent based on   
2017-18 data. While no new official poverty rate has   
been released since 2019, it is likely that the rising   
cost of living has adversely affected the poorest and   
most vulnerable households, especially as they   
spend a greater share of their income on daily   
expenses and may have to borrow or cut back.   
Economic growth has also been insufficient to   
create enough jobs, particularly for the growing   
numbers of unemployed youth. Targeted cash   
transfers for Jordanians continue to provide   
important buffers, with the coverage of the National   
Aid Fund’s monthly support increasing from 97,000   
households to 220,000 between 2018 and 2023.   
However,   
recent   
decreases   
in   
humanitarian   
assistance (including to Syrian refugees) could have   
adverse welfare consequences.4   
Promising   
high-productivity   
sectors   
are   
experiencing faster employment growth, but   
their share in total employment remains low.   
The information and communication sector was the   
second fastest-growing employer in 2022 (16   
percent), although its share in total employment is   
still very limited (around 2 percent). Employment   
growth was the highest in accommodation and   
restaurants (29 percent growth), reflecting the   
recovery in tourism after a contraction in the   
sector’s employment for three consecutive years.   
Figure 1.7 captures the relationship between sectors’   
growth, their employment weight and growth. It   
shows that over the past five years, sectors’ faster   
GDP growth does not necessarily reflect on   
employment growth, even for those sectors that are   
already absorbing a large number of labor. This is   
the case of Wholesale & Retail Trade as well as in   
Finance & Insurance, which have both seen a   
contraction in employment. Positive employment   
growth occurred only in Tourism, and to a lesser   
extent in Manufacturing and Agriculture but the   
latter is a small employing sector. All other private   
sector dominated sectors (represented by the blue   
bubbles),   
including   
Transportation,   
ICT,   
Construction, and Real Estate, have witnessed   
contractions in employment, in addition to weaker-  
than-average economic activity. On the other hand,   
Public Administration & Defense and the social   
sectors – which are dominated by the public sector   
(yellow bubbles) - remain the two largest sectors   
(absorbing 45 percent of employment) and have not   
seen any marked contraction in employment in the   
past five years. As fiscal pressures and an intended   
shift towards private sector-led growth continue to   
constrain public sector’s hiring, job creation needs   
to come from the private sector.   
Figure 1. 7 High-productivity sectors are growing faster, but their employment share remains modest   
Percentage growth in 2022/ share in 2022   
   
   
4 In July 2023, The World Food Program had to reduce   
the transfer value by one-third due to a funding shortfall.   
In October, UNICEF Jordan announced it is facing a 57   
percent funding gap of USD 92.5 million (out of the   
needed USD 161.35 million) in 2023 needed to continue   
providing services for vulnerable children and their   
families in Jordan.   
Public admin. &   
Defense  
Manufacturing  
Trade  
Finance & Ins.  
Agriculture  
Tourism  
Construction  
Real Estate  
Electricity  
Mining   
Transportation &   
ICT  
Admin Services,   
Health and Edu  
-8.0  
-6.0  
-4.0  
-2.0  
0.0  
2.0  
4.0  
6.0  
8.0  
0.0  
0.5  
1.0  
1.5  
2.0  
2.5  
3.0  
3.5  
4.0  
Employment Growth   
(5-year average)  
GDP growth (5-year average)  
Average growth 2%  
Note: Bubble size   
denotes share in total   
employment over the   
past five years; yellow   
color denotes public-  
sector   
dominated   
jobs.   
   
   
   
   
   
   
Source: DOS and WB   
staff calculations   
   
   
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15   
   
2. Fiscal and Debt Developments   
Jordan’s central government fiscal balance is   
sustaining its consolidation path, supporting slower   
debt accumulation yet debt levels remain a concern.   
Fiscal consolidation continued in 2022 and 7M-  
2023, supported by revenue-enhancing reforms   
and slightly lower public expenditure. The   
overall deficit of the Central Government (CG)   
reached 5.6 percent in 2022 and narrowed by 0.4   
percentage points of projected GDP5 in 7M-2023,   
compared to the same period of the previous year   
(Figure 1.8). The primary balance recorded a surplus   
of 0.3 percent of GDP in 7M-2023, compared with   
a deficit of 0.4 percent of GDP in the same period   
of the previous year. Lower current primary   
expenditure and higher domestic revenue supported   
the better fiscal outcome and more than   
compensated for the increase in capital expenditure   
and interest payments as well as lower grants which   
declined by 0.2 percentage point of GDP. This   
brought the overall CG fiscal deficit to 2.5 percent   
of full-year GDP in 7M-2023, compared to 2.9   
percent in 7M-2022.   
Total revenues increased in 2022 and continued   
to improve in H1-2023, driven by higher income   
tax and non-tax revenues, despite the decline in   
foreign grants. Total revenues (including grants)   
reached 25.8 percent of GDP in 2022, up from 24.7   
percent of GDP in 2021 (Figure 1.9). Tax revenues   
increased by 0.4 percentage points of GDP in 2022,   
relative to the previous year. Higher income and   
profit tax revenue, mainly from companies and   
projects offset the decline in sales tax revenue. Non-  
tax revenue increased by 0.8 percentage points of   
GDP in 2022 owing to higher property income and   
miscellaneous items. Foreign grants stabilized   
around 2.3 percent of GDP in 2022, in line with the   
previous year (2.4 percent).   
   
5 Based on the projected GDP for 2023 presented in the   
outlook section.   
   
Figure 1. 8 CG fiscal consolidation on track,   
supported by enhanced revenues and lower subsidy   
spending   
Percent of GDP   
   
Source: MoF and WB staff calculations.   
Figure 1. 9 Revenues increase was driven by both   
tax and non-tax revenues, despite lower grants   
Percent of GDP   
   
Source: MoF and World Bank staff calculations.   
The revenue increase continued in the first seven   
months of 2023 (7M-2023), increasing by 0.3   
percentage points of GDP (including grants). This   
was also due to higher income tax and non-tax   
revenues, which offset lower sales tax revenue (in   
percent of GDP)., foreign grants declined to 0.1   
percent of GDP in 7M-2023, down from 0.2 percent   
of GDP in 7M-2022.   
-10  
0  
10  
20  
30  
40  
2018  
2019  
2020  
2021  
2022  
7M-2022  
7M-2023  
Total revenues and grants  
Total expenditures (incl. use of cash)  
Overall balance  
0  
10  
20  
30  
2018  
2019  
2020  
2021  
2022  
7M-2022  
7M-2023  
Tax revenues  
Non tax revenues  
Grants  
   
Jordan Economic Monitor Fall 2023   
   
   
16   
   
The phasing out of fuel subsidies helped   
contain public spending in 2023, which had   
markedly increased in 2022. Spending had   
increased to 31.5 percent of GDP (up from 30.9   
percent of GDP in 2021), driven by the re-  
introduction of food and fuel subsidies to mitigate   
the impact of external shocks. Fuel subsidies were   
subsequently phased out in 2023, while cutbacks in   
wheat subsidies (of JD 60 million) were   
compensated by the introduction of a subsidy to   
strategic food commodities (of JD 277 million) in   
the 2023 budget. These developments led to 0.6   
percentage points of GDP decline in subsidies in   
7M-2023. On the other hand, global financial   
conditions tightening contributed to the increase of   
interest payments by 0.3 percentage points of GDP.   
Additionally, capital expenditure, which traditionally   
suffers from low budget execution,6 increased by 0.2   
percentage points of GDP in 7M-2023 compared to   
the previous year, reaching 1.7 percent of GDP.   
Overall, total spending marked a slight decline in   
7M-2023 of 0.1 ppts of GDP compared to the same   
period of the previous year (Figure 1.10).   
Improved budget sector fiscal performance   
supported slower debt accumulation, but   
central government debt levels remain a   
concern as pressures from the wider public   
sector persist. The gross government and   
guaranteed debt (which covers the budget sector   
and other public entities including NEPCO and   
WAJ) increased to 111.4 percent of GDP in 2022,   
up from 108.8 percent of GDP in the previous year.   
Of the total increase, 72 percent was driven by the   
budget sector deficit, followed by NEPCO (11   
percent) and WAJ and water distribution companies   
(9 percent), in addition to others (9 percent). The   
general government debt and guaranteed debt (i.e.   
after netting out the SSIF holdings of government   
debt) reached 88.8 percent of GDP in 2022, up from   
87.5 percent of GDP in the previous year.   
Figure 1. 10 Increased capital expenditure and   
interest payments were offset by lower subsidies   
spending   
Change in expenditure, in percent of GDP   
   
Source: MoF and World Bank staff calculations.   
At the end of July 2023, gross government and   
guaranteed debt stock increased to JD40.1   
billion. This compares to JD38.5 billion at the end   
of December 2022, with the increase mainly   
attributed to higher foreign currency debt (of JD1.4   
billion), including from the issuance of USD1.25   
billion (JD 0.9 billion) Eurobonds in April 2023.7 As   
for the stock of domestic currency government and   
guaranteed debt, it increased only slightly by JD 0.2   
billion, with . the increase in guaranteed debt being   
nearly offset by a decline in government debt,   
reflecting the decrease in the stock of treasury bills   
and bonds held by banks in favor of the debt held   
by the SSIF. Excluding SSIF holdings, gross   
government and guaranteed debt increased by JD0.9   
billion to record JD31.5 billion at the end of July   
2023. Box 1 takes a deep dive into debt   
developments over the past 25 years.  
   
   
   
6 Capital expenditure stood at 3.4 percent of GDP in   
2022, nearly unchanged relative to 3.5 in 2021. While it is   
only slightly below to the pre-COVID average of 3.7   
percent of GDP (2013-19), the actual/realized capital   
expenditure remained under-executed by 20 percent on   
average between 2018-2022 (excl. 2020).   
7 The GoJ issued a 6-year Eurobonds at 7.5 percent. The   
USD 1.25 billion is nearly double the amount it initially   
intended to issue ($750 million).   
-2.0  
-1.0  
0.0  
1.0  
2.0  
3.0  
2019  
2020  
2021  
2022  
7M-2022  
7M-2023  
Capital expenditure  
Transfers  
Goods Subsidies  
Defense and Security  
Interest payments  
Purchases of Goods & Services  
Compensation of employees  
   
Jordan Economic Monitor Fall 2023   
   
   
17   
   
Box 1. Evolution of Jordan’s gross government and guaranteed debt   
This box analyzes the evolution of public debt in Jordan. When measuring Jordan’s debt, it is useful   
to clarify the different concepts and definitions:   
(1) The Budget Sector is the narrowest definition, and covers the government debt.   
(2) The Central Government (CG) debt and guaranteed debt covers: (i) the budget sector debt; and   
(ii) the guaranteed debt of 57 government units, including NEPCO and WAJ.   
(3) The General Government (GG) debt consolidates the above definition (2) with the Social   
Security Corporation (SSC) holdings of government debt. The SSC is currently running an annual   
surplus and therefore purchases government bonds through its investment agency, the Social   
Security Investment Fund (SSIF).8   
Over the past 25 years, Jordan’s gross   
government and guaranteed debt (as a   
percent of GDP) has followed a V-shaped   
trajectory. Between 1998-2008, the CG gross   
government and guaranteed debt ratio declined   
from 109.8 percent of GDP to around 58.4   
percent (Figure B.1). The improvement in the   
debt ratio was mainly supported by a decline in   
the foreign currency debt ratio from 89.3   
percent of GDP to 22.6 percent, with the debt   
stock level remaining stable at an average of   
USD 7.0 billion (Figure B.2) while economic   
growth accelerated. This decline in the foreign   
currency debt ratio had more than offset the   
steady increase in the domestic currency debt.   
Figure B. 1 Gross Government and Guaranteed   
Gross Debt   
Percent of GDP   
   
   
Figure B. 2 Foreign Currency Debt   
Billion US Dollar   
   
   
Figure B. 3 Debt accumulation and NGDP   
Growth rate   
   
   
   
8 Therefore, the GG debt (net of SSIF holdings) is lower than in the CG definition. If the SSC were to run   
a deficit, the GG debt would become larger than CG debt.   
   
