INTERNATIONAL MONETARY FUND

IMF Country Report No. 20/180

JORDAN

May 2020

REQUEST FOR PURCHASE UNDER THE RAPID FINANCING INSTRUMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR, ALTERNATE EXECUTIVE DIRECTOR, AND ADVISOR FOR JORDAN

In the context of request for purchase under the Rapid Financing Instrument, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on May 20, 2020, following discussions held remotely on April 29–30, 2020, with the officials of Jordan on economic developments and policies underpinning the IMF arrangement under the Rapid Financing Instrument. Based on information available at the time of these discussions, the staff report was completed on May 13, 2020.
- A **Statement by the Executive Director, Alternate Executive Director, and Advisor** for Jordan.

The document listed below will be separately released:

Letter of Intent sent to the IMF by the authorities of Jordan*
*Also included in Staff Report

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

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Washington, D.C.

PRESS RELEASE

PR 20/222

IMF Executive Board Approves US$396 Million in Emergency Assistance to Jordan to Address the COVID-19 Pandemic

FOR IMMEDIATE RELEASE

- The IMF approved Jordan's request for emergency financial assistance under the Rapid Financing Instrument (RFI) of about US$396 million.
- This emergency financial assistance will help address the country's balance of payment needs and allow for higher spending on healthcare, containment, and assistance to households and companies most affected by COVID-19 crisis.
- The Jordanian authorities are committed to transparency and accountability for all emergency spending.

Washington, DC – May 21, 2020 - The Executive Board of the International Monetary Fund (IMF) approved on May 20, 2020, Jordan's request for emergency financial assistance under the Rapid Financing Instrument (RFI) equivalent to SDR 291.55 million (about US$396 million, or 85 percent of quota). The purchase under the RFI is projected to cover about a quarter of Jordan's external financing needs stemming from the COVID-19 shock. The rest is expected to be covered by Jordan's development partners and by targeting smaller accumulation of reserves than under the arrangement under Extended Fund Facility (EFF) approved by the IMF on March 25, 2020.

Jordan has taken proactive efforts since the COVID-19 outbreak to protect safety of its citizens and refugees. It has implemented a strict curfew, prioritized healthcare spending, and took steps to cushion the impact of the shock on businesses and households.

Despite these efforts, Jordan's near-term economic outlook has worsened considerably since the IMF approved a US$ 1.3 billion four-year EFF for Jordan in March (See Press Release No. 20/107). Due to the COVID-19 crisis and the strict lockdown measures to contain it, Jordan's 2020 output is expected to contract, fiscal deficit is expected to widen, public debt to increase, and a US$1.5 billion balance of payments gap to emerge.The RFI and other external financing catalyzed by it will ease the external financing constraint and allow the authorities to finance essential spending on health and social protection and avoid loss in official reserves. The authorities are committed to transparency and accountability for emergency spending.

Following the Executive Board discussion on Jordan, Mr. Mitsuhiro Furusawa, Deputy Managing Director, and Acting Chair, said:

"The COVID-19 pandemic has had a severe impact on the Jordanian people's lives and on the economy. Tourism disruption and sharp declines in remittances, exports and capital inflows have resulted in an urgent balance of payments need.

"The Jordanian authorities have responded with decisive containment and health measures that effectively limited the spread of the virus with minimal fatalities. They also implemented a timely package of policies to mitigate the economic fallout of the pandemic. The government provided targeted financial support to the most severely impacted businesses and individuals, who lost their jobs and income, while the Central Bank of Jordan acted promptly to supply ample liquidity to banks, ease debt burdens, and support SMEs. All government spending is subject to audit by the Jordanian Audit Bureau. All emergency spending will be audited, and the audit results will be published in the interest of transparency and accountability.

“IMF financing under the Rapid Financing Instrument will support international reserves and help meet the budget financing needs for crisis mitigation. Mobilizing additional financing from multilateral and bilateral creditors will be essential to support the authorities’ policy efforts and preserve macroeconomic stability.

“The authorities remain committed to the objectives of the reform program supported by the Extended Fund Facility arrangement, which was approved by the Board in March. When the crisis abates, the priority will be resuming fiscal consolidation to place public debt on a declining path and pursuing reforms to strengthen the competitiveness of the Jordanian economy and to support inclusive growth and job creation.”

More information:

IMF Lending Tracker (emergency financing request approved by the IMF Executive Board)
https://www.imf.org/en/Topics/imf-and-covid19/COVID-Lending-Tracker

IMF Executive Board calendar
https://www.imf.org/external/NP/SEC/bc/eng/index.aspx

IMF Factsheet: The IMF's Rapid Financing Instrument (RFI)
https://www.imf.org/en/About/Factsheets/Sheets/2016/08/02/19/55/Rapid-Financing-Instrument

INTERNATIONAL MONETARY FUND

JORDAN

May 13, 2020

REQUEST FOR PURCHASE UNDER THE RAPID FINANCING INSTRUMENT

EXECUTIVE SUMMARY

Context. Since the approval of the EFF arrangement the near-term economic outlook has worsened considerably due to the COVID-19 crisis and the strict lockdown measures to contain it. In 2020, output is expected to contract sharply, fiscal and external balances are expected to deteriorate, public debt to increase, and a $1.5 billion balance of payments gap to emerge. With the first EFF review still several months away, and an ad hoc augmentation not being feasible in view of the difficulties in recalibrating the existing program to ensure that it remains on track to meet its objectives, the authorities have requested urgent support under the Fund's Rapid Financing Facility (RFI). The proposed purchase of SDR 291.55 million, 85 percent of quota or about $400 million would cover about 1/4 of the financing need. The rest is expected to be covered by Jordan's development partners and by targeting smaller accumulation of reserves than under the EFF arrangement.

Policy response. Jordan has implemented a number of measures to contain the pandemic and cushion the shock within the available fiscal space. The combined public sector deficit in 2020 is projected to increase by 3.2 percent of GDP compared to 2019 reflecting primarily lower revenues but also higher spending on health and containment, and support to households and companies most affected by the crisis. As the crisis abates, the authorities are committed to resuming gradual fiscal consolidation and accelerate structural reforms to rebuild buffers and support growth, in line with the EFF objectives. The Central Bank of Jordan (CBJ) will continue to balance adequate liquidity provision to banks with limiting any pressure on its international reserves and safeguarding financing stability. Prudential regulations and accounting standards will remain aligned with best international practices. The authorities are committed to transparency and accountability of emergency spending.

Debt sustainability and capacity to repay. The risks have increased significantly, but staff continues to assess public debt as sustainable, benefiting from a relatively large share of domestic and longer-term debt, and Jordan's capacity to repay the Fund remains adequate. Renewed fiscal consolidation and higher growth after the pandemic supported by structural reforms, along with continued support by multilateral and official bilateral creditors, will strengthen debt sustainability over the medium term.

Eligibility for an RFI. Jordan meets the requirements for an RFI. It faces an urgent BoP need, which cannot be covered without IMF financing and, if left unaddressed, could undermine macroeconomic stability. The proposed access of 85 percent of quota (SDR 291.55 million) will keep access within normal limits.

Approved By
Thanos Arvanitis (MCD) and Sanjaya Panth (SPR)

Discussions with the authorities were held remotely during April 29–30, 2020. The staff team comprised C. Jarvis (Head), C. Serra, N. Gigineishvili, A. Guscina, M. Benatiya Andaloussi (all MCD), P. Iossifov (SPR), and N. Nersesyan (FAD). J. Sakhi provided research assistance and C. Pineda provided document management and logistics support. The mission met with Minister of Finance Mohamad Al-Ississ, Governor of the Central Bank of Jordan Ziad Fariz and other senior officials. Sami Geadah and Mira Merhi (both OED) participated in the discussions.

CONTENTS

BACKGROUND

1. **Jordan was able to maintain external stability in 2019 despite fiscal slippages and challenges arising from regional conflicts and the hosting of Syrian refugees.** Real GDP growth was about 2 percent; inflation remained stable in low single digits; and the current account deficit excluding grants narrowed markedly from 10.6 percent of GDP in 2018 to 5.8 percent in 2019 thanks to strong exports and tourism, and import compression. International reserves remained adequate at around 100 percent of Fund's reserve adequacy metric. The combined public sector deficit widened, however, as the planned fiscal consolidation fell short of expectations primarily due to insufficient broadening of the tax base. Public debt increased from 76.3 percent of GDP in 2018 to 79.3 percent of GDP in 2019. The financial sector remained sound with strong capital and liquidity buffers, and relatively low non-performing loans.

2. **On March 25, the Executive Board of the IMF approved a four-year arrangement under the Extended Fund Facility with access of SDR 926.37 million (270 percent of quota).** The program was designed before the COVID-19 outbreak and its main objectives were strengthening macroeconomic stability and deepening structural reforms to address impediments to private sector development and thereby raise potential growth. While these objectives remain valid in the medium term, the immediate priorities have shifted to containing the health crisis and minimizing its economic fallout. The authorities remain committed to maintaining the reform momentum to create the conditions for higher and job-rich growth once the crisis abates.

IMPACT OF THE SHOCK

3. **The macroeconomic outlook has worsened considerably.** International travel and tourism have come to a standstill, and domestic activity has slowed due to the severe lockdown, social distancing, and the confidence shock. Capital inflows, including FDI and portfolio investment, are likely to slow and worker remittances decline, especially from GCC countries, where most Jordanian migrants are employed. Exports are expected to temporarily decline on the back of weaker global demand. Public finances are expected to worsen considerably in 2020, mostly reflecting a sharp decline in revenue (Box 1). Overall, staff projects GDP to contract by 3.4 percent in 2020 (compared to the pre-COVID projection of 2.1 percent growth) but rebound in the following year by 3.6 percent as most sectors recover, except tourism and remittances, which are expected to take longer. Notwithstanding this rebound, a two-year output loss of about 4 percent is expected compared to the pre-COVID baseline, and the level of GDP is projected to remain lower in the medium term.

Jordan: Macroeconomic Outlook, 2018–21

	Act. 2018	Proj. 2019	EFF 2020	Proj. 2020	EFF 2021	Proj. 2021
Real GDP at market prices (percentage change)	1.9	2.0	2.1	-3.4	2.3	3.6
Consumer price inflation (annual average)	4.5	0.3	1.5	0.2	1.7	1.6
Overall central government balance excluding grants (percent of GDP)	-3.3	-5.0	-3.0	-6.8	-3.4	-4.7
Primary central government balance excluding grants (percent of GDP)	-3.0	-3.8	-2.3	-6.0	-1.6	-3.0
Combined public sector balance 1/	-4.2	-5.1	-4.0	-8.3	-3.2	-5.0
Government and guaranteed gross debt, net of SSC's holdings 2/	76.3	79.3	79.9	88.5	79.7	88.6
Of which: external debt *(percent of GDP)*	37.2	35.3	39.5	42.4	41.1	43.3
Current account balance excluding grants (percent of GDP)	-10.6	-5.8	-6.9	-9.8	-6.4	-7.7
Net international reserves ($ millions)	11,430	12,756	14,462	12,964	15,879	13,383

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

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

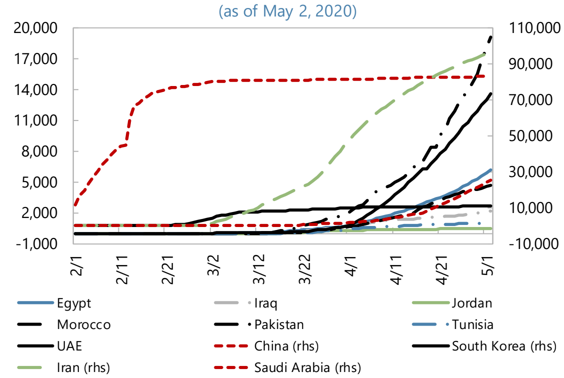
2/ Government's direct and guaranteed debt (including NEPCO and WAJ debt). SSC stands for Social Security Corporation.

The authorities securitized domestic arrears amounting to 2.3 and 0.3 percent of GDP in 2019 and early 2020, respectively, part of which was previously assumed to be repaid over a three-year period.

4. **The authorities have implemented a comprehensive set of measures to reduce the spread of the virus.** Key actions include: (i) the full closure of borders and suspension of passenger air travel; (ii) the prohibition of movement of people across governorates and cities; (iii) mandatory quarantines; (iv) the imposition of a state of emergency and the activation of the Defense Law for crisis containment and response; (v) the suspension of public and private sector operations, including trading on Amman stock exchange, exempting critical sectors; and (vi) an extensive public awareness campaign to limit the spread of COVID-19. These measures have been effective in containing the spread of the virus and the number of new cases has declined significantly recently.

Confirmed COVID-19 Cases in Select Emerging Markets

(as of May 2, 2020)



Source: Johns Hopkins University Time Series Data

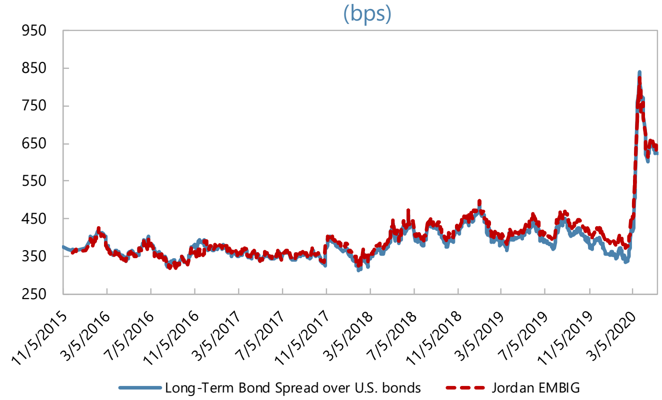
5. **The authorities have also implemented a number of measures to cushion the economic fallout of the shock.** They established a fund to cover emergency medical outlays, exempted medical supplies from sales tax, provided temporary cash-flow relief to companies by allowing delayed payments of sales taxes and customs duties within the year as well as electricity bills until June, temporarily reduced social security contributions from 21.75 to 5.25 percent and the maximum load tariff for electricity consumption of selected sectors, and introduced a cash transfer program to support the unemployed and self-employed (0.3 percent of GDP, while at the same time trying to find savings including in the wage bill, budgetary transfers, and non-essential investment (see para 8). The CBJ reduced policy rates by 150 basis points, injected liquidity into the system (1.8 percent of GDP) by reducing reserve requirements on time deposits from 7 percent to 5 percent, allowed the rescheduling of loans, and improved terms of existing refinancing programs for SMEs and introduced new ones.

6. **Despite these measures, the COVID-19 shock has resulted in an urgent balance of payments need**. The current account is projected to deteriorate markedly compared to the pre-COVID scenario as the decline in tourism, remittances and exports is expected to outweigh

import compression due to weaker domestic demand, lower oil prices and reduced FDI. The shock and the potential loss of reserves is expected to be most severe during the second quarter of 2020 when the lockdown is in place although the impact on tourism and remittances is likely to last longer. In addition, staff assumes that given significantly increased sovereign spreads in emerging markets, including Jordan, the government will no longer be able to issue a new Eurobond to offset the maturing $1.25 billion Eurobond this year. With gross reserves maintained at a lower level than in the EFF, but still slightly above the adequacy metric, the balance of payments gap is around $1.5 billion in 2020. The RFI and other external financing catalyzed by it will loosen the external financing constraint and allow the authorities to finance essential spending and avoid loss in official reserves.

7. **Downside risks to the outlook are substantial.** There is a large degree of uncertainty about the duration of the COVID-19 shock, with the risks mostly on the downside. A longer-lasting pandemic or a second wave would deepen the global crisis and delay the recovery both worldwide and in Jordan. In Jordan, this could depress economic activity further, lead to lower budget revenue and higher spending needs, worsen utilities operational balances, delay the needed fiscal consolidation, constrain market access, and increase debt sustainability risks. These risks are mitigated by the authorities' commitment to the objectives of the recently approved EFF arrangement and the readiness to recalibrate policies to ensure that debt remains sustainable and the economy can recover quickly. Additional concessional donor financing would be essential to meet the increased financing needs. On the upside, faster normalization of international financial market conditions than currently envisaged may allow Eurobond issuance in the second half of the year to finance any residual gap.

Jordan: Long-Term Bond Spread
(bps)



POLICY DISCUSSIONS

The authorities' policies aim to strike a balance between minimizing output and job losses in the short run with the need to avoid build-up of unsustainable imbalances in the medium term. Discussions focused on policies that are timely, targeted at the most-impacted sectors and households, and temporary—to be reversed after the pandemic.

A. Fiscal Policy

8. **Staff supports the authorities' fiscal strategy to respond to the shock.** The authorities recognize that they have limited fiscal space, and that the measures announced should be temporary and targeted. Domestic revenue is projected to decline by 12 percent in nominal terms

(2 percentage points of GDP) compared to 2019, reflecting the slowdown in economic activities and trade due to the lockdown. The decline would have been greater but for the full year effect of measures taken in 2019, such as: (i) implementation of the new income tax law; (ii) a crack-down on smuggling of tobacco; and (iii) curtailment and non-renewal of discretionary sales tax and customs exemptions. In addition, to provide space for health, social and other emergency spending,[1] the authorities have temporarily reduced salaries to senior government officials, postponed the increase in wages and allowances for all public sector employees until the end of 2020, and imposed a hiring freeze on new positions. They are also postponing non-priority investment. Some of the fiscal savings have been reallocated to support the unemployed and self-employed through targeted cash transfers to 200,000 most vulnerable households. Nonetheless, the central government primary deficit is projected to increase by 2.2 percentage points of GDP compared to 2019, and the combined public sector deficit is projected to widen by 3.2 percentage points of GDP to 8.3 percent of GDP in 2020.

9. The utilities will contribute 1.1 percent of GDP to the projected increase in the combined public sector budget deficit in 2020. Despite lower global oil prices, NEPCO's deficit is projected to increase by 0.6 percent of GDP of which 0.1 percentage of GDP is due to reduced electricity demand during the downturn. The authorities remain committed to implementing reforms aimed at containing NEPCO's losses, including by improving bill collection, putting in place targeted rebates to boost domestic demand, and introducing fixed fees for renewable energy systems that are connected to the grid. The deficit of WAJ and water distribution companies is expected to widen by 0.5 percent of GDP because of temporarily lower bill collection and additional costs of the increased water pumping during the lockdown. The arrears are currently estimated at about 0.2 percent of GDP. Staff urged the authorities to arrest accumulation of arrears of the water sector to public-private partnerships and electricity distribution companies, by implementing proper budgeting and cash management practices, including through timely budget transfers to WAJ and through close monitoring of payments falling due. The authorities also plan to continue implementing policies aimed at reducing water sector losses by increasing billing efficiency, tackling non-revenue water and studying tariff-adjustments.

10. The authorities are committed to transparency and accountability of emergency spending. To this end, the authorities: (i) created specific budget lines to track and report crisis-related expenditure; (ii) linked the emergency fund to the Treasury Single Account; (iii) will publish on the government website procurement plans, notices and awarded contracts, including beneficial ownership of awarded entities, for the emergency responses; and (iv) will undertake ex-post audits of all crisis-mitigating inflows and spending by the Jordanian Audit Bureau, and will publish the results within 6 months from the end of the fiscal year.

[1] These include additional expenditures on medical supplies, equipment, rental of hotels for quarantines, and added security.

Box 1. Impact of COVID-19 Shock on Fiscal Accounts

The COVID-19 shock and the economic lockdown measures are expected to cause a sharp deterioration in the fiscal accounts in 2020. The combined public balance is expected to deteriorate by JD 1.2 billion compared to the EFF request. Sharp revisions to revenue projections (JD 1.6 billion difference) reflect the effects of a very tight 2-month lockdown on economic activity, part of which is already visible in Q1 data. Preliminary data point to a loss of revenues in the range of 20–40 percent for March and April, with nontax revenues and sales taxes affected the most. While a rebound in revenues is expected with the reopening, here remains considerable uncertainty about the path of revenues for the remainder of the year, for the full year 2020 revenues are conservatively projected to come in 19 percent lower compared to the EFF projections. The expected decline in domestic revenues of about 2 percentage points of GDP relative to 2019 reflects lower spending in the informal economy, lower tax compliance given the severity of the shock, and a decline in customs duties with reduced value of imports.

The authorities took measures to contain the impact of the expected revenue shortfall on fiscal accounts. Postponement of wage increases and bonuses to end-2020 and a hiring freeze on new positions will save JD 230 million in current expenditure. About JD 60 million will be saved by redirecting some generalized subsidies to cover increases in targeted cash transfers to the most vulnerable households. Purchase of health equipment and supplies, rental of hotels for mandatory quarantine and COVID-related security would add JD 50 million to expenditure on goods and services. With a drop of JD 1.61 billion in revenues partially recouped by the savings in current expenditures and by postponing non-priority capital expenditure (JD 280 million), the overall balance is expected to deteriorate by about JD 1.1 billion compared to the EFF.

Jordan: Fiscal Accounts in 2020 Before and After the Shock

	EFF		Current Proj.		Difference	
	JD bil.	% GDP	JD bil.	% GDP	JD bil.	% GDP
Total revenue and grants	8.71	26.97	7.10	23.35	-1.61	-3.62
Tax revenue, *of which* :	5.65	17.48	4.54	14.92	-1.11	-2.56
Taxes on income and profits	1.27	3.93	0.98	3.21	-0.29	-0.72
Sales taxes	4.04	12.49	3.24	10.64	-0.80	-1.85
Nontax revenue	2.05	6.34	1.54	5.07	-0.50	-1.26
Grants	1.02	3.16	1.02	3.35	0.00	0.20
Current expenditure, *of which:*	8.42	26.06	8.18	26.88	-0.24	0.83
Wages and salaries	1.70	5.27	1.47	4.84	-0.23	-0.44
Transfers	2.39	7.39	2.33	7.65	-0.06	0.26
Ggoods & services	0.37	1.14	0.42	1.37	0.05	0.24
Capital expenditure	1.27	3.94	0.99	3.27	-0.28	-0.67
Overall central government balance	-0.98	-3.02	-2.07	-6.81	-1.09	-3.78
Primary government balance, excl. grants and transfers to utilities	-0.74	-2.30	-1.84	-6.04	-1.09	-3.74
NEPCO operating balance	-0.16	-0.49	-0.17	-0.55	-0.01	-0.06
WAJ overall balance, excl. grants	-0.36	-1.11	-0.35	-1.15	0.01	-0.04
Water companies overall balance	-0.04	-0.13	-0.18	-0.58	-0.13	-0.45
Combined public balance	-1.30	-4.03	-2.53	-8.32	-1.23	-4.29

Sources: IMF staff projections.

The COVID-19 crisis is expected to also hit the balance sheets of utility companies. Water distribution companies are projected to incur additional losses (0.5 percent of GDP) as a result of increased water supply (about 0.2 percent of GDP) and significantly reduced bill collection (0.3 percent of GDP) during the lockdown. NEPCO's deficit is projected to increase only marginally as a 0.3 percentage points of GDP drop in revenues from sluggish demand during the downturn is broadly offset by lower costs of production caused by the fall in international oil prices.

11. The authorities are also committed to return to the fiscal consolidation strategy agreed under the EFF arrangement as soon as the situation normalizes. The program was built on cumulative fiscal measures of about 3.8 percent of GDP during the program period. This would still be sufficient to achieve a fiscal surplus by 2024 and gradually reduce public debt to 80 percent of GDP by 2025 despite the increase in 2020. However, the pace of fiscal consolidation may need to be reconsidered at the time of first EFF review, in view of developments in containing the pandemic both in Jordan and globally, and Jordan's growth trajectory. The authorities plan to resume the needed fiscal consolidation from 2021 by cutting lower priority spending, curtailing tax exemptions, reducing evasion, and strengthening tax and customs administration.

12. Jordan's public debt is assessed to be sustainable, but risks have significantly intensified (Annex I). Public debt is projected to reach 88.5 percent of GDP in 2020, on the back of the higher deficit and lower nominal GDP, and start declining in 2022 to about 80 percent of GDP in 2025 as the economy and revenue return to normal and fiscal consolidation is renewed.[2] The risks stemming from the elevated debt burden are significant, but are mitigated by the large share of domestic and long-term debt, the authorities' commitments to sound policies, and the continued strong support from multilateral and bilateral donors, including from the World Bank and the EC (see below).

B. Monetary and Financial Sector Policies

13. The current monetary policy stance is broadly appropriate. So far, the foreign exchange market has been stable and CBJ's interventions to support the dinar have been limited. The peg remains an important nominal anchor and CBJ's international reserves are adequate. The purchase under the RFI and the higher external financing will provide an additional reserve cushion. The CBJ will continue to balance provision of liquidity to support credit and financial sector stability with limiting pressures on its international reserves. After reducing policy rates by 150 basis points (following similar rate cuts by the US Fed) and reserve requirements for banks by 200 basis points, future monetary policy actions will be informed by developments in market liquidity, deposit dollarization and inflation expectations.

14. Financial stability risks have increased but appear manageable. Asset quality could deteriorate with the economic slowdown; and loan rescheduling and payment deferrals or deposit withdrawals could affect bank liquidity and capital. Staff supports the CBJ's decision to postpone profit distribution by banks, which will add to the existing capital and liquidity buffers and help absorb shock-related losses and maintain lending. Staff also supports debt rescheduling to viable borrowers and CBJ's readiness to exercise flexibility in applying prudential regulations, while keeping prudential and accounting standards aligned with best international practices.

[2] Public debt is defined as the consolidated central government, NEPCO, WAJ, water distribution companies, and Social Security Corporation and includes public guarantees.

MODALITIES OF SUPPORT

15. The purchase under the RFI is proposed in the amount of 85 percent of quota, or about $400 million. Given that the first EFF review is several months away, and the financing need is urgent and immediate, the RFI would provide critically needed financial support, covering about one quarter of Jordan's $1.5 billion financing gap and catalyze donor support. The World Bank has approved COVID-19 emergency support of $20 million and is considering an additional loan of $250 million, of which part would be available during 2020, and the EC has offered Jordan an increase in macrofinancial assistance (MFA) of €200 million. These would help avoid a decline in reserves, which could pose threat to macroeconomic stability. The authorities are planning to fill the rest of the gap by seeking additional bilateral donor financing, borrowing externally when market conditions improve sufficiently, or targeting a smaller increase in reserves. Given the link between external and fiscal needs and to provide additional fiscal space for pandemic-related spending, the RFI purchase will be on-lent to the budget.

Jordan: External Financing Gap, 2020

(In millions of U.S. dollars)

External financing gap	**1,500**
Change in Total Financing Needs	**1,250**
Change in Gross Financing Requirements	1,081
Current account deficit (excl. grants)	1,081
Change in Gross Financing Sources	-1,314
FDI, net	-500
Issuance of sovereign bonds 3/	-1,000
Private capital flows, net, *of which*	187
Commercial banks' NFA	387
Change in Reserves (+ = increase)	-1,144
Change in Official external financing (xcl. new loans)	**-250**
Identified new sources of financing	**747**
EU Pandemic MFA	224
IMF RFI	403
WB COVID-19 emergency support loans	120
Remaining financing gap	**753**

16. An update safeguards assessment is in progress, expected to be completed before the first review of the EFF arrangement. In addition, since the RFI purchase will be passed on to the budget, a Memorandum of Understanding between the CBJ and the Ministry of Finance on servicing respective obligations to the Fund is being updated. The authorities' commitment to amend the MOU is included in the LOI.

17. Capacity to repay remains adequate. Fund credit outstanding will peak in 2023 at 3.3 percent of GDP, equivalent to around 9 percent of exports of goods and services and 10 percent of gross usable reserves. EFF repurchases and charges peak at 1.8 percent of gross usable reserves and reach 1.5 percent of exports of goods and services in 2024, well below the corresponding values under past Fund-supported arrangements.

STAFF APPRAISAL

18. Jordan is experiencing an immediate and urgent balance of payments need due to the COVID-19 shock. Output is projected to contract in 2020 as a result of suspension of tourism, lower remittances and exports, and a slowdown in domestic activity due to the lockdown. The fiscal and the current account deficits are expected to widen, and public debt to increase. Staff projects an external financing gap of about $1.5 billion in 2020.

19. The authorities have responded with timely, transparent, targeted and temporary measures to minimize the health crisis and maintain macroeconomic stability. They implemented an effective lockdown to contain the spread of the virus, created an emergency fund for necessary medical outlays, and launched a targeted stimulus package to support the economy. This includes deferral of payments of sales taxes, customs duties, and electricity bills; a temporary reduction in social security contributions; cash transfers to the unemployed and self-employed; and rescheduling of loans; and financing programs for SMEs. The CBJ provided adequate liquidity to the market. The authorities are committed to transparency of emergency spending and plan to reverse the crisis-mitigation measures after the pandemic passes and the economy starts to recover. To place public debt on a downward trajectory, fiscal consolidation should resume from 2021 at a pace to be determined at the time of the first review of the EFF-supported program.

20. The authorities remain committed to the objectives of the EFF arrangement and the timely completion of program reviews. They will continue to pursue economic policies that are consistent with the program objectives, while specific targets and policies will be recalibrated during the upcoming review of the EFF arrangement. Implementing structural reforms to strengthen competitiveness of the Jordanian economy is critical to achieve high and inclusive growth and to create jobs.

21. Staff supports the proposed purchase under the RFI. Jordan meets the eligibility requirements, its debt is sustainable with continued strong policy implementation, and its capacity to repay the Fund remains adequate.

Table 1. Jordan: Selected Economic Indicators and Macroeconomic Outlook, 2018–25

	Act. 2018	Proj. 2019	EFF 2020	Proj. 2020	EFF 2021	Proj. 2021	EFF 2022	Proj. 2022	EFF 2023	Proj. 2023	EFF 2024	Proj. 2024	Proj. 2025
Output and prices	(Percentage change, unless otherwise indicated)												
Real GDP at market prices	1.9	2.0	2.1	-3.4	2.3	3.6	2.6	3.5	2.9	3.3	3.1	3.3	3.3
GDP deflator at market prices	1.8	1.7	1.9	1.2	2.5	2.2	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Nominal GDP at market prices	3.7	3.7	4.0	-2.2	4.9	5.9	5.2	6.1	5.5	5.9	5.7	5.9	5.9
Nominal GDP at market prices (JD millions)	29,984	31,099	32,313	30,413	33,882	32,210	35,632	34,173	37,582	36,199	39,716	38,323	40,577
Nominal GDP at market prices ($ millions)	42,291	43,863	45,575	42,896	47,789	45,430	50,257	48,199	53,008	51,057	56,017	54,052	57,232
Consumer price inflation (annual average)	4.5	0.3	1.5	0.2	1.7	1.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Consumer price inflation (end of period)	3.6	0.6	0.8	1.4	2.5	1.0	2.5	1.9	2.5	2.5	2.5	2.5	2.5
Unemployment rate (period average, percent) 1/	18.6	19.1	...	...	...	...	...	...	...	...	...	...	...
	(In percent of GDP, unless otherwise indicated)												
Fiscal operations													
Revenue and grants	26.1	24.7	27.0	23.3	26.0	24.9	25.5	25.0	24.5	24.1	24.3	23.9	23.7
Of which: grants	3.0	2.5	3.2	3.4	2.2	2.3	1.9	1.9	1.0	1.1	1.0	1.0	0.9
Expenditure 2/	29.8	29.6	30.0	30.2	30.0	31.0	29.9	30.8	29.6	30.5	29.3	30.1	29.9
Unidentified measures 3/	0.0	0.0	0.0	0.0	0.6	1.5	1.2	2.2	1.8	3.0	2.4	3.8	3.8
Overall fiscal balance 4/	-3.3	-5.0	-3.0	-6.8	-3.4	-4.7	-3.1	-3.6	-3.3	-3.5	-2.6	-2.5	-2.6
Primary government balance (excluding grants)	-3.0	-3.8	-2.3	-6.0	-1.6	-3.0	-1.0	-1.6	-0.3	-0.6	0.4	0.4	0.4
NEPCO operating balance	-0.3	0.0	-0.5	-0.6	-0.6	-0.9	-0.5	-0.7	-0.4	-0.6	-0.4	-0.6	-0.6
WAJ overall balance	-0.9	-1.1	-1.1	-1.2	-0.8	-0.9	-0.8	-0.9	-0.8	-0.9	-0.7	-0.8	-0.7
Water Distribution Companies overall balance	0.0	-0.2	-0.1	-0.6	-0.1	-0.2	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Combined public sector balance 5/	-4.2	-5.1	-4.0	-8.3	-3.2	-5.0	-2.4	-3.4	-1.7	-2.2	-0.9	-1.1	-1.0
Government and guaranteed gross debt 6/	94.4	98.9	100.4	110.7	100.7	111.1	100.2	110.0	99.6	108.4	98.0	105.5	103.0
Government and guaranteed gross debt, net of SSC's holdings 6/	76.3	79.3	79.9	88.5	79.7	88.6	78.7	87.3	77.8	85.5	75.8	82.4	79.6
Of which: external debt	37.2	35.3	39.5	42.4	41.1	43.3	40.8	42.7	40.0	44.0	38.3	42.0	39.5
External sector													
Current account balance (including grants), *of which:*	-7.0	-2.8	-3.2	-5.9	-3.6	-4.8	-3.6	-4.3	-3.6	-4.3	-3.1	-3.7	-3.1
Exports of goods, f.o.b. ($ billions)	7.8	8.3	8.7	7.3	9.2	8.1	9.7	8.7	10.3	9.4	11.0	10.0	10.7
Imports of goods, f.o.b. ($ billions)	18.1	17.2	18.1	15.4	18.4	16.3	19.1	17.2	19.8	18.1	20.5	19.0	19.9
Oil and oil products ($ billions)	3.8	3.1	3.2	2.0	3.0	2.2	3.1	2.4	3.2	2.6	3.3	2.7	2.9
Current account balance (excluding grants)	-10.6	-5.8	-6.9	-9.8	-6.4	-7.7	-6.1	-6.9	-5.6	-6.4	-5.0	-5.7	-4.8
Private capital inflows (net)	2.4	1.9	2.2	1.2	2.6	2.0	2.8	2.8	3.5	3.6	3.7	4.2	4.3
Monetary sector	(Percentage change)												
Broad money	1.3	4.8	7.5	0.8	...	...	...	...	...	...	...	...	...
Net foreign assets	-19.3	3.0	23.5	5.0	...	...	...	...	...	...	...	...	...
Net domestic assets	9.1	5.3	3.3	-0.3	...	...	...	...	...	...	...	...	...
Credit to private sector	5.2	4.6	5.6	-3.7	...	...	...	...	...	...	...	...	...
Credit to central government	10.3	13.7	-3.8	8.9	...	...	...	...	...	...	...	...	...
Memorandum items:													
Gross usable international reserves ($ millions)	12,513	13,512	15,307	14,211	16,991	14,897	17,860	15,441	17,885	16,325	18,612	17,017	17,780
In months of prospective imports	6.8	8.3	7.7	8.2	8.3	8.0	8.4	7.9	8.1	8.0	8.0	7.9	7.9
In percent of reserve adequacy metric	97	100	104	104	111	103	111	101	106	101	107	100	100
Net international reserves ($ millions)	11,430	12,756	14,462	12,964	15,879	13,383	16,485	13,663	16,259	14,400	16,907	15,216	16,194
Population (millions) 7/	9.9	10.1	10.2	10.2	10.3	10.3	10.4	10.4	10.5	10.5	10.5	10.5	10.6
Nominal per capita GDP ($)	4,270	4,356	4,464	4,202	4,631	4,402	4,830	4,632	5,061	4,875	5,315	5,129	5,397
Real effective exchange rate (end of period, 2010=100) 8/	118.7	...	...	...	...	...	...	...	...	...	...	...	...
Percent change (+=appreciation; end of period)	5.3	...	...	...	...	...	...	...	...	...	...	...	...

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

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

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

3/ Estimated amount of fiscal measures that are need to meet the programmed fiscal adjustment.

4/ Includes statistical discrepancy.