0  
20  
40  
60  
80  
100  
120  
1998  
2000  
2002  
2004  
2006  
2008  
2010  
2012  
2014  
2016  
2018  
2020  
2022  
Domestic currency  
Foreign currency  
Gross debt  
0  
5  
10  
15  
20  
25  
1998  
2000  
2002  
2004  
2006  
2008  
2010  
2012  
2014  
2016  
2018  
2020  
2022  
-3  
2  
7  
12  
17  
22  
27  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Differential (+ve=debt  
growth > GDP growth)  
Debt Growth rate  
Nom. GDP growth  
   
Jordan Economic Monitor Fall 2023   
   
   
18   
   
Since 2008 and with multiple external shocks, the improving trend reversed. Several shocks,   
together with some policy choices aimed at mitigating their impact on the population, have   
successively induced debt accumulation (Figure B.2 and Figure B.3). For instance, following the   
disruption of favorably priced natural gas supplies from Egypt in 2011, the GoJ opted for limiting the   
extent to which higher gas prices reflect on the electricity tariffs. While this decision helped spare the   
bulk of the population from large tariff increases, it led to a substantial accumulation of debt in the   
energy sector/NEPCO. This had adverse consequences for public debt, with the CG government   
and guaranteed debt ratio reaching 111.4 percent of GDP in 2022. During that period, the guaranteed   
debt, which includes NEPCO and WAJ debt, rose sharply from 3.3 percent of GDP in 2008 to around   
13.1 percent of GDP in 2012 before leveling off to an average of 10.6 percent of GDP in the   
subsequent years (Figure B.6). To help contain debt accumulation, the GoJ carried out a fiscal   
consolidation program - notably through fuel subsidies elimination and revenue mobilization   
measures - that led to a cumulative decline of the budget sector primary fiscal deficit (excluding grants)   
by around 6.5 percentage points of GDP between 2012 and 2022   
After 2008, there has been a shift in the creditor structure amid extending debt maturity. While   
Jordan’s relatively large and liquid banking sector remains the primary holder of public domestic debt   
(Figure B.8), its share has gradually declined since 2008, driven by lower share of CBJ’s claims on   
central government (Figure B.9). Claims on central government (as percent of commercial banks   
domestic assets) increased from 12.4 percent to around 24 percent between 2008 and 2014 and   
stabilized around 20 percent thereafter. On the other hand, the share of domestic currency debt held   
by non-banks (including SSIF) has more than doubled to around 43.5 percent in 2022. For the foreign   
currency government and guaranteed debt, the share of bilateral loans has declined significantly from   
58.8 percent to only 17.8 percent between 2008 and 2022, in favor of government bonds which share   
rose significantly in 2022 to around 40.8 percent of the total outstanding foreign currency debt stock   
(Figure B.11). Meanwhile, multilateral loans still account for over one-third of the total foreign   
currency debt (Figure B.12). The changes in the creditor structure also coincides with extending the   
weighted average maturity of the debt (Figure B.10). For domestic currency debt, the weighted average   
maturity increased from around 2 years in 2010-2015 to around 4 years in 2022. Meanwhile, the   
weighted average maturity of foreign currency debt also increased from around 6 years in 2008 to   
around 9 years in 2022.   
Figure B. 4 Change in Gross Central Government and Guaranteed Gross Debt and its Drivers   
Percent of GDP   
   
Note: Exchange rate depreciation reflects the contribution from US dollar nominal effective exchange rate changes against major currencies weighted   
by the share of Jordanian foreign currency debt that is not denominated in US dollar or other currencies pegged to the US dollar.   
   
-6  
-3  
0  
3  
6  
9  
12  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Real effective interest rate  
Real GDP growth  
Exchange rate depreciation  
Primary deficit  
Residual  
Guaranteed debt  
Change in government and guaranteed gross debt (% of GDP  
   
Jordan Economic Monitor Fall 2023   
   
   
19   
   
Figure B. 5 Central Government Gross Debt   
Percent of GDP   
   
Figure B. 6 Guaranteed Gross Debt   
Percent of GDP   
   
Figure B. 7 Domestic Currency Debt   
Percent of GDP   
   
Figure B. 8 Holders of Domestic Currency Debt   
Percent of total domestic currency debt   
   
Figure B. 9 Claims on Central Government   
Percent of banking sector total domestic assets   
   
   
Figure B. 10 Weighted Average Debt Maturity   
Year   
   
   
0  
20  
40  
60  
80  
100  
120  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Domestic currency  
Foreign currency  
9.8  
9.8  
10.3  
0  
2  
4  
6  
8  
10  
12  
14  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Domestic currency  
Foreign currency  
0  
10  
20  
30  
40  
50  
60  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Central Government  
Guaranteed  
0  
20  
40  
60  
80  
100  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Held by banking sector  
Held by non-banks  
0  
20  
40  
60  
80  
100  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Commercial Banks  
CBJ  
Total  
0  
2  
4  
6  
8  
10  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Domestic currency debt  
Foreign currency debt  
   
Jordan Economic Monitor Fall 2023   
   
   
20   
   
Figure B. 11 Holders of Foreign Currency Debt   
Percent of total foreign currency debt   
   
Figure B. 12 Breakdown of Multilateral creditors   
Share of total   
   
   
The Social Security Investment Fund (SSIF) has become one of the main non-bank holders   
of Jordan’s government and guaranteed debt, mainly domestic currency debt. The share of   
SSIF holdings of public debt has gradually increased to around 20.0 percent of the total gross   
government and guaranteed debt, which is equivalent to around 22.6 percent of GDP in 2022 (Figure   
B.13). While the pace at which the SSIF has been buying government and guaranteed debt has   
declined significantly between 2017 and 2020, it more than doubled after the COVID-19 pandemic   
to reach around 30.1 percent of newly issued government debt in 2022 (Figure B.14). As of 2021   
(latest available), treasury bonds represented around 54.4 percent of total SSIF assets, up from 46.3   
percent in 2016 (Figure B.15). The continuous absorption of large amount of government debt going   
forward may limit the ability to invest in other asset classes and sectors, challenging the SSIF objective   
of sustaining a diversified investment portfolio.9 Additionally, the SSC’s current financial surplus is   
projected to turn into a deficit in about ten years or twenty years if return on investment are taken   
into consideration,10 which will limit its ability to absorbing more government debt and eventually   
become a net seller of government debt. Net of SSIF debt holdings, the government and guaranteed   
debt recorded around 88.8 percent of GDP in 2022, up from 75.7 percent of GDP in 2017 (Figure   
B.16).   
The elevated debt level has resulted in a gradual increase in debt service payments. Interest   
payments increased from 7.9 percent of total revenue in 2008, and peaked in 2020 before slightly   
leveling off to around 16.6   
 percent in 2022 (Figure B.17). At 15.2 percent of total revenue, Jordan’s   
average interest payments is relatively elevated compared to peers (Figure B.18). Its foreign currency   
component peaked during the COVID-19 pandemic (2020) at around 28.1 percent of total exports,   
before leveling off to 19.4 percent in 2022. It remains however relatively elevated compared to peers   
(Figure B.19), represents almost 23 percent of CBJ’s gross foreign reserves in 2022. More than half   
(56.4 percent of CBJ’s gross foreign reserves) is of short-term in 2022, down from its peak of 68.2 in   
2018 (Figure B.20). While foreign currency debt service payments in 2023 is projected to be close to   
its 2022 levels, other significant payments3 are projected between 2025 and 2027.11   
   
9 SSIF, the Pillars of SSIF Investment Policy.   
10 World Bank (2021)   
11 MoF quarterly debt report Q4-2022.   
0  
20  
40  
60  
80  
100  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Bilateral loans  
Multilateral loans  
Government Bonds  
Others  
0  
20  
40  
60  
80  
100  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Others  
Islamic Development Bank  
European Investment Bank  
Arab Monetary Fund & AFSED  
IMF  
IBRD & IDA  
   
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21   
   
Figure B. 13 SSIF Holdings of Government and   
Guaranteed Gross Debt   
Percent of GDP   
   
Figure B. 14 Share of SSIF purchases of new   
debt   
In percent of the change in total debt   
   
Figure B. 15 Stock of Treasury bonds held by SSIF   
Share of total SSIF assets   
   
Figure B. 16 Government and Guaranteed Debt,   
net of SSIF Holdings, Percent of GDP   
   
   
Figure B. 17 Interest Payments   
Percent of tax and total fiscal revenues   
   
Figure B. 18 Average Debt Interest Payments   
2017-2021, Percent of fiscal revenues   
   
   
0  
5  
10  
15  
20  
25  
2017  
2018  
2019  
2020  
2021  
2022  
Domestic currency guaranteed debt  
Foreign currency budget debt  
Domestic currency budget debt  
0  
10  
20  
30  
40  
50  
60  
70  
2017  
2018  
2019  
2020  
2021  
2022  
0  
10  
20  
30  
40  
50  
60  
2016  
2017  
2018  
2019  
2020  
2021  
0  
20  
40  
60  
80  
100  
2017  
2018  
2019  
2020  
2021  
2022  
Guaranteed debt  
Domestic currency budget debt  
Foreign currency budget debt  
Gross debt  
0  
2  
4  
6  
0  
5  
10  
15  
20  
25  
30  
2008  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Interest payment (in % of tax revenue)  
Interest payment (in % of total revenue)  
Effective interest rate on gov debt (RHS, in %)  
0  
5  
10  
15  
20  
Rwanda  
Upper middle income  
Albania  
Senegal  
Middle income  
Morocco  
Lower middle income  
Namibia  
Jordan  
Costa Rica  
Bangladesh  
Jamaica  
   
Jordan Economic Monitor Fall 2023   
   
   
22   
   
Figure B. 19 Average Debt Service 2017-2021,   
International Comparison   
Percent of exports receipts and primary income   
   
Note: Selected peer countries: regional peers and   
countries with similar credit rating   
   
Figure B. 20 Foreign Currency Debt and Debt   
Service   
Percent of CBJ’s Gross Foreign Reserves   
   
All data sources are from Dos, CBJ, MoF and WB staff calculations.   
   
   
3. External Sector Developments   
Easing global commodity prices and higher travel   
receipts in 2023 are further supporting the external   
accounts.   
Despite the widening of the trade deficit, the   
recovery in travel receipts helped reduce the   
current account deficit (CAD) in 2022. The CAD   
narrowed to 7.7 percent of GDP in 2022, compared to   
8.0 percent in 2021 (Figure 1.11). The significant   
recovery continued throughout 2022, outpacing the   
wider trade deficit (23.7 percent of GDP) and a   
deterioration in Jordan’s income accounts. Meanwhile,   
the capital and financial account surplus also declined   
substantially, as the pickup in foreign direct investment   
(FDI) to 2.6 percent of GDP was not enough to   
counter the outflow of portfolio investment and the   
slowdown in other investments. As a result, the   
balance of payments (BoP) registered a deficit of 1.5   
percent of GDP during 2022, from a surplus of 5.1   
percent in 2021.   
The first half of 2023 saw a continued   
improvement in the current account deficit,   
largely driven by further increases in travel   
receipts and a lower trade deficit, despite the   
setback in remittances. The CAD narrowed to 3.3   
percent of full-year GDP during H1-2023, compared   
to 6.0 percent in H1-2022, helped by a 65 percent   
increase in travel receipts. Overall, the services balance   
reached 3.4 percent of expected GDP compared to 1.1   
percent during the same period in 2022. On the other   
hand, workers’ remittances witnessed a slight   
contraction of 0.4 percent, after growing by 1.5   
percent in H1-2022. Both the primary and secondary   
income accounts have slightly deteriorated compared   
to H1-2022.   
The trade deficit improved on the back of a   
contraction in imports. The trade deficit narrowed   
to 9.6 percent of GDP in H1-2023, compared to 11.2   
percent in 2022. Exports declined to 12.4 percent of   
GDP but were outpaced by the contraction in imports   
to 22.0 percent of GDP (down from 24.2 in the   
previous year). The decline in imports was driven by a   
favorable price effect despite higher energy and non-  
energy imports volume (Figure 1.12).   
Chemicals and phosphate remain Jordan’s largest   
export commodities, accounting for close to half   
(46 percent) of total exports in H1-2023, followed   
by textiles and clothing (16 percent). Stones and   
precious metals as well as food and live animals are the   
main positive contributors to export growth during   
this period. Meanwhile the prices of Jordan's key   
0  
10  
20  
30  
40  
Bangladesh  
Benin  
Morocco  
Costa Rica  
Lower middle income  
Middle income  
Upper middle income  
Albania  
Tunisia  
Rwanda  
Jordan  
Egypt  
Senegal  
Jamaica  
0  
10  
20  
30  
40  
50  
60  
70  
80  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Short-term foreign currency debt  
Foreign currency debt service  
   
Jordan Economic Monitor Fall 2023   
   
   
23   
   
   
exported commodities (e.g., phosphate and potash)   
have shown mixed directions. Phosphate has remained   
well above its levels from before the Russian invasion   
of Ukraine, while potash prices remain well below the   
pre-war levels.12   
Figure 1. 11 The CAD improved in H1-2023 driven by   
services balance and a shrinking trade deficit   
Current Account Developments, Percent of GDP   
Source: CBJ and WB staff calculations   
Figure 1. 12 H1-2023 saw a contraction in both energy   
and non-energy imports   
Cumulative, growth, in percentage points   
   
Source: DoS and WB staff calculations   
The capital and financial account surplus   
increased in H1-2023, propelled by significant   
inflow of portfolio investment. The surplus   
increased to 3.7 percent of expected full-year GDP,   
   
12 World Bank Commodity Markets Outlook, October 2023   
compared to 2.8 percent in H1-2022, driven by   
significant portfolio investment inflow attributed to   
the USD1.25 billion Eurobond issuance in April 2023.   
At the same time FDI stabilized around 1.3 percent of   
GDP and other investments declined steeply to 0.2   
percent (from 2.6 percent the year before). The overall   
BOP balance hence registered a deficit of 0.4 percent   
of GDP in H1-2023 compared to 2.6 percent of GDP   
in H1-2022. As a result, gross foreign reserves   
witnessed a dip in the beginning of 2023, before   
increasing again (by around USD200 million) to reach   
USD18.4 billion as of August 2023 (Figure 1.14).   
Figure 1. 13 Portfolio investment have increased in   
2023 while FDI has stabilized   
Percent of GDP   
Source: CBJ, WB staff calculations   
Figure 1. 14 Reserves stabilized around end-2022 level   
CBJ Gross Foreign Reserves, USD million   
   
Notes: Reserves of Gold and Foreign Currencies. Gross usable   
reserves include gold and foreign currencies and exclude forward   
contracts. In months of next year's imports of Goods and Services.   
Sources: CBJ and WB staff estimates   
-40  
-20  
0  
20  
40  
2018  
2019  
2020  
2021  
2022  
H1-2021  
H1-2022  
H1-2023  
Public grants  
Trade Balance  
Travel receipts  
Workers Remittances  
Services payments  
CAB  
-10  
0  
10  
20  
30  
40  
50  
Jan-22  
Feb-22  
Mar-22  
Apr-22  
May-22  
Jun-22  
Jul-22  
Aug-22  
Sep-22  
Oct-22  
Nov-22  
Dec-22  
Jan-23  
Feb-23  
Mar-23  
Apr-23  
May-23  
Jun-23  
Energy  
Non-Energy  
Total  
-5.0  
0.0  
5.0  
10.0  
2018  
2019  
2020  
2021  
2022  
H1-2021  
H1-2022  
H1-2023  
FDI  
Portfolio Investment  
Other Investment  
Financial Account Balance  
 16,000  
 16,500  
 17,000  
 17,500  
 18,000  
 18,500  
 19,000  
5.8  
5.9  
6.0  
6.1  
6.2  
6.3  
6.4  
6.5  
6.6  
Jul-22  
Aug-22  
Sep-22  
Oct-22  
Nov-22  
Dec-22  
Jan-23  
Feb-23  
Mar-23  
Apr-23  
May-23  
Jun-23  
Jul-23  
Aug-23  
Sep-23  
In months of imports, LHS  
Gross foreign reserves (RHS)  
   
Jordan Economic Monitor Fall 2023   
   
   
24   
   
   
4. Monetary Policy and Inflation   
Monetary policy tightening supports decelerating   
annual inflation rate and money growth.   
Inflation decelerated significantly in 2023 from its   
peak reached in 2022. The annual headline inflation   
rate declined to 1.4 percent in October 2023, down   
from its peak of 5.4 percent in September 2022 (Figure   
1.15). The deceleration has been supported by a   
favorable base effect and muted monthly inflation   
(Figure 1.16). The monthly headline inflation rate   
recorded an average of 0.2 percent in Jan-Oct. 2023,   
compared with an average of 0.5 percent during the   
same period in 2022, and an overall historical average   
of 0.2 percent. This was supported by the negative   
contribution from fuel and transportation prices and   
the contained effect from food and core items,   
reflecting the gradual dissipation of the supply shocks   
associated with the Russian war on Ukraine (Figure   
1.17).   
The contained inflation reflects the ongoing   
monetary policy tightening, with real interest   
rates remaining positive and high. The Central   
Bank of Jordan (CBJ) raised its key policy rate by 100   
basis points in 2023, and a total of 525 basis points   
since the beginning of this tightening cycle in March   
2022. The CBJ overnight deposit rate and overnight   
repo rate recorded 7.25 and 8.25 percent, respectively   
in September 2023, the highest since 2006/07. The   
weighted average lending and savings interest rates in   
the banking sector also increased to the highest levels   
in years. Real interest rates13 continued to increase   
since Q3 2022 supported by higher nominal rates and   
lower inflation (Figure 1.18).   
The real effective exchange rate depreciated on an   
annual basis for the fifth consecutive month in   
September 2023 (Figure 1.19), the depreciation which   
marks a gain competitiveness, was supported by a   
lower rate of inflation in Jordan compared to main   
trading partners and the fact that the US dollar   
appreciation against its main trading partners has lost   
some steam as the Federal Reserve approaches the end   
of its tightening cycle.   
   
13 Nominal interest rates adjusted for inflation using a 3-  
month average of annual headline inflation with equal   
Figure 1. 15 Annual headline inflation rate decelerated   
significantly in 2023   
Percent   
   
   
Figure 1. 16 The deceleration has been supported by   
favorable base effects and muted monthly inflation   
Change in annual headline inflation rate, percentage points   
   
   
Figure 1. 17 Muted monthly inflation was supported   
by negative contribution from fuel items   
Change in monthly headline inflation rate, ppts   
   
Source: DoS and WB staff calculations.   
weights (50-50) assigned to backward- and forward-   
looking components.   
-1  
0  
1  
2  
3  
4  
5  
6  
7  
Feb-17  
Jul-17  
Dec-17  
May-18  
Oct-18  
Mar-19  
Aug-19  
Jan-20  
Jun-20  
Nov-20  
Apr-21  
Sep-21  
Feb-22  
Jul-22  
Dec-22  
May-23  
Oct-23  
-5  
-3  
-1  
1  
3  
5  
Mar 22- Sep 22  
Oct 22- Oct 23  
Base effect, in p.p.  
Monthly dynamics, in p.p.,  
-1  
0  
1  
2  
3  
4  
5  
Mar 22- Sep 22  
Oct 22- Oct 23  
Food Inflation  
Rents  
Core items, excl. rents  
   
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25   
   
   
Figure 1. 18 Real interest rates continued to increase   
since Q2 2022, Percent   
   
Source: CBJ, Haver analytics and WB staff calculations   
Figure 1. 19 The REER depreciated on annual terms   
for the fifth consecutive month   
Contribution to annual change, p.p.   
   
Source: Brugel and WB staff calculations.   
Figure 1. 20 Broad money annual growth rate slowed   
down to the slowest pace since 2019   
Percent/percentage points   
   
Source: CBJ and WB staff calculations   
   
In tandem with the policy rate hikes and the   
ongoing fiscal consolidation, liquidity growth   
continues to decelerate. Broad money (M2) annual   
growth rate slowed down to 2.2 percent in September   
2023 (the lowest level since 2019), down from its peak   
of 7.7 percent in June 2022 (Figure 1.20). This   
deceleration has been mainly attributed to declining   
contribution from the net domestic assets, given the   
slowdown in lending to both the private and public   
sectors, in addition to a decline in other unclassified   
assets. On the other hand, the contribution of net   
foreign assets turned positive since June 2023 after a   
year of contributing negatively, reflecting the   
improvement in Jordan’s external balances (Figure   
1.21).   
Meanwhile, CBJ’s balance sheet continued to   
contract down from its level in December 2021. In   
2022, CBJ’s balance sheet contraction was mainly   
attributed to a decline in the foreign assets, in   
particular CBJ’s foreign cash balances and deposits   
given the repercussions of the Russian invasion of   
Ukraine. In 2023, the decline was mainly attributed to   
a decline in the domestic assets, in particular CBJ’s   
repos balances which historically had witnessed   
notable increases during crisis time (e.g., 2012 and   
2020).   
Figure 1. 21 NFA contribution to broad money annual   
growth rate turned positive   
Percentage points   
   
Source: CBJ and WB staff calculations   
   
   
-5  
0  
5  
10  
Sep-17  
Jan-18  
May-18  
Sep-18  
Jan-19  
May-19  
Sep-19  
Jan-20  
May-20  
Sep-20  
Jan-21  
May-21  
Sep-21  
Jan-22  
May-22  
Sep-22  
Jan-23  
May-23  
Sep-23  
Interbank rate  
Overdrafts  
Loans and Advances  
Time Deposit Rate  
-10  
-5  
0  
5  
10  
15  
20  
Jan-20  
Mar-20  
May-20  
Jul-20  
Sep-20  
Nov-20  
Jan-21  
Mar-21  
May-21  
Jul-21  
Sep-21  
Nov-21  
Jan-22  
Mar-22  
May-22  
Jul-22  
Sep-22  
Nov-22  
Jan-23  
Mar-23  
May-23  
Jul-23  
Sep-23  
JD NEER (in p.p.)  
Inflation differential (in p.p.)  
JD REER (YoY, in %, +ve= appreciation)  
-5  
0  
5  
10  
15  
May-19  
Sep-19  
Jan-20  
May-20  
Sep-20  
Jan-21  
May-21  
Sep-21  
Jan-22  
May-22  
Sep-22  
Jan-23  
May-23  
Sep-23  
NFA  
NDA  
Broad Money  
-5  
-3  
-1  
1  
3  
5  
7  
May-19  
Sep-19  
Jan-20  
May-20  
Sep-20  
Jan-21  
May-21  
Sep-21  
Jan-22  
May-22  
Sep-22  
Jan-23  
May-23  
Sep-23  
NFA, Banks  
NFA, central Bank  
NFA  
   
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B. Outlook and Risks   
   
Queen Alia Airport, Amman, Jordan © Julius Bramanto   
Growth is projected to accelerate to 2.6 percent   
in 2023, driven by the services sector and a   
rebound in agriculture. Several service sectors are   
expected to keep momentum including wholesale   
and   
retail   
trade,   
transport,   
storage   
and   
communications and restaurants and hotels. The   
industrial sector is also expected to keep its robust   
contribution to growth, although at a slower than   
in 2022 when growth was the highest since 2014.   
Slower export growth is also expected to weigh on   
the industrial sector’s growth, mainly due to base   
effects. Real GDP growth is expected to reach 2.6   
percent in 2023, primarily propelled by the services   
sector. A subsequent deceleration to 2.5 percent is   
anticipated in 2024, followed by a resurgence to 2.6   
percent thereafter.   
 Several   
socioeconomic   
developments   
continue to suppress households’ real income   
growth. The latest poverty rates available date back   
to 2018 (15.7 percent in July 2023, the World Bank   
reclassified Jordan as a lower middle-income   
country based on the previous year’s GNI per   
capita estimates. This year’s downward revision is   
mainly due to an upward revision (+9.6 percent) to   
Jordan’s population published in the World   
Population Prospects 2022. While the recovery of   
services is expected to support wage incomes, large   
socioeconomic vulnerabilities persist. Limited   
private sector job creation, segmented labor   
markets,   
high   
informality,   
and   
low   
labor   
productivity continue to suppress households’ real   
income growth. Cuts in cash transfers to refugees   
due to declining foreign assistance are likely to have   
an adverse impact on poverty, food security, and   
households’ indebtedness.   
Inflation is anticipated to remain contained,   
reflecting   
the   
ongoing   
monetary   
policy   
tightening and relatively stable commodity   
   
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27   
   
   
prices in 2023. Annual headline inflation is   
expected to stabilize around 2.4 percent in 2023,   
down from 4.2 percent in the previous year, driven   
by a favorable base effect and muted core inflation   
and helped by the easing global commodity prices.   
However, renewed concerns about global oil   
supply - following the announced voluntary cuts in   
oil production by Saudi Arabia and Russia, and the   
potential for renewed regional conflict in the   
Middle East - could pose an upside risk to oil prices   
and, hence, the inflation and fiscal outlooks. On the   
other hand, the recent decision of the USA to lift   
sanctions on Venezuela, could alleviate some of   
these concerns and mitigate the impact on global   
oil prices.   
Central   
government   
fiscal   
balance   
consolidation will remain supported by the   
decline in subsidies and the growing domestic   
revenues. The overall fiscal deficit is expected to   
narrow further to 5.2 percent of GDP in 2023,   
from 5.6 percent in the previous year. On the   
revenue side, tax revenues are expected to continue   
growing to reach 17.8 percent of GDP in 2023, up   
from 17.5 percent of GDP in the previous year,   
reflecting the implementation of tax administrative   
reforms. These will offset the impact of lower   
contribution from non-tax revenues and grants. On   
the other hand, total expenditure is expected to   
decline to 31.1 percent of GDP in 2023, down from   
31.5 percent in the previous year. This decline is   
mainly driven by lower subsidies and the   
containment of public wage bill growth, which will   
offset the impact of higher interest payments and   
capital expenditures. Public debt will however   
remain elevated, as the gross government and   
guaranteed debt is expected to increase to 113   
percent of GDP in 2023. Given the increasing SSIF   
purchases of new debt, the debt ratio (net of SSIF   
holdings) is projected to inch down to 88.7 percent   
of GDP in 2023.   
The external accounts are expected to witness   
gradual improvement over the medium term,   
benefitting from easing global commodity   
prices and the initial recovery of tourism in   
early 2023. The current account deficit (incl.   
grants) is expected to narrow to 6.6 percent of   
GDP in 2023, compared to 7.7 percent in 2022,   
supported by the improvement in the trade balance   
and despite slower growth in remittances. Lower   
global commodity prices are expected to lower the   
import bill (including both energy and non-energy   
imports) to 47.8 percent of GDP compared to 59.9   
percent in 2022. Meanwhile, exports are expected   
to stabilize at 26.4 percent of GDP, as the   
expansion in exports of stones and food and live   
animals is met with a decline in potash global prices   
from its peak in 2022. The services account is also   
expected to witness an improvement, owing to a   
pickup in tourism and higher travel receipts in the   
first three quarters of 2023. FDI is expected to slow   
down to 2.3 percent of GDP in 2023 compared to   
2.6 percent in 2022, supported by high retained   
earnings in the first half of the year.   
The eruption of the conflict in the Middle East   
and the concerns over its prolongation or   
escalation in the region carry important risks   
for the region and for Jordan’s economy. Rising   
geopolitical tensions take a toll on risk sentiment   
and conflicts can affect economies through   
different channels, even when they are not directly   
involved. These include disruptions in trade flows,   
tourism markets, volatility in energy markets and   
the subsequent impact on consumption and the   
cost of production. In Jordan, tourism activity is at   
high risk of being impacted, especially in the case   
of a sharper escalation of the conflict. Even in the   
case of a contained conflict, neighboring countries   
may still be perceived as a risky destination. This   
could have implications on Jordan’s external   
accounts, given that the significant recovery of   
travel receipts since 2021 was key in supporting the   
current account. In the scenario of no quick   
containment of the conflict, it may trigger marked   
increases in global oil prices and affect economic   
activity through lower domestic and foreign   
investment (Box 2).   
   