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

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

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

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

Table 2a. Jordan: Central Government: Summary of Fiscal Operations, 2018–25 1/

(In millions of Jordanian dinars)

	Act. 2018	Prel. 2019	EFF 2020	Proj. 2020	EFF 2021	Proj. 2021	EFF 2022	Proj. 2022	EFF 2023	Proj. 2023	EFF 2024	Proj. 2024	Proj. 2025
Total revenue and grants	7,840	7,677	8,715	7,101	8,805	8,013	9,097	8,546	9,207	8,682	9,639	9,114	9,569
Domestic revenue	6,945	6,889	7,695	6,081	8,071	7,279	8,431	7,880	8,824	8,300	9,255	8,731	9,186
Tax revenue, *of which:*	4,724	4,823	5,647	4,538	5,927	5,497	6,180	5,907	6,453	6,210	6,754	6,519	6,845
Taxes on income and profits	965	1,020	1,269	976	1,322	1,154	1,387	1,222	1,460	1,296	1,540	1,373	1,454
Sales taxes	3,185	3,302	4,037	3,236	4,254	3,992	4,431	4,321	4,622	4,532	4,831	4,751	4,982
Taxes on foreign trade	293	277	264	262	269	278	275	287	280	295	286	303	312
Other taxes	281	224	78	63	82	73	86	77	91	87	96	92	97
Nontax revenue	2,221	2,066	2,047	1,543	2,144	1,783	2,252	1,973	2,371	2,090	2,501	2,212	2,341
Grants	895	789	1,020	1,020	734	734	666	666	383	383	383	383	383
Total expenditures, inc. other use of cash	8,933	9,220	9,692	9,171	10,171	9,998	10,641	10,512	11,142	11,036	11,620	11,534	12,151
Current expenditure	7,620	7,913	8,419	8,176	8,816	8,710	9,215	9,145	9,638	9,588	10,032	10,001	10,528
Wages and salaries	1,419	1,553	1,704	1,471	1,747	1,684	1,790	1,726	1,835	1,769	1,881	1,814	1,859
Interest payments	1,004	1,147	1,254	1,255	1,342	1,277	1,425	1,346	1,514	1,425	1,581	1,496	1,595
Domestic	648	729	840	840	857	851	939	902	1,019	964	1,097	1,026	1,116
External	357	418	414	415	485	426	486	444	495	461	484	471	479
Military and public security expenditure, *of which:*	2,482	2,545	2,686	2,686	2,817	2,845	2,962	3,018	3,124	3,197	3,302	3,385	3,584
Military expenditure	1,377	1,338	1,438	1,438	1,508	1,523	1,586	1,616	1,673	1,712	1,768	1,812	1,919
Subsidies	56	20	20	20	20	20	20	20	20	20	21	21	22
Transfers, *of which* :	2,363	2,324	2,388	2,327	2,505	2,495	2,613	2,623	2,718	2,739	2,796	2,823	2,977
Pensions	1,332	1,426	1,595	1,595	1,672	1,689	1,759	1,792	1,855	1,898	1,960	2,010	2,128
Cash transfers	161	140	110	81	110	110	110	110	110	110	110	110	110
Transfers to health fund, *of which:*	216	203	160	160	130	130	90	90	90	90	90	90	90
Health arrears clearance	130	97	70	70	40	40	0	0	0	0	0	0	0
Energy arrears clearance	54	70	0	0	44	44	84	84	62	62	0	0	0
Transfers to public sector institutions	293	199	221	221	233	233	235	235	247	248	261	263	279
Other transfers	308	285	302	270	316	289	336	312	354	331	374	350	371
Purchases of goods & services	296	324	367	417	385	389	405	413	427	437	451	463	490
Capital expenditure	948	990	1,273	995	1,355	1,288	1,425	1,367	1,503	1,448	1,589	1,533	1,623
Adjustment on receivables and payables (use of cash)	366	317	0	0	0	0	0	0	0	0	0	0	0
Total balance from above the line	-1,094	-1,543	-977	-2,070	-1,366	-1,985	-1,543	-1,966	-1,935	-2,354	-1,982	-2,420	-2,581
Statistical discrepancy, net	90	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance at current policies	-1,003	-1,543	-977	-2,070	-1,366	-1,985	-1,543	-1,966	-1,935	-2,354	-1,982	-2,420	-2,581
Unidentified measures 2/	0	0	0	0	205	475	428	740	676	1,094	951	1,454	1,539
Overall balance after fiscal measures	-1,003	-1,543	-977	-2,070	-1,161	-1,510	-1,116	-1,227	-1,259	-1,260	-1,031	-966	-1,042
Advances to water sector, *of which:*	419	512	505	632	365	401	370	394	252	263	319	330	324
Distribution companies		0	43	178	41	64	41	53	42	43	42	44	44
Financing	1,423	2,055	1,482	2,702	1,525	1,911	1,486	1,621	1,511	1,523	1,350	1,296	1,366
Foreign financing (net) 3/	590	194	1,353	1,245	720	612	295	328	172	1,068	-26	114	-51
Domestic financing (net)	833	1,860	129	1,456	805	1,299	1,191	1,293	1,339	455	1,375	1,182	1,416
CBJ on-lending of net IMF financing	-349	-293	62	348	202	202	203	203	205	132	94	-51	-115
Other domestic bank financing	303	1,093	-418	470	95	613	453	577	570	-220	685	658	923
Domestic nonbank financing	503	872	485	639	508	483	534	513	564	543	596	575	609
Use of deposits	377	112	0	0	0	0	0	0	0	0	0	0	0
Sale of non-financial assets	0	77	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:													
NEPCO operating balance	-79	-3	-158	-167	-218	-282	-162	-239	-164	-228	-166	-227	-226
WAJ overall balance, excluding project grants	-279	-332	-358	-351	-279	-292	-297	-308	-302	-310	-297	-306	-301
Water distribution companies overall balance	12	-58	-43	-178	-41	-64	-41	-53	-42	-43	-42	-44	-44
Primary government balance, excluding grants and transfers to NEPCO and WAJ (PC)	-894	-1,184	-743	-1,836	-552	-966	-356	-547	-128	-217	167	148	170
Combined public balance (PC) 4/	-1,252	-1,578	-1,302	-2,531	-1,090	-1,604	-856	-1,146	-636	-798	-339	-429	-400
Overall public balance, including grants	-1,337	-1,888	-1,481	-2,711	-1,648	-2,098	-1,563	-1,775	-1,712	-1,788	-1,481	-1,488	-1,556
Social Security Corporation balance	1,044	1,172	1,222	1,223	1,299	1,300	1,379	1,381	1,448	1,450	1,512	1,514	1,572
Government and guaranteed gross debt	28,308	30,768	32,428	33,657	34,112	35,791	35,697	37,587	37,432	39,253	38,908	40,447	41,786
Government and guaranteed gross debt, net of SSC's holdings	22,880	24,651	25,825	26,901	27,001	28,551	28,052	29,835	29,223	30,958	30,103	31,578	32,307
Of which: External	11,166	10,983	12,762	12,900	13,923	13,952	14,546	14,609	15,038	15,923	15,211	16,091	16,030
Stock of health arrears	352	110	40	40	0	0	0	0	0	0	0	0	0
Stock of energy arrears (fuel and electricity)	650	190	190	190	146	146	62	62	0	0	0	0	0
GDP at market prices	29,984	31,099	32,313	30,413	33,882	32,210	35,632	34,173	37,582	36,199	39,716	38,323	40,577

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

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

2/ Unidentified fiscal measures that will need to be implemented to reach the medium-term primary balance as targeted under the program.

3/ Includes net issuance of domestic FX bonds.

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

Table 2b. Jordan: Central Government: Summary of Fiscal Operations, 2018–25 1/

(In percent of GDP)

	Act.	Prel.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
	2018	2019		2020		2021		2022		2023		2024	2025
Total revenue and grants	26.1	24.7	27.0	23.3	26.0	24.9	25.5	25.0	24.5	24.0	24.3	23.8	23.6
Domestic revenue	23.2	22.2	23.8	20.0	23.8	22.6	23.7	23.1	23.5	22.9	23.3	22.8	22.6
Tax revenue, *of which* :	15.8	15.5	17.5	14.9	17.5	17.1	17.3	17.3	17.2	17.2	17.0	17.0	16.9
Taxes on income and profits	3.2	3.3	3.9	3.2	3.9	3.6	3.9	3.6	3.9	3.6	3.9	3.6	3.6
Sales taxes 2/	10.6	10.6	12.5	10.6	12.6	12.4	12.4	12.6	12.3	12.5	12.2	12.4	12.3
Taxes on foreign trade	1.0	0.9	0.8	0.9	0.8	0.9	0.8	0.8	0.7	0.8	0.7	0.8	0.8
Other taxes	0.9	0.7	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Nontax revenue	7.4	6.6	6.3	5.1	6.3	5.5	6.3	5.8	6.3	5.8	6.3	5.8	5.8
Grants	3.0	2.5	3.2	3.4	2.2	2.3	1.9	1.9	1.0	1.1	1.0	1.0	0.9
Total expenditures, inc. other use of cash	29.8	29.6	30.0	30.2	30.0	31.0	29.9	30.8	29.6	30.5	29.3	30.1	29.9
Current expenditure	25.4	25.4	26.1	26.9	26.0	27.0	25.9	26.8	25.6	26.5	25.3	26.1	25.9
Wages and salaries	4.7	5.0	5.3	4.8	5.2	5.2	5.0	5.1	4.9	4.9	4.7	4.7	4.6
Interest payments	3.3	3.7	3.9	4.1	4.0	4.0	4.0	3.9	4.0	3.9	4.0	3.9	3.9
Domestic	2.2	2.3	2.6	2.8	2.5	2.6	2.6	2.6	2.7	2.7	2.8	2.7	2.8
External	1.2	1.3	1.3	1.4	1.4	1.3	1.4	1.3	1.3	1.3	1.2	1.2	1.2
Military and public security expenditure, *of which:*	8.3	8.2	8.3	8.8	8.3	8.8	8.3	8.8	8.3	8.8	8.3	8.8	8.8
Military expenditure	4.6	4.3	4.5	4.7	4.5	4.7	4.5	4.7	4.5	4.7	4.5	4.7	4.7
Subsidies	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Transfers, *of which* :	7.9	7.5	7.4	7.7	7.4	7.7	7.3	7.7	7.2	7.6	7.0	7.4	7.3
Pensions	4.4	4.6	4.9	5.2	4.9	5.2	4.9	5.2	4.9	5.2	4.9	5.2	5.2
Cash transfers	0.5	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Transfers to health fund, *of which:*	0.7	0.7	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.2	0.2	0.2
Health arrears clearance	0.4	0.3	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Energy arrears clearance	0.2	0.2	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.0	0.0	0.0
Transfers to public sector institutions	1.0	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Other transfers	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Purchases of goods & services	1.0	1.0	1.1	1.4	1.1	1.2	1.1	1.2	1.1	1.2	1.1	1.2	1.2
Capital expenditure	3.2	3.2	3.9	3.3	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Adjustment on receivables and payables (use of cash)	1.2	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total balance from above the line	-3.6	-5.0	-3.0	-6.8	-4.0	-6.2	-4.3	-5.8	-5.1	-6.5	-5.0	-6.3	-6.4
Statistical discrepancy, net	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall balance at current policies	-3.3	-5.0	-3.0	-6.8	-4.0	-6.2	-4.3	-5.8	-5.1	-6.5	-5.0	-6.3	-6.4
Unidentified measures 3/	0.0	0.0	0.0	0.0	0.6	1.5	1.2	2.2	1.8	3.0	2.4	3.8	3.8
Overall balance after fiscal measures	-3.3	-5.0	-3.0	-6.8	-3.4	-4.7	-3.1	-3.6	-3.3	-3.5	-2.6	-2.5	-2.6
Advances to water sector, *of which:*	1.4	1.6	1.6	2.1	1.1	1.2	1.0	1.2	0.7	0.7	0.8	0.9	0.8
Distribution companies		0.0	0.1	0.6	0.1	0.2	0.1	0.2	0.1	0.1	0.1	0.1	0.1
Financing	4.7	6.6	4.6	8.9	4.5	5.9	4.2	4.7	4.0	4.2	3.4	3.4	3.4
Foreign financing (net) 4/	2.0	0.6	4.2	4.1	2.1	1.9	0.8	1.0	0.5	3.0	-0.1	0.3	-0.1
Domestic financing (net)	2.8	6.0	0.4	4.8	2.4	4.0	3.3	3.8	3.6	1.3	3.5	3.1	3.5
CBJ on-lending of net IMF financing	-1.2	-0.9	0.2	1.1	0.6	0.6	0.6	0.6	0.5	0.4	0.2	-0.1	-0.3
Other domestic bank financing	1.0	3.5	-1.3	1.5	0.3	1.9	1.3	1.7	1.5	-0.6	1.7	1.7	2.3
Domestic nonbank financing	1.7	2.8	1.5	2.1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Use of deposits	1.3	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sale of non-financial assets	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items:													
NEPCO operating balance	-0.3	0.0	-0.5	-0.6	-0.6	-0.9	-0.5	-0.7	-0.4	-0.6	-0.4	-0.6	-0.6
WAJ overall balance, excluding project grants	-0.9	-1.1	-1.1	-1.2	-0.8	-0.9	-0.8	-0.9	-0.8	-0.9	-0.7	-0.8	-0.7
Water distribution companies overall balance	0.0	-0.2	-0.1	-0.6	-0.1	-0.2	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Primary government balance, excluding grants and transfers to NEPCO and WAJ (PC)	-3.0	-3.8	-2.3	-6.0	-1.6	-3.0	-1.0	-1.6	-0.3	-0.6	0.4	0.4	0.4
Combined public balance (PC) 5/	-4.2	-5.1	-4.0	-8.3	-3.2	-5.0	-2.4	-3.4	-1.7	-2.2	-0.9	-1.1	-1.0
Overall public balance, including grants	-4.5	-6.1	-4.6	-8.9	-4.9	-6.5	-4.4	-5.2	-4.6	-4.9	-3.7	-3.9	-3.8
Social Security Corporation balance	3.5	3.8	3.8	4.0	3.8	4.0	3.9	4.0	3.9	4.0	3.8	4.0	3.9
Government and guaranteed gross debt	94.4	98.9	100.4	110.7	100.7	111.1	100.2	110.0	99.6	108.4	98.0	105.5	103.0
Government and guaranteed gross debt, net of SSC's holdings	76.3	79.3	79.9	88.5	79.7	88.6	78.7	87.3	77.8	85.5	75.8	82.4	79.6
Of which: External	37.2	35.3	39.5	42.4	41.1	43.3	40.8	42.7	40.0	44.0	38.3	42.0	39.5
Stock of health arrears	1.2	0.4	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Stock of energy arrears (fuel and electricity)	2.2	0.6	0.6	0.6	0.4	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GDP at market prices (JD millions)	29,984	31,099	32,313	30,413	33,882	32,210	35,632	34,173	37,582	36,199	39,716	38,323	40,577

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

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

2/ The decline in the sales tax ratio reflects the impact of specific fixed excises over the projection period.

3/ Unidentified fiscal measures that will need to be implemented to reach the medium-term primary balance as targeted under the porgram.

4/ Includes net issuance of domestic FX bonds.

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

Table 2c. Jordan: Central Government: Summary of Quarterly Fiscal Operations, 2019–20

(In millions of Jordanian dinars)