   
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28   
   
   
   
Box 2. Mapping out the potential impact of the conflict in the Middle East   
on the Jordanian economy   
The current conflict in the Middle East led to a substantial loss of lives, a grave humanitarian crisis in   
Gaza, and significantly heightened geopolitical risks in the region. Depending on the duration and   
expansion of the conflict, it has the potential for material economic spillovers on the Jordanian economy,   
notably through its impact on tourism activity in the remainder quarter of 2023, with implications for   
travel receipts and external accounts.14 A scenario where global oil prices see substantial increases would   
also reflect on Jordan’s current account and fiscal balances, with possible impact on consumers’ spending   
and cost of production through higher inflation.   
a.   
The conflict risks undermining tourism activity and receipts at the start of a high season. The   
post-COVID recovery was largely driven by a strong recovery in tourism, with the restaurants and hotels   
sector growing fast and the number of tourists being the highest since 2019. While the recovery in tourism   
in 2023 was broad-based across travel categories and countries of origin, single-day tourists had so far   
witnessed a marked pickup of 76 percent. These are believed to be in most cases visiting Jordan as part of   
packaged tours that included also Israel; they represent around 17 percent of total arrivals in 2023 and may   
be the most directly impacted by the conflict. Even without regional escalation,15 Jordan may become   
perceived as a risky destination for travelers. Early reports from tourism agencies16 point to a 50-75 percent   
drop in hotel occupancy and reservations in the two months following the start of the conflict, notably in   
the most famous tourist sites. The aviation industry – which was just recovering from its pandemic-related   
losses – may also incur higher operating costs as they take longer routes to avoid overflying conflict areas.   
Additional cost may also materialize in case of higher fuel prices, possibly reflecting on the end consumer   
price and further affecting tourism.   
b. Lower tourism may have wider implications for economic activity through backward and   
forward linkages with other larger sectors. The restaurant and hotels sector, while remaining a small   
sector in GDP (1.5 percent share), is closely correlated with other important sectors in the Jordanian   
economy notably wholesale and retail trade, transport, and construction (Figure B.2.1). Additionally, the   
potential for reduced domestic consumption through behavioral changes could be substantial, as domestic   
consumption has a large share in GDP. In the worse scenario of regional escalation, disruptions in trade   
flows can affect value chains and the cost of production, while the increased perception of risks can deter   
domestic and foreign investment.   
   
   
   
   
   
   
   
   
   
   
14 It is difficult to draw definite conclusions based on past episodes of conflicts in light of other differences in the global   
and regional context, and given the much larger impact on lives lost, damages and the economy.   
15 Tourist numbers had dropped by around 23 percent following the 2014 conflict in Gaza. This may also be reflecting   
other geopolitical events and some seasonality effect.   
16 Jordan Times, 2023   
   
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29   
   
   
Figure B. 21 GDP Growth rate – Tourism and other sectors   
   
   
   
Source: WB staff based on DoS data.   
   
c. Gas imports are governed by long-term Gas Supply Agreements. Jordan sources the majority of   
its natural gas needs from two sources: Egypt (through a long-term Gas Supply Agreement (GSA) with E-  
Gas), and the Leviathan gas field in Israel (through a long-term GSA with Chevron). During the first month   
of the conflict, the Tamar production platform was shut down and Israel’s gas production was cut by close   
to 50 percent (production resumed in early November). As of October 30, the production from the offshore   
gas field Leviathan - source of gas supply to Jordan - has not been impacted and no disruptions to the   
electricity sector gas consumption has been recorded in Jordan. Should the conflict escalate and gas exports   
to Jordan are reduced, NEPCO has access to import liquified natural gas using the Floating Storage and   
Regasification Unit (FSRU) facility through the LNG port in Aqaba, possibly at higher cost than that of   
piped natural gas.   
d. External accounts are exposed to the conflict ramifications through multiple channels.   
i. A drop in travel receipts will affect the current   
account balance, notably in 2023. The significant   
recovery of travel receipts since 2021 was key in   
supporting the current account. It is estimated that   
in a pessimistic scenario where travel receipts drop   
by 30-50 percent, this could result in a 0.4 - 0.8   
percent of GDP deterioration in the current   
account deficit in 2023, with a gradual recovery to   
the baseline scenario expected by 2025. The capital   
account may also see lower net inflows as FDI   
remains protracted, affected by lower retained   
earnings as investors repatriate profits and   
gloomier investors’ sentiment fearing a wider   
regional conflict.   
Figure B. 22 Potential impact of lower travel   
receipts on CAD   
   
Source : WB staff projections   
   
   
-14.0%  
-12.0%  
-10.0%  
-8.0%  
-6.0%  
-4.0%  
-2.0%  
0.0%  
2.0%  
4.0%  
6.0%  
8.0%  
10.0%  
12.0%  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Restaurant And Hotels  
Wholesale And Retail Trade  
-14.0%  
-12.0%  
-10.0%  
-8.0%  
-6.0%  
-4.0%  
-2.0%  
0.0%  
2.0%  
4.0%  
6.0%  
8.0%  
10.0%  
12.0%  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Restaurant And Hotels  
Transport, Storage &  
Communications\*  
-14.0%  
-12.0%  
-10.0%  
-8.0%  
-6.0%  
-4.0%  
-2.0%  
0.0%  
2.0%  
4.0%  
6.0%  
8.0%  
10.0%  
12.0%  
2009  
2010  
2011  
2012  
2013  
2014  
2015  
2016  
2017  
2018  
2019  
2020  
2021  
2022  
Restaurant And  
Hotels  
Construction  
-7.4%  
-7.1%  
-6.6%  
-8.0%  
-6.0%  
-4.0%  
-2.0%  
0.0%  
2019  
2020  
2021  
2022  
2023f  
2024f  
2025f  
2026f  
CA Balance (50% drop in travel receipts)  
CA Balance (30% drop in travel receipts)  
CA Balance (baseline)  
   
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30   
   
   
ii. Oil prices, while so far contained, can have large implications if they witness sharp   
increases. Given that the Middle East region accounts for a substantial share of the global energy   
supply, risks are acute for energy markets, particularly for oil.17. Since the start of the conflict, oil   
markets have been volatile, but price increases have been relatively mild. Brent prices recorded an   
average of USD 90.9 per barrel from 9-30 Oct), down from $93.7 per barrel in September (Figure B2.   
1). The potential escalation of the conflict could result in higher increases as oil production   
infrastructure and shipping would come under threat. For Jordan, being a net importer of energy, an   
increase of oil prices to USD 100-110 per barrel would imply a higher current account deficit to 6.6%   
- 7.5% of GDP in 2024 (compared to 4.9% in the baseline scenario). In case of protracted conflict   
and higher prices for longer, this exposure to oil prices may however be partially offset by a possible   
increase in remittances from oil exporting GCC countries, as well as potential higher budgetary   
support from the GCC through grants.   
   
iii. Non-commodity trade: Jordanian exports to the West Bank and Gaza and Israel represent 2.5   
percent and 1.1 percent of total exports in 2022, respectively, while exports to the USA represented   
20.9 percent of total exports. In 2022, it is estimated that only one percent of exports to the USA is   
done through the Qualifying Industrial Zones (QIZ) agreements.18 This small part could be potentially   
disrupted following the eruption of the conflict, as sourcing inputs sources from the areas of conflict   
becomes more difficult. It is estimated that a 1 percentage point deceleration in exports growth rate   
leads to a higher current account deficit by around 0.3-0.5 percentage points of GDP.   
   
   
Figure B. 23 Brent Price   
(USD)   
   
Source: U.S. Energy Information Administration   
   
   
   
   
   
   
   
   
Figure B. 24 Destination of Jordanian   
(Percent of total exports, 2022)   
   
   
Source: IMF Direction of Trade statistics   
   
   
17 World Bank, 2023. Commodity Markets Outlook, under the shadow of geopolitical risks.   
18 The QIZ program allows products with a specified amount of Israeli content to enter the United States duty free if   
manufactured in Jordan, Egypt, or the West Bank and Gaza. Source: Office of the United States Trade Representative,   
consulted November 5, 2023. https://ustr.gov/countries-regions/europe-middle-east/middle-eastnorth-africa/jordan   
70  
75  
80  
85  
90  
95  
100  
Jun 02, 2023  
Jun 12, 2023  
Jun 22, 2023  
Jul 02, 2023  
Jul 12, 2023  
Jul 22, 2023  
Aug 01, 2023  
Aug 11, 2023  
Aug 21, 2023  
Aug 31, 2023  
Sep 10, 2023  
Sep 20, 2023  
Sep 30, 2023  
Oct 10, 2023  
Oct 20, 2023  
Oct 30, 2023  
20.9  
2.5  
1.1  
0  
3  
6  
9  
12  
15  
18  
21  
United States  
India  
Saudi Arabia  
Iraq  
Indonesia  
West Bank and Gaza  
China  
UAE  
Egypt  
Israel  
   
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e.   
Fiscal implications are complex and may vary depending on the magnitude of the shock,   
consumers behavioral changes and the government policy reaction.   
i. Higher oil prices for example can trigger an acceleration in inflation due to the increased costs of   
production and transportation, as well as a reduction in consumers’ disposable income, thereby   
affecting tax revenue from corporate income and sales. The latter could also be affected if large   
changes were to occur in consumers’ behavior following the depressing impact of the conflict on   
Jordanians.   
ii. On the expenditure side, higher inflation affects the real value of government expenditures. The GoJ   
has announced that it does not intend to reintroduce fuel subsidies (similar to its policy choice in   
2022 after the Russian invasion of Ukraine), but higher oil prices may translate into higher spending   
on existing fuel subsidies schemes (for public transport and cooking gas).   
iii. It is estimated that an increase of 10 percent in oil prices would translate in 0.2 percent increase in   
fiscal deficit. Hence, if oil price were to reach USD 100-110 per barrel, this would imply a 0.4   
percentage points of GDP increase in deficit, in the absence of domestic fuel prices adjustment.   
Finally, borrowing needs will increase to make up the shortfalls, adding further pressure to debt   
servicing requirements in a context of high financing cost.   
   
a. Sovereign risk and cost of financing: Jordan’s   
EMBI spreads rose temporarily to record an   
average of 437.8 bps during 9-30 October, up   
from 311.8 bps in September (Figure B.21). All   
neighboring countries have seen upticks in their   
sovereign risks following the eruption of the   
conflict. Notwithstanding the temporarily uptick,   
Jordan still compares favorably to its neighbors   
and maintains lower spreads (Egypt 1283.6 Iraq   
605.2; Lebanon 32468.1). Despite the ongoing   
conflict, Fitch affirmed Jordan at ‘BB-‘, with a   
stable outlook, citing Jordan’s record of   
maintaining economic and political stability in the   
face of significant external shocks   
   
   
   
Figure B. 25 Jordan’s EMBI spreads   
   
Source: JP Morgan   
   
   
   
250  
300  
350  
400  
450  
500  
550  
01-Mar-23  
17-Mar-23  
04-Apr-23  
20-Apr-23  
08-May-23  
24-May-23  
12-Jun-23  
29-Jun-23  
18-Jul-23  
03-Aug-23  
21-Aug-23  
07-Sep-23  
25-Sep-23  
12-Oct-23  
30-Oct-23  
   
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Table 1. Jordan - Selected Economic Indicators (2019-2025)   
   
2019   
2020   
2021   
2022   
2023   
2024   
2025   
   
Act.   
Act.   
Act.   
Act.   
Proj.   
Proj.   
Proj.   
Real sector   
(Percent, unless otherwise specified)   
Real GDP growth   
1.8   
-1.1   
3.7   
2.4   
2.6   
2.5   
2.6   
Nominal GDP (JD Billion)   
31.6   
31.0   
32.9   
34.5   
36.3   
38.0   
39.9   
CPI Inflation (p.a.)   
0.8   
0.3   
1.4   
4.2   
2.4   
2.4   
2.4   
   
   
   
   
   
   
   
   
Government finance   
(Percent of GDP, unless otherwise specified)   
Total revenues and grants   
24.3   
22.7   
24.7   
25.8   
26.0   
26.1   
26.2   
Domestic Revenue   
21.8   
20.1   
22.3   
23.5   
23.7   
23.9   
24.2   
Tax revenues   
14.6   
16.0   
17.1   
17.5   
17.8   
18.2   
18.6   
Non-tax revenues   
7.2   
4.1   
5.2   
6.0   
5.9   
5.7   
5.6   
Foreign Grants   
2.5   
2.5   
2.4   
2.3   
2.3   
2.2   
2.0   
Total expenditure (incl. use of cash)1/   
29.2   
29.8   
30.9   
31.5   
31.1   
31.1   
31.0   
 Current   
25.0   
27.0   
27.0   
28.1   
27.5   
27.4   
27.2   
 Capital Expenditure   
3.1   
2.7   
3.5   
3.4   
3.7   
3.7   
3.8   
   
   
   
   
   
   
   
   
CG 'Overall balance (deficit (-), incl. grants)   
-4.9   
-7.1   
-6.2   
-5.6   
-5.2   
-5.0   
-4.8   
 CG Primary Balance (deficit (-), incl. grants)   
-1.3   
-3.1   
-1.9   
-1.5   
-0.8   
-0.3   
0.1   
   
   
   
   
   
   
   
   
   
(Percent of GDP, unless otherwise specified)   
Government and guaranteed gross debt2/   
95.2   
106.5   
108.8   
111.4   
113.0   
114.2   
115.2   
Government and guaranteed gross debt, net of SSIF   
holdings2/   
75.8   
85.4   
87.5   
88.8   
88.7   
88.5   
88.2   
SSIF holdings of government debt3/   
19.4   
21.1   
21.3   
22.6   
24.2   
25.7   
26.9   
   
   
   
   
   
   
   
   
External sector   
(Percent of GDP, unless otherwise specified)   
Current Account   
-1.7   
-5.7   
-8.0   
-7.7   
-6.6   
-4.9   
-4.2   
Memorandum Items:   
   
   
   
   
   
   
   
NEPCO operating balance (JD million)4/   
-3.0   
-33.7   
-133.4   
-249.4   
-441.1   
-545.2   
-601.1   
WAJ overall balance (JD million)4/   
-266.8   
-189.0   
-219.8   
-182.6   
-267.9   
-262.0   
-257.0   
Export FOB (% growth)   
7.3   
-4.5   
17.8   
36.6   
5.5   
5.1   
3.8   
Import FOB (% growth)   
-5.5   
-10.1   
25.0   
26.7   
0.5   
2.2   
3.0   
Travel Receipts (% growth)   
10.2   
-75.7   
95.8   
110.5   
7.0   
7.0   
6.0   
Remittances (% growth)   
0.9   
-9.1   
1.0   
1.5   
1.0   
8.1   
6.6   
Gross usable Foreign Currency Reserves (USD   
million)   
13,511   
15,127   
17,272   
16,432   
16,523   
16,496   
16,490   
in months of next year's imports of GNFS   
8.8   
7.8   
6.9   
6.5   
6.3   
6.1   
5.9   
Source: DOS, CBJ, MoF and World Bank staff projections   
   
   
   
   
   
   
   
   
   
1/ Includes use of cash based on IMF Country Report No. 23/49.   
   
2/Government's direct and guaranteed debt (including NEPCO and WAJ debt) and securitization of domestic arrears in 2019 and 2020.   
3/ Projected SSIF holdings of public debt as estimated in IMF Country Report No. 23/49.   
   
4/ Source: NEPCO data, latest accessed October 2, 2023.   
   
   
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Annex 1. Summary Revisions to Jordan National Accounts   
In October 2023, the Department of Statistics released a revision of national accounts data, reflecting large   
changes in Jordan’s nominal and real GDP, as well as their sectoral breakdown for the years 2020-2022 and for   
Q1-2023. Exports and FDI data were also revised for the year 2022 and for Q1-2023. The combination of   
these major revisions affected the overall GDP growth rates for the past three years, as well as all major   
macroeconomic ratios (fiscal, debt, monetary, financial sector, and external accounts) as well as their dynamics,   
expressed as percentage of GDP. This annex briefly summarizes these revisions and their impact on actual   
figures as reported by official sources as well as WB staff projections for the medium term.   
Revisions to Annual Real GDP Growth   
   
Figure A. 1 Revisions to Real GDP Growth   
   
Figure A. 2 Major Revisions to Real GDP by Sector   
   
   
 Impact on Fiscal Accounts and Debt   
   
Figure A. 3 The upward revisions of nominal GDP led to lower deficit-to-GDP ratio   
   
Overall fiscal balance   
(in percent of GDP)   
Tax revenue   
(in percent of GDP)   
   
   
-1.6%  
2.2%  
2.5%  
-1.1%  
3.7%  
2.4%  
2020  
2021  
2022  
GDP Growth pre-data revisions  
GDP Growth post-data revisions  
-7%  
7%  
-7.2%  
-31%  
8%  
8%  
-23%  
8%  
8%  
-27%  
Imputed Bank Service Charge  
Net Taxes On Products  
Transport,Storage &  
Communications  
Domestic Services Of  
Households  
 Wholesale And Retail Trade  
Net Taxes On Products  
Domestic Services Of  
Households  
 Wholesale And Retail Trade  
Net Taxes On Products  
Domestic Services Of  
Households  
2020  
2021  
2022  
-7.1  
-6.4  
-5.8  
-7.1  
-6.2  
-5.6  
2020  
2021  
2022  
Pre-revision  
Post-revision  
16.02  
17.57  
17.95  
15.98  
17.12  
17.51  
0  
5  
10  
15  
20  
2020  
2021  
2022  
Pre-revision  
Post-revision  
   
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Figure A. 4 The upward revision of nominal GDP led to lower debt-to-GDP ratios   
   
Gross Government and Guaranteed Debt   
(in percent of GDP)   
Gross Government and Guaranteed Debt   
(in percent of GDP, net of SSIF holdings)   
   
   
   
Revisions of External Accounts (exports and FDI)   
   
Figure A. 5 The upward revision of nominal GDP led   
to lower current account deficit   
(in percent of GDP)   
Figure A. 6 Revised FDI and exports figures reflect   
the change in their respective values and in nominal   
GDP (in percent of GDP)   
   
   
   
   
   
   
   
   
106.8  
111.7  
114.2  
106.5  
108.8  
111.4  
2020  
2021  
2022  
Pre-revision  
Post-revision  
85.6  
89.8  
91.0  
85.4  
87.5  
88.8  
2020  
2021  
2022  
Pre-revision  
Post-revision  
5.7  
8.2  
8.7  
5.7  
8.0  
7.7  
2020  
2021  
2022  
Pre-revision  
Post-revision  
2.4  
26.1  
2.7  
26.9  
2.6  
26.3  
FDI in % of GDP  
Exports as % of GDP  
Pre-revision  
Post-BoP revisions  
only  
Post-BoP and GDP  
revisions  
   
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Table 2. Summary of Revised Main Macroeconomic Indicators and WB Revised Projections   
   
2019   
2020   
2021   
2022   
2023f   
2024f   
2025f   
Real GDP Growth (in percent)   
   
   
   
   
   
Pre-revision   
1.8   
-1.6   
2.2   
2.5   
2.6   
2.5   
2.5   
Post-revision   
1.8   
-1.1   
3.7   
2.4   
2.6   
2.5   
2.6   
Current Account Deficit (in percent of GDP)   
   
   
   
   
Pre-revision   
-1.7   
-5.7   
-8.2   
-8.7   
-7.6   
-5.9   
-5.1   
Post-revision   
-1.7   
-5.7   
-8.0   
-7.7   
-6.6   
-4.9   
-4.2   
Overall fiscal balance (in percent of GDP)   
Pre-revision   
-4.9   
-7.1   
-6.4   
-5.8   
-5.1   
-5   
-4.8   
Post-revision   
-4.9   
-7.1   
-6.2   
-5.6   
-5.2   
-5   
-4.8   
Government and guaranteed gross debt (in percent of GDP)   
Pre-revision   
95.2   
106.8   
111.7   
114.2   
116.2   
117.6   
118.7   
Post-revision   
95.2   
106.5   
108.8   
111.4   
113.0   
114.2   
115.2   
Government and guaranteed gross debt, net of SSC's holdings (in percent of GDP)   
Pre-revision   
75.8   
85.6   
89.8   
91   
91.4   
91.2   
90.9   
Post-revision   
75.8   
85.4   
87.5   
88.8   
88.7   
88.5   
88.2   
Source: DoS and WB staff calculations   
   
   
   
   
   
   
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C. In Focus   
Building Success, Breaking Barriers   
 Unlocking the Economic Power of Women in Jordan   
   
Arab Muslim girl in school © Zurijeta   
   
Women in Jordan hope to see their educational achievements   
translating into economic productivity, as women’s labor force   
participation has been consistently low, both in absolute terms   
and relative to other countries in the MENA region and   
worldwide. Women’s low participation does not have a single   
cause, but is rather affected by a complex combination of factors   
encompassing social, economic, regulatory and structural   
elements in addition to personal preference. The first Mashreq   
Gender Facility State of the Women Report identified barriers   
women face at four critical turning points at which some decide   
to withdraw from the labor market or never enter, including   
caregiving responsibilities, public transportation, the legal   
environment and the gap between the law on paper and the law   
in practice, in addition to social norms.   
This focus piece follows girls and women in Jordan from birth   
through education and into the labor market, going through the   
main milestones on their way to economic empowerment.   
Investing in girls' education and skills development is crucial   
for building their human capital, as it paves the way for their   
seamless integration into the labor market and, ultimately, their   
economic empowerment. As they enter the labor market, key   
constraints may discourage them or make their integration more   
difficult. This piece focuses on two key areas where policy   
reforms and actions can make a difference in women’s ability   
and willingness to work: (i) expanded access to affordable,   
quality childcare; and (ii) the extension of a well-functioning,   
comfortable and safe public transport system.   
   
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Advancing women’s role as economic agents is   
central to Jordan’s reform agenda and a key   
driver   
for   
stronger,   
more   
inclusive   
and   
sustainable development. Jordan’s economic   
growth has remained stagnant over the past decade   
and has been characterized by a persistently low level   
of labor force participation. The education system   
ensures equal access to boys and girls, and to young   
men and women, but women struggle to see their   
educational achievements translating into economic   
productivity. In Jordan, women make up 50.4 percent   
of the working-age population of nearly 5.5 million   
people, but less than 14 percent of those women   
participate in the labor force, compared with 53   
percent of men. Moreover, 38 percent of women, are   
not in education, employment, nor training (NEET),   
compared to 28 percent for men. Among those who   
enter the labor force, 30.7 percent remain   
unemployed. This translates into less than 10 percent   
of women actually working, and among those, only 3   
percent rise to senior positions (Figure 2.1). Women’s   
total entrepreneurial activity (TEA) is 3.3 percent in   
Jordan, compared to a global average of 10.2 percent.   
In 2022, the Global Gender Gap Index Report placed   
Jordan at 126th out of 146 countries.19   
Investing in education and healthcare are necessary   
to equip women with the human capital they need to   
be productive.   
Many factors can prevent women from realizing   
their economic potential, including access to   
education, health care, finance, technology and   
legal rights, in addition to social and cultural   
factors. A woman’s journey starts from a young age   
where investment in her health and education are key   
to preparing and equipping her with the necessary   
human endowments, through healthcare and   
education. This is more relevant in Jordan, where   
women with less than a university education rarely   
enter the labor force, while those with a university   
education are more likely to enter but have difficulty   
finding suitable employment (Figure 2.2).   
   