	2019					2020									
	Q1	Q2	Q3	Q4	Annual	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4	Annual	Annual
		Act.		Prel.		EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.
Total revenue and grants	1,697	1,839	1,862	2,279	7,677	1,865	1,584	2,200	1,335	2,000	1,658	2,649	2,523	8,715	7,101
Domestic revenue	1,636	1,797	1,765	1,690	6,889	1,786	1,495	2,146	1,281	1,875	1,533	1,888	1,771	7,695	6,081
Tax revenue, *of which* :	1,104	1,169	1,327	1,223	4,823	1,383	1,146	1,616	969	1,363	1,126	1,285	1,296	5,647	4,538
Taxes on income and profits	257	418	221	124	1,020	309	281	558	387	256	197	146	112	1,269	976
Sales taxes	702	627	971	1,004	3,302	988	794	973	517	1,021	848	1,055	1,077	4,037	3,236
Taxes on foreign trade	70	64	71	71	277	67	61	66	55	66	65	65	80	264	262
Other taxes	75	61	64	24	224	19	10	19	11	20	16	20	27	78	63
Nontax revenue	532	628	439	467	2,066	403	349	530	312	512	407	603	475	2,047	1,543
Grants	61	42	97	588	789	79	89	54	54	126	126	761	751	1,020	1,020
Total expenditures, inc. other use of cash	2,185	2,211	2,434	2,389	9,220	2,232	2,117	2,622	2,487	2,362	2,243	2,476	2,324	9,692	9,171
Current expenditure	1,861	2,006	2,071	1,975	7,913	1,963	1,930	2,201	2,147	2,075	2,019	2,179	2,081	8,419	8,176
Wages and salaries	381	392	392	389	1,553	415	378	432	373	426	367	432	353	1,704	1,471
Interest payments	281	262	293	310	1,147	300	300	302	302	321	321	331	331	1,254	1,255
Domestic	206	139	234	150	729	217	217	203	203	214	214	205	205	840	840
External	75	123	59	160	418	82	82	100	100	107	107	125	126	414	415
Military and public security expenditure	631	598	673	643	2,545	632	632	683	683	690	690	681	681	2,686	2,686
Subsidies	0	20	0	0	20	0	0	4	4	5	5	11	11	20	20
Transfers, *of which* :	501	668	614	541	2,324	543	536	687	679	561	553	596	559	2,388	2,327
Pensions	343	349	353	382	1,426	391	391	395	395	397	397	411	411	1,595	1,595
Cash transfers	0	140	0	0	140	0	0	110	110	0	0	0	-29	110	81
Transfer to health fund	58	5	45	95	203	39	39	45	45	26	26	50	-22	160	160
Energy arrears clearance	0	28	23	19	70	0	0	0	0	0	0	0	0	0	0
Transfers to public sector institutions	48	47	58	46	199	45	45	55	55	59	59	62	62	221	221
Other transfers	52	100	135	-1	285	68	61	81	73	79	71	73	137	302	270
Purchases of goods & services	67	66	99	92	324	74	84	93	106	72	82	128	146	367	417
Capital expenditure	143	169	222	456	990	139	57	371	290	286	224	477	424	1,273	995
Adjustment on receivables and payables (use of cash)	181	36	141	-42	317	130	130	50	50	0	0	-180	-180	0	0
Overall balance from above the line	-489	-372	-572	-110	-1,543	-367	-533	-422	-1,151	-362	-584	174	198	-977	-2,070
Statistical discrepancy, net	132	-171	29	9	0	0	0	0	0	0	0	0	0	0	0
Overall balance at current policies	-621	-201	-601	-119	-1,543	-367	-533	-422	-1,151	-362	-584	174	198	-977	-2,070
Unidentified measures 1/	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Overall balance after fiscal measures	-621	-201	-601	-119	-1,543	-367	-533	-422	-1,151	-362	-584	174	198	-977	-2,070
Advances to water sector	123	117	146	126	512	136	168	143	175	122	153	104	136	505	632
Financing	744	318	747	245	2,055	503	701	565	1,326	484	738	-69	-63	1,482	2,702
Foreign financing (net) 2/	100	100	155	-160	194	-17	54	1,035	731	-41	181	376	279	1,353	1,245
Domestic financing (net)	644	218	592	406	1,860	520	647	-470	594	525	557	-446	-341	129	1,456
CBJ on-lending of net IMF financing	-84	-84	-62	-62	-293	-52	-52	-52	-52	-35	-35	201	487	62	348
Other domestic bank financing	324	144	406	220	1,093	349	405	-513	521	493	504	-747	-961	-418	470
Domestic nonbank financing	401	171	119	181	872	223	294	95	125	66	87	100	132	485	639
Use of deposits	-6	-80	130	68	112	0	0	0	0	0	0	0	0	0	0
Sale of non-financial assets	10	67	0	0	77	0	0	0	0	0	0	0	0	0	0
Memorandum items:															
NEPCO operating balance	30	-36	-22	24	-3	-9	-11	-74	-77	-60	-63	-15	-17	-158	-167
WAJ overall balance, excluding project grants	-69	-70	-99	-94	-332	-74	-73	-76	-74	-107	-105	-101	-99	-358	-351
Water distribution companies overall balance	-3	-21	-21	-13	-58	-11	-44	-11	-44	-11	-44	-11	-44	-43	-178
Primary government balance, excluding grants and transfers to NEPCO and WAJ (PC)	-401	18	-405	-398	-1,184	-146	-322	-174	-903	-166	-389	-257	-222	-743	-1,836
Combined public balance (PC) 3/	-443	-109	-546	-481	-1,578	-240	-450	-335	-1,099	-344	-600	-384	-383	-1,302	-2,531
Government and guaranteed gross debt	28,915	29,518	30,051	30,768	30,768	31,427	31,626	32,059	33,307	32,680	34,185	32,428	33,657	32,428	33,657
Government and guaranteed gross debt, net of SSC's holdings (IT)	22,797	23,401	23,933	24,651	24,651	25,086	25,215	25,623	26,676	26,178	27,400	25,825	26,639	25,825	26,901

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

1/ Unidentified fiscal measures that will need to be implemented to meet program targets.

2/ Includes net issuance of domestic FX bonds.

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

Table 2d. Jordan: NEPCO Operating Balance and Financing, 2018–25

(In millions of Jordanian dinars)

	2018	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024	2025
	Act.	Prel.	Prel.	Prel.	Prel.	Prel.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
Electricity sales 1/	1,618	394	370	407	371	1,542	1,582	1,488	1,635	1,571	1,690	1,617	1,720	1,664	1,751	1,701	1,740
Expenses 2/	1,697	364	405	429	347	1,546	1,740	1,656	1,852	1,853	1,852	1,856	1,884	1,892	1,917	1,928	1,965
Purchase of electricity	1,542	321	363	396	305	1,386	1,561	1,477	1,664	1,664	1,651	1,651	1,676	1,676	1,700	1,701	1,726
Depreciation	29	7	7	7	7	29	30	30	30	30	31	31	31	31	31	31	31
Interest payments 3/	108	28	31	29	26	115	121	121	129	129	140	143	148	155	156	167	178
Tax on LNG	78	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other expenses	-59.9	8	4	-4	8	16	28	28	29	29	30	30	30	30	30	30	30
Operating balance (QPC)	-79	30	-36	-22	24	-3	-158	-167	-218	-282	-162	-239	-164	-228	-166	-227	-226
Total net domestic financing	79	-30	36	22	-24	3	158	167	218	282	162	239	164	228	166	227	226
Banks	-2	60	36	22	-71	46	173	183	233	297	177	254	164	228	166	227	226
Loans and bonds	83	60	36	22	0	117	173	183	233	297	177	254	164	228	166	227	226
Overdrafts	-85	0	0	0	-71	-71	0	0	0	0	0	0	0	0	0	0	0
ITFC loan	-71	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other items 4/	152	0	0	400	47	447	15	15	15	15	15	15	0	0	0	0	0
Increase in payables	0	-90	0	-400	0	-490	0	0	0	0	0	0	0	0	0	0	0
Direct transfer from central government	0	0	0	-400	0	-400	0	0	0	0	0	0	0	0	0	0	0
To cover losses and repay arrears	0	0	0	-400	0	-400	0	0	0	0	0	0	0	0	0	0	0
To repay loans	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Payables to the private sector	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Of which: Increase in arrears	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Memorandum items:																	
Cumulative automatic distribution tariff adjustment (percentage above 2016Q4 average tariff)	23	13	13	13	13	13	…	…	…	…	…	…	…	…	…	…	…
Brent oil prices (USD per barrel)	68	64	68	63	64	61	64	39	61	40	60	44	59	47	59	49	50
Outstanding loans and bonds (stocks, end-of-period)	2,373	2,433	2,469	2,490	2,419	2,419	2,577	2,587	2,795	2,869	2,957	3,107	3,121	3,335	3,287	3,562	3,787
Overdrafts	139	139	139	139	68	68	68	68	68	68	68	68	68	68	68	68	68
Total payables	3,267	3,177	3,177	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777	2,777
to government 5/	2,819	2,729	2,729	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329	2,329
to private sector	448	448	448	448	448	448	448	448	448	448	448	448	448	448	448	448	448
Of which: arrears (IT)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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

1/ Projections assume revenue growth of - 3.5 percent in 2020, and about 3.0 percent in 2021 and 2022, reflecting conservative assumptions under new export agreements (under negociations), a boost in demand due to the rebalancing of tariffs, connection fees for renewables and improvements in bill coverage.

2/ Projected costs assume saving measures of 3 percent of the annual cost from 2022 onwards (about JD55 million per year). These could arise from re-negotiations of LNG contracts and PPAs, and/or the debt optimization plan.

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

4/ Includes changes in accounts receivable, depreciation, project expenditures, and other items. In 2018Q4 and 2019Q2, it includes disbursements of a EBRD loan.

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

Table 2e. Jordan: WAJ and Distribution Companies Balance and Financing, 2018–25

(In millions of Jordanian dinars)

	2018	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2019	2020	2020	2021	2021	2022	2022	2023	2023	2024	2024	2025
	Act.	Prel.	Prel.	Prel.	Proj.	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
WAJ Balance:																	
Total Revenues	59	8	11	8	12	38	47	31	48	43	48	46	48	48	48	48	48
of which :																	
Sales of goods and services	52	8	11	8	12	38	47	30	48	43	48	46	48	48	48	48	48
Current Expenditure 1/	177	42	44	39	40	164	166	178	157	165	163	171	165	173	171	179	184
Salaries, wages and allowances 1/	22	5	5	5	6	22	23	24	23	23	25	25	26	26	27	27	29
Social Security contributions	2	1	1	1	1	2	3	3	3	3	4	4	5	5	7	7	10
Use of goods and services	22	6	8	10	5	28	31	34	32	32	33	33	34	34	35	35	35
Disi Project operational charge	49	11	11	7	11	40	40	40	41	41	42	42	43	43	44	44	45
Samra operational charge	13	4	4	3	3	13	20	20	20	20	26	26	27	27	27	27	28
Arrears clearance	…	27	…	…	…	27	37	66	…	…	…	…	…	…	…	…	…
Interest payments, *of which:*	68	15	16	13	14	59	49	57	37	45	33	41	29	37	30	38	36
Interest payments on domestic loans	61	15	12	13	11	50	37	45	25	33	20	28	16	24	16	24	21
Interest payments on foreign loans	7	0	4	0	3	9	12	12	12	12	13	13	13	13	14	14	15
Primary balance 2/	-50	-19	-17	-18	-14	-67	-70	-90	-71	-76	-83	-85	-87	-87	-93	-93	-99
Capital Expenditure	161	35	37	68	66	206	203	203	171	171	182	182	186	186	175	175	165
WAJ Overall balance	-279	-69	-70	-99	-94	-332	-322	-351	-280	-292	-297	-308	-302	-310	-298	-306	-301
Overall balance of Distribution Companies 3/	12	-3	-21	-21	-13	-58	-43	-178	-41	-64	-41	-53	-42	-43	-42	-44	-44
Overall balance Consolidated Water Sector 4/	-267	-72	-91	-120	-107	-390	-365	-528	-320	-356	-338	-361	-344	-353	-340	-350	-345
Total net financing	267	72	91	120	107	390	402	528	320	356	338	361	344	353	340	350	345
Grants	24	4	2	17	25	48	55	55	50	50	53	52	54	53	56	55	56
Transfers from Central Government 5/	209	6	31	149	114	300	307	433	230	266	246	269	250	260	245	255	249
Loans (net borrowing)	-169	-67	-61	-81	-65	-274	-178	-178	-95	-95	-85	-85	37	37	-35	-35	-35
of which :																	
Domestic loans	-203	-78	-54	-96	-94	-322	-218	-218	-135	-135	-125	-125	-3	-3	-75	-75	-75
Foreign loans	34	12	-7	15	29	48	40	40	40	40	40	40	40	40	40	40	40
Others 6/	203	128	119	36	34	316	218	218	135	135	125	125	3	3	75	75	75
Memorandum items (stocks, end-of-period):																	
Domestic payment arrears of WAJ in JD million 7/	27	0	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Domestic payment arrears of Aqaba, Miyahuna and Yarmouk Distribution Companies in JD million 8/	150	167	184	72	94	94	137	272	178	336	219	389	260	432	302	475	520
Outstanding loans, *of which:*	2,062	2,025	1,996	2,174	2,222	2,088	2,241	2,343	2,376	2,514	2,536	2,698	2,823	2,995	3,033	3,215	3,429
Domestic loans and bonds	952	873	820	717	623	630	412	412	277	277	152	152	149	149	74	74	-1
Foreign loans	432	444	437	464	492	480	520	520	560	560	600	600	640	640	680	680	720
Advances from Central Government	678	708	739	993	1107	978	1309	1411	1539	1677	1784	1946	2034	2206	2279	2461	2709
Grants and foreign loans to capital expenditure ratio (in percent)	42	37	31	44	58	49	52	52	58	58	57	56	56	56	61	60	65
Grants to capital expenditure ratio (in percent)	15	12	6	24	38	23	27	27	29	29	29	28	29	29	32	31	34
Effective interest rate (in percent), *of which:*	3.37	3.00	2.79	2.51	2.53	2.85	2.33	2.74	1.66	1.93	1.37	1.61	1.16	1.39	1.06	1.27	1.13
Domestic loans (in percent)	5.25	6.31	5.05	6.31	5.90	5.29	5.88	7.15	6.07	8.01	7.23	10.12	10.54	15.82	10.54	15.92	28.48
Foreign loans (in percent)	1.85	0.40	4.76	0.37	2.73	1.97	2.52	2.52	2.36	2.36	2.23	2.23	2.23	2.23	2.23	2.23	2.23

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

1/ Including other expenses such as pensions.

2/ Excluding interest payments and grants.

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

4/ The sum of the overall balances of the distribution companies and WAJ.

5/ Information from the Ministry of Finance.

6/ Including settlement of liabilities, capital and other government support, installments of centralized debt. In 2018, it includes accumulation of arrears for WAJ. Before 2019, it includes accumulation of arrears of distribution companies.

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

8/ Arrears owed by Aqaba, Miyahuna and Yarmouk Distribution Companies. Excludes advances from Central Government for which Aqaba, Miyahuna and Yarmouk Distribution Companies do not pay interest. These arrears were cleared in April 2019 through a one-off settlement of intra-governmental liabilities among the water distribution companies, NEPCO, and the ministry of finance.

Table 3a. Jordan: Summary Balance of Payments, 2018–25
(In millions of U.S. dollars, unless otherwise indicated)

	2018	2019	2020		2021		2022		2023		2024		2025
			EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
Current account (CA)	-2,971	-1,232	-1,449	-2,530	-1,730	-2,192	-1,792	-2,061	-1,887	-2,181	-1,740	-1,999	-1,758
Trade balance	-10,321	-8,900	-9,320	-8,103	-9,217	-8,144	-9,356	-8,502	-9,460	-8,726	-9,534	-8,951	-9,154
Exports f.o.b.	7,757	8,325	8,735	7,329	9,174	8,112	9,724	8,709	10,311	9,353	10,960	10,005	10,708
Imports f.o.b.	18,078	17,224	18,055	15,432	18,391	16,256	19,080	17,211	19,771	18,079	20,494	18,956	19,861
Energy	3,754	3,064	3,201	2,001	3,007	2,164	3,131	2,429	3,188	2,597	3,253	2,750	2,894
Non-energy	14,324	14,160	14,854	13,430	15,384	14,092	15,949	14,782	16,582	15,482	17,240	16,206	16,967
Services and income (net), *of which:*	2,283	2,823	2,692	722	2,652	1,553	2,789	2,086	2,996	2,388	3,166	2,757	3,280
Travel receipts	5,256	5,794	6,191	3,272	6,587	4,681	6,968	5,618	7,372	6,182	7,743	6,800	7,478
Current transfers (net), *of which:*	5,067	4,845	5,179	4,851	4,835	4,399	4,776	4,355	4,577	4,157	4,627	4,196	4,116
Public grants	1,523	1,331	1,684	1,684	1,318	1,317	1,277	1,276	1,062	1,061	1,081	1,080	981
Remittances	3,308	3,338	3,373	2,938	3,442	2,996	3,512	3,085	3,600	3,176	3,708	3,273	3,372
Capital and financial account 1/	2,073	73	1,341	-359	1,798	1,472	1,840	1,766	1,128	1,230	2,322	2,727	2,813
Public sector, *of which:* 2/	539	-1,298	-60	-1,060	174	172	16	16	-1,222	-1,120	-228	-24	-137
Foreign direct investment	964	876	1,000	500	1,200	850	1,400	1,300	1,800	1,800	2,000	2,200	2,400
Portfolio flows (private)	41	-62	0	0	25	50	25	50	50	50	50	50	50
Other capital flows	528	557	400	200	400	400	400	400	500	500	500	500	500
Errors and omissions	-1,035	-636	0	0	0	0	0	0	0	0	0	0	0
Overall balance	-1,933	-1,795	-108	-2,889	68	-720	49	-295	-759	-950	581	728	1,056
Financing	1,933	1,795	108	2,889	-68	720	-49	295	759	950	-581	-728	-1,056
Reserves (+ = decrease)	954	-188	-1,803	-659	-1,694	-701	-893	-570	-34	-911	-757	-736	-811
Commercial banks' NFA (+ = decrease)	905	971	-583	-196	181	129	1	-24	63	73	-277	-233	-276
Program financing (+ = increase)	75	1,012	2,493	3,744	1,444	1,292	843	890	729	1,788	452	241	31
Official budget support	568	1,260	2,406	3,253	1,176	1,024	580	627	479	1,641	372	365	246
World Bank, *of which:*	473	810	1,146	1,016	331	181	84	134	36	36	26	26	18
Emergency pandemic support	0	0	…	120	…	100	…	50	…	0	…	0	0
Bilateral loans, *of which:*	95	449	1,259	1,484	845	843	496	493	443	438	345	339	228
EU emergency pandemic support	0	0	…	224	…	0	…	0	…	0	…	0	0
Unidentified financing (after IMF RFI)	0	0	…	753	…	0	…	0	…	1,166	…	0	0
IMF (net), *of which:*	-493	-248	88	491	267	268	263	263	250	148	80	-124	-215
Fund purchases, *of which:*	0	166	284	687	285	286	287	287	289	287	145	144	0
RFI	0	0	0	403	0	0	0	0	0	0	0	0	0
Memorandum items:													
Gross reserves	14,577	15,402	17,208	16,060	18,901	16,761	19,794	17,332	19,828	18,243	20,585	18,979	19,789
Gross usable reserves 3/	12,513	13,512	15,307	14,211	16,991	14,897	17,860	15,441	17,870	16,325	18,580	17,017	17,780
In percent of the IMF Reserve Adequacy Metric	97	100	104	104	111	103	111	101	106	101	107	100	100
In months of next year's imports of GNFS	6.8	8.3	7.7	8.2	8.3	8.0	8.4	7.9	8.0	8.0	8.0	7.9	7.9
Current account (percent of GDP)	-7.0	-2.8	-3.2	-5.9	-3.6	-4.8	-3.6	-4.3	-3.6	-4.3	-3.1	-3.7	-3.1
Current account ex-grants (percent of GDP)	-10.6	-5.8	-6.9	-9.8	-6.4	-7.7	-6.1	-6.9	-5.6	-6.3	-5.0	-5.7	-4.8
CA ex-grants and energy imports (percent of GDP)	-1.8	1.1	0.1	-5.2	-0.1	-3.0	0.1	-1.9	0.5	-1.3	0.8	-0.6	0.3
Energy imports	8.9	7.0	7.0	4.7	6.3	4.8	6.2	5.0	6.0	5.1	5.8	5.1	5.1
Public grants	3.6	3.0	3.7	3.9	2.8	2.9	2.5	2.6	2.0	2.1	1.9	2.0	1.7
Merchandize export growth (percent)	3.1	7.3	4.4	-12.0	5.0	10.7	6.0	7.4	6.0	7.4	6.3	7.0	7.0
Merchandize import growth (percent)	-0.8	-4.7	3.5	-10.4	1.9	5.3	3.7	5.9	3.6	5.0	3.7	4.8	4.8
Energy (percent)	23.9	-18.4	2.4	-34.7	-6.1	8.1	4.1	12.3	1.8	6.9	2.0	5.9	5.3
Non-energy (percent)	-5.8	-1.1	3.8	-5.2	3.6	4.9	3.7	4.9	4.0	4.7	4.0	4.7	4.7
Travel growth (percent)	13.2	10.2	6.8	-43.5	6.4	43.1	5.8	20.0	5.8	10.0	5.0	10.0	10.0
Remittances growth (percent)	-1.1	0.9	1.0	-12.0	2.0	2.0	2.0	3.0	2.5	3.0	3.0	3.0	3.0
Total external debt (percent of GDP)	69.0	68.8	71.9	76.7	72.6	76.3	71.4	74.4	69.7	74.6	67.2	71.6	68.1
Of which: Public external debt (percent of GDP) 4/	37.2	35.3	39.5	42.4	41.1	43.3	40.8	42.7	40.0	44.0	38.3	42.0	39.5
Nominal GDP	42,291	43,863	45,575	42,896	47,789	45,430	50,257	48,199	53,008	51,057	56,017	54,052	57,232

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

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

2/ Includes CBJ liabilities, including GCC deposits in $1.2 billion in 2018, with repayment in 2023.