   
   
19 The Global Gender Gap Index (by the World Economic   
Forum) annually benchmarks the current state and   
evolution of gender parity across four key dimensions   
Figure 2. 1 Gender gaps are prevailing at all stages   
Percent   
   
Source: DoS   
Figure 2. 2 Women with no or less education are less   
likely to enter the labor market   
Percent   
   
Source: World Bank, HCR (forthcoming)   
Jordan does well on providing quality access to   
essential reproductive and child health services,   
with the antenatal, delivery, and postnatal care   
services delivering good health outcomes for   
mothers and children. A 2016 Royal decree granted   
free health care services at Ministry of Health (MOH)   
facilities for all children under six, and 72 percent of   
the population is covered by a health insurance   
scheme while MOH facilities offer services for   
uninsured Jordanians at discounted prices (20 percent   
of the cost). As a result, 98 percent of pregnant   
women receive antenatal care services from a skilled   
professional and have their babies delivered in a   
(Economic Participation and Opportunity, Educational   
Attainment,   
Health   
and   
Survival,   
and   
Political   
Empowerment).   
19.6  
13.7  
62  
58  
38  
42.9  
0.4  
30.7  
53.3  
13  
20  
28  
9.5  
1.6  
Unemployemnt  
LFP  
LFP Married  
LFP Never  
Married  
NEET  
Employment  
Top  
Management  
Men  
Women  
5%  
7%  
29%  
20%  
6%  
92%  
90%  
41%  
4%  
< secondary  
secondary  
> secondary  
not economically active (has worked before)  
not economically active (never worked before)  
unemployed (has worked before)  
unemployed (never worked before)  
employed  
unemployment rate  
   
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health facility.20 Around 83 percent of mothers and   
86 percent of newborn children had a postnatal check   
within the first two days after birth. Almost all   
mothers receive key antenatal care services during   
their visit, although counseling and observation on   
breastfeeding were the least offered postnatal services   
at 66 and 61 percent. There are also no significant   
differentials   
across   
governorates   
and   
key   
socioeconomic factors, suggesting that inequalities in   
child health outcomes do not stem from differential   
access to reproductive and child health services.   
There are also no stark gender inequalities in health   
outcomes (for example in prevalence of stunting in   
children under five), with girls being even less   
affected by bad health outcomes in certain aspects   
(prevalence of underweight and overweight) (Figure   
2.4). That said, more than a third of women and those   
in reproductive age suffer some health complications   
notably anemia, similar than (and sometimes   
exceeding) the prevailing average in the MENA   
region and in middle income countries.   
Jordan is improving on access to early childhood   
education for both boys and girls (particularly for   
KG2), but overall access is still low with an   
impact on childhood development outcomes and   
cascading effects as they progress in the   
education system. While there are no gender gaps   
in access, more than a third of children aged 4-5 are   
not enrolled in the second year of kindergarten   
education (KG2), and more than two-thirds are not   
enrolled in KG1 (Figure 2.5).21 Children of mothers   
with more than a secondary education are much more   
likely to attend an ECE program (23 percent versus   
4-7 percent for children of mothers with less   
education). Low access to ECE can be partially   
explained by factors related to the availability and   
affordability of childcare facilities in Jordan (see   
below), which has an impact on children’s   
development. While 95 percent of children ages 36-  
59 months were on track for their age in terms of   
physical development, only 38 percent were on track   
in the literacy-numeracy domain (Figure 2.8). Early   
   
20 Nearly 100 percent of women have their babies delivered   
by a skilled health professional.   
21 Kindergarten education (KG1 and KG2) for 4–5-year-  
olds is not currently mandatory in Jordan.   
gaps in ECE outcomes follow students into basic   
primary: around 30 percent of children enrolled in the   
first grade were not ready to learn,22 while the early   
grade reading assessment (EGRA) shows that reading   
fluency and reading comprehension is only 46.2 and   
36.9 percent respectively among 2nd and 3rd grade   
Jordanian students.23   
Figure 2. 3 Health outcomes reflect good access to   
quality reproductive and child healthcare   
Percent   
   
Source: World Development Indicators   
Figure 2. 4 More than a third of women in   
reproductive age suffer some health complications   
Percent   
   
Source: World Development Indicators   
22 UNICEF 2018   
23 Gajderowicz & Jakubowski, 2022   
7.9  
2.6  
6.7  
7  
2.9  
11.7  
Prevalence of  
stunting  
Prevalence of  
underweight  
Prevalence of  
overweight  
Girls  
Boys  
Prevalence of  
anemia among non-  
pregnant women  
(ages 15-49)  
Prevalence of  
anemia among  
women of  
reproductive age  
(ages 15-49)  
Prevalence of  
anemia among  
pregnant women  
Jordan  
MENA  
Middle Income  
   
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Figure 2. 5 No gender gap in access to ECE…   
Percent   
   
Source: Ministry of Education   
Unlike pre-primary education, overall enrolment   
rates for primary and to a lesser extent secondary   
education are high, but both girls and boys keep   
dropping out of school as they grow older. While   
around 95 percent of girls are enrolled in basic   
education, 85 percent of the female population aged   
25+ years have finished their primary education, only   
a third have made it to finish their upper secondary   
education and 22 percent finish their tertiary   
education.24 Young women who pursue and finish   
postgraduate studies are very rare (Figure 2.7).   
Educational attainment is closely related to the skills   
and competencies of a country's population, and   
could be seen as a proxy of both the quantitative and   
qualitative aspects of the stock of human capital.   
Around two thirds (61 percent) of young female   
students pass the Tawjihi exam (vs. 46 percent   
for males in 2022), and only 22 percent complete   
their tertiary education.25 Very few enroll in TVET   
programs (10.2 percent in 2022), although men’s   
enrollment is also low (12.8 percent). Women with   
university education face slightly higher rates of   
unemployment (23 percent vs. 20 percent for their   
male counterpart). Very few women with less than   
university education are active in the labor market,   
   
24 Education attainment is calculated by dividing the   
number of population ages 25 and older who attained or   
completed certain education level by the total population   
of the same age group and multiplying by 100.   
registering the lowest unemployment rates (5   
percent).   
Figure 2. 6 …but overall poor access affects literacy   
and numeracy skills for boys and girls   
Percent of children ages 36-59 months, 2017-2018   
   
Source: Jordan Demographic and Health Survey (DHS)   
Figure 2. 7 Enrolment in education is high but   
educational attainment is much lower   
Percent of female and male population 25+ years   
   
Source: World Development Indicators (WDI), building on   
UNESCO Institute for Statistics data, accessed September 19,   
2023.   
   
25 The Tawjihi public examination – a high profile exam that   
functions as a selection mechanism for access to higher   
education. Only half of Jordanians take the exam.   
36.8  
65.4  
37.1  
64.7  
Enrollment rate in  
preschool (KG1+2)  
Enrollment rate in  
preschool (KG2)  
Boys  
Girls  
70.7  
38.4  
71.2  
86.7  
95.1  
Early Childhood  
Development Score  
Literacy-Numeracy  
Soacial Emotional  
Learning  
Physical  
93.0  
84.2  
31.2  
23.5  
2.8  
1.1  
85.7  
77.4  
33.8  
21.9  
1.5  
0.3  
Completed primary  
education  
Completed lower  
secondary education  
Completed post-  
secondary education  
Completed tertiary  
education  
Completed Master's or  
equivalent  
Completed Doctoral or  
equivalent  
Male  
Female  
   
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40   
   
The circular causality between socioeconomic   
status and human capital status highlights the   
key role of social safety nets in building and   
protecting girls and young women’s human   
capital. For poor and vulnerable households, the   
lack of monetary resources and reduced ability to   
borrow may hinder their ability to provide adequate   
health and education services to their children.   
Hence, social safety nets play a major role in   
protecting households from shocks that can have   
grave consequences for children’s development, for   
example by pushing them to drop out of school. In   
Jordan, girls between the age of 7 to 14 spend on   
average 10 hours per week (this is more than an entire   
school day) involved in economic activity and not   
attending school. And while only 2 percent of girls in   
this age bracket are employed, more than 97 percent   
are unpaid family workers.26 Those challenges in   
access to health and education services also cascade   
into adulthood with differential access to labor   
market opportunities and ultimately poverty.   
To support and expedite girls’ human capital   
accumulation,   
human   
capital   
investments   
should be accompanied with poverty alleviation   
programs and strategies. Targeted interventions to   
support poverty alleviation will help poor households   
prioritize access to education and health, including   
for girls, and make them more resilient against   
potential shocks. In addition to the existing cash   
transfer program, connecting vulnerable households   
with social services is also critical to strengthening the   
social protection system in Jordan, for example by   
ensuring they have access to redress mechanisms   
(e.g., child protection, psychosocial support, gender-  
based violence).   
   
26 Unpaid family workers are defined as people who work   
without pay in a market-oriented establishment operated   
by a related person living in the same household. Source:   
WDI.   
27 The Engendered Strategy of Jordan’s Economic   
Modernization Vision (EMV) represents a government   
commitment to close the gender gaps by enhancing the   
participation of women in the marketplace and in   
economic decision-making.   
Women’s participation in the labor market is the most   
sustainable   
protection   
against   
poverty   
and   
vulnerability.   
Despite increased attention given to the   
women’s   
economic   
integration   
agenda,27   
policies aimed at increasing female employment   
have had little impact to date. The first Mashreq   
Gender Facility State of the Women Report28   
identified barriers women face at four critical turning   
points at which some decide to withdraw from the   
labor market or never enter: “getting ready”,   
“entering & remaining”, “getting married”, “having a   
child”. Beyond the creation of additional jobs, it   
identifies a series of reasons that hinders women’s   
participation, including caregiving responsibilities,   
public transportation, social norms, in addition to the   
legal environment.29   
Figure 2. 8 Women are much less economically active   
than men, notably after marriage   
Not participating in labor force, percent   
   
Source: DOS   
28 World Bank, 2020a   
29 Box 3 lists important legal reforms recently undertaken   
by the GoJ, yet further legislative reforms need to take   
place. Additional recommended reforms include those   
related to labor law and social security law, for example on   
parental leave, equalizing retirement and early retirement   
ages for men and women, and increasing maternity leave   
in the labor law to 14 weeks instead of the current 10   
weeks, as per ILO standards.   
46.6  
77.6  
32.4  
87.1  
Male  
Female  
Never Married  
Married  
   
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41   
   
Social Norms related to the suitability of women’s   
employment and household roles pose a barrier to   
their economic participation, but these can be   
tackled.   
Previous studies suggest that the majority of   
Jordanians are in favor of women’s work outside   
the home,30 yet some beliefs and expectations   
may come in the way of their work. These   
expectations are closely tied to concerns related to   
gender roles of married women, interference with   
caregiving responsibilities, working in mixed-gender   
environments, or time away from home. Long hours   
and having young children are expected to restrict   
male counterparts’ approval of working women.31 A   
survey conducted by the World Bank finds that   
around 14 percent of surveyed mothers report that   
their husbands express disapproval towards women   
who use childcare services in order to work. The view   
that “when jobs are scarce, men should have more   
right to a job than women” is broadly held even when   
disaggregating by education, age and gender of   
respondent (Figure 2.9). The type of job also plays a   
role: as the vast majority of Jordanian youth (over 80   
percent) said teaching or being a health professional   
were ideal occupations for women, occupations that   
are primarily found in the public sector reflecting   
gender norms regarding employment.32   
While weak labor demand represents the major   
constraint for employment for both women and   
men, women face additional barriers. These   
include   
barriers   
related   
the   
availability   
and   
characteristics of care infrastructure and transport, in   
addition to legal restrictions and informal institutions   
(also referred to as “norms and beliefs”), each of   
which intervene at critical life turning points.33   
   
   
   
   
   
   
30 Around ninety-six percent of Jordanians believe that it is   
acceptable for women to work (World Bank. 2018).   
31 World Bank, 2018.   
Figure 2.9 When jobs are scarce, should men have   
more right to get a job than women?   
Percentage of respondent agreeing with the statement   
   
Source: World Values Survey (2021-2022)   
   
Figure 2. 10 Traditional jobs are perceived as ideal   
occupations for women.   
   
Source: UNICEF (2021)   
   
   
   
   
   
   
32 Survey of Young People in Jordan (SYPJ), UNICEF   
(2021)   
33 World Bank (2020a).   
85.8  
77  
83.2  
80.1  
82.1  
Male  
Female  
Up to 29  
30-459  
50+  
BY GENDER  
BY AGE  
0%  
20% 40% 60% 80%  
Military  
Health professional  
Teaching professional  
Other professional  
Manager  
Other white collar  
Blue collar  
Female  
Male  
   
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42   
   
The GoJ have adopted many initiatives to tackle   
many of these constraints (Box 3), yet progress   
measured   
by   
women’s   
actual   
economic   
participation remains slow. Any policies or   
programs targeted to women must address the   
fundamental reasons why they are not in the labor   
force and may not even consider employment an   
option. This analysis focuses and provides granular   
information on two of the main barriers: (i) childcare   
availability and affordability, and (ii) the access and   
use of public transportation.   
   
   
   
   
Figure 2. 11 Only certain jobs acceptable to Jordanian   
youth   
   
Source: UNICEF (2021)   
   
   
Box 3. Recent and Ongoing GoJ Initiatives in Support of Women’s   
Economic Participation   
The Vision and Strategy   
▪   
2022: Launching the engendered strategy for the Jordan Economic Modernization Vision 2023-  
2033, with a target to double FLFP encompassing - in the executive plan - the legislative agenda,   
childcare, gender seal, e-shops for women owned businesses, and the “women in   
manufacturing” initiative.   
▪   
2020: Launching the National Strategy for Women 2020-2025, with a strategic objective to   
facilitate women’s right of access to economic, political and leadership opportunities.   
Legal Reforms   
▪   
Labor Law: (i) Adoption and implementation of the Flexible Working Hours Bylaw (2018);   
Adoption of employer-supported childcare modalities bylaw (2021 and 2023); (ii) Mandating pay   
equity; (iii) Introducing definition for sexual harassment in the workplace and imposing penalties   
on violations (2023); and (iv) Removing Article 69 which restricted women from accessing   
certain sectors and nightshifts; replaced by an article prohibiting the discrimination in access to   
employment (2023).   
▪   
Investment Law: incentivizing large investors that employ 50% women with additional benefits   
(2022).   
▪   
2023: Piloting gender-responsive budgeting (GRB) in select ministries (Health, Education,   
Labor and Parliamentary and Political Affairs). Initial steps included (i) issuing budget circulars   
with directives on allocating budgets that support the implementation of projects addressing   
gender gaps; and (ii) assigning focal points at General Budget Department to support (GRB) at   
line ministries, and gradually building capacities of line ministries to identify gender gaps.   
   
0%  
20%  
40%  
60%  
80%  
100%  
Public sector  
Admin. Assist.  
Human resources  
Customer serv.  
Driver  
Telemarketing  
Industry  
Bank teller  
Deliverty  
Agriculture  
Waiter  
Teacher  
Male  
Female  
   
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Social Protection   
▪   
Adding women as representatives of the household -beside their husbands- in the applications   
for National Aid Fund, and enabling them to be the cash recipients (ongoing effort).   
▪   
2020: Social Security Maternity Fund supporting maternity leave. However, the fund covers only   
waged employees, but excludes women in the voluntary scheme (self-employed,   
entrepreneurs…etc).   
▪   
Setting targets for ensuring women as beneficiaries in national programs such as the National   
Employment Program, Youth Technology and Jobs, and the Industry Support Fund   
Childcare   
▪   
2018: Approving the bylaws for licensing home based nurseries   
▪   
2021: Adoption of accredited training for childcare workers by the Technical and Vocational   
Skills Development Council   
▪   
2021: Launch of the Reaya program, which allows providing subsidies for childcare services   
through the maternity fund at the Social Security Corporation (SSC), benefiting working women   
and nurseries enrolled in SSC.   
▪   
2023: Through the Ministry of Social Development, a grant scheme is put in place to provide   
eligible NGOs with support for the establishment of nurseries.   
Employment:   
▪   
Since 2008, provide support for Satellite Work Factories which have largely benefitted women   
in rural areas, mostly in the garment sector.   
Public Transport   
▪   
2022: A transportation subsidy for women hired through the National Employment Program   
provided   
▪   
2023: Ensuring an integrated affordable fare for public transport, addressing women needs.   
▪   
Adoption and operationalization of the Code of Conduct for Public Transport (ongoing)   
▪   
Completing the national Bus Rapid Transit connecting Zarqa to Western and Southern Amman   
and to the airport, and its feeder network (ongoing).   
▪   
Preparing for public transport enhancements in secondary cities.   
   
CHILDCARE: About 1.5 million children are left   
without opportunities to access childcare services; an   
expansion of provision can ease constraints on many   
women who are willing to work.   
Mothers’ responsibilities as caregivers are   
among the major constraints that limit their   
ability to join the labor market. Mothers who do   
not work spend on average 12 hours a day on unpaid   
care work, while working mothers spend 8 hours a   
   
34 World Bank (2023)   
day on care work – in addition to their paid work.   
Thus, it is not surprising that family responsibilities   
are the main reason reported by mothers for not   
participating in the labor market.   
The second State of the Mashreq Report34 found   
that female labor force participation in Jordan could   
increase between 2.5 and 7.3 percentage points   
depending on whether childcare services are   
   
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provided for pay or free of charge. To inform the   
design of effective policies and programs, a   
fieldwork study (World Bank, forthcoming) was   
undertaken to explore both the demand and supply   
sides of childcare services. It sheds light on the   
availability, accessibility, and quality of existing   
childcare services, and on families’ expectations of   
care services and willingness to pay, especially across   
different geographical locations.35   
The supply of childcare services in Jordan is   
limited; formal services are concentrated in a few   
populous urban areas and are dominated by   
private providers. It is estimated that only 2.3   
percent of children aged 0 to 5 are benefitting from   
formal childcare. The total capacity of licensed   
childcare providers can only serve less than 3 percent   
of children below the age of five.36 This leaves about   
1.5 million children without access to childcare   
services (unserved). It is estimated that Jordan would   
require over 40,000 additional childcare facilities to   
provide formal childcare services to all children under   
the age of five. The geographical distribution of the   
childcare   
providers   
indicates   
differences   
in   
opportunities to access formal childcare services   
(Figure 2.14). Three out of four childcare providers   
are located in the urban, populous governorates of   
Amman, Zarqa and Irbid. At the same time, 11 out   
of 51 districts are lacking any formal childcare service   
provision).37 These districts that lack any childcare   
services, however, do not have the lowest population   
of children under five (Figure 2.15).   
There is a sizeable untapped demand for   
childcare services in Jordan, which can shift   
women’s willingness and ability to work and   
create new jobs for them. The uptake of childcare   
services is more prevalent amongst working women,   
especially women with higher income (JD 600+).   
Almost a third of mothers with children who are not   
using formal childcare would be willing to do so, but   
only half of them are willing to pay for it. Relatedly,   
around 73 percent of mothers with young children   
would be willing to work more if formal childcare   
services were available for a fee, and 80 percent if the   
services were provided for free. This expansion can   
also create new jobs for women: it is estimated that   
as many as 60,000 additional caregivers would be   
needed if services expand to cover one-fourth of the   
service gap.38 More than half of women express   
interest in working in the care sector: as many as 82   
percent of unemployed mothers would be willing to   
engage in care work. Additionally, there is need for   
afterschool care, in particular when both parents   
work outside the home, but the prevalence of this   
service is limited and unregulated.   
   
35 World Bank, forthcoming-a. A fieldwork study took   
place between February and July 2021, consisting of three   
main elements: (i) First, a national spatial analysis that   
compared the population of children below the age of five   
with the supply of services based on a list of all licensed   
childcare facilities provided by the Ministry of Social   
Development (MoSD). Second, an in-depth assessment   
(survey) of service providers in selected low and middle-  
income districts. Third, a demand assessment consisting of   
a household survey of mothers with children below the age   
of five supported by focus group discussions with mothers   
(users and non-users of childcare services) and fathers.   
Purposive sampling was used to select the districts for the   
second and third elements of the assessment.   
36 As of January 2021, there is slightly over 1,100 childcare   
facilities in Jordan with a total capacity of about 33,000   
children and uneven distribution among types.   
37 These are located in the northern region (Bani Kenanah,   
Aghwar Shamaliya, Wasatiya, Rwaished) central region   
(Shoonah Janoobiyah, Dhieban) and in the south (Faqo’e,   
Ayy Qasaba, Mazar Janoobee, Qatraneh, and Huseineyia)   
38 Based on calculations of care provider to children ratio.   
   
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Figure 2. 12 Geographic distribution of nurseries   
   
Figure 2. 13 Geographic distribution of 0-5 children   
   
Data sources: Ministry of Social Development Records and Nurseries Spreadsheet prepared by the Ministry- January 2021 supported by   
phone survey.   
   
Socio-economic status may be affecting access   
and uptake of childcare services, hence the   
need to prioritize the affordability of childcare   
services. The cost of childcare services available in   
the market is 25 percent of actual or potential labor   
market   
earnings,   
which   
means   
that   
both   
affordability of services and wage equity need to be   
prioritized. Only 13 percent of all providers have a   
majority of children coming from low-income   
households, and less than 10 percent of children   
enrolled in private nurseries come from low-  
income households. Workplace-based childcare   
providers present in low-income neighborhoods   
only serve the children of their employees and thus   
rarely include children from the community.   
However, while 64 percent of mothers in the eleven   
low to middle income districts - who never used   
childcare facilities before - showed interest in up   
taking childcare services (Figure 2.14), 28 are not   
interested.   
Amon   
these,   
27   
percent   
have   
particularly identified cost (19 percent) and   
availability of services (8 percent) as top reasons for   
not sending their children to childcare (Figure   
2.15). The cost factor may also be related to the fact   
that very often (40 percent of surveyed families),   
the mother pays for the costs of childcare in full   
and pay more than one-quarter of their monthly   
income for childcare.   
Families participating in discussion groups   
showed more interest in the quality of the   
curriculum and caregivers’ capabilities than   
the quality of nursery infrastructure and   
facilities. Expectations for quality childcare   
facilities focused on safe environments. In Jordan,   
quality vary within childcare providers, in elements   
relating to human resources, learning, and   
opportunities for interaction with parents. High set   
up costs may also compromise service quality and   
increase fees. Generally, private providers comply   
with infrastructural legal requirements, such as   
square meters per child, and have the lowest child-  
to-caregiver ratio. As most financing goes towards   
rent   
and   
meeting   
licensing   
infrastructure   
requirements, this means that fewer financial   
resources are orientated towards other quality   
dimensions.   
Figure 2. 14 More than two thirds of mothers are   
willing to up take childcare services   
   
Demand side survey. N=224   
Source: World Bank (forthcoming)   
3%  
12%  
9%  
18%  
36%  
28%  
80%  
53%  
64%  
Working  
Non-working  
Total  
Yes  
No  
Don't know  
   
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Figure 2. 15 Cost and availability are top reasons for   
not sending children to childcare   
   
Source: World Bank (forthcoming)   
Childcare quality in public institutions also varies,   
where a mere 9 percent of childcare facilities in   
public schools have a curriculum/program   
compared to over 80 percent among childcare   
facilities in public institutions, both serving   
government workers. More generally, the quality of   
childcare in public institutions is not well-mandated   
nor inspected, resulting in little incentive to   
improve services. In addition to these concerns   
over quality, not all families are able or willing to   
pay the current fees. Survey results also reveal that   
mothers expect a reservation wage higher than   
average wages to be able to enroll their children in   
nurseries. This gap between the current fees of   
childcare services and families’ willingness to pay is   
large, especially outside Amman.   
Despite well-established evidence for enacting   
employer-supported childcare, a range of legal,   
regulatory,   
organizational   
and   
financial   
barriers are deterring employers from adopting   
such practices. Workers in about 1000 private   
sector companies should have access to employer-  
supported   
childcare   
options,   
as   
per   
legal   
obligation.39 Yet, around 80 percent of surveyed   
employers had no intention to provide employer-  
   
39 Labor law (article 72) mandates that companies   
employing at least 20 women who have among them at   
least 10 children younger than four years must provide   
care for those children by a trained nurse at an adequate   
childcare facility.   
supported childcare while the remaining ones were   
in the process of exploring, planning or developing   
childcare solutions. The top reason for not taking   
such action is not seeing the need nor the benefits   
of offering this support and lack of support of   
senior leadership for the provision of childcare   
services for employees. Other challenges include   
regulation/legal, financial, organizational, and   
provisional aspects. Surveyed employers lack clarity   
on the organizations’ liability, and the cost of   
building the infrastructure, while having to   
consider the factors such as employees’ residence   
locations, as well as lack of space and infrastructure   
requirements to establish workplace nurseries.   
Nevertheless, companies that do provide childcare   
support solutions observed a significant positive   
impact on talent acquisition, employee’s retention   
and satisfaction, productivity, work-life integration,   
increased diversity, enhanced workplace culture,   
controlling employee absenteeism, women’s career   
advancement, motivation, and on helping the   
company to become an ‘employer of choice.’ 40   
TRANSPORT: six in ten non-working women   
identify commuting as a key barrier to working in   
the Greater Amman Region. An affordable,   
comfortable, safe, time-efficient, and reliable public   
transport system is key to enabling both men and   
women to exercise their right to work.   
Most women are unable to spend long hours   
away from home. With the time spent on   
commuting being added to the time spent working,   
it constitutes a major factor in their calculations of   
the benefits and costs of a job. Many people from   
lower- and middle-income families, in particular,   
rely on the public transport system as a lifeline to   
reach economic opportunities. Therefore, better   
access to public transport can help reduce   
inequality by improving labor market outcomes.41   
The GoJ has been taking many steps to enhance   
public transport services. For example, the   
introduction of the country’s first mass transit   
40 See for example IFC (2017) and World Bank Group   
(2020b).   
41 Even without counting for its impact on women’s   
labor force participation, transport-related inefficiencies   
cost Jordan about USD 3 billion annually (at least 6% of   
GDP). Source: World Bank, 2022 C   
No need -  
I take care   
of my   
child  
46%  
Nearby nurseries   
are too   
expensive  
19%  
There are no   
nurseries for   
the age group   
of my child  
8%  
I do not want   
strangers to take   
care of my child  
14%  
My child is too young   
for nursery   
6%  
Other  
   
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system (Bus Rapid Transit—BRT Phase 1) in   
Amman and the integration of fares with feeder   
services in the soft operations of the BRT Phase 1   
are all steps in the right direction. Yet, there are   
specific deficiencies in the public transport system   
that   
are   
preventing   
women   
from   
being   
economically active. A World Bank study focusing   
on the Greater Amman Region (henceforth   
referred to as Amman) identifies some of these key   
challenges.42   
Figure 2. 16 People in the central areas of Jordan can   
access much larger share of jobs   
   
Source: Alam and Bagnoli (2023)   
Accessibility   
to   
jobs   
through   
public   
transportation and walking is low. Estimates   
demonstrate that on average people in Amman can   
only reach 18 percent of the total jobs in the   
metropolitan area in under 60 minutes using public   
transport and walking. Figure 2.16 shows that   
people in the central areas of Jordan can access   
much larger share of jobs (signified by the lighter   
color) than those living in the peripheral areas   
(signified by the darker color). This is an artifact of   
both jobs density and routing of public transport   
services.   
The design and operation of the public   
transport system need to account for the   
different mobility patterns and needs of men   
and women. Women are less mobile than men -   
only 53 percent of working-age women are   
estimated to make at least one trip a day (a 16-pp   
   