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

4/ Does not include GCC deposits at CBJ.

Table 3b. Jordan: External Financing Requirements and Sources, 2018–25

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

	2018	2019	2020		2021		2022		2023		2024		2025
			EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
Gross Financing Requirements	**5,508**	**4,475**	**5,037**	**6,118**	**3,438**	**3,899**	**4,468**	**4,736**	**4,601**	**4,893**	**3,506**	**3,763**	**3,981**
Current account deficit (excl. grants)	4,494	2,563	3,133	4,214	3,048	3,509	3,068	3,337	2,949	3,242	2,822	3,079	2,738
of which: Energy imports	3,754	3,064	3,201	2,001	3,007	2,164	3,131	2,429	3,188	2,597	3,253	2,750	2,894
Amortization of public sector loans 1/	520	499	458	458	372	372	376	376	447	346	619	416	529
Amortization of sovereign bonds 2/	0	1,000	1,250	1,250	0	0	1,000	1,000	0	0	0	0	500
GCC deposits at the CBJ	0	0	0	0	0	0	0	0	1,166	1,166	0	0	0
IMF repurchases	493	414	196	196	18	18	24	24	38	140	65	268	215
Gross Financing Sources	**5,021**	**3,874**	**4,150**	**2,837**	**3,670**	**3,291**	**4,494**	**4,393**	**3,867**	**3,877**	**3,746**	**3,989**	**4,546**
FDI, net	964	876	1,000	499.66	1,200	850	1,400	1,300	1,800	1,800	2,000	2,200	2,400
Public grants	1,523	1,331	1,684	1,684	1,318	1,317	1,277	1,276	1,062	1,061	1,081	1,080	981
Public sector borrowing (xcl. official budget support)	280	256	669	668	566	565	412	412	412	412	412	412	412
Issuance of sovereign bonds 3/	0	0	1,000	0	0	0	1,000	1,000	0	0	0	0	500
GCC deposits at the CBJ	1,166	0	0	0	0	0	0	0	0	0	0	0	0
Non-resident purchases of local debt	-193	32	0	0	0	0	0	0	0	0	0	0	0
CBJ other financing (net) 4/	-193	-88	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20	-20
Private capital flows, net 5/	1,474	1,466	-182	5	606	579	426	426	613	623	273	317	274
Errors and omissions	-1,035	-636	0	0	0	0	0	0	0	0	0	0	0
Change in reserves (+ = increase)	-954	188	1,803	659	1,694	701	893	570	34	911	757	736	811
Total Financing Needs	**568**	**1,425**	**2,689**	**3,940**	**1,462**	**1,309**	**867**	**914**	**767**	**1,928**	**517**	**509**	**246**
Identified official public external financing	**568**	**1,425**	**2,689**	**3,186**	**1,462**	**1,309**	**867**	**914**	**767**	**762**	**517**	**509**	**246**
Identified official budget support, *of which*	568	1,260	2,406	2,500	1,176	1,024	580	627	479	475	372	365	246
EU and WB emergency pandemic support	0	0	0	344	0	100	0	50	0	0	0	0	0
IMF purchases, *of which*	0	166	284	687	285	286	287	287	289	287	145	144	0
RFI	0	0	0	403	0	0	0	0	0	0	0	0	0
Unidentified official public external financing (after RFI)	**0**	**0**	**0**	**753**	**0**	**0**	**0**	**0**	**0**	**1,166**	**0**	**0**	**0**
Memorandum Items:													
Gross financing requirements (in percent of GDP)	25.9	20.3	22.0	28.4	14.3	17.1	17.7	19.5	17.3	19.1	12.4	13.8	13.8
Gross Usable Reserves	12,513	13,512	15,307	14,211	16,991	14,897	17,860	15,441	17,870	16,325	18,580	17,017	17,780
In percent of the IMF Reserve Adequacy Metric 6/	97	100	104	104	111	103	111	101	106	101	107	100	100
In months of next year's imports of GNFS	6.8	8.3	8	8.2	8	8.0	8	7.9	8	8.0	8	7.9	7.9

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

1/ Includes project loans and Arab Monetary Fund, and excludes IMF repurchases.

2/ Expected to be met with market borrowing and continued external donor support, as per commitments made at the London Initiative.

3/ Includes guaranteed and non-guaranteed bonds.

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

5/ Includes changes in commercial banks' NFA.

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

Table 3c. Jordan: Foreign Exchange Needs and Sources, 2018–25

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

		2018	2019	2020		2021		2022		2023		2024		2025
				EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
(1)	**General Government Gross Needs**	**2,835**	**3,656**	**3,066**	**3,037**	**2,454**	**2,700**	**3,213**	**3,452**	**3,298**	**2,385**	**1,624**	**1,897**	**2,448**
	NEPCO energy imports	1,462	955	…	753	…	755	…	848	…	865	…	882	900
	Net interest payments	298	315	415	380	450	405	436	304	461	335	446	331	305
	Amortization of external debt 1/	1,076	1,985	1,904	1,904	390	390	1,400	1,400	1,651	485	684	684	1,243
	Amortization of domestic debt in FX	0	400	0	0	1,150	1,150	900	900	700	700	0	0	0
(2)	**General Government Sources**	**3,669**	**2,554**	**3,636**	**3,039**	**3,319**	**3,318**	**3,875**	**3,874**	**2,462**	**2,460**	**1,638**	**1,635**	**1,892**
	Public grants	1,523	1,331	1,684	1,684	1,318	1,317	1,277	1,276	1,062	1,061	1,081	1,080	981
	Public sector borrowing 2/	280	422	952	1,355	851	850	698	698	700	699	557	555	412
	Sovereign bonds 3/	0	0	1,000	0	0	0	1,000	1,000	0	0	0	0	500
	Local bonds in FX	700	800	0	0	1,150	1,150	900	900	700	700	0	0	0
	GCC deposits at the CBJ	1,166	0	0	0	0	0	0	0	0	0	0	0	0
(3)=(2)-(1)	**General Government Balance**	**833**	**-1,102**	**570**	**2**	**865**	**618**	**662**	**422**	**-836**	**75**	**14**	**-262**	**-556**
(4)	**Financing under the EFF**	**568**	**1,260**	**2,406**	**3,253**	**1,176**	**1,024**	**580**	**627**	**479**	**1,641**	**372**	**365**	**246**
	Identified official budget support	568	1,260	2,406	2,500	1,176	1,024	580	627	479	475	372	365	246
	Unidentified prospective financing	0	0	0	753	0	0	0	0	0	1,166	0	0	0
(5)=(3)+(4)	**General Government Balance under the EFF**	**1,401**	**157**	**2,976**	**3,255**	**2,042**	**1,642**	**1,242**	**1,050**	**-357**	**1,716**	**385**	**103**	**-310**
(6)	**CBJ Balance under the EFF**	**761**	**-156**	**-1,803**	**-659**	**-1,694**	**-701**	**-893**	**-570**	**-34**	**-911**	**-757**	**-736**	**-811**
(7)=(5)+(6)	**Public Sector Net Balance**	**2,162**	**1**	**1,173**	**2,596**	**348**	**941**	**350**	**479**	**-391**	**805**	**-371**	**-633**	**-1,121**

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

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

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

3/ Includes guaranteed and non-guaranteed bonds.

Table 3d. Jordan: External Budget Financing, 2018–25
(In millions of U.S. dollars, unless otherwise indicated)

	2018	2019	2020		2021		2022		2023		2024		2025
		Prel.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
Budget grants	**1,052**	**972**	**1,277**	**1,277**	**920**	**919**	**911**	**911**	**540**	**540**	**541**	**540**	**540**
EU	51	82	76	76	45	45	35	35	40	40	41	40	40
GCC 1/	100	99	400	400	100	100	100	100	0	0	0	0	0
United States	755	745	745	745	745	745	745	745	0	0	0	0	0
Other 2/	147	46	56	56	29	29	30	30	500	500	500	500	500
GCC capital grants													
GCC grants received by CBJ	0	0	0	0	0	0	0	0	0	0	0	0	0
GCC grants transferred from CBJ to MOF	224	159	162	162	116	116	28	28	0	0	0	0	0
Loans	**722**	**1,471**	**2,617**	**2,711**	**1,388**	**1,236**	**792**	**839**	**690**	**686**	**583**	**577**	**457**
Multilateral	**654**	**1,061**	**1,371**	**1,241**	**543**	**393**	**295**	**345**	**248**	**248**	**238**	**238**	**229**
Arab Monetary Fund	155	212	212	212	212	212	212	212	212	212	212	212	212
Islamic Development Bank	26	40	13	13	0	0	0	0	0	0	0	0	0
World Bank	473	810	1,146	1,016	331	181	84	134	36	36	26	26	18
Bilateral	**69**	**410**	**1,246**	**1,470**	**845**	**843**	**496**	**493**	**443**	**438**	**345**	**339**	**228**
EU	0	113	336	559	227	226	0	0	0	0	0	0	0
France	69	16	274	274	176	175	143	142	127	125	129	125	114
Germany	0	181	252	252	170	169	114	113	116	114	117	114	114
Italy	0	0	35	35	23	23	39	39	0	0	0	0	0
Japan	0	100	200	200	100	100	100	100	100	100	0	0	0
Kuwait	0	0	100	100	100	100	100	100	100	100	100	100	0
Saudi Arabia	0	0	25	25	25	25	0	0	0	0	0	0	0
UAE	0	0	25	25	25	25	0	0	0	0	0	0	0
Eurobond issuance	**0**	**0**	**1,000**	**0**	**0**	**0**	**1,000**	**1,000**	**0**	**0**	**0**	**0**	**500**
Guaranted	0	0	0	0	0	0	0	0	0	0	0	0	0
Non-guaranteed	0	0	1,000	0	0	0	1,000	1,000	0	0	0	0	500
Unidentified prospective budget needs	**0**	**0**	**0**	**753**	**0**	**0**	**0**	**0**	**0**	**1,166**	**0**	**0**	**0**

Sources: Jordanian authorities; and IMF staff estimates and projections.
1/ Grants pledged at the 2018 Mecca Summit and USD 300 million grant from UAE to be disbursed in 2020:Q2 through 2021:Q1.
2/ Includes the grant component from the Concessional Financing Facility and in 2023-5 expected disbursements under new MOUs.

Table 4a. Jordan: Monetary Survey, 2018–25

	2018	2019	2020		2021		2022		2023		2024		2025
			EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
(Stocks, in millions of Jordanian dinars)													
Net foreign assets	7,288	7,507	9,159	7,880	10,123	8,177	10,589	8,433	11,228	9,749	11,916	10,524	11,447
Central bank	9,097	9,975	11,302	10,209	12,395	10,598	12,862	10,836	13,545	12,204	14,037	12,814	13,541
Commercial banks	-1,809	-2,468	-2,144	-2,329	-2,272	-2,420	-2,273	-2,403	-2,318	-2,455	-2,121	-2,290	-2,094
Net domestic assets	26,067	27,461	29,144	27,373	30,692	29,793	32,824	32,345	34,951	33,977	37,439	36,204	38,731
Net claims on general government	10,904	11,870	11,812	12,856	12,114	13,785	12,821	14,723	13,658	14,782	14,506	15,536	16,488
Net claims on central budgetary government 1/	8,113	9,223	8,904	10,041	9,078	10,777	9,622	11,476	10,295	11,308	10,976	11,834	12,561
Net claims on NEPCO	2,007	1,982	2,141	2,150	2,270	2,343	2,432	2,582	2,596	2,810	2,763	3,036	3,262
Net claims on other own budget agencies 2/	-13	-136	-66	-136	-66	-136	-66	-136	-66	-136	-66	-136	-136
Claims on other public entities	797	801	833	801	833	801	833	801	833	801	833	801	801
Claims on financial institutions	623	852	728	852	728	852	728	852	728	852	728	852	852
Claims on the private sector	23,697	24,775	26,205	23,852	27,700	25,568	29,375	27,408	30,916	29,206	32,806	30,907	32,507
Other items (net)	-9,156	-10,036	-9,600	-10,186	-9,850	-10,412	-10,100	-10,638	-10,350	-10,864	-10,600	-11,090	-11,116
Broad money	33,356	34,968	38,303	35,253	40,815	37,970	43,412	40,778	46,179	43,726	49,355	46,728	50,178
Currency in circulation	4,296	4,631	4,780	4,598	5,012	4,877	5,266	5,176	5,533	5,485	5,839	5,791	6,144
Jordanian dinar deposits	22,892	24,100	26,650	24,370	28,821	26,640	30,898	28,837	33,127	31,166	35,465	33,364	35,888
Foreign currency deposits	6,168	6,237	6,872	6,284	6,981	6,453	7,248	6,764	7,520	7,075	8,050	7,573	8,146
(Flows, in millions of Jordanian dinars)													
Net foreign assets	-1,744	219	1,744	373	965	298	466	255	639	1,316	688	775	923
Net domestic assets	2,167	1,394	942	-88	1,547	2,420	2,132	2,552	2,128	1,632	2,488	2,228	2,527
Net claims on general government	902	967	-194	985	303	929	706	939	837	59	847	753	952
Net claims on Central Budgetary Government	759	1,110	-352	818	173	736	544	700	673	-169	681	526	727
Net claims on NEPCO	168	-25	158	167	129	194	162	239	164	228	166	227	226
Net claims on other own budget agencies	-182	-123	0	0	0	0	0	0	0	0	0	0	0
Claims on financial institutions	157	4	0	0	0	0	0	0	0	0	0	0	0
Claims on the private sector	1,171	1,078	1,386	-923	1,494	1,717	1,676	1,839	1,540	1,799	1,891	1,700	1,601
Other items (net)	-56	-881	-250	-150	-250	-226	-250	-226	-250	-226	-250	-226	-26
Broad money	423	1,612	2,686	285	2,512	2,718	2,598	2,807	2,766	2,948	3,176	3,003	3,450
Currency in circulation	-30	335	264	-33	232	279	254	299	266	309	306	307	352
Jordanian dinar deposits	-18	1,208	1,925	270	2,171	2,270	2,078	2,197	2,228	2,329	2,339	2,197	2,524
Foreign currency deposits	471	69	496	47	109	169	266	311	272	310	531	499	573
Memorandum items:													
Year-on-year broad money growth (percent)	1.3	4.8	7.5	0.8	6.6	7.7	6.4	7.4	6.4	7.2	6.9	6.9	7.4
Year-on-year private sector credit growth (percent)	5.2	4.6	5.6	-3.7	5.7	7.2	6.0	7.2	5.4	6.6	6.1	5.8	5.2
Foreign currency/total deposits (percent)	21.2	20.6	20.5	20.5	19.5	19.5	19.0	19.0	18.5	18.5	18.5	18.5	18.5
Private sector credit/total deposits (percent)	81.5	81.7	78.2	77.8	77.4	77.3	77.0	77.0	76.1	76.4	75.4	75.5	73.8
Currency in circulation/JD deposits (percent)	18.8	19.2	17.9	18.9	17.4	18.3	17.0	17.9	16.7	17.6	16.5	17.4	17.1
Money multiplier (for JD liquidity)	3.7	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7

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

1/ Includes SBA support onlent to the government by the CBJ.

2/ Includes WAJ.

Table 4b. Jordan: Summary Accounts of the Central Bank of Jordan, 2018–25

	2018	2019	2020		2021		2022		2023		2024		2025
			EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	EFF	Proj.	Proj.
(Stocks, in millions of Jordanian dinars)													
Net foreign assets	9,097	9,975	11,302	10,209	12,395	10,598	12,862	10,836	13,545	12,204	14,037	12,814	13,541
Foreign assets	11,052	11,686	12,958	12,153	14,159	12,650	14,792	13,055	14,826	13,701	15,375	14,222	14,797
Of which: Bilateral accounts	767	767	767	767	767	767	767	767	767	767	767	767	767
Of which: encumbered due to forwards or swaps	686	643	643	643	643	643	643	643	643	643	643	643	643
Foreign liabilities	1,954	1,712	1,656	1,945	1,763	2,053	1,930	2,219	1,281	1,497	1,337	1,409	1,256
Of which: Net Fund Position	542	364	418	712	608	902	794	1,088	972	1,193	1,029	1,104	952
Of which: GCC grants-related	1,300	1,240	1,130	1,125	1,048	1,043	1,028	1,023	201	196	201	196	196
Net domestic assets	-1,825	-1,891	-2,691	-2,272	-3,151	-1,986	-3,034	-1,593	-3,040	-2,244	-2,813	-2,174	-2,119
Net claims on central budgetary government 1/	786	686	599	1,034	721	1,157	845	1,280	969	1,331	982	1,199	1,003
Net claims on own budget agencies and other public entities	-116	-124	-121	-124	-121	-124	-121	-124	-121	-124	-121	-124	-124
Net claims on financial institutions	251	452	348	452	348	452	348	452	348	452	348	452	452
Net claims on private sector	23	23	23	23	23	23	23	23	23	23	23	23	23
Net claims on commercial banks	-2,009	-2,131	-2,717	-2,685	-2,799	-2,022	-3,305	-2,251	-3,435	-2,954	-3,321	-2,851	-3,000
Of which: FX deposits of commercial banks	840	760	768	731	775	742	791	761	808	780	841	811	845
CDs	-600	-500	-500	-500	-1,000	-1,000	-500	-500	-500	-500	-400	-400	-200
Other items, net (asset: +)	-160	-298	-323	-473	-323	-473	-323	-473	-323	-473	-323	-473	-273
Jordanian dinar reserve money	7,272	8,083	8,611	7,937	9,244	8,611	9,827	9,243	10,505	9,960	11,224	10,640	11,422
Currency	4,802	5,162	5,303	5,129	5,535	5,408	5,789	5,707	6,055	6,016	6,362	6,322	6,675
Commercial bank reserves	2,469	2,921	3,308	2,807	3,709	3,203	4,039	3,536	4,450	3,944	4,862	4,318	4,747
Of which: required reserves	1,580	1,654	1,842	1,673	1,992	1,828	2,136	1,979	2,290	2,139	2,451	2,290	2,463
(Flows, in millions of Jordanian dinars)													
Net foreign assets	-1,072	877	1,331	234	1,093	389	467	238	683	1,368	492	610	727
Foreign assets	-671	635	1,278	467	1,201	497	633	404	34	646	549	522	575
Foreign liabilities	401	-243	-53	233	108	108	166	166	-649	-722	57	-88	-152
Net domestic assets	645	-66	-820	-381	-460	285	117	393	-6	-651	227	71	55
Net claims on central budgetary government	-75	-99	62	348	122	122	123	123	124	51	13	-132	-196
Net claims on commercial banks	396	-122	-882	-554	-82	663	-506	-230	-130	-702	114	103	-149
Other items, net (asset: +)	164	-138	0	-175	0	0	0	0	0	0	0	0	200
Jordanian dinar reserve money	-427	812	511	-147	633	675	583	632	678	717	719	680	782
Currency	-34	360	264	-33	232	279	254	299	266	309	306	307	352
Commercial banks' reserves	-393	452	247	-114	401	396	329	332	412	408	412	374	429
Memorandum items:													
Gross international reserves	14,506	15,401	17,194	16,060	18,888	16,761	19,781	17,331	19,829	18,242	20,603	18,978	19,789
Gross usable international reserves ($ millions)	12,441	13,512	15,294	14,211	16,978	14,897	17,847	15,440	17,872	16,324	18,599	17,016	17,779
As a ratio to JD broad money (in percent)	32.4	33.3	34.5	34.8	35.6	33.5	35.0	32.2	32.8	31.6	31.9	30.8	30.0
As a ratio of JD reserve money (in percent)	121.3	118.5	125.9	126.9	130.2	122.7	128.8	118.4	120.6	116.2	117.5	113.4	110.4
Net international reserves (millions of JD)	8,104	9,044	10,254	9,192	11,258	9,488	11,688	9,687	11,528	10,209	11,987	10,788	11,482
Net international reserves (millions of U.S. dollars)	11,430	12,756	14,462	12,964	15,879	13,383	16,485	13,663	16,259	14,400	16,907	15,216	16,194
Money multiplier (for JD liquidity)	3.7	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7

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

1/ Includes SBA support onlent to the government by the CBJ.

Table 5. Jordan: Indicators of Fund Credit, 2018–34
(In millions of SDR unless stated otherwise)

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		Proj.															
Existing and prospective Fund arrangements																	
									(SDR million)								
Disbursements	0.0	120.1	497.5	205.9	205.9	205.9	102.9	0	0	0	0	0	0	0	0	0	0
Stock of existing and prospective Fund credit 1/	543.4	365.1	720.5	913.5	1,102.2	1,208.0	1,119.4	966.4	852.0	716.2	550.4	386.0	240.1	128.6	51.4	8.5	0
Obligations to the Fund 2/	367.1	310.3	151.3	25.1	35.3	123.8	217.1	175.8	133.0	149.4	173.8	169.7	149.4	113.7	78.3	43.3	8.7
Principal (repayments/repurchases)	348.1	298.4	142.1	12.9	17.2	100.1	191.6	153.0	114.4	135.8	165.8	164.4	145.8	111.5	77.2	42.9	8.6
Charges and interest 3/	19.0	11.9	9.2	12.2	18.1	23.7	25.5	22.8	18.6	13.6	8.0	5.3	3.6	2.2	1.1	0.4	0.1
									(Percent)								
Stock of existing and prospective Fund credit 1/ 4/																	
In percent of quota	158.4	106.4	210.0	266.3	321.3	352.1	326.3	281.7	248.3	208.7	160.4	112.5	70.0	37.5	15.0	2.5	0.0
In percent of GDP	1.8	1.1	2.3	2.8	3.2	3.3	2.9	2.3	1.9	1.5	1.1	0.7	0.4	0.2	0.1	0.0	0.0
In percent of exports of goods and services	5.0	3.1	7.8	8.4	9.1	9.2	7.9	6.3	5.3	4.2	3.1	2.0	1.2	0.6	0.2	0.0	0.0
In percent of gross usable reserves	6.1	3.7	7.0	8.5	9.9	10.2	9.1	7.5	6.3	5.1	3.7	2.5	1.5	0.8	0.3	0.0	0.0
In percent of government revenue	6.8	4.7	9.9	10.8	12.1	12.8	11.1	9.1	7.7	6.1	4.5	3.0	1.8	0.9	0.3	0.1	0.0
In percent of total external debt	2.6	1.7	3.0	3.7	4.3	4.4	4.1	3.5	3.0	2.5	1.9	1.3	0.8	0.5	0.2	0.0	0.0
Obligations to the Fund (repurchases and charges) 4/																	
In percent of quota	107.0	90.4	44.1	7.3	10.3	36.1	63.3	51.2	38.7	43.6	50.7	49.4	43.5	33.1	22.8	12.6	2.5
In percent of GDP	1.2	1.0	0.5	0.1	0.1	0.3	0.6	0.4	0.3	0.3	0.4	0.3	0.3	0.2	0.1	0.1	0.0
In percent of exports of goods and services	3.4	2.6	1.6	0.2	0.3	0.9	1.5	1.1	0.8	0.9	1.0	0.9	0.8	0.5	0.4	0.2	0.0
In percent of gross usable reserves	4.2	3.2	1.5	0.2	0.3	1.0	1.8	1.4	1.0	1.1	1.2	1.1	0.9	0.7	0.4	0.2	0.0
In percent of government revenue	4.7	4.0	2.1	0.3	0.4	1.3	2.2	1.7	1.2	1.3	1.4	1.3	1.1	0.8	0.5	0.3	0.1
In percent of total external debt service	16.8	10.2	4.9	1.2	1.2	5.6	9.1	6.3	5.2	5.3	8.6	5.5	4.9	3.7	2.1	1.4	0.3
Memorandum items																	
Quota (SDR million)	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1	343.1
Gross domestic product, baseline (USD million)	42,291	43,863	42,896	45,430	48,199	51,057	54,052	57,232	60,598	64,163	67,937	71,934	76,165	80,646	85,390	90,413	95,731
Exports of goods and services (USD million)	15,109	16,310	12,738	15,087	16,793	18,168	19,612	21,180	22,313	23,487	24,706	25,996	27,361	28,805	30,335	31,954	33,670
Gross usable reserves (USD million)	12,441	13,512	14,211	14,897	15,440	16,324	17,016	17,779	18,577	19,411	20,282	21,192	22,142	23,136	24,174	25,259	26,392
Government revenue (USD million)	11,057	10,828	10,015	11,637	12,575	13,017	13,880	14,582	15,320	16,095	16,909	17,765	18,663	19,608	20,600	21,642	22,737
External debt service (USD million)	3,095	4,222	4,237	2,812	3,938	3,090	3,333	3,918	3,566	3,959	2,834	4,369	4,319	4,286	5,296	4,312	4,111
Total external debt (USD million)	29,195	30,157	32,894	34,660	35,868	38,105	38,724	38,971	39,984	40,655	41,068	40,407	39,847	39,355	37,877	37,409	37,174

Sources: IMF Finance Department; and IMF staff estimates and projections.

1/ End of period.

2/ Repayment schedule based on scheduled debt service obligations.

3/ Using GRA rate of charge of 1.743 percent (as of January 2, 2020).

4/ Using the end-2020:Q1 forecast of the SDR/USD rate in 2020-2034 forecasts.

Annex I. Public and External Debt Sustainability

Jordan's public debt is assessed as sustainable. This assessment rests on the premise that the exchange rate peg is maintained, the shock is transitory, and that the authorities remain committed to the fiscal consolidation path in the EFF, as well as on the related ability to mobilize committed donor and market financing. While the debt level is projected to be higher than at the time of the EFF approval, it is projected to steadily decline in the medium term, assisted by fiscal consolidation and a rebound in growth. Risks to debt sustainability remain substantial. They stem from elevated debt burden and high gross financing needs amidst impaired international market access in the near-term and great uncertainty with respect to macroeconomic developments. These risks are mitigated by a favorable structure of debt, with long maturities and a high share of concessional financing committed under the Jordan Compact and the London Initiative.

1. Public debt will be higher than projected at the time of the EFF approval but continues to be on a downward path. Public debt, defined in this DSA as the consolidated gross direct and guaranteed debt of the central government and the state-owned Social Security Corporation, is now projected to peak at 88.6 percent of GDP in 2021, and to decline to about 80 percent of GDP by 2025 (above the 70 percent high-risk MAC DSA benchmark). Fiscal loosening in 2020, higher deficits going forward, and weaker economic growth would contribute to a higher debt to GDP path than previously projected. Nonetheless, given the temporary nature of the shock and the authorities intentions to restart fiscal consolidation once the effects of the outbreak abate, debt to GDP is projected to remain on a downward path.

2. The structure of public debt remains broadly favorable. Jordan has notably lengthened its domestic debt maturity profile in recent years. Excluding treasury bills, the average maturity has almost doubled to six years since 2018, reducing rollover needs over the medium term. Jordan's external public debt profile is on the longer end, with maturity at issuance typically more than five years. The composition of public external debt would remain favorable, due to the sizable share of concessional borrowing, including pledges made as part of the Jordan Compact and the 2019 London Initiative. Jordanian banks' favorable profitability, liquidity and provisioning indicators help mitigate rollover risks.

3. Jordan faces significant risks to debt sustainability. Although debt profile indicators point to moderate risks overall, the heat map shows that the public debt level and gross financing needs (GFNs) breach the high-risk benchmarks under the baseline. However, GFNs are covered by committed concessional financing and rollovers from domestic investors, and are projected to decline over the medium term, in line with the continued shift to longer-term domestic issuance, official financing, and the envisaged fiscal consolidation under the EFF. A longer lasting pandemic or weaker fiscal consolidation effort could magnify risks to debt sustainability. External financing requirements have increased, reflecting higher than previously projected current account deficits. Tightening global financing conditions are creating uncertainty with respect to Jordan's near-term ability to refinance Eurobonds at acceptable rates. Gradual fiscal consolidation and sustained, or preferably stepped-up, access to concessional financing are both critical to stabilize the interest burden. External debt remains vulnerable to current account and real exchange rate shocks.

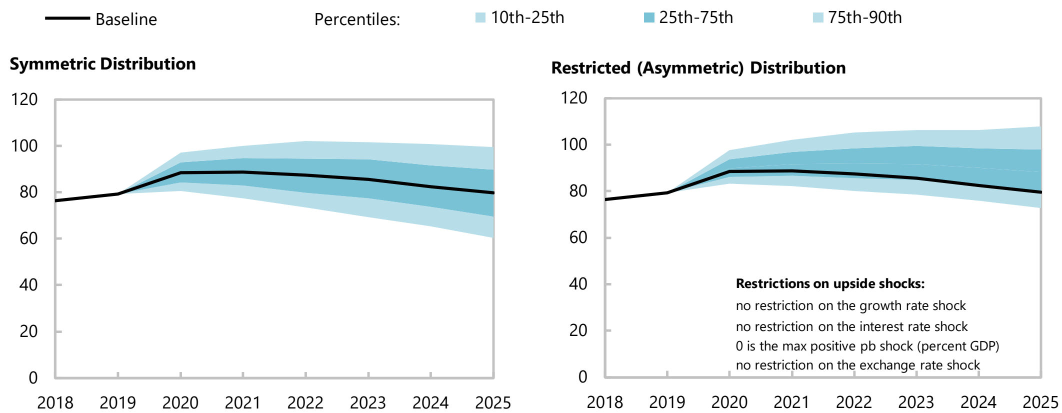
Jordan: Public DSA—Risk Assessment

Heat Map

Debt level 1/	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability shock
Gross financing needs 2/	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Debt profile 3/	Market Perception	External Financing Requirements	Change in the Share of Short-Term Debt	Public Debt Held by Non-Residents	Foreign Currency Debt

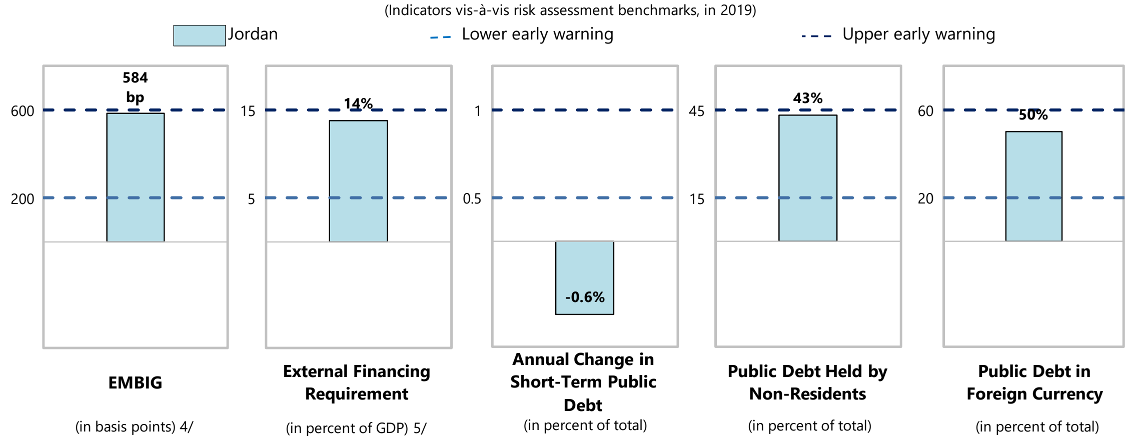
Evolution of Predictive Densities of Gross Nominal Public Debt

(in percent of GDP)



Debt Profile Vulnerabilities

(Indicators vis-à-vis risk assessment benchmarks, in 2019)



Source: IMF staff.

1/ The cell is highlighted in green if debt burden benchmark of 70% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

2/ The cell is highlighted in green if gross financing needs benchmark of 15% is not exceeded under the specific shock or baseline, yellow if exceeded under specific shock but not baseline, red if benchmark is exceeded under baseline, white if stress test is not relevant.

3/ The cell is highlighted in green if country value is less than the lower risk-assessment benchmark, red if country value exceeds the upper risk-assessment benchmark, yellow if country value is between the lower and upper risk-assessment benchmarks. If data are unavailable or indicator is not relevant, cell is white.
Lower and upper risk-assessment benchmarks are:

200 and 600 basis points for bond spreads; 5 and 15 percent of GDP for external financing requirement; 0.5 and 1 percent for change in the share of short-term debt; 15 and 45 percent for the public debt held by non-residents; and 20 and 60 percent for the share of foreign-currency denominated debt.

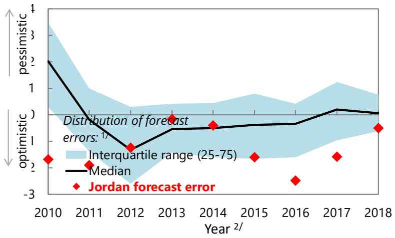
4/ EMBIG, an average over the last 3 months, 05-Feb-20 through 05-May-20.

5/ External financing requirement is defined as the sum of current account deficit (excluding public grants), amortization of medium and long-term total external debt, and short-term total external debt at the end of previous period.

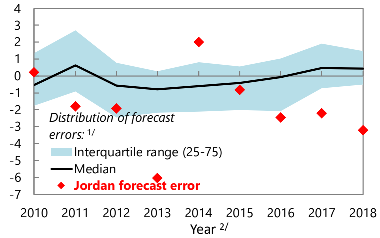
Jordan: Public DSA—Realism of Baseline Assumptions

Forecast Track Record, versus all countries

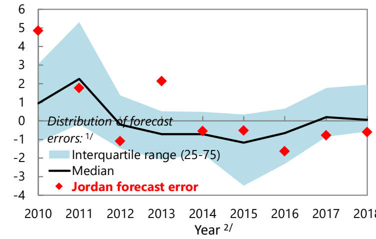
Real GDP Growth
(in percent, actual-projection)
Jordan median forecast error, 2010-2018: **-1.58**
Has a percentile rank of: **6%**



Primary Balance
(in percent of GDP, actual-projection)
Jordan median forecast error, 2010-2018: **-1.93**
Has a percentile rank of: **11%**

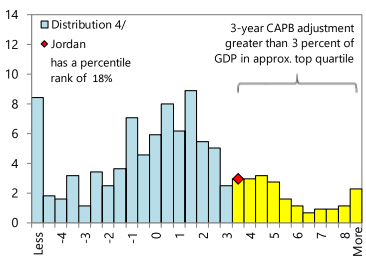


Inflation (Deflator)
(in percent, actual-projection)
Jordan median forecast error, 2010-2018: **-0.54**
Has a percentile rank of: **32%**

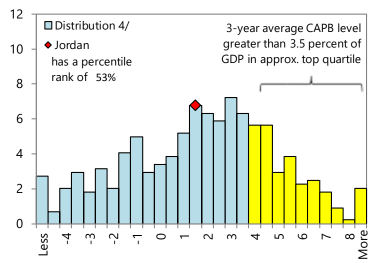


Assessing the Realism of Projected Fiscal Adjustment

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

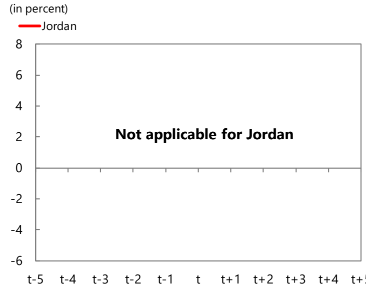


3-Year Average Level of Cyclically-Adjusted Primary Balance (CAPB)
(Percent of GDP)



Boom-Bust Analysis 3/

Real GDP growth
(in percent)



Source : IMF Staff.
1/ Plotted distribution includes all countries, percentile rank refers to all countries.
2/ Projections made in the spring WEO vintage of the preceding year.
3/ Not applicable for Jordan, as it meets neither the positive output gap criterion nor the private credit growth criterion.
4/ Data cover annual obervations from 1990 to 2011 for advanced and emerging economies with debt greater than 60 percent of GDP. Percent of sample on vertical axis.