42 Alam and Bagnoli (2023)   
43 Sadaqa (2018)   
gap with men). They are much more reliant on taxis   
and call cabs to meet their mobility needs, while the   
share of public transport usage amongst both men   
and women remains low. Work is the main reason   
for using public transport among men, while   
personal and other activities (including worship,   
social, medical, and care visits) are the main reasons   
for women. Among public transport users,   
microbuses are the dominant means of transport   
used by both men and women (Figure 2.17). On   
average, they take almost an hour and use almost   
two (1.8) public transport vehicles to complete a   
single trip. These staggering statistics point to the   
importance of the feeder network and the network   
coverage by public transit.   
Six in ten non-working women identify   
commuting as a barrier to working, and 97   
percent identify at least one transport-related   
constraint. Women users of public transit identify   
many challenges that they face, with the cost of   
commuting and the length of trips being the top   
two challenges that women report. Women users   
also identify the lack of comfort (including aspects   
like sitting space, air conditioning, ability to travel   
with children and shopping, ease with which buses   
can be boarded and alighted, wait times at transit   
stops, availability of bathrooms, etc.) as the top   
challenge that they face, in addition to waiting times   
at public transit stops (Figure 2.18). These findings   
also indicate that there is a “latent desire” to work   
amongst   
women   
who   
are   
currently   
not   
economically   
active,   
should   
the   
transport   
conditions become more favorable.   
Surveys in Amman reveal that safety is one of   
the most important constraints to women’s   
participation. For women, public transport stops   
lack the presence of guards or police, have a low   
number of other women present, and have poor   
quality pavements/sidewalks which can lead to   
safety concerns for them. Previous surveys43   
indicate that 62 percent of women said they were a   
target of some form of harassment.44 It is estimated   
that a 5-percentage point improvement in safety   
around public transit stops in the Greater Amman   
44 The study accounts for the following forms of   
harassment: (a) uncomfortable/inappropriate stares, (b)   
verbal abuse, (c) stalking, (d) physical abuse & others.   
   
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Region would increase female labor force   
participation (FLFP) by 4.7 pp, from 13.6 to 18.3   
among working-age women. In practice, this   
corresponds to 59,000 additional women in the   
labor force in Amman. If all the additional women   
looking for work were to find employment, it could   
lead to a total additional income of over JD 356   
million per year50, equal to a 2.3 percent increase in   
Amman’s GDP. While safety is the most important   
constraint   
among   
women   
overall,   
spatial   
accessibility appears to constrain women from   
lower-income households. A 5-pp increase in the   
share of jobs accessible within 60 minutes using   
public transport and walking would increase the   
LFP of women from lower-income households by   
6.1 pp.45   
The costs of not improving public transport for   
women are high. Even in a scenario where all   
other   
constraints   
to   
women’s   
access   
to   
employment were to be removed, the existing   
quality of public transport in Amman would not   
allow them to reach employment opportunities and   
would   
impede   
them   
from   
fully   
gaining   
employment.   
Figure 2. 17 Women in Amman rely more on private   
transportation means   
   
Source: Alam and Bagnoli (2023)   
   
Figure 2. 18 Several challenges and improvements are identified by women public transport users   
   
45 While accessibility and safety appear to affect women’s   
likelihood of looking for a job in Amman, they seem to   
have little impact on their subsequent employment   
probability. This is consistent with the idea that while   
public transport is critical to improving women’s access   
to employment opportunities, making them more likely   
to look for jobs actively, complementary actions are   
needed to translate this active participation into gainful   
employment.   
This,   
therefore,   
represents   
missed   
opportunities for women in Amman.   
   
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The Road Ahead   
The evidence presented demonstrates that   
protecting and investing in girls’ and women’s   
capital is a prerequisite to her integration and   
contribution   
to   
economic   
development.   
Contrary to the current beliefs, there is still an   
unfinished agenda to improve girls’ education, as   
enrolment is high but education attainment is still   
below expectations, with only 20 percent of women   
aged 25+ finishing their tertiary education. These   
are the most economically active. The drop in labor   
force participation upon marriage is more likely for   
women with lower levels of education (a 50 percent   
reduction among women with less than high school   
education), but declines as the level of education   
increases (13 percent at the postgraduate level).46   
Hence, it is essential to provide a safety net for girls   
within poor households, to mitigate the risk of early   
marriage, school dropout or jeopardized health.   
The road to economic participation starts with   
protecting the human capital of the poor.   
Norms and attitudes pose a barrier in all   
contexts, but they can be tackled. Concerns   
regarding the suitability of women’s employment   
and women’s household roles can be tackled in   
many ways, including by circumventing the   
challenges that feed the stereotypes and practical   
factors opposition (providing care services) to   
allow women to work (Halim, O’Sullivan & Sahay   
2023).   
Global evidence suggests that impactful policy   
measures can deliver promising changes in   
women’s economic participation.47 However,   
there is no silver bullet, addressing one constraint   
is often necessary but insufficient. Instead, a full   
range of priorities and complementary actions are   
needed to improve women’s access to employment   
opportunities, make them more likely to look for   
jobs actively and translate this active participation   
into gainful employment.   
Beyond building their human capital and   
protecting it, improvements in two key areas   
(childcare provision and public transportation)   
can make a difference in women’s ability and   
   
46 Kasoolu et al, 2019   
willingness to enter and remain in the labor   
market   
(Annex   
2).   
Back-of-the-envelope   
calculations suggest that the expansion of formal   
childcare could result in an increase in FLFP by 2 -  
7 ppt depending on whether services are provided   
for pay or free of charge. On public transportation,   
there is need to extend a well-functioning,   
comfortable and safe public transport system. It is   
estimated that improving safety in public transport   
by 5 percentage points could lead to a 4.7 ppt   
increase in FLFP, from 13.6 to 18.3 percent of   
working-age women.   
To guide the expansion and improvement of   
the childcare sector, a National Policy on   
childcare is needed. This should bring in all   
relevant stakeholders and ensure system coherence   
to increase access to affordable, quality childcare   
options for families, and improved learning   
outcomes for children. This policy framework   
should indicate clear mandates and coordination   
mechanisms and could also identify how to   
improve the quality of childcare services.   
Beyond the strategy, there is a need to increase   
the supply and access to childcare. It is   
necessary to consider diverse modalities of   
childcare provision to meet various preferences,   
including quality of services, operating hours and   
catering to different age groups. Additionally,   
coverage for the most vulnerable families and   
disadvantaged women who are willing to work   
should be prioritized and low-cost or free options   
made available. Both the supply and demand   
assessments reveal that there are geographic   
disparities and lack of overall service capacity,   
leaving especially disadvantaged children and   
families behind. Various governorates or districts   
could benefit from context-specific solutions. For   
example, urban areas can benefit from center-based   
nurseries of large capacity whereas areas of low   
population density may need smaller facilities, such   
run by non-profits, cooperatives and home-based   
nurseries.   
To alleviate the burden on families - and   
especially working and non-working mothers,   
there is a need to ensure that sufficient   
47 See Annex 2.   
   
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financing is allocated to make quality childcare   
affordable and attractive. As the supply and   
demand assessments have shown, the financial   
burden disproportionately falls on families, and   
especially mothers, to pay fees while the burden to   
establish and maintain nurseries almost exclusively   
falls on owners to fund. Additionally, there is a   
need to improve the financial sustainability of the   
sector to reduce service costs, which affects the   
financial sustainability of existing nurseries as well   
as the incentive for expanding future supply and   
demand, which is particularly concerning to private   
nurseries. Inadequate financial resources have also   
subsequent implications on quality.   
To improve the transport system, specific   
actions range from public investment in the   
public transit network to enhancing comfort   
and safety. Actions to improve the coverage of the   
public transport network include for instance the   
creation/enhancement of mass transit (such as   
BRTs), improving the feeder network, and creating   
integrated corridor management, increasing the   
frequency of service, rethinking the placement of   
existing public transit stops, and supporting a   
supply and demand analysis and a reroute based on   
demand. Actions for making public transport more   
affordable could include charging integrated fares for   
multiple legs of a public transit trip can reduce the   
overall cost of transport and make it more   
affordable.   
Women   
would   
also   
be   
more   
encouraged by improvements in the comfort of   
trips, for example by making it easier to travel with   
children, heavy bags and belongings, or with   
reduced   
physical   
mobility.   
Addressing   
overcrowded vehicles could also provide more   
comfortable for women, and so would do the   
improvement of waiting areas around stops and   
providing bathroom facilities at public transit stops.   
Lastly, providing a safe environment for women can   
also encourage many of them to use public   
transport including to work, notably through   
measures to enhance the visibility at public   
transport stops and better walkways. This would   
also require a code of conduct for public transport   
drivers and an easy mechanism to report gender-  
based violence as well as receive a swift response to   
these reports.   
The GoJ has undertaken several initiatives to   
advance the reforms agenda on women’s   
economic participation, but a comprehensive   
institutional   
renovation,   
together   
with   
enabling policies and a clear signal regarding   
the role of women, are all crucial in removing   
barriers and facilitate the integration of women   
into the labor force. Other countries’ experience   
shows that a remarkable transformation is possible   
to achieve in a brief timeframe, provided the   
enabling policies are in place. It is also critically   
important to accelerate the structural reforms that   
can induce transformation in the economic   
landscape and help generating the necessary   
demand for labor through more private sector jobs   
creation.   
   
   
   
   
   
   
   
   
   
   
   
   
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Figure 2. 19 There is no silver bullet: a full range of priorities is needed to improve women’s economic   
participation   
   
   
   
   
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Annex 2. Global Evidence Suggesting Impactful Policy Measures for FLFP   
Intended   
Outcome   
Challenges   
Global Evidence   
Safe &   
affordable   
public transport   
Safety in   
public   
transport   
- Women’s probability to join the labor force in developing countries:   
limited access to safe transportation accounts for an estimated 16.5 percent   
reduction (ILO 2017).   
- Infrastructure investments that make it more convenient and safer for women   
to use public transport in Lima, Peru can generate important labor market   
impacts for women residing in those areas (Martinez et al 2018)   
   
Affordability   
of public   
transport   
- Women spend a higher share of their income on public transport than men   
(Lecompte & Bocajero 2017), making more multi-stop trips, carrying additional   
luggage, often accompanied by children/elderly which forces them to rely on   
more expensive choices like taxis (Mejía-Dorantes & Villagrán 2019).   
- Public transport pricing creates an affordability trap for women. The high   
cost of traveling reduces employment avenues and market access for women,   
thereby reducing women’s avenues to earn, and in turn makes transport   
unaffordable (Borker 2022).   
   
Increased   
access & use of   
quality   
childcare   
services   
Childcare   
policy   
coherence   
- Policies matter: Ethiopia increased enrollment rates in ECE from 5% in 2010   
to 80% in 2021 following policy reforms that promoted access to ECE (Kim et   
al. 2022; Bendini & Devercelli 2022).   
- Enactment of laws: a WB global study - included 95 countries - found that the   
enactment of laws governing the provision of childcare services increases FLFP   
by 2 pp, on average. The effect increases over time, reaching up to 4 pp after five   
years (Anukriti et al. 2023).   
   
Quality of   
childcare   
workers &   
nurseries   
- Increased enrolment: Evidence from Uzebkistan (World Bank 2013) and global   
evidence (OECD 2017) shows a positive correlation between quality of ECE   
services(highly qualified pre-school teachers, fully equipped pre-schools..etc) and   
enrolment rates. Evidence from LAC shows that the quality of childcare services   
is one of the factors that determine take-up rates (Mateo Díaz & Rodriguez-  
Chamussy 2016); Redaelli et al 2023.   
- Quality childcare impacts FLFP: Evidence from Germany shows that women   
whose children are enrolled in high-quality ECE services showed a significant   
increase in working hours compared to those who don't (Stahl & Schober 2019).   
   
Expansion   
of childcare   
options   
- Reduced women’s time constraints: global evidence suggests that access to   
childcare and preschools reduces women’s time constraints, allowing increase in   
women’s employment and household income (Evans, Jakiela, & Knauer 2021).   
In Indonesia, an additional public preschool per 1,000 children in a district   
increases women’s work participation by 9.1 percent (Halim, Johnson, & Perova   
2022; Cali 2022).   
- A range of interventions have proven effective: Provision of voucher to   
access childcare services at established childcare centers in Kenya led to a 17   
percent increase in maternal employment (Clark, Kabiru, Laszlo & Muthuri   
2019). Provision of after school childcare (3 hours after school) in Chile led to a   
6 ppts increase in maternal employment (Martínez & Perticará 2017). Provision   
of access to childcare centers in rural DRC led to an 11 ppts increase in women's   
participation in commercial agriculture (Donald & Vaillant Forthcoming). In   
South Africa, an expansion pilot provided targeted subsidies to existing NGO   
and private childcare providers catering to the poor was proven highly cost-  
effective, leading to a large expansion in access for the poor (Biersteker 2010).   
   
   
   
   
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