Jordan: Public Sector Debt Sustainability Analysis (DSA)—Baseline Scenario

(In percent of GDP, unless otherwise indicated)

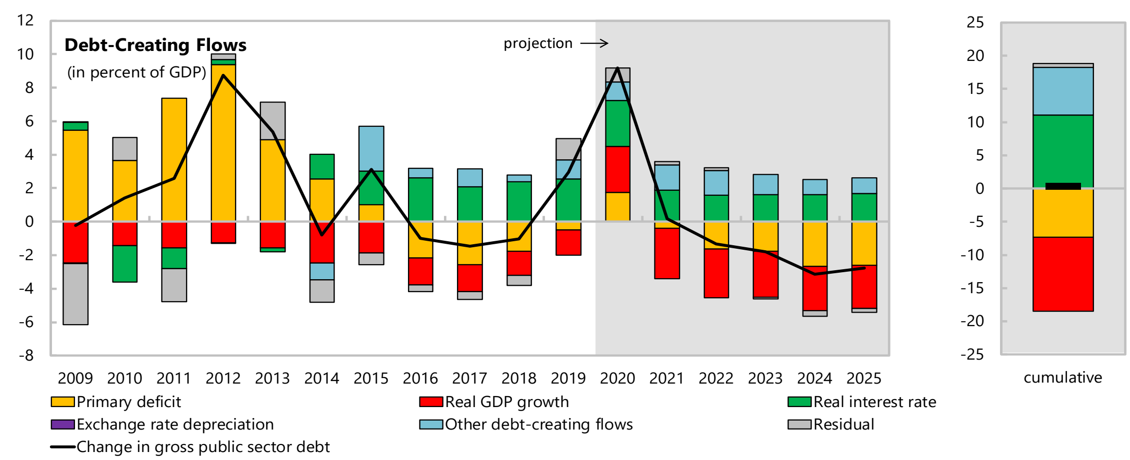
Debt, Economic and Market Indicators [1]

	Actual			Projections					
	2009-2017 [2]	2018	2019	2020	2021	2022	2023	2024	2025
Nominal gross public debt	71.8	76.3	79.3	88.5	88.6	87.3	85.5	82.4	79.6
Of which: guarantees	9.8	11.2	10.1	10.1	10.1	9.9	10.0	9.2	8.7
Public gross financing needs	26.0	17.9	14.3	18.6	15.5	14.8	13.6	11.2	12.1
Real GDP growth (in percent)	2.7	1.9	2.0	-3.4	3.6	3.5	3.3	3.3	3.3
Inflation (GDP deflator, in percent)	4.2	1.8	1.7	1.2	2.2	2.5	2.5	2.5	2.5
Nominal GDP growth (in percent)	7.0	3.7	3.7	-2.2	5.9	6.1	5.9	5.9	5.9
Effective interest rate (in percent) [4]	4.9	4.2	4.5	4.5	4.0	4.0	4.0	4.0	4.2

As of May 05, 2020		
Sovereign Spreads		
EMBIG (bp) 3/		643
5Y CDS (bp)		n.a.
Ratings	Foreign	Local
Moody's	B1	B1
S&Ps	B+	B+
Fitch	BB-	BB-

Contribution to Changes in Public Debt

	Actual			Projections							
	2009-2017	2018	2019	2020	2021	2022	2023	2024	2025	cumulative	debt-stabilizing primary balance [10]
Change in gross public sector debt	2.0	-1.0	3.0	9.2	0.2	-1.3	-1.8	-3.1	-2.8	0.4	
Identified debt-creating flows	2.5	-0.4	1.7	8.3	0.0	-1.5	-1.7	-2.8	-2.5	-0.2	
Primary deficit	3.3	-1.8	-0.5	1.8	-0.4	-1.6	-1.8	-2.7	-2.6	-7.3	0.1
Revenues and grants	35.6	38.6	36.9	35.8	38.4	38.8	38.1	38.2	37.8	227.2	
Primary expenditures	38.9	36.8	36.4	37.6	38.0	37.2	36.4	35.5	35.2	219.9	
Automatic debt dynamics [5]	-1.2	0.9	1.1	5.5	-1.1	-1.3	-1.1	-1.0	-0.9	0.0	
Interest rate/growth differential [6]	-1.2	0.9	1.1	5.5	-1.1	-1.3	-1.1	-1.0	-0.9	0.0	
Of which: real interest rate	0.6	2.4	2.6	2.7	1.9	1.6	1.6	1.6	1.7	11.1	
Of which: real GDP growth	-1.8	-1.4	-1.5	2.8	-3.0	-2.9	-2.8	-2.6	-2.6	-11.1	
Exchange rate depreciation [7]	0.0	0.0	0.0	…	…	…	…	…	…	…	
Other identified debt-creating flows	0.4	0.4	1.1	1.1	1.5	1.5	1.2	0.9	0.9	7.1	
Privatization Receipts (negative)	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other flows [8]	0.5	0.4	1.4	1.1	1.5	1.5	1.2	0.9	0.9	7.1	
Residual, including asset changes [9]	-0.5	-0.6	1.3	0.8	0.2	0.2	-0.1	-0.3	-0.2	0.6	



Source: IMF staff.

1/ Public sector is defined as the consolidated central government, NEPCO, WAJ, water distribution companies, and Social Security Corporation and includes public guarantees, defined as guaranteed debt of NEPCO, WAJ, and other public entities.

2/ Based on available data.

3/ EMBIG.

4/ Defined as interest payments divided by debt stock at the end of previous year.

5/ Derived as [(r - π(1+g) - g + ae(1+r)]/(1+g+π+gπ)) times previous period debt ratio, with r = interest rate; π = growth rate of GDP deflator; g = real GDP growth rate; a = share of foreign-currency denominated debt; and e = nominal exchange rate depreciation (measured by increase in local currency value of U.S. dollar).

6/ The real interest rate contribution is derived from the numerator in footnote 5 as r - π (1+g) and the real growth contribution as -g.

7/ The exchange rate contribution is derived from the numerator in footnote 5 as ae(1+r).

8/ Includes off-budget project loans, repurchases under the 2016 EFF, and SSC's investments in non-government debt and equity.

9/ Includes changes in the stock of guarantees, asset changes, and interest revenues (if any). For projections, includes exchange rate changes during the projection period.

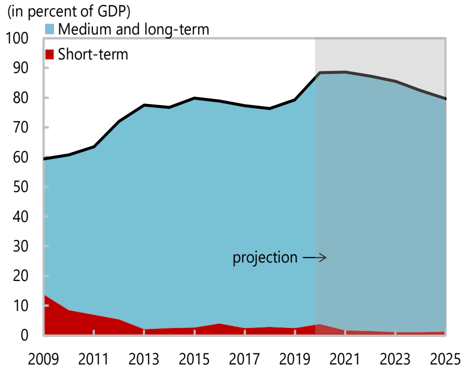
10/ Assumes that key variables (real GDP growth, real interest rate, and other identified debt-creating flows) remain at the level of the last projection year.

Jordan: Public DSA—Composition of Public Debt and Alternative Scenarios

Composition of Public Debt

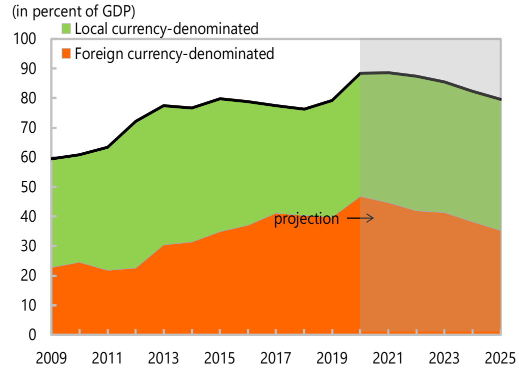
By Maturity

(in percent of GDP)



By Currency

(in percent of GDP)

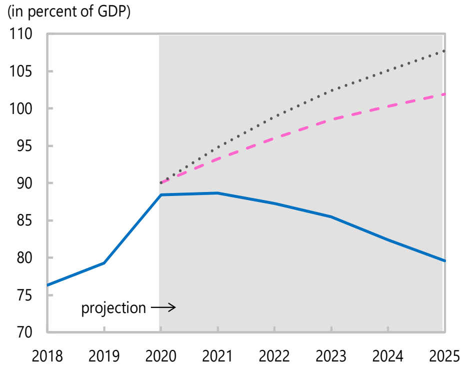


Alternative Scenarios

Baseline   Historical   Constant Primary Balance

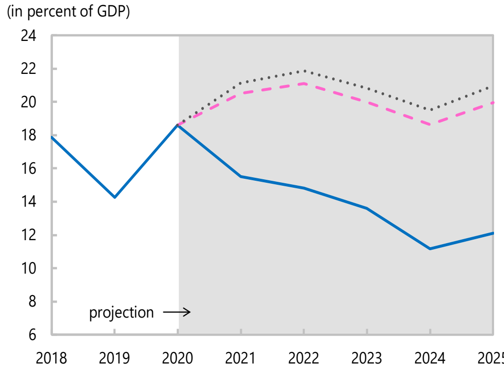
Gross Nominal Public Debt

(in percent of GDP)



Public Gross Financing Needs

(in percent of GDP)



Underlying Assumptions

(in percent)

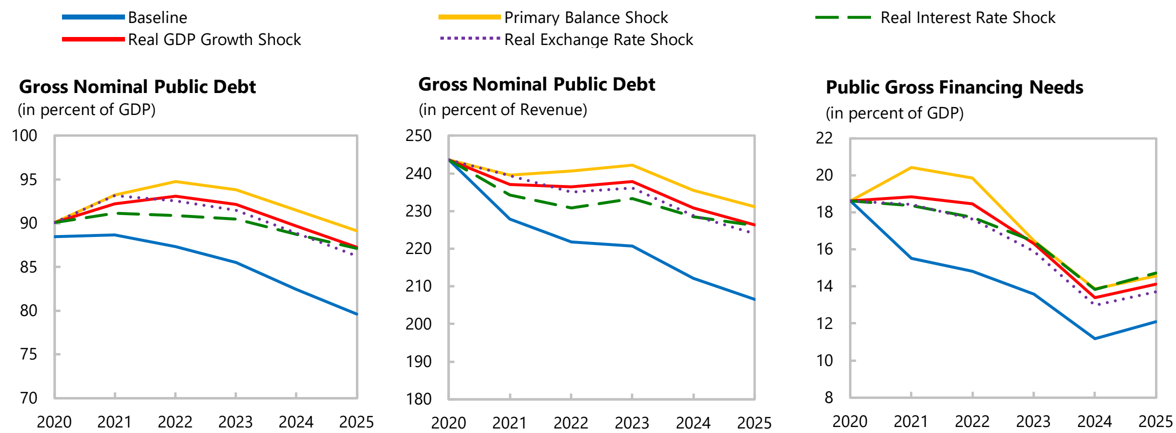
Baseline Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	-3.4	3.6	3.5	3.3	3.3	3.3
Inflation	1.2	2.2	2.5	2.5	2.5	2.5
Primary Balance	-1.8	0.4	1.6	1.8	2.7	2.6
Effective interest rate	4.5	4.0	4.0	4.0	4.0	4.2
Constant Primary Balance Scenario						
Real GDP growth	-3.4	3.6	3.5	3.3	3.3	3.3
Inflation	1.2	2.2	2.5	2.5	2.5	2.5
Primary Balance	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8
Effective interest rate	4.5	4.9	4.8	4.9	5.0	5.1

Historical Scenario	2020	2021	2022	2023	2024	2025
Real GDP growth	-3.4	2.4	2.4	2.4	2.4	2.4
Inflation	1.2	2.2	2.5	2.5	2.5	2.5
Primary Balance	-1.8	-2.2	-2.2	-2.2	-2.2	-2.2
Effective interest rate	4.5	4.9	4.6	4.6	4.6	4.6

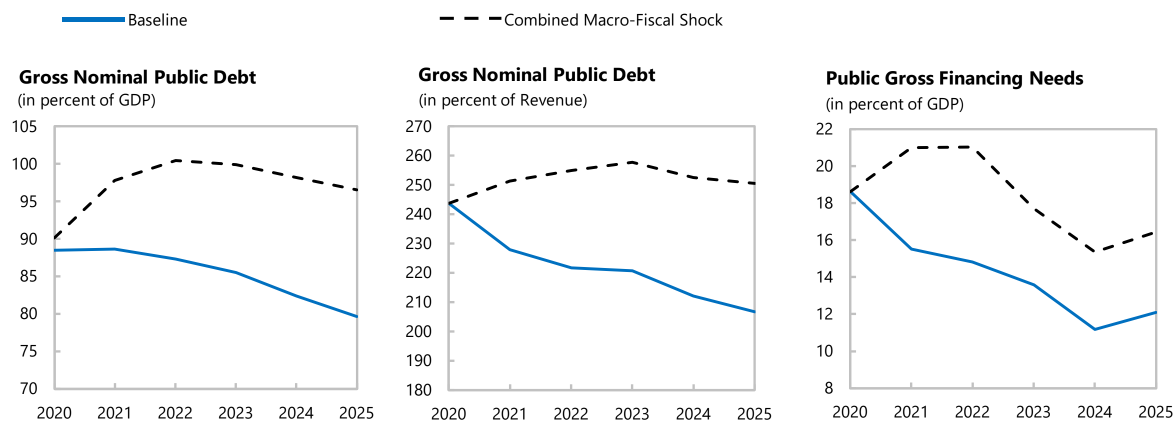
Source: IMF staff.

Jordan: Public DSA—Stress Tests

Macro-Fiscal Stress Tests



Additional Stress Tests



Underlying Assumptions
(in percent)

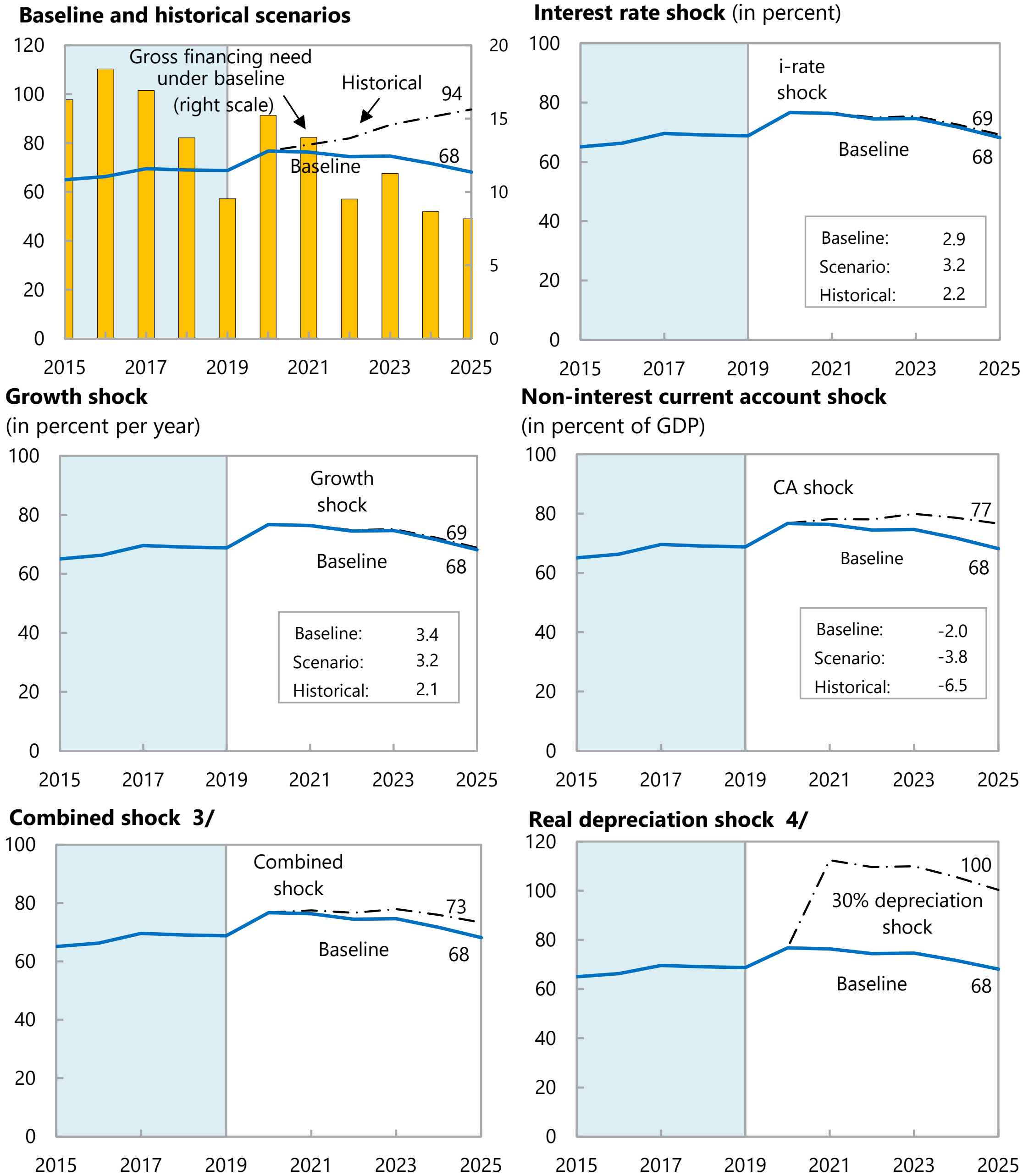
Primary Balance Shock	2020	2021	2022	2023	2024	2025
Real GDP growth	-3.4	3.6	3.5	3.3	3.3	3.3
Inflation	1.2	2.2	2.5	2.5	2.5	2.5
Primary balance	-1.8	-1.7	-0.4	1.8	2.7	2.6
Effective interest rate	4.5	4.9	4.9	5.1	5.3	5.4
Real Interest Rate Shock						
Real GDP growth	-3.4	3.6	3.5	3.3	3.3	3.3
Inflation	1.2	2.2	2.5	2.5	2.5	2.5
Primary balance	-1.8	0.4	1.6	1.8	2.7	2.6
Effective interest rate	4.5	4.9	5.2	5.6	6.2	6.4
Combined Shock						
Real GDP growth	-3.4	2.9	2.8	3.3	3.3	3.3
Inflation	1.2	2.1	2.3	2.5	2.5	2.5
Primary balance	-1.8	-1.7	-0.4	1.8	2.7	2.6
Effective interest rate	4.5	5.1	5.1	5.6	6.1	6.4

Real GDP Growth Shock	2020	2021	2022	2023	2024	2025
Real GDP growth	-3.4	2.9	2.8	3.3	3.3	3.3
Inflation	1.2	2.1	2.3	2.5	2.5	2.5
Primary balance	-1.8	0.1	1.0	1.8	2.7	2.6
Effective interest rate	4.5	4.9	4.8	5.0	5.1	5.3
Real Exchange Rate Shock						
Real GDP growth	-3.4	3.6	3.5	3.3	3.3	3.3
Inflation	1.2	4.2	2.5	2.5	2.5	2.5
Primary balance	-1.8	0.4	1.6	1.8	2.7	2.6
Effective interest rate	4.5	4.9	4.6	4.6	4.6	4.8

Source: IMF staff.

Jordan: External Debt Sustainability: Bound Tests 1/ 2/

(External debt in percent of GDP)



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

Jordan: External Debt Sustainability Framework, 2015–25

(In percent of GDP, unless otherwise indicated)

	Actual							Projections						
	2015	2016	2017	2018	2019			2020	2021	2022	2023	2024	2025	**Debt-stabilizing non-interest current account 7/**
1 **Baseline: External debt 1/**	65.1	66.3	69.6	69.0	68.8			**76.7**	**76.3**	**74.5**	**74.7**	**71.7**	**68.1**	**-6.2**
Of which : Public and Publicly Guaranteed External Debt	34.8	37.0	39.9	37.2	35.3			42.4	43.3	42.8	44.0	42.0	39.5	
2 Change in external debt	1.5	1.2	3.3	-0.6	-0.3			8.0	-0.4	-1.9	0.2	-3.0	-3.6	
3 Identified external debt-creating flows (4+8+9)	1.8	3.8	3.4	2.2	-1.7			7.1	0.3	-0.9	-1.6	-2.7	-3.4	
4 Current account deficit, excluding interest payments	8.3	8.8	9.4	5.1	0.8			3.9	2.7	2.1	2.2	1.7	1.2	
5 Deficit in balance of goods and services	22.8	21.2	21.5	18.5	13.1			16.0	12.7	11.4	10.4	9.3	8.2	
6 Exports	37.2	34.5	35.1	35.7	37.2			29.7	33.2	34.9	35.6	36.3	37.0	
7 Imports	60.1	55.7	56.6	54.3	50.3			45.7	46.0	46.3	46.0	45.6	45.2	
8 Net non-debt creating capital inflows (negative)	-4.2	-4.0	-5.0	-2.3	-2.0			-1.2	-1.9	-2.7	-3.5	-4.1	-4.2	
9 Automatic debt dynamics 2/	-2.3	-1.1	-1.1	-0.6	-0.5			4.4	-0.5	-0.4	-0.2	-0.3	-0.4	
10 Contribution from nominal interest rate	0.9	1.1	1.3	1.9	2.0			2.0	2.1	2.2	2.1	2.0	1.9	
11 Contribution from real GDP growth	-1.6	-1.3	-1.4	-1.3	-1.3			2.4	-2.6	-2.5	-2.3	-2.3	-2.2	
12 Contribution from price and exchange rate changes 3/	-1.6	-0.8	-1.1	-1.2	-1.2			...	...	...	...	...	...	
13 Residual, incl. change in gross foreign assets (2-3) 4/	-0.3	-2.5	-0.1	-2.8	1.4			0.8	-0.7	-0.9	1.8	-0.3	-0.2	
External debt-to-exports ratio (in percent)	174.7	192.0	198.1	193.2	184.9			258.2	229.7	213.6	209.7	197.5	184.0	
Gross external financing need (in billions of US dollars) 5/	6.2	7.2	6.9	5.8	4.2			6.5	6.2	4.6	5.7	4.7	4.7	
in percent of GDP	16.3	18.4	16.9	13.7	9.5			15.2	13.7	9.5	11.3	8.7	8.2	
Scenario with key variables at their historical averages 6/						5-Year Historical Average 8/	10-Year Standard Deviation	**76.7**	**79.4**	**82.0**	**87.5**	**90.6**	**93.8**	**-5.1**
Key Macroeconomic Assumptions Underlying Baseline														
Real GDP growth (in percent)	2.6	2.1	2.1	1.9	2.0	2.1	0.5	-3.4	3.6	3.5	3.3	3.3	3.3	
GDP deflator in US dollars (change in percent)	2.5	1.3	1.7	1.8	1.7	1.8	2.4	1.2	2.2	2.5	2.5	2.5	2.5	
Nominal external interest rate (in percent)	1.5	1.7	2.1	2.8	3.1	2.2	0.7	2.9	2.9	3.0	3.0	2.8	2.8	
Growth of exports (US dollar terms, in percent)	-9.0	-4.1	5.6	5.5	7.9	1.2	7.0	-21.9	18.4	11.3	8.2	7.9	8.0	
Growth of imports (US dollar terms, in percent)	-8.8	-4.2	5.5	-0.5	-3.8	-2.4	7.7	-11.2	6.5	6.9	5.2	5.0	5.0	
Current account balance, excluding interest payments	-8.3	-8.8	-9.4	-5.1	-0.8	-6.5	3.6	-3.9	-2.7	-2.1	-2.2	-1.7	-1.2	
Net non-debt creating capital inflows	4.2	4.0	5.0	2.3	2.0	3.5	1.4	1.2	1.9	2.7	3.5	4.1	4.2	

1/ Private and public and publicly guaranteed external debt on residency basis.

2/ Derived as [r - g - r(1+g) + ea(1+r)]/(1+g+r+gr) times previous period debt stock, with r = nominal effective interest rate on external debt; r = change in domestic GDP deflator in US dollar terms, g = real GDP growth rate, e = nominal appreciation (increase in dollar value of domestic currency), and a = share of domestic-currency denominated debt in total external debt.

3/ The contribution from price and exchange rate changes is defined as [-r(1+g) + ea(1+r)]/(1+g+r+gr) times previous period debt stock. r increases with an appreciating domestic currency (e > 0) and rising inflation (based on GDP deflator).

4/ For projection, line includes the impact of price and exchange rate changes.

5/ Defined as current account deficit, plus amortization on medium- and long-term debt, plus short-term debt at end of previous period.

6/ The key variables include real GDP growth; nominal interest rate; dollar deflator growth; and both non-interest current account and non-debt inflows in percent of GDP.

7/ Long-run, constant balance that stabilizes the debt ratio assuming that key variables (real GDP growth, nominal interest rate, dollar deflator growth, and non-debt inflows in percent of GDP) remain at their levels of the last projection year.

8/ Historical averages are calculated over a five-year horizon due to a structural break in the performance of the economy.

Appendix I. Letter of Intent

Amman, Jordan
May 13, 2020

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

Dear Ms. Georgieva:

1. Jordan is confronted with an unprecedented economic crisis from the COVID-19 outbreak and the measures required to contain it. We have acted decisively to save lives and preserve public health, and, as a result, to this date, the number of coronavirus cases in Jordan is relatively small. As of May 12, there were 576 confirmed cases and 9 deaths. However, the impact of the outbreak on our economy is already severe. The pandemic has interrupted economic activity, disrupted global and regional supply chains, reduced travel and remittances, and decreased demand for exports. The budget has come under pressure due to revenue loss and the need to mobilize additional public resources for health and social protection.

2. The near-term macroeconomic outlook has drastically deteriorated. Output is projected to contract by a minimum 3.4 percent in 2020—down from a pre-pandemic projection of 2.1 percent growth—due to a dramatic decline in tourism-related sectors, and severe disruptions to the rest of the economy. Public finances are expected to come under significant pressure, as tax revenues decline due to economic contraction and additional outlays are needed to strengthen the public health system and to minimize the economic fallout on the most vulnerable. Similarly, the balance of payments (BoP) will be additionally strained by the expected reduction in tourism receipts, exports, and weakening in remittances, despite the relief on the import bill from lower oil prices. With rising global risk aversion, our ability to access international markets at rates that are compatible with preserving debt sustainability has been significantly impaired.

3. To face the immediate budgetary and external financing gaps, we request emergency financing from the IMF under the Rapid Financing Instrument (RFI) in the amount of SDR 291.55 million, equivalent to 85 percent of quota. While the EFF contains an adjuster for spending related to detection, treatment, and containment of COVID-19, on which we provide monthly reporting to staff, the disbursement under the RFI would provide additional fiscal space to effectively respond to the economic fallout of the unfolding crisis. In the spirit of good governance and transparency, we will: (i) create specific budget lines to facilitate tracking and reporting the released funds and the incurred expenditures; (ii) link the fund to the TSA; (iii) publish on the government website procurement plans,

notices and awarded contracts, including beneficial ownership of awarded entities, for the emergency responses; and (iv) undertake ex-post audits of all crisis-mitigating inflows and spending by Jordan's Audit Bureau, and publish the results within 6 months from the end of the fiscal year. We are confident that IMF's emergency financing to Jordan will play a catalytic role in securing additional budget support from our development partners. We remain actively engaged with them to raise the necessary financing to close the BoP gap and avoid excessive drawdown of international reserves.

4. We have taken a number of emergency actions to contain the severe health risks and economic fallout of the pandemic. To mitigate the spread of the virus, we stopped air passenger traffic and closed our land borders, suspended movement across governorates, imposed mandatory quarantines, put a curfew in place, suspended public and private sector operations, except for critical sectors, and conducted an extensive public awareness campaign. In addition to the strong containment measures, we established a fund to cover emergency medical outlays, exempted medical supplies from sales tax, and provided temporary cash-flow relief to companies and households. We are taking measures to offset some of the fiscal costs, including by: (i) temporarily decreasing the salaries of cabinet members and senior officials and delaying wage increases of government employees, teachers, and military; (ii) suspending overtime bonuses and allowances for higher paid employees; (iii) suspending monthly fuel allowances, travel bonuses, and monthly transportation allowances; and (iv) instituting a hiring freeze for new positions in all government entities and state-owned enterprises. The Central Bank of Jordan (CBJ) reduced policy rates by 150 basis points, injected liquidity into the system (1.8 percent of GDP), allowed rescheduling of loans, and enhanced its refinancing program and created a new program targeted to small businesses.

5. Once the effects of the COVID-19 crisis abate, we plan to resume fiscal consolidation and accelerate structural reforms to rebuild buffers and support growth. We remain committed to the reforms included in the recently approved Extended Fund Facility (EFF) with an understanding that the program targets and policies will need to be reviewed and reassessed at the time of the first review. We view these reforms as crucial to boosting Jordan's growth potential, creating jobs, and strengthening external and fiscal sustainability. Given limited fiscal space and the temporary nature of the shock, we stand ready to roll back temporary economic support measures and restart fiscal consolidation as soon as the immediate pressures of the crisis abate. While great uncertainty remains with respect to the duration and severity of the crisis, we view the fiscal consolidation as critical to placing debt on a downward path, mitigating rising risks to debt sustainability, and creating fiscal space for much needed investment in human and physical capital. We will need to reprioritize expenditure towards the demands created by COVID-19, with special focus on social safety nets. In this regard, we will proceed with efforts to contain the growth of the wage bill, streamline other current spending, postpone non-priority investment, and broaden the tax base, through curtailing tax exemptions, reducing tax evasion, and addressing tax administration weaknesses.

6. The CBJ's monetary policy will continue to balance adequate liquidity provision to banks with limiting the pressure on its international reserves. The CBJ directed banks to postpone the distribution of 2020 profits, which will create additional buffer to allow them to absorb possible credit impairment. CBJ did not relax prudential regulations and accounting standards and intends to keep our regulatory framework aligned with international standards.

7. We intend to continue the close dialogue with the IMF and, in line with existing policy, we will not introduce restrictions on making payments and transfers for international transactions, trade restrictions for BoP purposes, multiple currency practices, or enter into bilateral payment agreements which are inconsistent with Article VIII of the IMF's Articles of Agreement.

8. In line with IMF safeguards policy and in the context of the recently approved EFF, we submitted the Central Bank to a safeguards assessment. We will also provide IMF staff with the Central Bank's most recently completed external audit reports and authorize our external auditors to hold discussions with relevant IMF staff. Since the funds obtained under the requested financing arrangement will be used for budget support, we will update the existing memorandum of understanding between the Ministry of Finance and the Central Bank of Jordan on their respective responsibilities for servicing the related financial obligations to the IMF.

9. We authorize the IMF to publish this Letter of Intent and the staff report for the request for disbursement under the RFI.

Sincerely yours,

/s/	/s/
Mohamad Al-Ississ Minister of Finance	Ziad Fariz Governor of the Central Bank

Statement by Hazem Beblawi, Executive Director for Jordan, Sami Geadah, Alternate Executive Director for Jordan, and Mira Merhi, Advisor for Jordan
May 20, 2020

On behalf of our Jordanian authorities, we thank the country team for their hard work and proactive engagement during these extraordinary times. We also thank management and the Board for the expeditious response to Jordan's request for a Rapid Financing Instrument (RFI) arrangement to help overcome the impact of the COVID-19 pandemic.

Like other countries, Jordan has been hit hard by the pandemic. The global shock is exerting significant pressure on economic conditions and has created urgent fiscal and balance of payments financing needs. While the authorities remain committed to the policies and reform agenda agreed under the current Extended Fund Facility (EFF) arrangement, the sudden and massive impact of the pandemic has shifted near-term priorities as the authorities carefully balance protecting lives with preserving livelihoods. The authorities' response to the crisis has accordingly focused on: (1) protecting lives through isolation; (2) using the social safety net to protect livelihoods, especially the most vulnerable; and (3) adjusting fiscal and monetary policies to maintain macroeconomic stability and to set the stage for a recovery once the pandemic is overcome.

A total lockdown of the country was implemented soon after a few cases were reported, which lasted two months. The lockdown, together with other measures aimed at detecting the virus and halting its spread, have been effective at saving lives and in preserving public health. The number of coronavirus cases totaled 613 as of today, with 408 recovered and 9 deaths, which is less than 1 person per million, among the lowest proportions globally. A wider spread of the pandemic in Jordan could have had disastrous consequences especially given the large Syrian refugee population.

The containment measures have had a severe economic impact. The growth projection for 2020 was reduced by 5 percentage points and could be further reduced, with a contraction in GDP now forecast for the year. The tourism sector—an important sector of the economy—has come to a standstill and exports have plummeted. Remittance inflows are also expected to be hit hard owing to the deteriorating economic conditions in GCC countries. Moreover, Jordan may not be able to tap the international markets for a planned Eurobond issue.

The budget has come under pressure with revenue losses and the need to mobilize additional public resources for health and social protection, notwithstanding reallocations in spending, including temporary reductions in salaries of senior officials and delays in the wage increases of government employees. While the ongoing EFF arrangement has an adjustor for fiscal spending on the detection, treatment, and containment of COVID-19, the adjustor is relatively small and a disbursement under the Rapid Financing Instrument (RFI) is needed to effectively respond to the economic fallout of the crisis. Spending on addressing the virus is being administered in a transparent manner and subject to good governance procedures.

In light of the above, the government has requested emergency financing under the RFI in the amount of SDR 292 million, equivalent to 85 percent of quota. The RFI drawing would cover about one quarter of the increased balance of payments financing need. The remaining gap is expected to be covered by Jordan's development partners and by targeting a smaller accumulation of reserves than under the EFF program. Higher access would not have been possible within the Fund's normal access limits.

The authorities plan to resume fiscal consolidation and accelerate structural reforms to rebuild buffers and support growth once the effects of the crisis abate. These reforms are crucial to boosting Jordan's growth potential, creating jobs, and strengthening external and fiscal sustainability, which has become more complicated as the pandemic has undermined prospects for a global recovery. Nonetheless, the authorities will cease temporary economic support measures and restart fiscal consolidation as soon as the immediate pressures of the crisis abate. Fiscal consolidation remains critical to placing debt on a downward path while proceeding with the much needed investment in human and physical capital. Nevertheless, there will be a need to review EFF program targets and policies at the time of the first review.

The authorities appreciate the support received to host the refugees, including under the London Initiative. However, this assistance continues to be substantially below actual needs and what has been committed, which has become more urgent with the pandemic. The situation for refugees is extremely critical, as social distancing cannot be applied in crowded refugee camps. Jordan is doing all it can to prevent the coronavirus from adding to the misery of refugees who have already endured a lot. It delivered food and other necessities to them—as it did to Jordanians—so that people could observe the curfews.